



**FORM 51-102F1  
TORCH RIVER RESOURCES LTD.  
MANAGEMENT DISCUSSION & ANALYSIS**

**For the Third Quarter ended July 31, 2009**

This Management Discussion and Analysis (“MD&A”) was prepared September 24, 2009.

This MD&A of the results of operations and the financial condition of Torch River Resources Ltd. (“Torch” or the “Company”) supplements but does not form part of the unaudited financial statements and accompanying notes of the Company for the third quarter ended July 31, 2009. Consequently, the following discussion and analysis of the financial condition and results of operations of Torch River Resources Ltd should be read in conjunction with the audited financial statements for the year ended October 31, 2008 and the quarter three interim for the quarter ended July 31, 2009.

This MD&A contains certain forward-looking information. All information, other than historical facts included herein, including without limitation data regarding potential mineralization, exploration results and future plans and objectives of Torch is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in the forward looking information made as of the date of this MD&A.

With respect to timely disclosure by Torch of data and information in general, and especially in the MD&A, materiality and material information is considered by the Company as something that would be likely to affect the Company’s share price or influence an investor’s decision whether or not to buy, sell, or hold shares once it becomes known to the public.

Additional information can be found on Torch on the SEDAR website ([www.sedar.com](http://www.sedar.com)) and on the Company’s website ([www.torchriver.ca](http://www.torchriver.ca))

**GENERAL**

Torch is a junior resource company involved in the acquisition and exploration of property interests that are considered potential sites of economic mineralization. Torch holds a prospective exploration property portfolio in British Columbia and Manitoba and is in the process of evaluating these properties and has not yet determined whether they contain reserves that are economically recoverable. Torch has been focusing its main efforts on exploring for molybdenum, copper and silver in British Columbia.

Torch is a reporting issuer in Alberta and British Columbia and is a listed Tier 2 issuer on the TSX Venture Exchange, trading under the symbol “TCR”. The Company is a venture issuer and is not required to file an Annual Information Form.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

Torch River Mines Ltd. was incorporated on June 18, 1997, by Certificate of Incorporation issued pursuant to the provisions of the *Companies Act* (Alberta) and extra-provincially registered to carry on business in the provinces of Saskatchewan, Manitoba and British Columbia.

Torch River Mines Ltd held 100% interests in the High Rock Mineral Claim Block (gold) and the Climpy Mineral Claim both located in Island Lake Manitoba for the purpose of exploring and developing mining claims in northern Manitoba acquiring its interest in the mineral properties. Since incorporation Torch River Mines Ltd. has acquired claims in the Island Lake area located approximately 500 kilometers northeast of Winnipeg, Manitoba, and approximately 20 kilometers from the town of Garden Hill, Manitoba.

On March 26, 2004, the Company was officially formed from the amalgamation of Tael Capital Inc. and Torch River Mines Ltd. under the *Business Corporations Act* (Alberta) under the name Torch River Resources Ltd. The amalgamation was the Company’s Qualifying Transaction for listing on the TSX Venture Exchange.

On July 8, 2005, the Company signed an option agreement with Red Bird Resources Ltd. (the “Red Bird Option Agreement”) on a mineral claim located in the central coastal region of British Columbia, 105 kilometers north of the town of Bella Coola and 140 kilometers southwest of Houston, British Columbia (the “Red Bird Property”).

In July, 2007, 100% interest in the Grouse Mountain Property (silver) was acquired.

On February 12, 2008, the Company signed an option agreement (the “Mount Copeland Option Agreement”) a past producing molybdenum property located near Revelstoke, British Columbia (the “Mount Copeland Property”).

On February 9, 2009 an Option Agreement (the “Nahmint Option Agreement”) was signed on the Nahmint copper property. Nahmint hosted three past producers: the Monitor Mine (1900-1902 / 1916-1918), the Sunshine Mine and the Three Jays mine (1898-0902). This property is at tidewater on the Alberni Canal approximately 25 km. south-south-west of Port Alberni on Vancouver Island, British Columbia.

## SUMMARY OF PROPERTIES

### Red Bird Property

The Red Bird molybdenum property consists of three mineral claims situated in the Skeena Mining Division of west central British Columbia 133 kilometers southwest of Burns Lake and 105 kilometers north of Bella Coola. The property covers an area of 1,256.3 hectares between latitudes 53°16'39" to 53°18'16" North and longitudes 126°59'10" to 127°3'39" West (Universal Transverse Mercator NAD83 coordinates 5905047 to 5908034 North and 629255 to 634234 East) in NTS map-area 93E/6. In 2006, a further 696 hectares was added to the Torch River claims.

On July 8, 2005 Red Bird Resources Ltd and the Company entered the Red Bird Option Agreement for the Red Bird Property.

The Red Bird Property represents an advanced molybdenum, copper and rhenium porphyry target. Historic work completed by Phelps Dodge and Craigmont Mines Ltd. have outlined three deposits that could be developed by open pit mining methods. The data base for Phelps Dodge holes consisted of just cross sections with assay composites shown. The assays and drill hole coordinate information was all available for the Craigmont drill holes.

During August 2005, under the direction of A. Kikauka, Craigmont drill core was re-sampled and assayed for molybdenum and copper. This was done from 133 drill hole cores and over 1,400 assay samples. Sub-sets of data were also assayed for gold and rhenium.

In 2006 work on Red Bird Property was escalated and the camp and amenities were upgraded; environmental and safety standards improved as the facility was prepared to expedite current and future work programs. A 1,940 metre drilling program was coordinated through ResourceEye Services Inc. with Ron Parent as the independent P. Geo. on site. Two holes were extended beyond planned depth to determine mineralization levels. There was a 7 km Induced Polarization and Magnetometer (IP) program conducted by Scott Geophysics and rock sampling performed. \$1.2 million was invested in the Red Bird property during the 2006 fiscal year.

The 2007 work program commenced in June, 2007. A ten hole drill program was completed with total drilling of 2,645 meters or 8,679 feet of core. This drill program focused on the western extension of the Main Zone, an area that had never been drilled before.

The latest NI 43-101 was completed January 11, 2008 and is posted on SEDAR. This NI 43-101 covered the 2007 drilling program. It reported in the indicated category of Mo, 88.2 million tonnes versus 43.3 million tonnes in 2006 (an increase of 103.7%) and the contained Mo increased from 61.2 million pounds to 118.6 million pounds (93.8% increase). The offset was a reduction to the inferred category. The

total tonnage of the resource at a 0.03% Mo cutoff has increased by 33% while the contained molybdenum increased by 29%.

As of May 31, 2008 the Company is the legal and beneficial owner of a non-transferable 25% undivided interest in the property (as defined by the Red Bird Option Agreement which is available on the Company's SEDAR site accessed through [www.sedar.com](http://www.sedar.com)).

The 2008 program consisted of 5,034 meters (16,516 feet) of drilling and assay results were reported on receipt.

#### High Rock Property and Climpy Property

The High Rock Property and the Climpy Property are gold prospects in northeast Manitoba located approximately 8 kilometers apart and cover approximately 1,544 hectares. The High Rock Property consists of 9 mining claims covering 1,301 hectares and the Climpy Property consists of one claim covering 243 hectares. Torch holds a 100% interest in all claims. There was 895 feet of drilling done in 2004. Assay results range from trace to .154 oz/t of gold. Further comprehensive development in the form of bulk sampling will be required on both the Juniper Vein as well as the Main Vein to establish the economic viability of the property. There was no drilling or additional exploration done in 2009.

#### Grouse Mountain Property

The Grouse Mountain Property consists of six mineral claims covering a total of 1,574.5 hectares at Grouse Mountain, British Columbia. This property was acquired in July 2007. There was no drilling done in 2008 or 2009. In response to a regional gravity survey release in 2008, Torch added two additional claims in this area. The added claims total an additional 736.7 hectares. Torch has planned a program of sampling and possible geophysics on this property in late spring 2009 to investigate the possible significance of the new gravity survey information.

#### Mount Copeland Property

The Mount Copeland Property featured underground production (1970-73) which produced 171,052 tonnes of molybdenum ore and produced 1,193,222 Kg of molybdenum. The calculated head grade for this production was 0.732% Mo. When the Mount Copeland Property was in production in 1970 development work indicated 163,340 tonnes of ore at a grade of 1.83% MoS<sub>2</sub> (or 1.1 % molybdenum). The ore indicated prior to mining has been essentially extracted. The information above is included for comparison purposes only. The information is derived from the December 01, 2008 NI 43-101 Technical Report and the MINFILE Record Summary for MINFILE No. 082M 002 (Mount Copeland), B.C. Ministry of Energy, Mines and Petroleum Resources and the MINFILE Productions Detail Report, B.C. Geological Survey, B.C. Ministry of Energy, Mines and Petroleum Resources, which may be viewed at:

<http://minfile.gov.bc.ca/Summary.aspx?minfilno=082M++002>

[http://minfile.gov.bc.ca/report.aspx?f=PDF&r=Production\\_Detail.rpt&minfilno=082M++002](http://minfile.gov.bc.ca/report.aspx?f=PDF&r=Production_Detail.rpt&minfilno=082M++002)

In 2008, Mount Copeland had a 10 drill program of 2,878 meters completed. Two holes intersected the south limb of the Glacier Zone drag fold and produced intercepts of interest. Hole COP08-8 intersected 0.137% Mo./0.40m and 0.4156% Mo./0.30m., and hole COP08-9 intersected 0.214% Mo./2.70m., and 0.527% Mo./0.70m. There was no drilling conducted in 2009.

A NI 43-101 Technical Report dated December 1, 2008 was completed and posted on SEDAR on March 16, 2009. This in-depth report was done to provide an evaluation of the existing data on Mount Copeland and determine the potential of the property.

### Nahmint Property

On February 9, 2009 an Option Agreement (the “Nahmint Option Agreement”) was signed on the Nahmint copper property.

This property consists of two groups of: (i) 14 Crown granted mineral claims comprised of the Three Jays group of eight crown grants and the Monitor group of six crown grants; and (ii) the surrounding 18 cell staked claims are collectively known as the Nahmint Property. The Nahmint Property is at tidewater on the Alberni Canal approximately 25 km. south-south-west of Port Alberni on Vancouver Island British Columbia.

The property hosted three past producers. The Monitor Mine operated from 1900 – 1902 and from 1916 – 1918 and produced 1,288 tons averaging 9.09% copper, .05 g/t gold and 28.8 g/t silver. The Sunshine Mine shipped 5 tonnes in 1916 averaging 17.4% copper and 43.6 g/t silver. The Three Jays Mine operated from 1898 -1902 and produced 1,981 tonnes of direct shipping ore averaging 7.5% copper, .97 g/t gold and 38 g/t silver with several stockpiles of mineralized material remaining on surface. The Three Jays Mine was developed over a vertical distance of 750 feet and a horizontal distance of 1500 feet on three separate levels.

Torch has a continuing program of sampling and geophysics on the Nahmint property and is regularly reporting as results are received and analyzed.

## **TRANSACTIONS WITH RELATED PARTIES**

### Mount Copeland Option Agreement

On February 14, 2008 Torch announced that it had signed the Mount Copeland Option Agreement. The vendors of the Mount Copeland Property are William E. Pfaffenberger, President, CEO and a director of Torch, J. John Kalmet, Andris A. Kikauka and Multiplex Enterprises whose sole director and officer is Grant B. Anderson.

The consideration to be paid by Torch under the Mount Copeland Option Agreement shall be up to \$475,000.00 in cash, 1,300,000 shares of Torch and a work program to be carried out by Torch on the Mount Copeland Property at a cost of approximately

\$500,000.00. The vendors shall also be entitled to a net smelter royalty of 2.75% on all minerals mined.

The consideration to be paid by Torch shall be allocated as follows below:

<b>Payment</b>	<b>Status</b>
Upon execution of the letter of intent, \$15,000.00 as a non-refundable deposit;	Paid
At the option of Torch, either: (a) \$25,000 plus 200,000 shares of Torch on or before April 28, 2008; or (b) \$10,000 on or before April 28, 2008 and \$25,000 plus 200,000 shares of Torch on or before June 30, 2008;	Paid
April 28, 2009, \$25,000.00 plus 200,000 shares of Torch;	Paid
April 28, 2010, \$200,000.00 plus 900,000 shares of Torch;	Outstanding
April 28, 2011, \$200,000.00.	Outstanding

Torch has the right to terminate the Mount Copeland Option Agreement at various stages of the agreement. This transaction is deemed a “Non-Arms Length” transaction. All of the consideration shall be divided by the vendors based upon their ownership percentage, with there being no finders’ fee payable.

## **ACQUISITION**

### Nahmint Property

On February 9, 2009 an Option Agreement was signed between Nahmint Resources Ltd. and Karen Woo with Torch for up to 75% of the Nahmint property.

The consideration to be paid by Torch under the Nahmint Option Agreement for Torch to earn a 75% interest in the property over the five year term is payment of \$351,000, \$1,350,000 on work programs and the issuance of 10 million shares to the vendors. The property is subject to a 2% NSR of which 1% can be purchased by Torch for \$1,000,000. Torch shall be the operator for the projects conducted on the Nahmint property.

The consideration to be paid by Torch shall be allocated as follows:

Payment	Status
Upon execution of the letter of intent \$10,000 to Woo; \$11,000 to Nahminto	Paid
March 1, 2009, \$6,000 to Woo; \$9,000 to Nahminto; 100,000 shares to Woo, 150,000 shares to Nahminto	Paid
June 1, 2009, \$6,000 to Woo; \$9,000 to Nahminto; 100,000 shares to Woo, 150,000 shares to Nahminto	Paid
September 1, 2009, \$6,000 to Woo; \$9,000 to Nahminto; 100,000 shares to Woo, 150,000 shares to Nahminto	Paid Qtr 4
December 1, 2009, \$6,000 to Woo; \$9,000 to Nahminto; 100,000 shares to Woo, 150,000 shares to Nahminto	Outstanding
March 1, 2010, \$6,000 to Woo; \$9,000 to Nahminto; 400,000 shares to Woo, 600,000 shares to Nahminto	Outstanding
June 1, 2010, \$6,000 to Woo; \$9,000 to Nahminto;	Outstanding
September 1, 2010, \$6,000 to Woo; \$9,000 to Nahminto; 400,000 shares to Woo, 600,000 shares to Nahminto	Outstanding
December 1, 2010, \$6,000 to Woo; \$9,000 to Nahminto;	Outstanding
March 1, 2011, \$7,000 to Woo; \$10,500 to Nahminto; 400,000 shares to Woo, 600,000 shares to Nahminto	Outstanding
June 1, 2011, \$7,000 to Woo; \$10,500 to Nahminto;	Outstanding
September 1, 2011, \$7,000 to Woo; \$10,500 to Nahminto; 400,000 shares to Woo, 600,000 shares to Nahminto	Outstanding
December 1, 2011, \$7,000 to Woo; \$10,500 to Nahminto;	Outstanding
March 1, 2012, \$7,000 to Woo; \$10,500 to Nahminto; 400,000 shares to Woo, 600,000 shares to Nahminto	Outstanding
June 1, 2012, \$7,000 to Woo; \$10,500 to Nahminto;	Outstanding
September 1, 2012, \$7,000 to Woo; \$10,500 to Nahminto; 400,000 shares to Woo, 600,000 shares to Nahminto	Outstanding
December 1, 2012, \$7,000 to Woo; \$10,500 to Nahminto;	Outstanding
March 1, 2013, \$7,000 to Woo; \$10,500 to Nahminto; 1,200,000 shares to Woo, 1,800,000 shares to Nahminto	Outstanding
June 1, 2013, \$7,000 to Woo; \$10,500 to Nahminto;	Outstanding
September 1, 2013, \$7,000 to Woo; \$10,500 to Nahminto;	Outstanding
December 1, 2013, \$7,000 to Woo; \$10,500 to Nahminto;	Outstanding

Eligible Exploration Expenditures required on the property during the Option period

<b>Exploration Expenditures</b>	<b>Status</b>
A minimum of \$150,000 on or before the first anniversary of the Execution Date;	Outstanding
A minimum of \$300,000 on a sampling and drilling program or airborne survey on or before the second anniversary of the Execution Date;	Outstanding
A minimum of \$300,000 on or before the third anniversary of the Execution Date;	Outstanding
A minimum of \$300,000 on or before the fourth anniversary of the Execution Date; and	Outstanding
A minimum of \$300,000 on or before the fifth anniversary of the Execution	Outstanding

Eligible Exploration expenditures made in any year that are greater than the amount of the minimum amount set forth above may be carried forward to subsequent years.

The Interest Earned is based on the following schedule:

<b>Interest Earned</b>	<b>Status</b>
* Please refer to agreement as these comments are summarized.	
Upon Torch satisfying the obligations for the 2009 calendar year (*) Torch shall have earned a 25% right, title and interest in the Property	Outstanding
Upon Torch satisfying the obligations for the 2010 calendar year Torch shall have earned an additional 10% right, title and interest in the Property, for an aggregate 35% right, title and interest in the Property.	Outstanding
Upon Torch satisfying the obligations for the 2011 calendar year Torch shall have earned an additional 10% right, title and interest in the Property, for an aggregate 45% right, title and interest in the Property.	Outstanding
Upon Torch satisfying the obligations for the 2012 calendar year Torch shall have earned an additional 15% right, title and interest in the Property, for an aggregate 60% right, title and interest in the Property.	Outstanding
Upon Torch satisfying the obligations for the 2013 calendar year Torch shall have earned an additional 15% right, title and interest in the Property, for an aggregate 75% right, title and interest in the Property.	Outstanding

In the event that Torch satisfies all the obligations of the Option and thereby earns an undivided 75% right, title and interest in and to the Property, Torch and the Optionors will be deemed to have formed a joint venture with the initial participating interests therein being Torch 75% and the Optionors 25% (Nahminto as to 15% and Woo as to 10%).

## **CONTRACTUAL OBLIGATIONS**

The Company does not carry any long term debt. Field equipment had been placed on a finance contract as this was deemed the most cost effective method of furnishing those needs at camp site. The commitments on this equipment will be settled by the end of this fiscal year.

### Red Bird Option Agreement

On July 8, 2005 Red Bird Resources Ltd. and the Company entered into the Red Bird Option Agreement on the Red Bird Property. This agreement provides the Company the sole and exclusive right and option to acquire up to and including one hundred percent (100%) undivided interest in and to the Red Bird Property free and clear of all charges, encumbrances, claims, royalties and net profit interests of whatsoever nature except as set forth.

The cash payments to be made by Torch under the Red Bird Option Agreement are as follows:

<b>Payment Details</b>	<b>Status</b>
A non-refundable sum of \$50,000 payable on or before execution of the Option Agreement to acquire all pertinent technical and geological data relevant to the property;	Paid
The sum of \$50,000 to be paid on or before June 15, 2005;	Paid
The sum of \$200,000 to be paid on or before May 15, 2006	Paid
The sum of \$500,000 to be paid on or before May 15, 2007;	Paid
The sum of \$500,000 to be paid on or before May 15, 2008;	Paid
The sum of \$4,000,000, to be paid on or before December 31, 2008	Not Paid

The common share issuances to be made by Torch under the Red Bird Option Agreement are as follows:

<b>Issuance Details</b>	<b>Status</b>
1,000,000 Shares within fifteen (15) days of receiving approval from the TSX Venture Exchange Inc. (“Exchange”) and the shareholders of the Company;	Issued
2,000,000 Shares on or before May 15, 2007;	Issued
2,000,000 Shares on or before May 15, 2008	Issued
2,000,000 Shares on or before May 15, 2009;	Not Paid
3,000,000 Shares on or before December 31, 2009.	Not Paid

Torch is also required to fund a work program under the Red Bird Option Agreement as follows:

<b>Details of Expenditures</b>	<b>Status</b>
The sum of \$150,000 for the initial work program on the Property;	Expended
The sum of \$500,000 to be paid on or before May 15, 2006;	Expended
The sum of \$750,000 on or before May 15, 2007;	Expended
The sum of \$750,000 on or before May 15, 2008.	Expended

In addition, Red Bird Resources Ltd. shall be entitled to retain a 2.50% (amended in 2006) net smelter return (“NSR”) royalty on the Red Bird Property upon transfer of the Red Bird Property to the Company.

The Company did not remit the balloon payment of \$4,000,000 to Red Bird Resources Ltd. on or before December 31, 2008.

The Company, as of May 15, 2008, gained a 25% undivided interest in the property. Red Bird is a promising exploration property but significant additional exploration over several years would still be required to obtain and report sufficient economic ore values. In the first quarter of fiscal 2009, the decision was also made due to depressed commodity prices, the unfavourable economic conditions resulting in difficult capital markets, the long term nature of Red Bird and the new corporate direction of concentrating efforts on shorter term projects.

The Company took an impairment charge (property write-down) of \$4,690,350 in the first quarter of this fiscal year.

### SELECTED QUARTERLY INFORMATION

<i>Item</i>	<i>Qtr 3/09 Three Months Ended July 31, 2009</i>	<i>Qtr2/09 Three Months Ended April 30, 2009</i>	<i>Qtr1/09 Three Months Ended Jan 31, 2009</i>	<i>Qtr4/08 Three Months Ended Oct 31, 2008</i>
<b>Cash &amp; Cash Equivalents including short term investments</b>	\$ 22,146	\$ 54,218	\$ 204,277	\$ 421,220
<b>Mineral Properties, Deferred exploration</b>	2,014,545	1,978,171	2,908,063	7,504,063
<b>Working Capital</b>	203,455	310,056	424,595	610,178
<b>Net Sales</b>	-	-	-	-
<b>Gain (Loss) before extraordinary items</b>	(70,386)	(93,592)	(96,379)	(155,403)
<b>Gain (Loss) after extraordinary items</b>	(70,386)	(93,592)	(4,786,729)	(155,403)
<b>Loss per share</b>	(0.00)	(0.00)	(0.09)	(0.00)
<b>Fully diluted loss per share</b>	(0.00)	(0.00)	(0.09)	(0.00)
<b>Total Assets</b>	3,525,948	3,508,499	3,566,440	8,507,240
<b>Total Long Term Financial Liabilities</b>	-	-	-	-

<i>Item</i>	<i>Qtr 3/08 Three Months Ended July 31, 2008</i>	<i>Qtr 2/08 Three Months Ended April 30, 2008</i>	<i>Qtr 1/08 Three Months Ended Jan 31, 2008</i>	<i>Qtr 4/07 Three Months Ended Oct 31, 2007</i>
Cash & Cash Equivalents including short term investments	\$1,665,868	\$2,169,221	\$ 2,376,023	\$ 2,120,003
Mineral Properties, Deferred exploration	6,366,115	4,601,841	4,542,024	4,521,506
Working Capital	1,681,875	2,246,337	2,405,018	2,277,845
Net Sales	-	-	-	-
Gain (Loss) before extraordinary items	60,479	(171,678)	(90,846)	(460,362)
Gain (Loss) after extraordinary items	60,479 (0.00)	(171,678)	(90,846)	(460,362)
Loss per share	(0.00)	(0.01)	(0.02)	(0.02)
Fully diluted loss per share	(0.00)	(0.01)	(0.01)	(0.02)
Total Assets	8,515,978	7,017,851	7,151,543	7,021,419
Total Long Term Financial Liabilities	6,247	17,108	18,944	23,357

*The above tables are stated in dollars. These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.*

## **RESULTS OF OPERATIONS**

The principal focus of the Company is the continued exploration and development of exploration properties. The Company has also been reviewing additional properties to obtain and develop properties that are more easily assessable and have a shorter exploration window. The Nahmint copper property was optioned with that objective in the first quarter and significant planning and documentation work has been done on both the Mount Copeland and the Nahmint properties. There have been three small work programs conducted this year at Nahmint and a further work is planned this fall.

Field work was also conducted at Grouse Mountain.

### Third Quarter Financial Variance Analysis

The Company has taken a diligent approach to minimize expenses in this fiscal period and as a result expenses for the quarter were \$171,941 lower than prior year. The largest reduction was \$58,802 in the prior year as no share options were issued in this quarter. Other significant differences are:

- Reduced Investor Communication by \$45,198 as costs were restricted to base charges with no additional service costs.

- Professional fees were \$36,766 lower, again due to use of only base charges
- Travel and promotion was reduced by \$23,216 due to reduced advertising

There was effectively no interest income in 2009 whereas \$12,849 was earned in the comparable quarter of 2008.

The Company's status is that of a non-revenue producing exploration company. As the Company has no main source of income, losses are expected.

Exploration on the properties for the quarter was \$30,374, for the exploration programs on Nahmint and planning work on the Grouse Mountain property.

#### Red Bird property write down /impairment charge

In accordance with Canadian GAAP as guided by Section 3063 of the CICA handbook, the value of the Red Bird property was analyzed to determine the effect of the decision of the Company not to proceed further with the Red Bird Option Agreement. The decision of not paying the \$4,000,000 balloon payment in quarter one resulted after significant study of the Red Bird property, the negative economic market which made larger value equity financing impractical, the reduced market price of commodities and the Companies new focus on shorter term projects. The total value of the Red Bird asset was reduced in the first quarter of fiscal 2009 by 75%, a value that the Company deems reasonable based on its determination of future value.

### **LIQUIDITY AND CAPITAL RESOURCES**

At the end of the first quarter of 2009, Torch reported working capital of \$203,455 (\$1,681,875 – July, 2008) and cash & cash equivalents including cashable short term investments of \$22,146 (\$1,665,868 – July 2008). The company anticipates that the cash combined with receipt of the corporate tax receivable (Exploration Credits received in August, 2009) and the intention of further private placements will provide the liquidity for the exploration programs, option commitments as well as the administrative operations of the Company. It is the intent of the Company to balance cash against any share dilution through the issuance of private placements.

Torch currently does not have credit facilities with financial institutions and does not anticipate that it will generate revenue from its activities in fiscal 2009; therefore it will rely on its ability to obtain equity financing for operations.

Management provided the Company an \$80,000 short term loan in the quarter which was repaid in August, 2009.

Management anticipates that it will be able to raise sufficient capital to further explore and develop its properties and carry out its projects in the future. The Company, however, cannot provide any assurance that equity financing will be available on terms and conditions acceptable to the Company.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has no off-balance sheet arrangements.

## **WORK CONDUCTED DURING QUARTER**

The Company concentrated its efforts in this quarter in sourcing and arranging an option agreement on the Nahmint property on Vancouver Island as part of its plan to obtain and develop a shorter term exploration project which is accessible almost twelve months a year. NI 43-101 reports were produced for both the Mount Copeland and Nahmint as well as continued planning on short and midterm exploration projects. Small scale exploration programs were done at the Nahmint site in the quarter.

## **RISK AND UNCERTAINTIES**

Exploration and mining companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible.

The principal activity of the Company is mineral exploration and it is inherently risky. Exploration is also capital intensive and the Company currently has no source of income other than those described in the circular. Only the skills of its management in the mineral exploration and exploration financing serve to mitigate these risks and therefore are one of the main assets of the Company.

## **SHARES ISSUED AND OUTSTANDING**

As at July 31, 2009 the company had 54,442,657 common shares issued and outstanding. There are 62,405,020 common shares on a fully diluted basis. There were no warrants exercised or options purchased in the quarter. 450,000 options expired during the quarter.

## **APPROVAL**

The Audit Committee of the Board of Directors appointed by the Board and consisting of three independent directors, has reviewed this document pursuant to its mandate and charter. The Board of Directors of Torch River Resources Ltd. has approved the disclosure contained in the MD&A.

This MD&A is available on the Company's SEDAR site accessed through [www.sedar.com](http://www.sedar.com)

## **FORWARD LOOKING STATEMENTS**

The MD&A contains certain forward looking statements, except for historical information. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements expressed or implied by these forward looking statements to vary.

Actual results could differ materially from those currently anticipated due to any number of factors, including such variables as new information regarding potential mineral reserves, changes in demand for and commodity prices of molybdenum, legislative, environmental and other regulatory approval or political changes.

## **OTHER REQUIREMENTS**

Additional information relating to the Company is available on Sedar at [www.sedar.com](http://www.sedar.com) and on the Company's website [www.torchriver.ca](http://www.torchriver.ca).