(Formerly Mega Silver Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010

Date of Report: November 24, 2010

General

The following Management's Discussion and Analysis ("MD&A") of Mega Precious Metals Inc. (the "Corporation" or "Mega") should be read in conjunction with the unaudited consolidated financial statements for the three and nine months ended September 30, 2010 with a comparative period for the year ending December 31, 2009 and the notes thereto. The Corporation's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of November 24, 2010, and all information is current as of such date. Readers are encouraged to read the Corporation's public information filings on SEDAR at www.sedar.com.

This discussion provides management's analysis of Mega's historical financial and operating results and provides estimates of Mega's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, reliance should not be placed on forward-looking statements. Mega's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that Mega will derive there from. Mega disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable law.

Corporate Overview

Mega Precious Metals Inc. is a Canadian-based junior exploration and development company with exploration projects throughout Canada. The principal business of the Corporation is the acquisition, exploration and development of high value mineral properties. Mega is considered a development stage company, as defined by Accounting Guideline 11 of the Canadian Institute of Chartered Accountants' ("CICA") Handbook.

Highlights

The third quarter of 2010 has seen a continuation of the Corporation's strategy to focus on high value exploration opportunities in the Red Lake mining district. Drilling of MH0901 on the Headway project has progressed on budget and on schedule past a depth of 2600 metres. The second deep hole, MH1002, is currently at a depth of 1970m. Both holes now lie within the favourable host rocks of the Balmer Series Volcanics. The North Madsen project focused on continuing to expand and explore for potential low to medium grade resources. Continued drilling on the newly discovered 800 x 225m anomalous "Laverty Main Zone" resumed in early June, 2010. Highlights of Q3, 2010 drilling include 1.126 g/t over 27.0m (dh ML1060), and 1.02 g/t over 54.8m (dh ML1064). A small channel sampling and drill program was completed on the Skookum property during the months of August and September, after which point drilling was focused back towards the Laverty Main Zone. Overall, management is very excited for the prospect of a positive fall/winter drilling program.

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OPERATIONAL HIGHLIGHTS Q3 2010

ONTARIO PROJECTS – RED LAKE AREA

Headway Property

The Headway Project was acquired by Mega in October, 2009. Located at the southern border of Goldcorp's Red Lake Gold Mine property, the Headway Project lies at the intersection of the Madsen, East Bay and NW Mine Trends, the same three trends that have hosted many of Red Lakes most significant past discoveries. Given its proximity to the Red Lake Gold Mine, the Headway Project is viewed by Mega as a strategic play on Goldcorp's existing underground infrastructure.

Mega believes that the potential for a high grade gold discovery at Headway is high if continuity in geology can be established in the vicinity of this existing infrastructure. Mega's plan for the Headway property therefore is to demonstrate continuity in the geological structures that define the Red Lake Gold Mine. The current exploration program, which is comprised of two, 3000 metre diamond drill holes, is testing at depth for Balmer-series mafic and ultramafic volcanic rocks, the same host rocks that are associated with the High Grade Zones within Goldcorp's Red Lake Gold Mine. The first of the two drill holes, which Mega began drilling in November, 2009, has progressed on budget and to 2603 metres. To date, drilling has confirmed the continuity of Confederation (McNeely Sequence) volcanics to 655 metres depth and Huston Assemblage sedimentary rocks, including basal cobble conglomerate to 2121 metres depth. The unconformity between this basal conglomerate and the underlying Balmer Series Volcanics was intercepted on June 17 at a depth of 2121m. This is very significant as mafic and ultramafic rocks of the Balmer Series are host to the High Grade Zones within the Red Lake Gold Mine. Within the Balmer Assemblage thus far, rocks analogous to the Red Lake Gold Mine Geology have been encountered, and excitement is building as drilling progresses. A fairly large (>240m) aluminosilicate altered interval of mafic and felsic-intermediate volcanics was encountered and is still being drilled through, an alteration package that is commonly found in the hanging wall of high grade ore in Red Lake. Meterage drilled in Q3 on this hole was from 2180m to 2407m.

A second 3,000m diamond drill hole was collared on the Headway property on July 9th, and is currently at a depth of 1970m. The unconformity was recently penetrated at 1958m, and we are now coring into Balmer Series Volcanics. Meterage drilled on this hole during Q3 was from 0m to 1291m. While the Headway drill program is slow and complicated, focusing on targeted drilling, management is extremely pleased with its progress and the success to date has only increased management's optimism that Mega will enjoy continued success with the program. Management is confident the program will continue on budget and on target to its conclusion.

Drill sections and maps can be viewed in Mega's photo gallery http://www.megapmi.com/headway_gallery

North Madsen Project

The North Madsen Project, comprised of the Laverty (6 patented mining claims), East My-Ritt (eight patented mining claims) and Skookum properties, is another product of management's aggressive consolidation effort throughout 2009. The properties that comprise the North Madsen Project are believed to be part of a much larger gold system that encompasses the adjacent Howey, Hasaga and Gold Shore mine properties which produced approximately 640,000 ounces of gold within host rock units similar to those located on the North Madsen Project. Previous diamond drilling results on these properties include 7.74 g/t gold over 11.2m to 18.2 g/t gold over 3.65m. While the Red Lake Gold district is famous for its high grade gold discoveries, it is a relatively young gold camp and management believes that the future of this district includes not only the potential for new high grade gold discoveries, but also the potential to consolidate low to medium grade resources which can be mined and then processed at a large, centralized milling facility.

In 2009, Mega initiated exploration on a 1.5km portion of a promising northeast-trending structure traversing the entire North Madsen Project. Mega compiled historic geological and geophysical work on the East My-Ritt and Laverty properties and has completed geological mapping, outcrop stripping, channel sampling and INSIGHT Induced Polarization geophysical surveys. Diamond drilling continues to include confirmation and extension of other historic drill intercepts as well as new areas where there is interpreted potential for litho-structural traps that may host economic mineralization. A NI 43-101 resource was released in June, 2010, which outlined a Laverty Dyke Zone indicated resource of 32,500 oz Au at 2.56 g/t, and 3,400 oz Au at 3.32 g/t inferred.

The third quarter of 2010 included continuation of phase 4 drilling on the Laverty property, as well as a channel sampling and small drill program on the Skookum property. 11 diamond drill holes were completed on the Laverty property during Q3, for a total of 2637m. These holes were drilling off the Main Zone corridor, a roughly 800m long by 200m wide east-west striking anomalous gold zone.

Highlights of Q3, 2010 drilling in Phase 4 include 1.126 g/t over 27.0m (dh ML1060), and 1.02 g/t over 54.8m (dh ML1064). Previous intercepts from first quarter drilling of this zone include 4.9 g/t Au over 10 metres (dh ML1046), and 1.87 g/t Au over 16.4 metres (dh ML1048), (press release dated March 29, 2010).

Late in 2009, Mega acquired the Skookum properties (9 unpatented mining claims), located within the Dome Stock and along the NE striking Madsen Mine trend approximately 1.5 kilometres west of the Town of Red Lake. The acquisition of these claims is part of Mega's strategy to expand and consolidate the North Madsen Project.

A mapping and channel sampling program was completed on the Skookum property in August of 2010, and a small drill program was completed during the months of August and September. A total of 77.9m of channels were cut and sampled, predominantly from previously stripped areas, targeting sheared zones within the granodiorite and qtz veins hosting py+/-ccp mineralization. Highlights include 4.823 g/t over 1.5m, and 3.49g/t over 90cm.

6 holes totalling 1528m were drilled, targeting geophysical anomalies and following up on historical drill results. Several anomalous results were obtained, but overall, significant intercepts were not encountered.

The 2009-2010 drill map can be viewed in Mega's photo gallery http://www.megapmi.com/north_madsen_gallery.

NUNAVUT PROJECT

The Blue Caribou Project is one of several projects acquired by Skybridge Development Corp. prior to the reorganization. In May 2009, independent consulting geologist, G. Harron and Associates on behalf of Mega, completed a NI 43-101 compliant inferred resource estimate of 2.77 million tonnes averaging 2.82% Copper, 0.06% Molybdenum, 31.26 g/t Silver and 0.20 g/t Gold based on the drill results of 2008 drill program (reported in Press Release dated June 9, 2009).

In June 2009, Mega set out to determine the most cost effective way of establishing the potential for growth in the Blue Caribou resource, and thus the future potential of the Project. Two diamond drill holes, (BC09-series), 400 meters apart, intersected the down dip extension of the inferred resource.

Mega is very encouraged by the results of its 2009 exploration program which establishes continuity in the deposit from the current resource bottom at 90 metres to Mega's recent drill intercept at 225 metres. These results are consistent with Mega's exploration model, and demonstrate the potential to increase the deposit significantly at depth. Mega sees great potential associated with the Blue Caribou deposit and views the project as a strategic option on both the price of copper and future infrastructure development within the region.

Mega has engaged SGS - Lakefield Research of Lakefield, Ontario to complete geometallurgical testing on the Copper Zone drill core in preparation for project scoping studies to establish the economic potential of the deposit.

The 2009-2010 drill map can be viewed in Mega's photo gallery, http://www.megapmi.com/nunavut_gallery.

OTHER ONTARIO PROJECTS

Sunshine Lake Project

In October 2009, Mega acquired a 12 claim block 101 unit, in the Upper Manitou Lake area, 66km south of the town of Dryden Ontario under an option agreement with P. English. The area hosts historic gold occurrences with assay results ranging to 20.54 g/t (0.599 ounces gold per ton) (Giant Prospect – Glatz Property) and 6.51 g/t (0.19 ounces gold per ton) on the north shore of Sunshine Lake. Prospectors were sent to explore the property before the snows in November. Selected grab samples were taken of the best exposed geological units, a strongly sericite and pyritic altered, quartz feldspar porphyry unit on strike of the Giant Prospect. No significant gold values were returned. As at June 30, 2010, the Corporation decided to relinquish its interest in the Sunshine Lake property, and as such, the property was returned to the vendor.

Mink Lake Project

In October 2009, Mega acquired a nine (9) claim block comprising 143 unit, in the Cassummit Lake - Mink Lake area, 68km by air northeast of Red Lake, Ontario an option agreement with P. English. The area has been explored by Bralorne Can-Fer Resources, Dome Exploration, Noranda Exploration, Esso Minerals, Murgor and Fronteer Development Group between 1974 and 2004. The area hosts up to thirteen historic gold occurrences with assay results range up to 30 g/t over 1.14m at the Finn Showing to the shore of Mink Lake. Prospectors visited the property before the snow in late October. Selected grab samples were taken from the veins and wallrock from five of the more significant occurrences (Moly, Wet Boot, Finn, Hatch, Bent Birch) and a critical assessment made to evaluate the regional geological environment and to provide recommendations. The best grab sample returned 9.038 g/t Au of highly schistose wallrock from the Hatch Occurrence. It appears the Hatch, Finn and Peninsula showings may be associated with a regional structure that hosts the Argosy Mine, a historic past producer (100K oz) situated 5 km to the northeast of the property. As at June 30, 2010, the Corporation decided to relinquish its interest in the Mink Lake property, and as such, the property was returned to the vendor.

YUKON

Based on a thorough assessment of the Yukon Project's continued exploration potential the Corporation did not budget for exploration in the region in 2010. Work performed during Q1 2010 to fulfill the Corporation's withdrawal obligations resulted in $23,684 in expenses which were charged against earnings during the period.

As of November 24, 2010, the Corporation's only remaining interests in the Yukon are the Spidermann Properties.

Quality Control & Assurance

On all projects, channel sampling and diamond drill core sampling was conducted under NI 43-101 quality assurance and quality control reporting standards. QA/QC procedures include the insertion of two blind independent gold standards and blank samples into the sample stream by Mega project geologists. Duplicate analytical determinations on sample pulps are conducted on every 10th sample, and replicate analysis of reject samples are completed on each 50th sample. Gravimetric check analysis is undertaken on all original assays with greater than 3 grams per tonne. Analytical values greater than 15 grams are usually subjected to a Pulp Metallic analytical technique. Assay results are completed at Accurassay Laboratories, a commercial mineral analysis laboratory in Thunder Bay, Ontario, accredited for preparation and mineral analysis utilizing both fire assay and screen metallic methods. Independent analytical check sampling is completed by Activation Laboratories of Ancaster, Ontario with accredited analytical facilities in Thunder Bay, Ontario. The Yukon project utilized Acme Analytical Laboratories in Vancouver, BC, accredited for preparation and mineral analysis. A Chain of Custody protocol for the handling of samples from all projects to the laboratories and between laboratories was rigorously followed.

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Summary of Quarterly Results

The following table sets out selected quarterly financial data for the most recently completed interim quarters:

	2010	2010	2010	2009	2009	2009	2009	2008
Quarter	Third	Second	First	Fourth	Third	Second	First	Fourth
	($)	($)	($)	($)	($)	($)	($)	($)
Revenue	11,333	11,339	3,043	2,357	-	54,971	60,777	100,763
Operating Expenses	645,665	749,422	639,638	719,527	733,806	798,552	728,033	233,718
Net Operating Loss	(634,332)	(738,083)	(636,595)	(717,170)	(733,806)	(743,581)	(667,256)	(132,955)
Net Earnings (Loss)	91,780	(1,618,391)	892,159	1,053,010	(2,417,157)	(444,976)	(684,977)	(167,729)
Net Earnings (loss) per common share (basic and diluted)	0.00	(0.04)	0.02	0.05	(0.08)	(0.02)	(0.03)	0.00

Overall Performance

Net earnings for the three months ended September 30, 2010 were $91,780 as compared to a net loss of $2,417,157 the same period of the previous year. The swing from a net loss to net earnings was due primarily to the change in unrealized gain in the fair value of investments held for trading of $831,800 in the current period.

The Corporation recorded $11,333 in interest revenue on its investments, compared to $nil in the previous year. Of the $645,665 in operating expenses incurred during three months ended September 30, 2010, $6,353 related to non-cash charges for amortization, $385,967 was related to stock based compensation, $213,167 related to general and administrative expenses, $21,077 to professional fees, and $14,190 to flow through interest expense. The major components of general and administrative costs include corporate accounting fees of $26,228, investor relations expenses of $44,208, Thunder Bay office lease of $19,887, and executive salaries of $22,215.

Exploration and development programs during the three months ended September 30 2010 resulted in $742,066 in related expenditures.

Liquidity and Capital Resources

The Corporation's cash and cash equivalents balance was $5,887,608 at September 30, 2010 compared to $10,387,322 at December 31, 2009. Current assets at September 30, 2010 were $8,338,186 compared to $12,483,455 at December 31, 2009 and total assets at September 30, 2010 were $23,761,054 compared to $24,802,884 at December 31, 2009.

At September 30, 2010 the Corporation had mineral property assets of $15,341,299, with the breakdown as follows:

Mineral Property Exploration and Development Expenditures	*At September 30, 2010*
Ontario	
North Madsen property	$3,559,928
Headway property	2,091,522
Nunavut	
Blue Caribou property	9,689,849
Total	15,341,299

Mineral property write-downs

During the period the Corporation decided to relinquish its interest in the Mink Lake property, located in Red Lake, Ontario. As such, the carrying value of $78,781 was charged against earnings in the first quarter of 2010.

Subsequent to period end the Corporation decided to relinquish its interest in the Sunshine Lake property, located in Dryden, Ontario. As such, the carrying value of $45,180 was charged against earnings in the current period.

Operating activities

During the three months ended September 30, 2010, the Corporation reported $231,204 in cash used in relation to operating activities. The most significant non-cash charges to earnings were the mineral property write-down of $15,580, stock compensation of $385,967, future tax expense of $90,108 and amortization of $6,353, which were offset by an unrealized gain on investments of $831,800.

Financial Instruments

Financial instruments consist of cash and cash equivalents, investments, accounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to the short term to maturity, unless otherwise noted.

Outstanding share data

Common Shares
The Corporation's shares are listed on the TSX Venture Exchange under the symbol "MGP". Authorized share capital consists of an unlimited number of common shares without par value. As at November 24, 2010, 44,193,780 common shares were issued and outstanding.

Warrants
The following table reflects the share purchase warrants outstanding as at November 24, 2010:

Expiry Date	Exercise Price	Warrants Outstanding
October 20, 2011	1.15	8,050,000
October 20, 2011	0.75	805,000
		8,855,000

Stock Options

The following table reflects stock options that have vested as at November 24, 2010:

Expiry Date	Exercise Price	Options Granted	Options Vested
January 2, 2011	1.25	100,000	100,000
February 27, 2013	1.79	500,000	500,000
June 11, 2014	1.15	1,450,000	1,208,332
October 22, 2014	0.75	160,000	80,000
October 22, 2014*	0.75	25,000	18,750
May 27, 2015*	0.33	1,150,000	625,000
		3,385,000	2,532,082

(*) Options vest equally over four consecutive quarters (12 months).

Related Party Transactions

The following are the related party transactions, recorded at the exchange amount as agreed to by the parties:

[a] Included in general and administrative expenses are amounts totaling $10,986 (2009 - $19,607) for corporate secretarial services provided to the Corporation by companies related to the Corporation through a common officer.

[b] Included in general and administrative expenses are amounts totaling $199,676 (2009 - $134,934), and included in the mineral property expenditures are amounts totalling $77,653 (2009 - $50,626) for rent, facilities related charges, and accounting and management services provided by a company related to the Corporation through a common officer.

Subsequent events

On November 1, 2010 the Corporation and Rolling Rock Resources Corporation (TSXV:RLL) (“Rolling Rock”) jointly announced that they have entered into a definitive business combination agreement pursuant to the previously announced letter agreement dated September 23, 2010. Under the definitive agreement, Mega will acquire, by way of a three-cornered amalgamation, all of the outstanding common shares of Rolling Rock in a supported, all-share transaction. Rolling Rock shareholders (other than Mega) will receive 0.4 common shares of Mega for each common share of Rolling Rock. Based on Mega’s closing price on September 23, 2010, the day immediately preceding the announcement of the letter agreement, the exchange ratio represented a 37.0% premium over Rolling Rock’s 20-day volume weighted average share price as of that date.

Commitments

The Corporation has commitments relating to a contract for rent, facilities related charges, and management and accounting services expiring June 2011. The following is a summary of the remaining commitments of the Corporation as at September 30, 2010:

	2010	2011	TOTAL
Contracts	122,219	191,415	313,634

Flow-through renunciation

As at December 31, 2009, the Corporation renounced 100% of its flow-through related resource expenditures to investors. The Corporation had until February 1, 2010 to incur the expenditures before monthly interest charges began to accrue on unspent funds. Interest charges incurred by the Corporation as a result of this income tax legislation are charged to income in the period incurred. Of the $5,957,000 in flow-through financing raised in 2009 the Corporation has incurred $4,376,475 in exploration expenditures. Therefore the Corporation must incur an additional $1,580,525 in exploration expenditures to fulfil its obligation by December 31, 2010.

Obligation to issue shares

Pursuant to the agreement with Skybridge Development Corp. (note 2), the Corporation has committed to issuing up to 1,390,000 common shares in relation to Skybridge options and warrants granted prior to the date of the agreement. The fair value in the amount of $722,138 for the stock options and warrants was determined using the Black-Scholes option pricing model using the following assumptions: no dividends to be paid, risk free interest rate of 1.19%, expected volatility of 132%, expected life of 1.41 years. The obligation has been reduced to $169,260 at September 30, 2010 due to the exercise and expiry of stock options and share purchase warrants in current and previous periods.

Critical Accounting Estimates

The Corporation's consolidated financial statements have been prepared in accordance with Canadian GAAP. A discussion of the Corporation's significant accounting policies is contained in the notes to the audited consolidated financial statements for the year ended December 31, 2009. The Corporation's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control. The key areas within the financial statements where management estimates are present are as follows:

- Property, Plant and Equipment
- Mineral properties
- Future income taxes
- Stock compensation and Share purchase warrants

Significant Accounting Policies

The Corporation's consolidated financial statements have been prepared in accordance with Canadian GAAP. A discussion of the Corporation's significant accounting policies is contained in Note 3 to the audited consolidated financial statements for the year ended December 31, 2009. The Corporation's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

Recent Accounting Pronouncements

Business Combinations / Consolidated Financial Statements / Non-Controlling Interests

In January 2009, the CICA adopted sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements". It was announced that these sections would be applied prospective to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. These new sections were created to converge Canadian GAAP to IFRS. The Corporation will prospectively adopt these new sections.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January, 2009, the Emerging Issues Committee issued a new abstract concerning the measurement of financial assets and financial liabilities, EIC-173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.” There had been diversity in practice as to whether an entity’s own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial instruments. The EIC reached a consensus that these risks should be taken into account in the measurement of financial assets and financial liabilities. EIC-173 was effective for all financial assets and financial liabilities measured at fair value in interim and annual financial statements issued for periods ending on or after the date of issuance of EIC-173 with retrospective application without restatement of prior periods. The Corporation has applied this new abstract at the date of issuance resulting in no impact on its consolidated financial statements.

Fair Value Hierarchy

In January 2009, the CICA adopted amendments to sections 3862 "Financial Instruments Disclosures". These amendments require the Corporation to present certain information about financial instruments measured at fair value in the Consolidated Balance Sheets. In the first of application, comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the December 31, 2009 year end. The following table presents financial assets and liabilities measured at fair value on the consolidated balance sheets in accordance with the fair hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted in active markets for identical assets or liabilities);
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Mining exploration costs

On March 27, 2009, the Canadian Institute of Chartered Accountants approved EIC 174, "Mining Exploration Costs". The EIC provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Corporation has applied this new abstract at the date of issuance resulting in no impact on its consolidated financial statements

Future accounting changes

IFRS Conversion Plan

In 2009, the Corporation put in place a comprehensive IFRS conversion plan which addresses changes in accounting policies, restatement of comparative periods, organization, internal controls and any required changes to business processes. To ensure the full impact of the conversion was understood, personnel responsible for the IFRS conversion project attended training courses on the adoption and implementation of IFRS. Through in-depth training, and thorough review of transitional statements prepared by comparative companies, the Corporation believes the finance personnel are prepared for the transition.

During Q3 2009, the Corporation reviewed its existing accounting system along with internal and disclosure processes and concluded that they would not need significant modification as a result of the Corporation’s conversion to IFRS. Included in this review was an assessment of existing reporting templates and checklists, rationalization of the existing chart of accounts, and review of the efficiency of period-end close procedures.

As a part of the Corporation's transition to International Financial Reporting Standards, an initial review of the impact on internal control over financial reporting has been completed. The Corporation believes that the current controls, policies and procedures included in ICFR design are sufficient to meet the requirements of the upcoming transition.

Management expects that the transition to IFRS will not have a material impact on the Corporation's internal control over financial reporting due to the limited complexity of its business.

The eventual changeover to IFRS represents a change due to new accounting standards and is a significant undertaking that may materially affect the Corporation's reported financial position and results of operations. The Corporation is continually assessing the impact of the conversion, and below is a table outlining some of the key milestones, timing, and current status of the Corporation's changeover:

Key Activity	**Timing**	**Current Status**
Financial Reporting • Identify differences in Canadian GAAP and IFRS and effect on accounting policies	Overall assessment completed Q4 2009 and to be updated to Q4 2010	Differences identified and analysis of impact and disclosures ongoing
• Determine applicable IFRS 1 exemptions	Assessment initiated Q3 2009 to be updated for and finalized Q4 2010	Exemptions identified and assessment is ongoing
• Develop financial statements in accordance with IFRS	To be completed Q4 2010	Accounting policy development initiated, review of comparative adopters in other jurisdictions reviewed.
• Quantify effects of change in initial IFRS disclosure and 2010 comparative statements	To be completed Q4 2010	The quantitative impact will be finalized upon completion of transition
Business activities • Assess effect on budgeting and planning processes	To be completed Q4 2010	Budgeting and planning not yet impacted by conversion
• Assess need for IFRS training	Training completed by Q4 2009 to facilitate parallel processing by Q3 2010	Training is completed and analysis of the impact on all finance staff is underway
Information technology infrastructure • Determine that software and business processes are IFRS compliant	Completed by Q4 2009 to facilitate parallel processing of 2010 general ledger	Assessment is underway in conjunction with analysis of accounting policies
• Assess needs for program upgrades and changes to general ledger	Initial assessment to be completed by Q4 2009 and to be an ongoing process throughout conversion	Initial assessment completed in conjunction with analysis of accounting policies
Control Environment • For accounting policies changes, asses control framework and effectiveness implications	Control and design effectiveness are continually being monitored throughout the conversion process, with completion of assessment expected Q1 2010	Initial assessment completed in conjunction with analysis of accounting policies

Off Balance Sheet Arrangements

The Corporation did not have any off-balance sheet arrangements during the three months ended September 30, 2010 or as of the date of this report.

Risk Factors

An investment in the Corporation involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating the Corporation and its business before making any investment decision in regards to the common shares of the Corporation. The Corporations' business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Corporation. Additional risks not presently known to us may also impair business operations.

Exploration and Mining Risks
The Corporation is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Corporation has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position.

The Corporation relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

Financing Risks
The Corporation is limited in financial resources, and as a mineral exploration company has no source of operating cash flow. The Corporation has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Regulatory Requirements
Even if our mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Corporation may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Corporation and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

Uninsurable Risks
In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

No Assurance of Titles
It is possible that any of our properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Permits and Licenses
The operations of the Corporation may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at our projects will be granted.

Competition
The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Corporation for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Corporation may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital or losing our investment capital.

Environmental Regulations
Our operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Stage of Development
The Corporation is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history or earnings or cash flow from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow. We are unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. A prospective investor in the Corporation must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

Markets for Securities
There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Corporation. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Reliance on Key Individuals
Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Corporation.

Geopolitical risks
The Corporation may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Corporation cannot be predicted. Any changes in regulations or shifts in political attitudes that may result, among other things, in significant changes to mining laws or any other national legal body of regulations or policies are beyond the control of the Corporation and may adversely affect its business. The possibility that future governments may adopt substantially different policies, which might extend to the expropriation of assets, cannot be ruled out.

Additional Information

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com, or on the Corporation's web-site at www.MegaPMI.com.

Mr. Jim Rogers, P.Geo., President and CEO of Mega Precious Metals Inc. is the Qualified Person for the information contained in this MD&A and is a Qualified Person defined by National Instrument 43-101.

(Signed) Steve Filipovic, CA
Chief Financial Officer

Thunder Bay, Canada
November 24, 2010