METALINE CONTACT MINES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 2010

GENERAL

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist you in better understanding and evaluating the Company's financial condition and results of operations. The Company recommends that you read this MD&A in conjunction with its Financial Statements for the quarter ended March 31, 2010.

OVERVIEW

Metaline Contact Mines (hereinafter "Metaline", "Company", "we", "us", or "our") is engaged in the business of acquiring, owning and managing precious and base metals royalties. Royalties are passive (non-operating) interests in mining projects that provide the right to receive revenue from such projects, after deducting specified costs, if any. Substantially all of our revenues are and will be derived from royalty interests. We do not conduct mining operations at this time. During the quarter ended March 31, 2010, we focused primarily on managing our royalty interests.

RESULTS OF OPERATIONS

For the quarter ended March 31, 2010, our gross royalty revenues from operations were $5,335, compared to $6,448 for quarter ended March 31, 2009, from our two mining projects, the Golden Chest Mine and the Pend Oreille/Metaline Zinc Mines, broken down as follows:

Golden Chest Mine

We received no royalties from operations at our Golden Chest Mine during the quarter ended March 31, 2010, compared to $1,113 in 2009. The decrease in royalties of $1,113 was due to New Jersey ceasing production operations while they explore available financing options to drive a new ramp to access ore reserves on the Idaho Vein, and conduct a feasibility study of construction a new mill at the Golden Chest.

The cost of royalties for the 2010 was nil, compared to $557 in 2009. The decrease of $557 was due to the halting of mining operations mentioned above as we record our royalty obligations under our lease agreement with the underlying property owner as a cost of revenues.

Pend Oreille/Metaline Zinc Mines

We received $5,335 in advanced royalties from Teck American Incorporated ("Teck American") for the quarter ended March 31, 2010, the same as in 2009.

There were no costs of royalties during the quarter ended March 31, 2010, or for the same period in 2009.

Operating Loss

We had an overall operating loss of $16,388 in the quarter ended March 31, 2010, compared to an operating gain of $940 in 2009.

During 2010, our general and administrative expenses increased by $16,772, to $21,723 from $4,951 in 2009. This increase was predominately due an increase in administrative expenses incurred as a result of the pending sale of Golden Chest Mine project of $16,801. We incurred a savings in our professional, management and consulting fees of $29 for the quarter ended March 31, 2010, versus 2009.

Other Income

During the quarter ended March 31, 2010, we earned $4,968 in other income, compared to $1,787 in 2009. The increase of $3,181 in other income was predominately due to an increase in investment income of $3,216 distributed to us as a result of our 7% ownership of Metaline Contact Mines LLC.

Loss Before Taxes

We had a net loss, before taxes, of $11,420 for the quarter ended March 31, 2010, compared to a net gain of $2,727 in 2009, for the reasons discussed above.

LIQUIDITY AND CAPITAL RESOURCES

We have traditionally funded our capital requirements from royalty revenues from operations, dividends earned on our cash accounts, and other income. As of March 31, 2010, our cash and cash equivalent position was $70,691, compared to $73,842 on March 31, 2009. We have no debt, and do not expect to incur any debt in the near future. General and administration expenses continue to be our most significant capital requirements.

Provided we are able to maintain our current level of operating revenues, we expect to be able to satisfy our anticipated cash expenditure requirements for the foreseeable future without the need of additional capital. If, however, our revenues should decrease considerably, or our expenses increase dramatically, depending on the circumstances thereof, we could require additional capital within 12 - 18 months. Our sources of additional capital include:

(a) Collection of Receivables. We have a related party receivable from Nor-Pac Limited Company ("Nor-Pac") of $100,000, with accrued interest of $68,375, as of March 31, 2010. Nor-Pac owns approximately 81% of our outstanding shares, and has related management. Accordingly, we believe we have the ability to collect portions of this receivable in the event of a shortfall of cash.

(b) Increase Royalty Revenues. As a royalty-based company, increasing our royalty revenues from our current mining projects is under the control of our lessees, Teck American and New Jersey. Factors that could influence our royalty revenues include: changes in precious and base metals prices; unanticipated grade, geological, metallurgical, processing or other problems; changes in project parameters as plans of the operators are refined; and other economic and market conditions.

Base metals prices, including zinc and lead, became significantly depressed in 2008, due in large part to the state of the global economy. Teck American has suspended commercial production at their nearby Pend Oreille Mine, and placed it on "care and maintenance" until the markets improve. Teck American continues to maintain our lease in good standing, including the payment of advanced royalties. However, any increase in revenues from our Pend Oreille/Metaline Zinc Mines project is not a viable option at this time.

New Jersey has also suspended production of gold ores from our Golden Chest Mine pending their ability to finance continued development of and access to proven and probably ore reserves on the Idaho Vein. We do not expect to receive any royalty revenues from the Golden Chest Mine project for a minimum of 18 – 24 months.

(c) Sale of Company's Common Stock. In today's economic climate, there are no assurances that we would be able to sell shares of our authorized, but unissued, common stock on acceptable terms. Such stock offerings are costly, can be legally restrictive, and dilutive to our shareholders.

(d) Sale of Certain Assets. We own 32,500 shares of free-trading common stock in New Jersey Mining Company with a recorded value of $14,089. The current market value of these shares is approximately $8,125.

With gold prices remaining strong, we are continuing with our efforts to sell our interests in the Golden Chest Mine. There are no assurances, however, that we will be successful in selling said interests.

LITIGATION

In December of 2009, the Company was named as a co-defendant in a lawsuit initiated by Stimson Lumber Company ("Stimson"). Stimson is the owner of certain real property, located in Pend Oreille County, Washington, a portion of which is a site that contains hazardous materials as defined by the U.S. Environmental Protection Agency. In its suit, Stimson alleges the Company, at one time, either owned and/or operated the site, and is demanding the Company to pay its proportionate share of clean-up costs. The Company contends that it has neither owned, nor operated, the site, and, in fact, has never had anything whatsoever to do with the site, and has retained legal counsel to respond to the Stimson allegations. During the quarter ended March 31, 2010, we have incurred $4,865 in legal and other costs associated with this litigation.