BENNETT ENVIRONMENTAL INC.

Management's Discussion and Analysis

November 10, 2010

The following is management's discussion in respect of the results of operations of Bennett Environmental Inc. ("Bennett" or the "Company") for the quarter ended September 30, 2010 and should be read in conjunction with the Company's unaudited interim consolidated comparative financial statements for the quarters ended September 30, 2010 and 2009 and the Company's audited consolidated comparative financial statements and management's discussion and analysis for the years ended December 31, 2009 and 2008. The financial statements of the Company are presented in Canadian dollars and in accordance with generally accepted accounting principles in Canada. The following discussion of the financial condition is dated November 10, 2010. Additional information related to the Company, including its Annual Information Form and Management Information Circular and Proxy form is available on SEDAR at www.sedar.com.

OVERVIEW

The Company generates its revenues by treating contaminated soils pursuant to contracts obtained in a competitive bidding process. The Company's customer base is comprised mainly of government agencies, utilities, environmental services companies and industry. The number and size of the contracts obtained each year will vary depending on the funding of the projects and the timing of the processing of contaminated materials from the Company's customer base.

The Company's facilities can only be run efficiently when operating continuously for extended periods. The sporadic level of demand for the Company's services is such that these facilities are rarely operated continuously for extended periods. In order to maximize operating efficiency the Company has adopted a campaign approach which involves periods of shutdown during which inventories are stockpiled followed by periods of operation where the Company processes the accumulated inventories and the entire process is then repeated.

On February 18, 2009 the Company announced that in connection with the Ontario government's announcement of the award of the Pottersburg Creek clean-up that it had in place an agreement to receive the PCB impacted material removed from the storage vaults at that site. As at September 30, 2010 the Company had received approximately 113,000 tonnes from the site and had processed all of this soil. The Company does not expect to receive additional soil from the Pottersburg site.

The Pottersburg Creek clean up and other projects have allowed the Company's Saint Ambroise facility to operate continuously since it was re-opened on April 6, 2009 until September 23, 2010 when the Company announced that its current operating campaign at its Saint Ambroise facility ended, with the exception of maintenance shutdowns. This period of uninterrupted production has been primarily responsible for the Company's profitability in 2009 and the first three quarters of 2010.

In the third quarter of 2010, the Company entered into a contract to remove and treat approximately 10,500 tonnes of PCB contaminated soil located in southern Ontario. It is expected that the soil will be removed from the property in 2010 and processed at the Company's Saint Ambroise facility once the minimum amounts of soil are received to meet the operating requirements of the facility. The removal and treatment of the soil is subject to the client completing specified financial requirements.

All amounts described as tonnes throughout are metric tonnes ("tonnes").

STRATEGY

Bennett is continuing to implement its long-term strategy, which is focused on building sustainable growth and shareholder value through the reduction and rationalization of costs and securing orders for soil treatment by building new relationships with key market players and decision makers in treatment projects. The Board and management are seeking opportunities to diversify the Company's business including potential opportunities for acquisitions, to reduce volatility in the Company's financial results.

COMMON SHARE AND WARRANT ISSUANCE

On May 7, 2010 the Company raised approximately $23 million, as previously announced in the second quarter Management's Discussion and Analysis dated August 6, 2010, through a common share and warrant issue.

The Company intends to use the net proceeds primarily for potential acquisitions and also for working capital and general corporate purposes. The Company is evaluating potential acquisition targets, and seeks to build up and maintain a cash reserve so that it will be available if it finds a suitable acquisition target and decides to proceed with an acquisition. At present there is no proposed acquisition that has progressed to a state that justifies an announcement. Pending deployment for acquisitions, the Company intends to invest most of the proceeds in short-term term deposits.

While the Company intends to spend the funds available as stated above, there may be circumstances where, for sound business reasons, alternative use of funds may be deemed prudent or necessary.

More information regarding this share and warrant issuance can be found in the Short Form Prospectus dated April 29, 2010 which is available on SEDAR at www.sedar.com.

BUSINESS

Saint Ambroise Facility: The Company's soil treatment facility located in Saint Ambroise, Quebec is an ISO 14001(2004)-certified facility. It treats soils contaminated with organics and its Certificate of Authorization was expanded in 2005 to include dioxins and furans. The facility has an annual processing capacity of up to 100,000 metric tonnes depending on the nature of material being processed.

Belledune Facility: This facility is located in the Renviro Park near the Village of Belledune, New Brunswick. The Belledune facility is situated on approximately 20 acres of land where it houses a Mark IV Thermal Oxidizer. Presently due to adverse market conditions, this facility is not operational and is being held for sale. During 2009 the Company sold an option to purchase the Belledune facility and the closing of the sale is expected to occur during 2010.

RESULTS OF OPERATIONS

OPERATING RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010

Sales

Sales for the third quarter of 2010 were $10.6 million compared to $10.9 million in the same period a year earlier. Sales have remained relatively flat from the prior year as the facility was operating continuously in both periods processing material from various contracts.

Operating Costs

Operating costs for the third quarter of 2010 were $2.4 million compared to $3.0 million in 2009. The third quarter of the prior year included the costs of a standby capacity agreement which terminated during the first quarter of 2010. The Company entered into the agreement to ensure it could comply with the Pottersburg contract in the event of a catastrophic failure at its Saint Ambroise facility. The costs of this agreement are primarily responsible for the higher operating costs in the third quarter of 2009.

OTHER INCOME STATEMENT ITEMS

Administration and Business Development Costs

Administration and business development costs were $1.6 million during the third quarter of 2010 as compared to $1.2 million in the same quarter of 2009. The increase in costs of $0.4 million is primarily due to the increase in legal and consulting fees and capital tax. Legal and consulting costs are up due to numerous projects including the gathering of information on the Company's competitors and preparing for the transition to International Financial Reporting Standards ("IFRS"). Capital tax rose due to a reassessment of a prior period.

Depreciation and amortization

Significant portions of the kiln located at the Saint Ambroise facility have now been fully depreciated for accounting purposes and will not give rise to any further depreciation expenses. This resulted in a reduction of depreciation and amortization expense for the third quarter of 2010 over the same period in 2009 of approximately $0.2 million. While no further depreciation will be taken on these assets in 2010, it should be noted that this may not be the case when the Company converts to IFRS in 2011. The Company may elect to revalue certain plant and equipment assets at appraised values on adoption of IFRS. To the extent the transition date appraised values exceed the net book value of those assets, depreciation expenses may increase.

Interest

Interest expense was $0.08 million for the third quarter as compared to $0.01 million in the same quarter in 2009. This was due to interest charges in connection with a reassessment of capital taxes for prior periods.

Income taxes

For the third quarter of 2010, the Company recorded a current income tax recovery of $1.5 million versus no expense or recovery in the third quarter of 2009. The current tax recovery is a result of a reassessment of prior years' tax filings and a reduction to income tax accruals, recorded in prior periods, which are no longer required.

The Company incurred future income tax expense of $0.5 million in the third quarter of 2010 versus a $2.6 million recovery in the same period of the prior year. The $0.5 million expense was primarily due to earning taxable income in the quarter which reduced future tax assets recorded in prior periods. The $2.6 million recovery in 2009 is the net result of the recognition of a $3.2 million future tax asset related to reversals of valuation allowances against tax losses carried forward, and a $0.6 million future tax liability.

Net Earnings

The net earnings for the third quarter of 2010 were $7.3 million or a basic earnings per share of $0.20 and diluted earnings per share of $0.19 compared to net earnings of $8.9 million or a basic earnings per share of $0.33 and diluted earnings per share of $0.32 in the same quarter of 2009. The lower net earnings for the third quarter of 2010 compared to the same quarter in the prior year was primarily due to a lower net income tax recovery.

Contractual Obligations

The Company's contractual obligations consists of its long-term debt obligations relating to payments to the Department of Justice, pension payments to a former CEO of the Company, and operating and capital lease obligations. The following lists the Company's significant contractual obligations.

Millions of Canadian dollars	**2010**	**2011**	**2012**	**2013**	**2014**	**Thereafter**	**Total**
Department of Justice Fine and Restitution	0.21	0.21	0.21	1.80	-	-	**2.43**
Tenure agreement	0.02	0.08	0.08	0.08	0.08	0.63	**0.97**
Operating leases	0.03	0.11	0.04	-	-	-	**0.18**
Capital leases	0.05	0.19	0.12	0.03	-	-	**0.39**
Total contractual obligations	**0.31**	**0.59**	**0.45**	**1.91**	**0.08**	**0.63**	**3.97**

SUMMARY OF QUARTERLY RESULTS

The following table discloses certain unaudited financial data for the eight most recently completed quarters, expressed in millions of Canadian dollars (except per share data – basic and diluted which is in dollars):

	2010			**2009**				**2008**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Net sales	10.6	10.9	11.1	10.7	10.9	6.1	0.4	6.0
Net earnings (loss)	7.3	5.1	4.9	7.6	8.9	1.1	(2.3)	2.2
Net earnings (loss) per common share								
Basic	0.20	0.15	0.17	0.28	0.33	0.04	(0.09)	0.08
Diluted	0.19	0.14	0.17	0.28	0.32	0.04	(0.09)	0.08

Variations in revenue over the last eight quarters is primarily due to the volumes of material processed in each quarter. The last five quarters have produced significant variations in net earnings even though the revenue for these periods were roughly equivalent. The difference in net earnings in these five quarters is primarily due to variations in the amounts of income tax recovered or expensed during each quarter. Changes in earnings per share during 2010 have also been influenced by an increase in the number of shares outstanding resulting from the Company's financing transaction which closed May 7, 2010

OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

Sales

Sales for the nine months ended September 30, 2010 were $32.7 million compared to $17.4 million in the same period a year earlier. The increase in sales as compared to the prior year was a result of increased production at the company's Saint Ambroise facility which was operational for 262 days during the nine months ending September 30, 2010 compared to 181 days during the nine months ended September 30, 2009, primarily due to the Pottersburg Creek contract.

Operating Costs

Operating costs consist mainly of transportation costs, fuel, processing supplies, maintenance costs, and labour. Some of these costs fluctuate based on the number of tonnes processed; however, there are some costs which are fixed in nature.

Operating costs for the nine months ended September 30, 2010 were $7.9 million compared to $7.4 million in the same period a year ago. The increase in operating costs compared to the prior period is a result of higher volume of soils being processed at the Saint Ambroise facility.

OTHER INCOME STATEMENT ITEMS

Administration and Business Development Costs

Administration and business development costs were $4.2 million in the nine months ended September 30, 2010, compared with $3.6 million in the same period of 2009. In spite of large increases in activity the Company has been able to hold the line on these costs. The variation is explained in the operating results for the third quarter of 2010 section of this report under the heading "Administrative and Business Development Costs".

Depreciation and amortization

Depreciation and amortization expense for the nine months ended September 30, 2010 was $0.8 million compared to $1.4 million for the same period a year ago. This variation is explained in the operating results for the third quarter of 2010 section of this report under the heading "Depreciation and Amortization".

Interest

During the period interest expense was $0.5 million higher than the same period of the prior year. This was due to interest charged in connection with a reassessment of capital and income taxes of prior years.

Income taxes

For the nine months ended September 30, 2010 the Company recorded a current income tax recovery of $1.8 million versus an income tax expense of $0.07 million in the same period of the prior year. The current tax recovery is a result of a reassessment of prior years' tax filings and a reduction to income tax accruals, recorded in prior periods, which are no longer required.

The Company incurred future income tax expense of $3.9 million in the nine months ended September 30, 2010 versus a recovery of $2.6 million in the same period of the prior year. This expense was primarily due to earning taxable income in the current period which reduced future tax assets recorded in prior periods.

Net Earnings

The net earnings for the nine months ended September 30, 2010 were $17.3 million or a basic earnings per share of $0.52 and diluted earnings per share of $0.50 compared to a net earnings of $7.7 million or a basic and diluted earnings per share of $0.28 for the same period in the prior year. The increase was the result of increased volumes and higher margin on soil processed during the period, primarily due to the Pottersburg Creek contract.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

At September 30, 2010 the Company had cash and equivalents of $64.1 million and working capital (including cash) of $61.5 million compared to cash and equivalents of $17.6 million and working capital of $19.9 million on December 31, 2009. This cash is available to fund acquisitions and meet the Company's obligations as they become due. At September 30, 2010 the Company had $0.01 million in restricted cash compared to $0.9 million at year end 2009. Restricted cash was used to secure corporate credit cards at September 30, 2010. At December 31, 2009 the restricted cash was used to secure corporate credit cards, foreign exchange and butane swap agreements.

Cash from Operating Activities

For the third quarter of 2010, cash provided by operations amounted to approximately $5.4 million as compared to the third quarter of 2009 when cash provided by operations was $1.3 million. In both of these periods the increase in cash is due to earnings from operations which is offset by increases in non-cash working capital and changes in the amounts of future income tax assets carried on the balance sheet. In the current period the increase in non-cash working capital results from a reduction in deferred revenue. Deferred revenue is recorded when cash is

collected from customers before all conditions for revenue recognition have been met. A reduction in deferred revenue is recorded as the customer's soil is processed and revenue is recognized. In the prior period increases in amounts and holdbacks receivable were responsible for the increase in non-cash working capital.

Operations provided cash of $22.0 million and $2.7 million for the first nine months of 2010 and 2009, respectively. The improvement for the nine months ended September 30, 2010 over the same period in 2009 is primarily due to increased earnings from operations.

Cash from Financing Activities

Cash used by financing activities was $0.05 million in the third quarter of 2010. The use of cash from financing during this period resulted from the payment of lease obligations. For the first nine months of this year financing activities provided $23.8 million. The majority of this cash came from an offering of shares and warrants which was completed in May 2010. Approximately $0.1 million of cash was provided by financing activities during the third quarter and first nine months of 2009. This cash was received from employees who exercised stock options.

Cash from Investing Activities

Cash of $0.1 million was used in investing activities during the third quarter of 2010 in order to purchase equipment. During the first nine months of 2010 cash from investing activities amounted to $0.6 million primarily from return of deposits used to secure hedging arrangements.

Cash of $0.8 million was provided by investing activities during the third quarter and the first nine months of 2009. The majority of this cash resulted from return of deposits used to secure performance bonds.

Capital Expenditures

During the third quarters of 2010 and 2009 the Company purchased equipment for the Saint Ambroise facility of $0.1 million. Equipment purchases of $0.2 million were made in the first nine months of 2010 as compared to $0.1 million in the same period of the prior year.

FINANCIAL AND OTHER INSTRUMENTS

The Company has on occasion used short-term foreign exchange forward contracts and butane swap contracts to reduce foreign exchange risk and commodity risk, respectively. The Company records these instruments at fair value on the balance sheet and records the corresponding gain or loss in income.

At September 30, 2010 and December 31, 2009 the Company had no foreign exchange contracts or butane swap agreements outstanding. The fair value of the butane swaps outstanding at December 31, 2009 was an unrealized gain of approximately $0.02 million which was recorded as a prepaid on the balance sheet and an operating cost on the statement of operations and comprehensive income.

The unrealized gains and losses described above do not include the impact of currency or commodity price movements on underlying exposures these contracts are intended to protect.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended September 30, 2010, the Company paid tenure payments of $19,750 (2009 - $5,319), nine months ended September 30, 2010 $59,250 (2009 - $237,633) to a former director and officer of the Company.

During the three months ended September 30, 2010, the Company paid consulting fees of nil (2009 - nil), nine months ended September 30, 2010 nil (2009 - $275,157) and related interest of nil (2009 - $9,297), nine months ended September 30, 2010 nil (2009 - $9,297) to a company owned by a former director and officer of the Company pursuant to the termination agreement that was accrued and recorded in expense in 2004.

The Company has retained the services of a corporation, owned by a current director, to support its corporate development activity for a six month period ending in February, 2011. During the three months ended September 30, 2010, the Company paid consulting fees of $33,335 (2009 – nil), nine months ended September 30, 2010 $33,335 (2009 – nil) under this arrangement.

CONTINGENCIES

No additional developments have occurred relating to the contingencies as described in note 16 to the 2009 annual audited consolidated financial statements, except as noted below:

During 2009, a former officer and director requested indemnification from the Company for legal costs incurred in connection with the U.S. Department of Justice anti-trust investigation (note 16(c)). The Company has accrued and expensed all invoices received to date in the amount of $241,188, (approximately $230,000 U.S.). During the first quarter of 2010, this individual brought an Application to the Ontario Superior Court to compel the Company to reimburse him for these invoices and any future costs he may incur in connection with this matter. The Company believes it is not required to indemnify the individual for the expenses and has served a Motion Record seeking to stay the former director's Application pending a resolution of the criminal proceedings against the same individual in the United States. The individual has served a cross-motion seeking interim relief. The Court heard both of the motions on October 26, 2010 and a decision is expected in the next few weeks. Other former officers and directors may also seek indemnification from the Company for legal fees incurred in connection with this investigation.

CRITICAL ACCOUNTING ESTIMATES

Except as noted below, there are no changes in the Company's critical accounting estimates as described in the Company's annual Management Discussion and Analysis ("MD&A") which can be found on SEDAR at www.sedar.com.

The Company evaluates its future income tax assets to assess whether their realization is more likely than not. If their realization is not considered more likely than not, the Company will provide for a valuation allowance. The ultimate realization of our future tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences or loss carry-forward amounts can be utilized. The Company considers future taxable income and tax planning strategies in making its assessment. Throughout 2010 the Company reduced the future tax assets carried on its interim consolidated balance sheets based on reduced soil inventories held at the Saint Ambroise facility. The Company bases its estimate of future taxable income on the expected profitability resulting from processing these soil inventories.

SHARE CAPITAL

The number of common shares outstanding at November 10, 2010 was 37,047,230. In addition, there were 1,716,667 stock options outstanding as at November 10, 2010 exercisable at prices from $0.24 to $1.73 a share. Lastly, the Company had 4,713,115 warrants outstanding at November 10, 2010 with each warrant entitling the holder to purchase one common share at a price of $3.75 expiring May 7, 2012. In connection with the equity offering which closed May 7, 2010, the Company has also issued over-allotment options and compensation options as described in the Common Share and Warrant Issuance section of this report.

CHANGES IN ACCOUNTING POLICIES

Recently issued pronouncements not yet adopted:

International Financial Reporting Standards

In February 2008, The Canadian Accounting Standards Board confirmed that the use of IFRS will be required in Canada for publicly accountable profit oriented enterprises for fiscal years beginning on or after January 1, 2011. The Company will be required to report using IFRS with an effective date of transition of January 1, 2010. As of this date of transition IFRS must be applied retrospectively. That is, the transitional financial statements are to be prepared as though IFRS had always been applied.

The First-Time Adoption of Financial Reporting Standard ("IFRS 1") provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS described above. The most significant IFRS 1 exemptions expected to apply to the Company are as follows:

An entity may elect, on transition to IFRS, not to retrospectively apply IFRS 3, "Business Combinations" to past business combinations. This election is allowed subject to specific requirements: an entity must maintain the classification of the acquirer and acquiree; recognize/derecognize certain assets or liabilities as required under IFRS; and remeasure certain assets and liabilities at fair value. The Company intends to elect, on transition to IFRS, to apply this exemption and not restate business combinations prior to January 1, 2010.

An entity may elect not to apply IFRS 2, “Share-based Payments” to equity instruments granted on or before November 7, 2002, or which vested prior to transition to IFRS, and may also elect not to apply IFRS 2 to liabilities arising from share-based payment transactions which settled before the date of transition to IFRS. The Company is planning on electing, on transition to IFRS, to take this exemption and not apply IFRS 2 to equity instruments and liabilities as described above.

An entity may elect to measure an item of property, plant or equipment at the transition to IFRS at its fair value and use its fair value as its deemed cost at that time. This election can be applied on an asset by asset basis. The Company is considering making this election for certain assets for reasons which are fully explained on page 17 of the Company’s 2009 annual MD&A. It is expected that the fair value of these assets will exceed their depreciated cost at the date of transition. Where the Company elects to record these assets at their fair value the excess of fair value over depreciated cost will be recorded in shareholders’ equity and will not be recorded as income. However, depreciation expense of these assets will be higher in future periods because of the increase in their carrying value.

The Company has reviewed the accounting policy differences between Canadian GAAP and IFRS and expects that the accounting standards, discussed below, will affect the Company’s financial statements as prepared under IFRS. Until further work has been completed the Company is not in a position to say whether these accounting policy differences will result in significant changes in reported results.

Under IFRS, an entity is required to prospectively choose between the cost model and the revaluation model to account for its capital and intangible assets. The cost model refers to the use of an asset’s carrying value as its cost less any accumulated depreciation and impairment loss, and is generally consistent with GAAP. Under the revaluation model the asset is carried at its fair value as at the date of revaluation, less any accumulated depreciation and impairment loss. Value increases affect equity whereas decreases (in excess of previously recognized surpluses, if any) affect net income. The Company intends to follow the cost model at the date of transition.

Separate accounting for components of Property, Plant and Equipment is more rigorously applied and broader under IFRS. A separate component may be a physical component such as a major spare part, or a non-physical component such as an overhaul. Since component accounting is strictly applied under IFRS, the Company may need further segment the Property, Plant and Equipment when adopting IFRS. Component accounts is also applicable to leased assets under a capital lease. Subject to the componentization, different depreciation rates may be applicable for the identified components in Property, Plant and Equipment

Under IFRS, share-based awards that vest in installments must be accounted for as though each installment is a separate award. The fair value of the awards is required to be measured separately for each installment and is recognized over the vesting period of each installment. This may result in the front-loading of compensation expense as opposed to the Company’s current accounting for the units based compensation plan on a straight line basis over the vesting periods.

IFRS contains a single comprehensive standard under which assets are tested for impairment either individually or within cash generated units ("CGU"). The Company will be required to test long lived assets for impairment on an annual basis. Differences exist when measuring an impairment charge. For assets other than goodwill, Canadian GAAP first requires an assessment of impairment based on undiscounted cash flows and only where there is impairment is it necessary to proceed to a fair value measurement. IFRS uses the recoverable amount, which is the higher of fair value less costs to sell and value in use, for both the assessment of whether there is an impairment and the measurement of the loss for all assets or CGU. Impairment charges under IFRS may be more frequent as the cash flow test for recovery is based on discounted cash flows rather than undiscounted cash flows as under Canadian GAAP. Under IFRS, reversal of impairment charges, is required if the circumstances leading to the impairment have changed. Certain ceilings are placed on the amount of the reversal, thereby creating the need for tracking multiple asset values in the event of a write down. Further past impairment charges recognized under Canadian GAAP will need to be reassessed upon transition to IFRS to determine whether a recovery should be recorded through retained earnings in the opening IFRS balance sheet.

The threshold for recognizing a provision under IFRS is lower than under Canadian GAAP. The test under IFRS is "more likely than not" whereas under Canadian GAAP the threshold is "probable". Measurement differences exist between Canadian GAAP and IFRS. Under IFRS, when a range of estimates exists, and no single estimate within the range is better than another, the obligation is measured at the mid-point of the range, rather than at the low end of the range as required by Canadian GAAP.

The above should not be regarded as a complete list of changes that will result from transition to IFRS. It is intended to highlight those areas we believe to be most significant at this time. However, our assessment of the impacts of certain differences is still in process and not all decisions have been finalized where choices of accounting policies are available. Until a full set of financial statements under IFRS has been prepared, management will not be able to determine or precisely quantify all of the impacts that will result from converting to IFRS.

A detailed transition plan was included in the Company's 2009 annual MD&A. The plan estimated that the comparison of the appraised value of property, plant and equipment would be completed by the end of the third quarter of 2010. This comparison is now expected to be completed by the end of the fourth quarter of 2010. The plan also requires that draft financial statements be completed by the fourth quarter of 2010. The Company has prepared its rough draft of these financial statements without reconciliations and expects to achieve this milestone in accordance with the plan.

Consolidated Financial Statements

In October 2008, the CICA issued Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests".

Section 1582 establishes standards for accounting for business combinations and is equivalent to IFRS 3. The new standards apply to business combinations with an acquisition date on or after January 1, 2011; however, earlier adoption is permitted.

Sections 1601 and 1602, together, replace Section 1600, “Consolidated Financial Statements”. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary to a business combination. It is equivalent to the provisions of IFRS standard, IAS 27, Consolidated and Separate Financial Statements. The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year. The Company does not intend to early adopt this standard and therefore the new standard will be adopted as part of the adoption of IFRS.

RISK FACTORS

Information on "Risk Factors" can be found in the Company's Annual Information Form dated March 16, 2010 for the fiscal year ended December 31, 2009.

CONTROLS AND PROCEDURES

(a) Management’s Report on Internal Control over Financial Reporting

Management is responsible for certifying the design of internal control over financial reporting in the Company’s Interim Filings.

Our internal control over financial reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable GAAP, Internal Control over Financial Reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable GAAP;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the CEO and CFO, carried out an assessment of the design of the Corporation's internal controls over financial reporting and concluded that no disclosable weaknesses existed as at September 30, 2010:

(b) Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the period covered by this report that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting.

(c) Management's Report on Disclosure Controls and Procedures

Management is responsible for certifying the design of disclosure controls and procedures in the Company's Interim Filings. Management, including the CEO and CFO, carried out an assessment of the design of the Corporation's disclosure controls and procedures and concluded that no disclosable weaknesses existed as at September 30, 2010.

Forward Looking Statements

Certain statements in this management's discussion and analysis may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this management's discussion and analysis such statements are such words as "may", "will", "expect", "believe", "plan", and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this management's discussion and analysis. These forward-looking statements involve a number of risks and uncertainties. The following are some factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking statements: competition; changes in international, national and local business and economic conditions; legislation and governmental regulation; accounting policies and practices; and the results of operations and financial condition of the Company. The foregoing list of factors is not exhaustive. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.