

Form 51-102F1
Interim Management Discussion and Analysis
For
International Northair Mines Ltd.
(“Northair” or the “Company”)

The following interim management discussion and analysis (the “MD&A”) of the Company has been prepared as of January 29, 2009 and is intended to supplement and complement the Company’s unaudited interim consolidated financial statements for the three and nine months ended November 30, 2008. This MD&A should also be read in conjunction with the audited annual consolidated financial statements and annual MD&A for the year ended February 29, 2008. All financial information has been prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”) unless otherwise stated and all amounts disclosed are Canadian dollars unless otherwise stated.

Nature of Business

Northair is a mineral exploration company actively engaged in the acquisition, exploration and development of strategic mineral properties throughout North America with a particular focus in Mexico. The Company is listed on the TSX Venture Exchange (“TSXV”) and trades under the symbol “INM”. In Mexico, exploration is conducted by its wholly owned subsidiary, Grupo Northair de Mexico, S.A. de C.V. (“Grupo Northair”).

In addition, Northair provides management and/or administrative services to other resource companies, including but not limited to, New Dimension Resources Ltd., Sherwood Copper Corporation, Tenajon Resources Corp. and Troon Ventures Ltd. (collectively referred to herein as the “Northair Group” or the “Group”). Each company within the Group is related to Northair through directors and/or officers in common. (See “Transactions with Related Parties”).

Highlights for the Nine Months Ended November 30, 2008

El Reventon

- Commenced and completed a second phase reverse circulation drill program at the El Reventon Project, located in the state of Durango, Mexico, where core drilling in 2007 had returned significant silver values. The results from the 2,170 metre/17 reverse circulation drill hole program, was successful in further expanding the Reventon Breccia. The zone, which had no previous drilling until acquired by the Company in 2007, has now been tested by 21 drill holes. Twelve holes from the second phase program intersected significant silver values. Highlights include 91.4 metres of 87 grams per tonne silver containing an intercept of 19.8 metres of 176.4 grams per tonne silver; and 80.8 metres of 71.9 grams per tonne silver containing an intercept of 7.6 metres of 234.5 grams per tonne silver. The Company is currently assessing its plans for the property, which could include bringing in a joint venture partner.

La India

- Signed binding agreements, with Fresnillo PLC (“Fresnillo”), a subsidiary of Industrias Peñoles, S.A. de C.V. (“Peñoles”), to form a joint venture on Northair’s La India Project, located in the State of Durango, Mexico. The agreements allow Fresnillo to earn a 60% equity participation in a Joint Venture company to be incorporated by the parties upon Fresnillo completing exploration expenditures on the La India Project of US\$1,750,000, paying Northair US\$210,000 and purchasing Northair shares from treasury valued at US\$210,000 over a four year period. Fresnillo can increase its equity participation in the Joint Venture Company to 80% by preparing a scoping study on the resources found. If Northair elects not to participate in additional funding of the project, Northair will retain a 1% net smelter return royalty interest.
- Fresnillo has informed Northair that exploration on the La India Project has commenced with surface geological mapping, sampling and definition of drill targets. An initial geological report from Fresnillo is anticipated in the next quarter, with drilling possible in the spring.

Sierra Rosario

- Continued exploration at the Sierra Rosario Project located in the State of Sinaloa, Mexico. The joint venture with Sparton Resources Inc. completed approximately 7.5 kilometres of new road to reach the San Rafael Zone and the area of the recently discovered Dulces Nombres and Descubriadora Zones. This road provides the infrastructure necessary to mechanically trench San Rafael and design a drill program.
- Completed a trenching and surface sampling program at San Rafael. Results included 34.8 metres of 192 grams per tonne silver and 0.22 grams per tonne gold and 27 metres 91.8 grams per tonne of silver and 0.15 grams per tonne of gold.
- The joint venture is currently reviewing its plans for the property.

Results of Operations

Nine months ended November 30, 2008

The Company's net loss for the nine months ended November 30, 2008 (the "Current Period") was \$378,659, or \$0.02 per share compared with net income of \$260,910 or \$0.01 per share for the nine months ended November 30, 2007 (the "Comparative period").

General and administrative expenses were slightly higher in the Current Period at \$326,464 compared with \$324,321 in the Comparative Period due mainly to; higher office costs (\$312,484 compared with \$254,858) mainly resulting from higher salary costs, partially offset by higher administrative recoveries (\$139,630 compared with \$120,049) as the Company was able to recover more of the common office costs from the Group companies.

Write-off of general exploration costs was higher in the Current Period at \$223,892 compared with \$207,642 in the Comparative Period.

In the Current Period the Company sold short-term investments realizing a gain of \$189,985 compared with \$724,063 in the Comparative Period. The Company also wrote down its short-term investments by \$45,177 in the Current Period.

The Company's business consists of mineral exploration and development. Details on geographic areas are as follows:

	Canada		Mexico		Total	
	November 30, 2008	February 29, 2008	November 30, 2008	February 29, 2008	November 30, 2008	February 29, 2008
Capital assets	\$ 63,910	\$ 103,154	\$ 1,377,471	\$ 1,103,562	\$ 1,441,381	\$ 1,206,716
Total assets	\$ 840,673	\$ 1,749,765	\$ 1,418,193	\$ 1,138,509	\$ 2,258,866	\$ 2,888,274

	Canada		Mexico		Total	
	November 30, 2008	November 30, 2007	November 30, 2008	November 30, 2007	November 30, 2008	November 30, 2007
<i>Three months ended:</i>						
Net loss	\$ (3,098)	\$ 480,375	\$ (219,643)	\$ (110,592)	\$ (222,741)	\$ 369,783
<i>Nine months ended:</i>						
Net loss	\$ (8,356)	\$ 474,277	\$ (370,303)	\$ (213,367)	\$ (378,659)	\$ 260,910

Exploration Update

Overview

International Northair Mines Ltd. continues to concentrate its exploration activities in Mexico through its wholly owned subsidiary, Grupo Northair de Mexico, S.A. de C.V. However, the recent economic climate has necessitated the Company to significantly reduce its generative exploration program while continuing with property solicitation and advanced stage project evaluation. Projects that have evolved from the Company's generative program are outlined below.

Project Discussion

El Reventon Project

The El Reventon Project is comprised of approximately 3,400 hectares acquired by staking and a further 60 hectares which is the subject of an option agreement. The Company may acquire a 100% interest from the optionor or by making payments totaling US\$151,000 over a four year period.

El Reventon is located in the municipality of Otaez, Durango, Mexico and is approximately 170 kilometres northwest of the capital city of Durango. The project lies within the Sierra Madre Occidental geological province and a highly prospective mineral belt that includes the mines and districts of Bacis, Montoros, Metates, La Cienega and Topia. The property covers a series of occurrences aligned along a northeast trending belt consisting of low grade metasedimentary rocks overlain by andesite and rhyolite volcanics intruded by numerous dykes and stocks. The property's initial exploration focus has been on the Reventon Breccia which contains silver and base metal mineralization in intensely altered andesite porphyry.

Within the Reventon Breccia, outcrops of the porphyry display intense hydrothermal brecciation, with micro and macro breccia textures. The entire exposed zone has strong epithermal silica flooding and replacement within the matrix and breccia fragments. Mineralization occurs as disseminations, veining, stockworking, and aggregates of coarse pyrite, galena and sphalerite, contained within the intrusive as well as the adjacent volcanics. The exposed outcrop of the intrusive and mineralized breccia is an irregular shape with surface dimensions of approximately 70 by 70 metres. In 2006, a total of 51 samples taken from the breccia averaged 103.9 grams per tonne silver, 0.74% lead and 0.79% zinc. Company geologists believe that the Reventon Breccia could be significantly larger than currently exposed, due to extensive cover by Quaternary deposits and altered post mineral volcanics.

In addition to the Reventon Breccia, the Company has identified other mineral occurrences on the property – the most noteworthy being the Los Alisos, the El Portrero, and the La Estrella Zones. The El Portrero Zone is a potential bulk tonnage silver zone located approximately one kilometre northeast of the Reventon Breccia; while the La Estrella Zone is a high grade polymetallic vein system located two kilometres southwest of the Reventon Breccia. The Los Alisos Zone occurs approximately 500 metres to the south of the Reventon Breccia. The Los Alisos and Reventon Breccia zones appear to be geologically similar in that they have a comparable geochemical signature and both occur in diorite porphyry. The area between the two zones is covered by post-mineral volcanics and agglomerate; however the Los Alisos Zone may be open to the north and the east.

In the fall of 2007, the Company completed an initial diamond drill test of the Reventon Breccia that totaled 660 metres in six NQ holes, in which all holes intercepted significant zones of mineralized breccia. Results for the drill program included 33.5 metres of 179 grams per tonne silver, 22.8 metres of 94.7 grams per tonne silver and 56.4 metres grams per tonne silver, with associated lead and zinc values.

In March 2008, the Company conducted a second phase reverse circulation drill program totaling 2,170 metres in 17 holes at the Reventon Breccia and Los Alisos Zone. The result of the program was successful in increasing the size of the Reventon Breccia with highlights including 91.4 metres of 87 grams per tonne silver containing an intercept of 19.8 metres of 176.4 grams per tonne silver; and 80.8 metres of 71.9 grams per tonne silver containing an intercept of 7.6 metres of 234.5 grams per tonne silver.

El Reventon Project (continued)

Exploration programs have increased the Company's understanding of the Reventon Breccia. Although, the porphyry is only exposed on surface in an erosional window within the volcanics measuring approximately 70 by 70 metres, the Company's drill programs have outlined a much larger irregular zone of altered diorite porphyry concealed by the volcanics. Alteration and mineralization appear to increase to the north and northeast, as well as the apparent true thickness of the zone, which varies from 40 to 120 metres. Further exploration will be required to define the extent of the mineralized system.

Sierra Rosario Project

In April of 2002, the Company staked a concession covering the Sierra Rosario Project in the state of Sinaloa, Mexico. The Sierra Rosario property lies along the western flanks of the Sierra Madre Occidental geological province approximately 40 kilometres east of Alamos, Sonora.

Sierra Rosario contains granodiorite rocks overlain by weakly metamorphosed andesites. Intrusive rocks consisting of intermediate porphyry dikes and large intensely altered rhyolite porphyry are exposed at the San Rafael Zone. Northair's exploration staff discovered multiple zones of gold and silver mineralization during their initial exploration programs with some of these zones showing small scale old mine workings.

Northair's field programs concentrated primarily in the San Rafael Zone which contains strong epithermal silver with gold mineralization having a surface expression of approximately 200 by 70 metres. First phase mapping and sampling by Northair within the San Rafael Zone returned an average of 181 grams per tonne silver and 0.321 grams per tonne gold from 23 chip channel samples.

The project, optioned to Sparton Resources Inc in 2004, is currently being explored by a joint venture with Sparton, who has recently earned a 51% interest in the project by paying Northair \$130,000 in cash, issuing 275,000 common shares and incurring \$800,000 in exploration expenditures. The work completed by Sparton, concentrated on the southern portion of the property, involved geological mapping, sampling and electrical and magnetic geophysical surveys as well as detailed soil sampling. Sparton completed an approximate 775 metre diamond drill program in 2006 to test high priority targets in the La Josca Zone. Results of the seven hole program, which tested a 500-metre-long portion of the 1.1-kilometre-long La Josca structure, were modest.

The San Rafael Zone remains the principal target area on the property as geophysical work, in particular a magnetic survey, delineated a well defined magnetic anomaly associated with the San Rafael rhyolite porphyry body and also located a similar anomaly which is covered by upper volcanic series tuffs and may represent a new buried intrusion. Both skarn and structurally controlled mineralization containing barite, copper, gold, and silver are present in the area and values of up to 7.28% copper and 13 grams per tonne gold were obtained from samples taken from boulders in a gully below an old mine dump. Strong base/precious metal mineralization is located in a shear fracture zone east of the main rhyolite intrusive as well as in fault zones associated with rhyolite dykes in limestone on the east side of the property where there is a large multi element soil anomaly.

In the spring of 2008, Sparton and the Company completed the construction of a new 7.5 kilometre road to the San Rafael Zone and the area of the newly discovered Dulces Nombres, and Descubriadora Zones. This road provided the infrastructure necessary to mechanically trench San Rafael and design a drill program based on assay results and exposed geology. Results of a recent trenching program included 34.8 metres of 192 grams per tonne silver and 0.22 grams per tonne gold and 27 metres 91.8 grams per tonne silver and 0.15 grams per tonne gold.

La India Project

The La India Project is located approximately 140 kilometres north of the capital city of Durango, Mexico.

La India, which was acquired in late 2006, is an iron oxide low sulfidation gold system with mineralization occurring in an intrusive rhyolite breccia that is currently estimated to be at least 70 by 300 metres in surface exposure. During its initial field evaluation the Company took a total of 16 reconnaissance samples. The average value of these samples was 1.486 grams per tonne gold, with a high of 10.8 grams per tonne and a low value of 0.02 grams per tonne. Samples consisted of panel grabs as well as continuous chips taken over intervals ranging from 2 to 10 metres. The mineralized breccia zone contains hydrothermal and explosive fragments of rhyolite porphyry cemented by a matrix of siliceous iron oxide. High density (<1 cm wide) stockworking quartz veinlets cut both the matrix and fragments of the breccia, which intrudes rhyolite volcanics. The area is also cut by several large regional extensional faults. Regional reconnaissance indicates that the exploration potential around the known breccia is good. Two small gambusino workings have been found within the project area, but there is no evidence that the property has been examined by other modern exploration companies. The Company completed two phases of rock chip and stream sediment sampling comprised of 100 samples averaging of 9.84 grams per tonne gold. Highlighted intervals of continuous chip sampling include 15 metres @ 2.42 grams per tonne gold, 32 metres @ 2.31 grams per tonne gold, and 48 metres @ 1.08 grams per tonne gold.

In May 2008, the Company signed binding agreements with Fresnillo PLC ("Fresnillo"), a subsidiary of Industriales Peñoles, S.A. de C.V. to explore the La India Project. The agreements allow Fresnillo, or a subsidiary of Fresnillo, to earn a 60% equity participation in a Joint Venture company to be incorporated by the parties upon Fresnillo completing exploration expenditures on the La India Project of US\$1,750,000, paying Northair US\$210,000 and purchasing Northair shares from treasury valued at US\$210,000 (at a 20% premium to market at the time of purchase) over a four year period.

Fresnillo can increase its equity participation in the Joint Venture Company to 80% by preparing a scoping study on the resources found. If Northair elects not to participate in additional funding of the project, Northair will retain a 1% net smelter return royalty interest. The agreements contain a provision whereby, if Northair becomes aware of an entity acquiring more than 50% of the voting shares of Northair, Fresnillo is granted the option to either buy Northair's interest in the project, or offer to Northair Fresnillo's interest in the project, at a price to be determined by an independent duly qualified international appraiser. In the event that Fresnillo elects to offer its interest to Northair and Northair fails to complete the acquisition within 45 business days, Fresnillo shall have the option to sell its interest to a third party at an equal or higher price.

Fresnillo has commenced exploration with surface geological mapping, sampling and definition of drill targets and has indicated that it will conduct an initial drill program on the La India Project in the spring of 2009.

El Tesoro Project

The El Tesoro Project, located in the state of Durango, was acquired in February of 2003. Between 2003 and 2005, Northair explored El Tesoro by field programs including geologic mapping, sampling, trenching and a twenty hole reverse circulation drill program totaling 1,832 metres. The drill program tested portions of five of the seven known gold bearing zones but did not delineate cohesive continuity of high grade gold mineralization. Consequently, the Company terminated the high cost option agreements on four privately held concessions as of March 2005. The Company continues to maintain its wholly owned concessions within the El Tesoro property, which total nearly 3,000 hectares. These concessions cover the G Zone where no drilling has been conducted, but where surface trenching returned values of 18.86 grams per tonne gold and 13.09 grams per tonne silver over 12 metres. In addition, significant gold and silver stream sediment anomalies which lie on the Company's claims to the north, south and east of known mineralization provide further potential on the wholly owned concessions. In December 2005, Grupo Northair entered into an agreement with Compania Minera San Valentin S.A de C.V., which allows San Valentin to lease the Company's remaining El Tesoro concessions.

El Tesoro Project (continued)

Under the agreement, San Valentin will pay Grupo Northair US\$2,000 per month for the rights to explore and mine the G Zone and US\$3,000 per month for the rights for the remainder of the concessions. It is anticipated that the lease will run for a period of 15 years, during which time San Valentin has the option to purchase the G Zone for US\$200,000 and the remainder of the concessions for US\$300,000 for a total purchase price of US\$500,000. Grupo Northair retains a back in right for 49% of the G Zone if San Valentin exercises the purchase option. During the term of the lease, San Valentin will be responsible for all taxes, permitting and environmental aspects of the concessions. The terms of the agreement have been modified several times as San Valentin has encountered mining and milling problems. It is not clear if San Valentin will be able to maintain their lease.

Risks and Uncertainties

The Company has no recent history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholder's investment and the likelihood of success must be considered in light of its early stage of operations.

The Company's operations are affected in varying degrees by Mexican government regulations (both state and federal), including those with respect to restrictions on foreign investment, production, price controls, export controls, income taxes, and expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is frequently in a state of change and new laws, regulations and requirements may be retroactive in their effect and implementation. Northair's operations may also be affected in varying degrees by political and economic instability, economic and other sanctions imposed by other nations on Canada or Mexico, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

To mitigate some of these factors, the Company maintains its head office in Vancouver, Canada. With the exception of short term operational requirements for Grupo Northair, funds are maintained and controlled in Vancouver, both in Canadian and U.S. dollars. In addition to its U.S. based Vice President, Exploration the Company hires consultants as necessary to provide geological and other services. Overhead costs in Mexico compare favorably with Canada and the political and economic climate is considered by the Company to be stable. The Company has reduced its costs in Mexico as a result of the current economic downturn.

Given the early stage of its operations, there is no assurance that the Company will be successful in achieving a return on shareholders' investment. The Company's financial success is dependent on the acquisition of properties which could be economically viable to develop.

Mineral exploration is a speculative venture. There is no assurance that the Company's exploration activities will result in any discoveries of commercial bodies of ore. The success of the operations and activities of the Company is dependent to a large extent on the efforts and abilities of its management. Locating mineral deposits depends upon a number of factors, including the expertise and skill of the exploration personnel involved.

James R. Robinson, Vice President, Exploration devotes all of his time and attention to the Company's exploration and development activities. Fred G. Hewett, President and Chief Executive Officer devotes 50% of his time to the Company's affairs. The remaining members of management devote less than 50% of their attention to the Company's activities. The loss of the services of any of its management could have a material adverse effect on the Company. To date, the Company has not engaged in succession planning.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of Northair and is derived from unaudited quarterly financial statements prepared by management.

Quarter Ended	Revenues	Net Income (Loss)	Basic Earnings (Loss) per share
November 30, 2008	Nil	(222,749)	(0.01)
August 31, 2008	Nil	(149,906)	(0.01)
May, 31, 2008	Nil	(6,004)	(0.00)
February 29, 2008	Nil	(240,260)	(0.01)
November 30, 2007	Nil	369,783	0.02
August 31, 2007	Nil	(183,804)	(0.01)
May 31, 2007	Nil	74,931	0.00
February 28, 2007	Nil	(178,196)	(0.01)

The Company's exploration activities are seasonal, with less work conducted in Mexico during the summer months due to the rainy season. Accordingly, the Company's administrative expenses will typically decline for the same period. The Company's practice is to write-off resources properties when the property is of no further interest and displays limited economic potential. These write-offs affect the Company's quarterly results.

In addition, the Company's quarterly results from operations are also affected by the market for securities. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of planned exploration projects will also increase. Stronger capital markets allowed the Company to realize gains from the sale of investments. These gains help to offset the Company's administrative expenses, and contribute to an overall reduction in the Company's reported quarterly and annual losses.

Liquidity

Working capital as at November 30, 2008 was \$747,639 compared with \$1,455,812 at February 29, 2008.

Cash and cash equivalents were \$400,411 at November 30, 2008 compared with \$726,651 at February 29, 2008.

During the Current Period the Company used \$261,281 in operating activities before changes in non-cash working capital, primarily for administrative costs.

Investing activities used \$217,228 in the Current Period; the net of \$267,223 from the sale of short-term investments was offset by \$35,139 used for additions to plant property and equipment related to office lease hold improvements and \$449,312 used for work on resource properties. The funds for resource properties were used to advance the work on El Reventon and Sierra Rosario properties and general exploration activity in Mexico and Canada.

Financing activities provided \$15,210 in the Current Period from the issuance of share capital.

The Company has a lease agreement for its office space. The minimum annual commitments for rental expenses are as follows:

December 1, 2008 – November 30, 2009	\$	172,304
December 1, 2009 – November 30, 2010		172,304
December 1, 2010 – January 31, 2011		28,717
Total	\$	<u>373,325</u>

In addition to the basic monthly rent, the Company must also pay a proportionate share of the building's operating costs and property taxes. The Company has a sub-lease agreement with Strongbow Exploration Inc. and Capstone Mining Corp. for a portion of this leased space. In addition, the Company offsets some of this contractual obligation through administrative services agreements with other companies (see "Transactions with Related Parties").

Capital Resources

The Company has no operations that generate cash flow and its long-term financial success is dependant on management's ability to discover and develop economically viable mineral deposits. Exploration is a lengthy process that can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and, in the past, from the sale of investments. Although the Company has had past success in obtaining financing, there can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, the Company's track record and the experience and caliber of its management.

The Company has reduced its exploration costs and believes it currently has sufficient financial resources to meet its administrative overhead expenses for the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity and foreign exchange fluctuations. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Except as disclosed elsewhere in the financial statements, related party transactions are as follows:

Administrative recoveries during the three months ended November 30, 2008 of \$44,118 (November 30, 2007 - \$38,217) and nine months ended November 30, 2008 of \$139,630 (November 30, 2007 - \$120,049), are primarily recovered from various companies with certain officers and directors in common.

Based on time spent, the Company recovered salaries during the three months ended November 30, 2008 of \$217,407 (November 30, 2007 - \$223,158) and for the nine months ended November 30, 2008 \$697,114 (November 30, 2007 - \$738,920) from companies with certain officers and directors in common. These amounts have been recorded against office, salaries and general expense.

During the three months ended November 30, 2008 salaries of \$69,000 (November 30, 2007 - \$69,000), were paid to two directors of the Company. During the nine months ended November 30, 2008 salaries of \$207,000 (November 30, 2007 - \$207,000), were paid to two directors of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by all the related parties. Amounts due from related parties are unsecured, non-interest bearing and due on demand.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, short-term investments, receivables, and accounts payable. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, foreign exchange, commodity price or credit risks arising from the financial instruments. The Company may be exposed to liquidity risk such that the Company may not be able to meet its obligations as they fall due. The Company manages this risk by forecasting anticipated investing and financing activities.

Outstanding Share Data

Common Shares

Northair's authorized capital is unlimited common shares without par value. As at January 29 2009, there are 19,774,770 common shares issued and outstanding.

Warrants

As at January 29, 2009, the Company had no warrants outstanding.

Options

As at January 29, 2009 the Company had 1, 010,000 incentive stock options outstanding as follows:

Number	Exercise Price	Expiry Date
50,000	\$ 0.230	14-Sep-2010
270,000	\$ 0.300	26-Sep-2011
50,000	\$ 0.320	24-Jan-2012
145,000	\$ 0.300	16-April-2012
10,000	\$ 0.275	06-June-2012
320,000	\$ 0.210	04-Jan-2013
10,000	\$ 0.220	28-Feb-2013
110,000	\$ 0.150	13-Jun-2013
45,000	0.115	31-July-2013
1,010,000	\$ 0.245	

Changes in Accounting Policies

Accounting policies implemented effective March 1, 2008

Financial Instrument Disclosures

In March 2007, the CICA issued section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section was adopted March 1, 2008. See note 4 to the consolidated financial statements for the three months ended May 31, 2008 for additional details.

Capital Disclosures

In December 2006, the CICA issued Section 1535 Capital Disclosures. This section establishes standards for disclosing information about an entity's objectives, policies, and processes for managing capital. This section was adopted March 1, 2008. See note 10 to the consolidated financial statements for the three months ended May 31, 2008 for additional details.

Inventories

In June 2007, the CICA issued section 3031 *Inventories* which provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. This new pronouncement was effective March 1, 2008 but has no effect on the Company's consolidated financial statements.

Accounting policies to be implemented effective March 1, 2009

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets ("Section 3064"), which replaces Section 3062, Goodwill and Other Intangible Assets ("Section 3062") and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section will be applicable to the Company's financial statements for its fiscal year beginning March 1, 2009. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

International Financial Accounting Standards

In February 2008 the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian standards and interpretations on January 1, 2011. The process of changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect our reported financial position and results of operations, and also affect certain business functions. The Company has not yet completed an evaluation of the adoption of IFRS and its impact on the financial position and results of operations. The Company plans to complete an evaluation of the impact of the IFRS standards during the remainder of 2008 and address the key elements of an implementation plan for the year end 2008 MD&A. The implementation plan may address the impact of IFRS on: (i) accounting policies, including choices among policies permitted under IFRS and implementation decisions such as whether changes will be applied on a retrospective or a prospective basis; (ii) information technology and data systems; (iii) internal control over financial reporting; (iv) disclosure controls and procedures, including investor relations and external communications plans; (v) financial reporting expertise, including training requirements; and (vi) business activities.

Forward-Looking Information

When used in this document, words like "anticipate", "believe", "estimate" and "expect" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objectives and goals for the Company and therefore involve inherent risks and uncertainties. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in such statements.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Northair's general and administrative expenses and resource property costs is provided in the Company's interim Consolidated Statement of Loss and Deficit and the Consolidated Schedule of Resource Property Costs contained in its Interim Consolidated Financial Statements for November 30, 2008 and November 30, 2007 that is available on Northair's website at www.northair.com/Northair/ or on its SEDAR Page Site accessed through www.sedar.com

Approval

The Board of Directors of Northair has approved the disclosure contained in this interim MD&A. A copy of this Interim MD&A will be provided to anyone who requests it.

Additional Information

Additional information relating to Northair, including the Company's Annual Information Form is on SEDAR at www.sedar.com