



**Skybridge**

DEVELOPMENT CORP

ALYRIS GOLD CORP

**Management's Discussion & Analysis  
Form 51-102F1**

**For the Three Months ended March 31, 2009**

**SKYBRIDGE DEVELOPMENT CORP.  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Three Months ended March 31, 2009**

**Date of Report: May 22, 2009**

The following Management's Discussion and Analysis ("MD&A") of Skybridge Development Corp. (the "Corporation" or "Skybridge") should be read in conjunction with the unaudited interim financial statements for the three months ended March 31, 2009 and the notes thereto. The Corporation's 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 May 22, 2009, 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](http://www.sedar.com).

This discussion provides management's analysis of Skybridge's historical financial and operating results and provides estimates of Skybridge'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. Skybridge'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 Skybridge will derive there from. Skybridge 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**

Skybridge Development Corp. (the "Corporation" or "Skybridge") was incorporated under the laws of the Province of British Columbia on January 30, 2007 and received continuance of its articles of incorporation into the Province of Ontario on October 28, 2008. Skybridge is a publicly traded corporation listed on the TSX Venture Exchange (the "TSX-V" or "Exchange") as a Tier 2 mining issuer involved in exploration and development of mineral properties in Nunavut and Ontario, Canada.

On November 29, 2007 the Corporation entered into Share Exchange Agreements (the "Agreements") with Alyris Gold Corporation ("Alyris") and its shareholders under which the shareholders of Alyris would acquire Skybridge through a reverse takeover transaction. On May 26, 2008 the Corporation received all required approvals and the transaction was completed. Skybridge Development Corp. was the name retained for the ongoing entity and is the continuance of Alyris Gold Corporation. Alyris was incorporated under the laws of the Province of Ontario on April 4, 2007.

The Corporation's ability to continue as a going concern is dependent upon the continued financial support of its shareholders, and the Corporation's ability to acquire additional equity financing. Based on its prior demonstrated ability to raise capital management believes that the Corporation's capital resources should be adequate to continue operating and maintain its current business strategy during the coming year. However, if the Corporation is unable to raise additional capital in the near future, management expects that the Corporation will need to modify its work plans.

These unaudited interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Corporation be unable to continue as a going concern.

The accompanying unaudited interim consolidated financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability to realize assets and discharge liabilities in the normal course of business in the foreseeable future and the ability of the Corporation to raise additional capital. Specifically, the recovery of the Corporation's investment in mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition.

## **Proposed Transaction with Mega Silver Inc.**

On February 5, 2009 the Corporation announced that it had entered into a binding letter agreement with Mega Silver Inc. (MSR-TSXV) ("Mega") to combine the two companies through an all share transaction (the "Transaction"). Under the terms of the Transaction, shareholders of Skybridge will receive one (1) Mega common share in exchange for each two and one-half (2.5) Skybridge common shares held. Based upon the number of Skybridge common shares and Mega common shares outstanding as at January 27, 2009 (on an undiluted basis), and upon completion of the Transaction, Mega will issue an aggregate of approximately 8,305,588 Mega common shares to Skybridge shareholders, representing approximately 23% of the 35,222,572 outstanding Mega common shares following the transaction. The Transaction will be effected by way of a three-cornered amalgamation, whereby a wholly-owned subsidiary of Mega will amalgamate with Skybridge and the resulting company will be a wholly-owned subsidiary of Mega and will continue to carry out the business of Skybridge. The common shares of Skybridge will be de-listed from the TSX Venture Exchange prior to closing of the Transaction. Completion of the Transaction is subject to a number of conditions, including, but not limited to, a fifteen day due diligence period, the receipt of all required approvals, including approval of the TSX Venture Exchange and Skybridge shareholders at a meeting to be held on May 25, 2009.

## **Operational Overview**

### ***Red Lake***

During 2008 and the first quarter of 2009, Skybridge Development Corp. actively assessed numerous prospective Red Lake Properties exploring new opportunities, and made inquiries to various companies with expressions-of-interest to option or joint-venture their gold projects in the Red Lake gold camp in northwestern Ontario, Canada. In 2009, Skybridge will be conducting regional-scale gold system evaluations with the aid of lithological geochemical sampling in attempts to focus and identify properties of greatest potential.

### ***Lavery***

On February 2, 2009, the Corporation acquired the historic "Lavery" property in Red Lake, Ontario. The initial payment obligation at signing of the Definitive Agreement between the parties was \$100,000 cash and issuance of 250,000 Skybridge shares. Terms of the 48 month option-purchase agreement between Skybridge and the vendor, Mosquito Consolidated Gold Mines Limited ("Mosquito") include annual payments totaling \$500,000, issuance of 1,500,000 common shares of Skybridge and exploration work commitments totaling \$1,500,000. Mosquito retains a 2% Net Smelter Returns royalty with Skybridge granted the right to purchase half within one year of the final closing of the fully vested option agreement for \$1,000,000. Terms and share issuance remain subject to TSX Venture Exchange and all regulatory approvals.

The Lavery property is host to two distinct gold-systems within three kilometers southwest of downtown Red Lake. The Dyke Zone is a north-northwest trending dyke hosting up to 3.08 g/t gold over 7.62m in historic drilling conducted by Wilanour in 1981. A second zone that needs to be assessed has returned values up to 7.74 g/t gold over 11.2m in historic drilling completed by Lavery Red Lake Mines between 1947 and 1951. In 2009, the Corporation will complete survey grids, complete Deep IP surveys, map, sample and mechanically strip and expose any potential mineralized systems in preparation for drill testing the gold systems on the property.

### ***East My-Ritt***

On February 17, 2009, the Corporation entered into a Letter of Intent in respect of an option to acquire a 100% interest in the "East My-Ritt" property in Red Lake, Ontario from a Joint Venture between Premier Gold Mines Limited and Sabina Silver Corporation (the "Vendors"). Terms of the option agreement between Skybridge and the Vendors include cash payments totaling \$250,000, issuance of 1,500,000 common shares of Skybridge along with exploration work commitments totaling \$1,250,000. Initial payment obligation at signing of the Definitive Agreement between the parties includes \$50,000 cash and issuance of 500,000 Skybridge shares. The Vendors retain a 0.5% Net Smelter Returns royalty with Skybridge and the Vendors jointly retaining the right to buy out underlying royalty provisions on a prorated basis as may be available for purchase. Underlying royalty provisions include a 3% Net Smelter Returns royalty on all 8 claims, as well as a 10% Net Profits Interest (NPI) on six of the claims. Terms and share issuance remain subject to TSX Venture Exchange and all regulatory approvals.

### ***Blue Caribou – Kitikmeot Region, Nunavut***

During 2008, Skybridge Development Corp. actively explored the Blue Caribou copper and gold property in Western Nunavut region of Canada. The Blue Caribou Project is host to a quartz-rich, high-grade copper prospect with accessory molybdenum, silver and gold where individual surface grab samples taken in 2007, returned grades up to 9.60% copper, up to 0.67% molybdenum, up to 110.66 g/tonne silver and up to 3.22 g/tonne gold. The target structure has been mapped on surface for more than one kilometre and the drill-indicated potential resource area is approximately 960m in length. Ground geophysical surveying by the Corporation confirms excellent coincidence of the highest grade copper samples with strong electromagnetic anomalies. The main Blue Caribou structure was never previously drill tested. In 2008, the exploratory drill program consisted of 37 diamond drill holes totaling 3614.8m on the Blue Caribou Project. The Blue Caribou Copper Zone had 33 holes completed totaling 2790.8m of drilling focused on the Main Copper occurrence as a preliminary test of the size and grade potential of the Blue Caribou structure. Four other drill holes were completed on the Blue Caribou Deformation Zone, host of several surface gold occurrences. This drilling confirmed a new high grade copper discovery in the Arctic.

A National Instrument 43-101 compliant, inferred resource estimate is being completed in-house in preparation for the Blue Caribou Copper Zone, for public release in the second quarter of 2009.

Management postulated that the Blue Caribou Copper Zone mineralization with evidence of brecciation and local iron-rich alteration could potentially reflect similarities to a larger Iron Oxide Copper Gold (IOCG) type-mineral systems. These IOCG systems (e.g. Olympic Dam) can be host to some of the world's largest concentrations of copper and gold.

### Summary of Quarterly Results

The following table sets out selected quarterly financial data for the most recently completed interim quarters following incorporation on April 4, 2007:

	2009	2008	2008	2008	2008	2007	2007	2007
Quarter	First	Fourth	Third	Second	First	Fourth	Third	Second
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	614	2,023	4,123	801	-	6,694	-	-
Expenses	217,409	25,271	685,515	696,068	102,888	22,707	19,196	-
Loss from continuing operations	(216,795)	(23,248)	(681,392)	(695,267)	(102,888)	(16,013)	(19,196)	-
Loss from continuing operations per common share (basic and diluted)	(0.01)	0.00	(0.07)	(0.11)	(0.09)	(0.01)	(0.01)	-
Net income (loss)	(154,380)	368,210	(691,462)	(695,267)	(102,888)	(16,013)	(19,196)	-
Net income (loss) per common share (basic and diluted)	(0.01)	0.04	(0.07)	(0.11)	(0.09)	(0.01)	(0.01)	-

## Overall Performance

Net loss for the three months ended March 31, 2009 was \$154,380 as compared to \$102,888 for the same period of the previous year. The decrease in net loss was due to the minimal activity taking place in Skybridge during the first quarter of 2009.

Of the \$217,409 in operating expenses incurred during the three months ended March 31, 2009, \$355 related to non-cash charges for amortization. Of the remaining \$217,054 in operating expenses, \$171,229 related to general and administrative expenses, \$27,338 to professional fees and \$17,063 to compensation adjustments related to stock options vested during the period, and \$1,424 related to flow through interest expense.

Exploration and development programs during the three months ended March 31, 2009 resulted in \$245,717 in related expenditures. Of the \$245,717, \$104,102 related to the Corporation's Blue Caribou Project located in Nunavut, Canada, and \$141,615 related to exploration and acquisitions costs for the Lavery Project located in the Red Lake Mining District, Ontario.

## Liquidity and Capital Resources

The Corporation's cash and cash equivalents balance was \$203,887 at March 31, 2009 compared to \$597,682 at December 31, 2008. Current assets at March 31, 2009 were \$551,745 compared to \$985,611 at December 31, 2008 and total assets at March 31, 2009 were \$4,938,572 compared to \$5,127,076 at December 31, 2008. The \$188,504 decrease in total assets relates primarily to cash used in relation to operating activities of the Corporation.

### *Operating activities*

During the three months ended March 31, 2009, the Corporation reported \$186,113 in cash used in relation to operating activities. The most significant non-cash charge to earnings was the compensation adjustment for stock options granted of \$17,063. The most significant non-cash credits to earnings include a tax recovery of \$62,415, due to the recognition of tax loss carryforwards.

### *Investment activities*

Net exploration expenditures incurred during the period were \$210,717, compared to \$22,640 for the same period in the previous year. The investing activities are also affected by the net change in non cash working capital balances of \$3,035 which is determined through an increase to accounts payable over the prior year and offset by increases to accounts receivable.

The Corporation has financed the majority of its exploration activities with flow-through share issuances. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share issuances are renounced to investors in accordance with income tax legislation. When these expenditures are renounced to investors, temporary taxable differences created by the renunciation reduce share capital.

As at December 31, 2008, the Corporation renounced 100% of its flow-through related resource expenditures to investors. The Corporation had until February 1, 2009 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 \$437,500 in flow-through financing raised in 2008 the Corporation has incurred \$245,717 in exploration expenditures. Therefore the Corporation must incur an additional \$191,783 in exploration expenditures to fulfill its obligation by December 31, 2009.

## **Financial Instruments and Other 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 "SBD". Authorized share capital consists of an unlimited number of common shares without par value. As at March 31, 2009, 20,263,970 common shares were issued and outstanding.

#### *Warrants*

At March 31, 2009 the Corporation had 179,780 broker warrants with an exercise price of \$0.10 expiring July 19, 2009, 80,000 broker warrants with an exercise price of \$0.30 expiring September 30, 2009, and 2,500,000 share purchase warrants with an exercise price of \$0.55, expiring March 30, 2010 and subject to a 30 day, reduced exercise period in the event that Skybridge's share price closes above \$0.55 for a period of 20 consecutive trading days.

#### *Stock Options*

The Corporation applies the fair value method of accounting for all stock based compensation awards and accordingly \$17,063 was recorded as compensation for the 62,500 stock options that vested in the current period [2008 - \$336,213 was recorded as compensation for the 1,212,500 stock options that vested]. For purposes of the options vested during the period the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: no dividends are to be paid, expected volatility of 44%, risk-free interest rate of 3.50%, expected life of 5 years [2008 - no dividends are to be paid, expected volatility of 44%, risk-free interest rate of 3.50%, expected life of 5 years].

## **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 \$6,716 (2008 - \$8,292) 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 \$90,405 (2008 - \$241,080) for rent, facilities related charges, and accounting and management services provided by a company related to the Corporation through a common officer.

[c] Included in accounts receivable are amounts totaling \$5,000 (2008 - \$5,000) relating to expenses paid on behalf of an officer of the Corporation.

[d] Included in accounts receivable are amounts totaling \$21,182 (2008 - \$12,045) relating to expenses paid on behalf of Source Exploration Corp., a company related to the Corporation through a common officer and director.

[e] Included in prepaids and deposits are amounts totaling \$16,800 (2008 - \$42,000) relating to a wage advance provided to an officer of the Corporation.

## Commitments

The following is a summary of the commitments of the Corporation as at March 31, 2009:

	2009	2010	2011	Total
Contracts	\$271,215	\$361,620	\$180,810	\$813,645

## 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 Note 3 to the audited consolidated financial statements for the year ended December 31, 2008. The Corporation's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

## Future accounting changes

### *International Financial Reporting Standards*

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the transition date for publicly listed companies to use IFRS, which will replace Canadian GAAP.

The effective date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Corporation for the year ended December 31, 2010. While the Corporation has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### *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". These sections will be applied prospectively 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. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to IFRS.

## Going Concern

The consolidated financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability to realize assets and discharge liabilities in the normal course of business for the foreseeable future and the ability of the Corporation to raise additional capital. Specifically, the recovery of the Corporation's investment in mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition.

The Corporation's ability to continue as a going concern is dependent upon the continued financial support of its shareholders, and the Corporation's ability to acquire additional equity financing. Based on its prior demonstrated ability to raise capital management believes that the Corporation's capital resources should be adequate to continue operating and maintain its current business strategy during the coming year. In addition on February 5, 2009 the Corporation announced that it had entered into a binding letter agreement with Mega Silver Inc. to combine the two

companies through an all share transaction. On May 25, 2009, the shareholders of Skybridge will vote on a special resolution (the "Amalgamation Resolution") approving the amalgamation of Skybridge and 2203179 Ontario Inc., a subsidiary of Mega Silver Inc. Should the Amalgamation Resolution be approved, the resulting company will be a wholly-owned subsidiary of Mega and will continue to carry out the business of Skybridge.

If the Amalgamation Resolution is not approved, and if the Corporation is unable to raise additional capital in the near future, management expects that the Corporation will need to modify its work plans. The financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Corporation be unable to continue as a going concern.

### **Off-Balance Sheet Arrangements**

The Corporation did not have any off-balance sheet arrangements during the three months ended March 31, 2009 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, that the terms of such financing will be favourable or that the proposed transaction with Mega will be completed. Failure to complete the transaction or 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 Blue Caribou Property is located in the Kitikmeot Region, Nunavut. 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](http://www.sedar.com), or on the Corporation's web-site at [www.skybridgedevelopment.com](http://www.skybridgedevelopment.com)

(Signed) John Seaman

Chief Financial Officer

Thunder Bay, Canada

May 22, 2009