



**SENATOR MINERALS INC**  
Suite 1018 – 475 Howe St, Vancouver, BC V6C2B3 604-662-8604  
SNR: TSX-V

**MANAGEMENT DISCUSSION and ANALYSIS**  
**accompanying the 31 December 2011 Audited Consolidated Financial Statements**

*This Management Discussion and Analysis, prepared as of 23 April 2012, is intended to be read in conjunction with the audited consolidated financial statements for the period ending 31 December 2011 and related notes thereto, which have been reported in Canadian dollars and prepared in accordance with International Financial Reporting Standards (“IFRS”).*

This discussion relates to the operations of Senator Minerals Inc (the "Company" or "Senator") during the reporting period ending 31 December 2011, and the period up to the date of this report, being 23 April 2012.

History:

The Company, an Ontario corporation with unlimited common shares authorized, was first incorporated as Manbar Explorations Ltd (“Manbar”) in 1972. In 1986, Manbar underwent a name change to Cross Canada Resources Inc. In 1995, the name was changed to Cross Canada International, and that same year the Company elected to become a public company and also underwent a 10:1 consolidation. In 1998, Cross Canada International changed its name to Senator Minerals Inc, with another 10:1 consolidation of shares. In 2000, upon the demise of the Canadian Dealer Network (“CDN”), Senator was listed as a Tier 3 Issuer on the Canadian Venture Exchange, which subsequently became the TSX-Venture Exchange (TSX-V). At the beginning of 2004, Senator became a Tier 2 Issuer on the TSX-V.

In addition to its present listing on the TSX-V (symbol “SNR”), the Company is also listed on the Frankfurt Exchange (symbol “T1K”).

Business:

The Company is focused on mineral exploration and has as its main objectives the identification and acquisition of, and subsequent profitable disposition of interests in, mineral properties of merit.

In the last two years, the Company has depended on cash generated from option payments, operator fees, sale of net smelter returns, private placements, and interim loan arrangements to fund its activities.

These proceeds have been used for investigation and appraisal of targeted mineral concessions, acquisition and exploration of certain mineral concessions, the administration and maintenance of the company's operations, and compliance with all regulatory requirements. While it remains the directors' consensus that a long-term commodity-driven market is underway, the Company's policy of property acquisitions is subject to continuous review.

By inventorying prospective properties and net smelter returns, the Company planned to participate in the upside of exploration without significant dilution of its own shares by arranging for other companies to finance the carrying costs and work on its properties. The profitable execution of this plan required a combination of increases in the price of gold and commodities and a general increase in investor attention to the junior capital markets, with both these circumstances being beyond the Company's control. In 2008, the junior capital markets underwent a meltdown and liquidity crisis, resulting in management adopting a significantly more conservative approach to property acquisition, maintenance, and exploration commencing in 2009.

Even though current market conditions have improved, management is aware that material uncertainties exist that could possibly affect the Company's ability to continue as a going concern. Recognizing that there are insufficient cash reserves to conduct planned programs and continue operations for the ensuing twelve

months, management is fully aware that the Company must continually review its spending commitments and priorities because it will need to generate working capital through a combination of property options, arrangements with creditors, or arrangement of additional equity financing. For this reason, the Company has established a \$250,000 line of credit that allows it flexibility in the timing of financings.

#### Mineral Exploration Property Interests:

It remains the directors' collective opinion that political risk and cost efficiency are two of the most important factors when determining the general areas most acceptable for mineral exploration. The Company has therefore concentrated the majority of its time, effort, and resources on mineral exploration opportunities in North America and, at this point, the Company's portfolio of properties remains concentrated in North America.

The Company's main project is its 100% interest in the Taurus property, a recognized porphyry copper-molybdenum-gold deposit in the Tintina Gold Belt in southeastern Alaska, and part of the White Gold mineral trend centered in the Yukon. The Taurus property was the most significant property in Senator's portfolio in the mid-1990s, with substantial previous work by majors before Senator (known then as Cross Canada Resources) expended over \$1.3 million on it during a three year period. The property was lost but re-acquired on a 100% basis in 2004, and since then more than \$1,000,000 has been spent on exploration.

A three hole diamond drill program was undertaken in 2008 to test areas at greater depths than any previous work. For the first time, based on current and historical work on a small (<10%) portion of the property, results generated a NI 43-101-compliant inferred resource of significant size. Because of the perceived size and potential value of Taurus, the Company is weighing alternatives available to it, ranging from financing further work to enhance the value of the project to finding a major company to earn an interest in the property.

During exploration for gold on Ivanhoe Creek, one of Senator's optioned Nevada properties, a bentonite deposit of undetermined size was discovered. Consequently, seven placer claims were staked in order to acquire the right to exploit this deposit in the event it proves economic. These placer claims were owned and maintained by Senator (50%) and Kent Exploration Inc (50%), net of a 1% Net Smelter Return ("NSR") in favor of a company controlled by R. Redfern, a director of the Company. In April 2012, Senator sold its 50% interest in the claims for a nominal \$100 and retained a 3% Production Royalty. Details are included in the financial statements, Note 8b.

In June 2008, the Company made applications for approximately 43,000 hectares of coal permits in Saskatchewan. Arrangements were made for staking, which took place in July 2008. All Coal Prospecting Permits have been received from SaskEnergy, and were valid until December 2011. The Company has not renewed these permits.

As a result of property options made to date, Senator held 10,000 common shares of Alderon Resource Corp, a TSX-V-listed company at the beginning of 2011. During the first half of the year, Senator sold all 10,000 shares for net proceeds of \$32,446.

Through non-arms-length agreements with Seguro Projects Inc ("Seguro"), a company controlled by L. Simon, an officer, and D. Simon, a director and officer of the Company, Senator had a 1% net smelter return ("NSR") in each of the Key and Okey properties, two high-grade copper projects in northern BC. In December 2011, Senator sold these NSR's back to Seguro for \$400,000. As the transaction was non-arms-length and because of the possible differences in opinion on the value of the NSR's, Senator retains the right to re-purchase the NSR's for the same price (\$400,000) at any time within six months of the sale (June 2012).

In late 2010 and early 2011, the Company identified two opportunities in the Yukon, comparatively close to its 100%-owned Taurus property in southeastern Alaska. One property, King Dome, was optioned (option details are included in the financial statements, Note 8g but not worked on. In December 2011, this option was dropped. Through staking, the Company acquired a 50% interest in a second property, the Mustang. Details are included in the financial statements, Note 8c.

In an acquisition finalized and announced 31 May 2011, the Company acquired a 100% interest in the Rosebud property, Mohave County, Arizona. Details are included in the financial statements, Note 8d. Subsequent to the year end, a 100% interest in the property, net of a 3% NSR, has been optioned to an arms-length private company.

Non-Arms-Length Transactions:

In the past Senator completed a number of non-arms-length acquisitions. All were done on terms that were advantageous to the Company, at or below industry-standard tariffs. All were subject to independent technical and valuation reporting and approval of the TSX-Venture Exchange, and all requisite approvals were obtained. All property interests involving non-arms-length transactions have now be dropped, with the exception of the 1% NSRs on Key and Okey which have been sold as described above.

Financial Results and Operations:

The relatively high costs of having small companies operate rationally and efficiently while meeting the requirements of increasingly complex regulatory regimes is a continuing impediment to the success of venture companies like Senator.

A possible offsetting positive market factor for junior exploration venture companies is that, because the gold and exploration markets are relatively minuscule compared to the general dollar-based economy, it would take only a minor shift in investment preferences to bring market activity and capitalization to levels that are significantly higher than those at present.

Per the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after 1 January 2011, the Company has adopted IFRS in the financial statements related to this MD&A. These annual financial statements are the first using IFRS. The Company previously applied the standards under Canadian GAAP, as issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", 1 January 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under Canadian GAAP have been examined to ensure that they are in accordance with IFRS. Due to the comparatively simple nature of the Company's balance sheet and operations (no capitalization of exploration properties or expenses, contracting out of all exploration activities, no incentive stock options outstanding, and no warrants outstanding), it was ascertained that no restatements of the 1 January 2010 and 31 December 2010 comparative figures were necessary as changes were limited to descriptive classifications only.

The \$43,823 in general and administrative ("g&a") costs incurred in the fourth quarter of 2011 is approximately 32% lower than the \$64,920 average g&a quarterly costs in the last two years. Fourth quarter 2011 g&a expenses compared to the two-year average (shown in brackets) are: communications costs \$1,853 (2 yr avg: \$2,044) are slightly lower; filing and listing fees of \$0 (2 yr avg: \$1,939), mainly due to timing of payments; loan interest \$1,300 (2 yr avg: \$8,833) due to negotiated change in the credit line loan; professional fees of \$1,950 (2 yr avg: \$5,329) are significantly lower due to adjustments in accrued amounts, shareholder information \$(59) (2 yr avg: \$760) showed a credit due to an adjustment; transfer agent \$1,246 (2 yr avg: \$2,034) is lower due to low activity; travel \$187 (2 yr avg: \$1,617) lower due to less activity and some cost-sharing; office and general \$315 (2 yr avg: \$660) is lower due to cost-cutting. A revised approach to office management meant the expense for consultants was reduced drastically from a 2 yr avg of \$3,000 to \$nil in the fourth quarter of 2011.

No adjustments to the quarterly figures have been made as a result of the effects of transition to IFRS. See Note 16 of the financial statements for details.

A summary of financial results by quarter in the previous two years follows:

Quarter ended	General and Admin Expenses	Net Loss (Profit)	Loss (Profit) per share
31 Dec 2011	\$ 43,823	(\$ 310,809)	(\$0.007)
30 Sep 2011	\$ 59,906	\$ 72,154	\$0.002
30 Jun 2011	\$ 80,073	\$ 93,304	\$0.002
31 Mar 2011	\$ 65,630	\$ 78,741	\$0.002
31 Dec 2010	\$ 59,142	\$ 188,458	\$0.004
30 Sep 2010	\$ 59,952	\$ 67,195	\$0.002
30 Jun 2010	\$ 80,131	\$ 91,156	\$0.003
31 Mar 2010	\$ 70,704	\$ 102,956	\$0.003
31 Dec 2009**	\$ 34,818	* (\$ 8,855)	(\$0.000)

\* includes one-time adjustments of a net credit of \$67,041, relating to the write-off of stale accounts payable (\$61,481cr), the impairment of marketable securities (\$125,000), and a gain on the sale of marketable securities (\$130,560cr).

\*\*2009 figures prepared in accordance with Canadian GAAP, not IFRS. No adjustments deemed necessary.

In December 2010, the Company announced a private placement of 6,300,000 shares for net proceeds of \$312,093 after deduction of TSX-V financing fees. This placement was completed and approved in December 2010. There has been no financing activity in the Company in 2011 and up to the date of this report. The Company's current assets at the end of December 2011 totalled \$4,490 (31 Dec 2010: \$131,639).

The Company is not subject to any legislated capital requirements. The Company's working capital position at 31 December 2011 was a negative \$245,846 (31 Dec 2010: negative \$396,056). The Company does not have sufficient cash reserves to conduct planned programs and continue operations for the ensuing twelve months without generating significant working capital through equity financing, supplemented by sale of mineral property interests, arrangements with creditors, or further drawdowns on the line of credit.

A summary of selected financial information for the last three fiscal years is as follows:

	2011	2010	2009**
Revenues	\$ 392,446	\$ --	\$ --
Loss (profit)	(\$ 66,610)	\$ 447,550	\$ 259,600
Loss (profit) per share, basic and diluted	(\$ 0.002)	\$ 0.011	\$ 0.008
Total assets	\$ 4,490	\$ 131,639	\$ 73,783
Total long-term liabilities	\$ nil	\$ nil	\$ nil

\*\* 2009 figures were prepared in accordance with Canadian GAAP, not IFRS.

The Company had no warrants or incentive stock options outstanding at the end of December 2011. The Company has never paid any dividends.

All phone inquiries continue to be handled in-house. The Company has two web sites, Senatorinc.com and SenatorMinerals.com (special design for mobiles), which are operational and kept up to date. All news releases and technical and valuation reports that have been prepared on properties in which the Company holds an interest are posted on the web sites for investors' reference. Additional information is available in the public documents filed by the Company that are available for viewing on [www.Sedar.com](http://www.Sedar.com).

#### Corporate Governance:

The following description of the Company's corporate governance should be considered within a frame of factual reference. The Company has written less than 95 cheques in 2011 (less than 130 in 2010, and less than 120 in 2009).

All expenditures have been pursuant to specific contractual arrangements that were previously authorized by the Board and/or the TSX-V, or for activities authorized by the Board in principle but not in detail.

The Board of Directors is authorized for up to six people and presently consists of five: three independent: Jeffrey Scouten, Andrew Nevin, and Richard Redfern; and two non-independent: Donald Simon, CEO, and Roger Kidlark, CFO. Management makes a regular practice of consulting with, and where appropriate seeking approval in advance from, the Board on all matters of substance related to the Company's activities. The Company remains alert to the identification of suitable candidates for Board membership.

Directors of the Company have other directorships in reporting issuers as follows: Roger Kidlark, Andrew Nevin, and Jeffrey Scouten: directors of SNR only; Donald Simon: director and CEO of SNR only; and Richard Redfern: director and CEO of Mexivada Mining ("MNV").

Since 2004, the Company has had an Audit Committee Charter, which is available for viewing on the Company's main web site. The Company's Audit Committee consists of three financially literate directors (Richard R. Redfern, Jeffrey P. Scouten, and Donald A. Simon). R. Redfern and J. Scouten are independent, while D.A. Simon is not, being an officer of the Company.

The Audit Committee conducted a detailed review of the Company's disclosure controls and procedures in conjunction with the preparation of the 31 December 2010 audited financial statements, and concluded that those controls and procedures were effective. In the course of continuous and year-end review by the Audit Committee, and more particularly because of the change from Canadian GAAP to IFRS, there were no changes noted in the Company's internal control over financial reporting to the end of 2011, and there have been no changes in 2012 up to the date of this report. Due to the lack of segregation of duties that results from small office operations, disclosure controls and procedures are designed to ensure that all commitments and spending have been approved in advance either specifically or in principle by the Board, and that all information required to be filed or disclosed pursuant to applicable securities laws is generated and organized in a timely manner.

A Compensation Committee, consisting of the three independent directors, was formed in 2006 to consider and authorize remuneration for the CEO. The Committee completed a comparison to other publicly traded companies, a comparison to other professional remuneration, an appraisal of revenues generated for Senator by the CEO, and a review of actual responsibilities before authorizing the current remuneration package. There has been no change in remuneration since 2006.

Continuing Education: Members of the Board receive regular memos from management alerting them to facts, news, and events related to industry news and the responsibilities of directorship. Members have enrolled in continuing education classes sponsored by various groups including the TSX-V, the BCSC, the ICABC, and others. Members of the Board also take classes in their own professional disciplines from time to time.

Ethics: The board includes three registered professionals and one former registered professional. Therefore, the corporate culture is 100% oriented to professionalism and ethical conduct.

Self-assessment: There is no formal or informal procedure for assessment of the performance of the Board, its Committee, or the CEO. It has been observed and agreed that the Company and its Board are both too small to make that process meaningful.

Company management was aware of the deadlines and requirements associated with the replacement of Canadian generally accepted accounting principles with International Financial Reporting Standards ("IFRS"). In addition to attending relevant seminars and making a specific presentation to the IASB concerning exploration-specific implications of proposed IFRS standards, management carried out a line-by-line review of the Company's financial statements and assessed IFRS and their adoption for 2011, and is of the opinion that, given the relative simplicity of the Company's balance sheet and its operations, the transition to IFRS, which effectively began in 2010, has not caused significant changes to presentation of the Company's financial statements. The main difference from previous years was in preparation time in the drafting of the details in the Notes to the financial statements. No adjustments were needed or made to the figures generated in 2010.

#### Budgets and Financing:

Until late 2010, exploration expenses were limited to due diligence on potential acquisitions and essential maintenance, as the Company took steps to reduce cash outflows until the markets stabilized and improved. In December 2010, the Company recognized acquisition opportunities in the Yukon and completed a private placement to finance two property acquisitions, one an option and the other the acquisition of a 50% interest. The option has been dropped, but the Company maintains its 50% interest in the owned property. Budgeted general and administrative expenses remain cut to a minimum.

The Company's short-term property, work, and administration commitments have been covered through property option revenues, operator fees, sale of NSR's, and private placements, with backup in the form of a credit line for meeting financial needs.

Given the current market situation, it is comparatively difficult to identify viable companies to option interests in the Company's properties and to finance exploration work. Therefore management recognizes that it cannot count on the generation of revenues that are possible, but not assured, from future property option agreements and exploration operatorship.

The Company has an approved incentive stock option plan in place, but there are no options outstanding at the date of this report. All options were allowed to expire in the first half of 2010. Based on the latest CRA policies that apparently move substantial risk to the option issuer, changes will be made to future option arrangements to assure that the Company is not at financial risk when options are exercised. No incentive stock option awards are planned at this time.

In light of projections and prospects, the Company's management has used funding from the December 2010 private placement along with December 2011 sales of the NSR's, backed up with a credit line (up to \$250,000) to meet operating obligations, delaying another financing until the market situation becomes more advantageous.

#### Conclusions:

The Company's general business model seeks to, where possible, share exploration risk and minimize dilution while creating significant potential value to shareholders through operatorship and carried participation in exploration programs. Therefore the Company continues to maintain a limited though diverse portfolio of properties in areas of comparatively low political risk.

Senator is giving its highest priority to its 100%-owned Taurus copper-molybdenum-gold property in Alaska. It considers this deposit to be a situation where project and company value should respond positively, providing the next phase of exploration work can enhance the inferred resource as anticipated. In addition, as a result of the obvious increased interest in exploration in the Yukon, the Company has acquired a 50% interest in a Cu-Au target.

The Company will continue to employ responsible fiscal management and give priority to efficient allocation of its resources while seeking optionees to participate financially in exploring the Company's properties, and taking advantage of acquisition and joint venture opportunities that are identified.

**Approved by the Directors:**

*"Roger Kidlark"*  
CFO, Director

*"Donald A Simon"*  
CEO, President, and Director

23 April 2012