

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
SHANE RESOURCES LTD.
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

The following management discussion and analysis, prepared as of November 28, 2012, should be read together with the unaudited financial statements for the nine month period ended September 30, 2012 and related notes attached thereto, for Shane Resources Ltd. (the "Company"). All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the Company's annual audited financial statements for the year ended December 31, 2011 and the Management Discussion and Analysis for that year.

Financial statements and summary information derived therefrom are prepared in accordance with International Financial Reporting Standards ("IFRS"). The disclosures concerning the transition from Canadian generally accepted accounting standards ("Canadian GAAP") to IFRS are included in Note 12 of the audited financial statements for the year ended December 31, 2011.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future resource estimates, anticipated future expenses, the completion of a scoping study and the future exploration on and the development of properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed

or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; the absence of dividends; competition; dilution; the volatility of our common share price and volume and the additional risks identified in the "Risk Factors" section of this MD&A or other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements.

DESCRIPTION OF BUSINESS AND OVERVIEW

The principal business of the Company, directly and through joint ventures, is the acquisition, exploration and evaluation of mineral resource properties. The Company has not determined whether these properties contain any resources or any reserves which are economically recoverable.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of resources, the conversion thereof to economically recoverable reserves, a decision by the Company to undertake production, the ability of the Company to obtain the necessary approvals and financing to complete the development, and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing. The Company has all of its properties in the province of Saskatchewan.

All of the properties in which the Company has an interest or the right to acquire an interest are currently in the exploration stage and, therefore, the Company has no source of operating cash flow. As a result, the Company has been dependent on raising cash through the sale of its common shares, either by way of private placement or through the exercise of warrants or options. The Company does not expect to deviate from this practice, and fully anticipates undertaking further private placements or public offerings in the future in order to finance the investigation and taking advantage of business opportunities which may arise. The Company's planned exploration activities are subject to change as described below under the heading "Liquidity and Capital Resources".

The Company trades on the TSX Venture Exchange under the symbol SEI.

PERFORMANCE SUMMARY

On February 14, 2012, the Company announced it is planning a full data compilation and resource assessment of the historic drilling conducted to date on the Pine East property for Q1 2012. After the data compilation and the assessment of the resource potential, the Company plans on conducting an exploration program during 2012, including ground geophysics and drilling.

Also, on February 14, 2012, Ms. Loranna Laing resigned as the corporate secretary of the Company.

On April 13, 2012, the Company granted 850,000 stock options to directors, officers, and consultants of the Company. The stock options are exercisable at a price of \$0.10 per share for a period of 10 years from the date of grant.

On April 16, 2012, 250,000 stock options were exercised at a price of \$0.11 per option for total proceeds of \$27,500.

EXPLORATION PROPERTIES

Brownell Lake

The Company owns a 100% interest in 2 claims numbered S-101336 and S-108957 consisting of approximately 900 hectares in the Brownell Lake area of Saskatchewan. The property hosts a long zone of copper-zinc mineralization which has been explored by several companies since the 1950's. To September 30, 2012, the Company had expended \$39,202 on acquisition and \$58,810 on exploration of these claims.

The Company will consider the merits of an airborne survey with a modern EM unit to better define the parallel conductive zones, and to look for deeper conductors not found to date. The results of such an airborne survey might be used in planning future work. Once completed, a preliminary program of prospecting of the other conductive and magnetic anomalies would most likely be required.

The Company does not have the available funds to undertake any recommended work program at this time.

Munroe Lake

The Company owns a 1.6% interest in a 6,000 acre claim (S-101081) in the Munroe Lake area. The property was optioned to Wescan Gold Fields Inc., which deals with the Company on an arm's-length basis, and which earned a 92% interest in the property by spending \$246,627 on the property in 2008. No exploration activities have been conducted on the property. To September 30, 2012, the Company had expended \$172 on acquisition of the claims.

The Company is not planning further work at this time.

Pine East

The Company owns a minimum 49% interest in this property, known as “Pine East” (S-105301) and Claude Resources Inc. (“Claude”) owns a minimum 30% interest in the property, with the remaining interest subject to the terms of an option agreement dated June 7, 1999 (as amended). To date the Company has conducted a prospecting, stripping and trenching program on the property and Claude has conducted four drill programs on this property which resulted in an aggregate of 38 core holes and approximately 9,607 meters of core samples. In addition, Claude has carried out a high-sensitivity three-axis magnetic survey. To September 30, 2012, the Company had expended a total of \$78,149 on acquisition and \$258,767 on exploration of the claims.

The Company plans a two stage process, wherein, Stage 1, the Company plans to conduct a detailed GIS data compilation along with a 3D modelling of the existing drilling data and a ground magnetic and HLEM survey. Stage 2 would be dependent on the results of Stage 1, and would include a confirmatory infill drilling program as well as further exploration drilling.

The Company does not have the available funds to undertake any recommended work program at this time.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the Company’s accounting policies from the year ended December 31, 2011.

For a complete summary of the Company’s accounting policies and future accounting policies, see Note 4 of the audited financial statements for the year ended December 31, 2011.

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the year ended December 31, 2011, and have been consistently followed in the preparation of these condensed financial statements.

New Standards and Interpretations not yet adopted:

Amendments to IFRS 7, *Financial Instruments: Disclosures* are effective for annual periods beginning on or after January 1, 2013 and introduce enhanced disclosure around transfer of financial assets and associated risks. These amendments are not anticipated to impact the disclosures made by the Company.

In October 2010, the IASB issued IFRS 9, *Financial Instruments* (“IFRS 9”), which represents the completion of the first part of a three-part project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, with a new standard. Per the new standard, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income or loss section of the entity’s statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to the derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2015, with early adoption

permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's financial statements.

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"), which builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of a parent company. IFRS 10 also provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's financial statements.

In May 2011, the IASB issued IFRS 11, Joint Arrangements ("IFRS 11"), which enhances accounting for joint arrangements, particularly by focusing on the rights and obligations of the arrangement, rather than the arrangement's legal form. IFRS 11 also addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities and prohibits proportionate consolidation. IFRS 11 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's financial statements.

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), which is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. IFRS 12 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's financial statements.

In May 2011, the IASB issued IFRS 13, Fair Value Measurement ("IFRS 13"), which defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). IFRS 13 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's financial statements.

In June 2011, the IASB amended IAS 1, Presentation of Financial Statements ("IAS 1"), to change the disclosure of items presented in other comprehensive income into two groups, based on whether those items may be recycled to profit or loss in the future. The amendments to IAS 1 apply to financial statements for annual periods beginning after July 1, 2012, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's financial statements.

Amendments to IAS 32, *Financial Instruments: Presentation*, are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities. These amendments are not anticipated to impact the disclosures made by the Company.

SELECTED ANNUAL INFORMATION

	Year ended Dec. 31/11	Year ended Dec. 31/10	Year ended Dec. 31/09 (Canadian GAAP)
	(IFRS)	(IFRS)	
Gain (loss) from other items	\$ 27,633	\$ 51,867	\$ (317,235)
Net loss	\$ 168,987	\$ 255,231	\$ 494,810
Basic & diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)
Total assets	\$ 463,290	\$ 627,837	\$ 759,491

RESULTS OF OPERATIONS

For the three months ended results

The Company's net loss for the three months ended September 30, 2012 of \$15,737 was lower compared to \$31,434 for the three months ended September 30, 2011. The following is a comparison of significant items from operations: insurance of \$4,560 in 2012 premium include extra storage facility (\$3,882 in 2011), management and consulting fees of \$7,500 in 2012 (\$9,150 in 2011 includes corporate secretary fees), office expense of \$1,458 (\$2,310 in 2011 includes server upgrade), premises rent of \$3,150 (\$2,150 in 2011), professional fees of \$5,906 (\$17,630 in 2011 includes IFRS audit fees), promotion fees of \$(2,500) in 2012 includes refund from out of pocket costs of business development fees (\$410 in 2011), and travel and accommodation of \$Nil (\$1,226 in 2011).

For the nine months ended results

The Company's net loss for the nine months ended September 30, 2012 of \$129,258 was higher compared to \$100,957 for the nine months ended September 30, 2011. The following is a comparison of significant items from operations: filing fees of \$8,320 (\$13,042 in 2011 includes Sedar filing fees), insurance of \$10,560 in 2012 (\$11,644 in 2011), management and consulting fees of \$23,050 in 2012 (\$37,450 in 2011 includes CEO bonus), office expense of \$3,115 in 2012 (\$8,766 in 2011 includes AGM costs), professional fees of \$11,302 (\$28,021 in 2011 includes IFRS audit fees), promotion fees of \$2,041 (\$3,500 in 2011), share-based compensation of \$66,172 due to 850,000 options granted at \$0.10 (\$Nil in 2011), transfer agent fees of \$7,362 (\$6,244 in 2011) and travel and accommodation of \$6,336 includes increased travel for business development (\$2,214 in 2011).

SUMMARY OF QUARTERLY RESULTS

The following quarterly financial data is derived from the annual audited financial statements of Shane Resources Ltd. for the three month periods ended on the dates indicated below. The information should be read in conjunction with the Company's annual audited financial statements and the accompanying notes thereto.

	Sept. 30/12	June 30/12	Mar.31/12	Dec. 31/11
Total assets	444,505	451,349	446,391	463,290
Exploration and evaluation assets	435,100	435,100	435,100	435,100
Working capital (deficiency)	(34,100)	(18,363)	(16,234)	1,485
Shareholders' equity	401,000	416,737	418,866	436,586
Management and other income	6,334	7,000	7,000	7,000
Net loss	15,737	95,801	17,720	68,030
Loss per share	\$0.001	\$0.004	\$0.001	\$0.003

	Sept. 30/11	June 30/11	Mar.31/11	Dec. 31/10
Total assets	507,944	537,856	602,435	627,837
Exploration and evaluation assets	435,100	435,100	435,100	435,100
Working capital (deficiency)	69,516	100,950	137,501	170,473
Shareholders' equity	504,616	536,050	572,601	605,573
Management and other income	7,000	7,000	7,000	19,500
Net loss (income)	31,434	36,551	32,972	117,498
Loss (earnings) per share	\$0.001	\$0.001	\$0.001	\$0.004

LIQUIDITY AND CAPITAL RESOURCES

	September 30, 2012	December 31, 2011	December 31, 2010
Working capital (deficiency)	(34,100)	1,486	170,473
Deficit	(6,865,413)	(6,736,155)	(6,567,168)

The Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Company is not exposed to significant interest, currency, or credit risk arising from financial instruments

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing. If the Company is not successful in raising sufficient capital, the Company may have to curtail or otherwise limit its operations. From time to time the Company works to raise additional capital through private placements or other equity financing. The Company is a junior exploration company without operating revenues and therefore, the Company must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing exploration programs, or to fund any further development activities. See "Risk Factors" of this MD&A.

As of September 30, 2012, the Company does not have sufficient cash on hand for settlement of its obligations. The Company intends to raise capital by future financings. However, the low price of the Company's common shares and current market conditions makes it difficult to raise funds by private placements of shares. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. Consequently, the Company may seek future financing by means of private placements or debt financing in order to fund its exploration activities. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. No assurance can be given that the Company will be successful in raising the funds required to realize on the Company's exploration programs. These factors all cast doubt about the liquidity of the Company and its ability to continue as a going concern.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

PROPOSED TRANSACTIONS

There are no proposed transactions that will materially affect the Company.

CAPITAL STOCK

The authorized capital stock of the company is an unlimited number of common shares and an unlimited number of preferred shares issuable in series. As at November 28, 2012, and September 30, 2012, the Company had 26,490,750 common shares outstanding with a value of \$6,725,012.

Options

The Company has established a share based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing ongoing services to the Company. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. Unless otherwise determined by the board of directors of the Company (the "Board"), the exercise price of options equals the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten year term in accordance with TSX Venture Exchange policies.

A summary of the status of the Company incentive stock option plan as at November 28, 2012 and September 30, 2012 is as follows:

Number of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining life (years)
150,000	\$0.25	December 18, 2012	0.22
150,000	\$0.50	December 18, 2012	0.22
150,000	\$0.75	December 18, 2012	0.22
1,000,000	\$0.11	January 15, 2020	7.30
850,000	\$0.10	April 13, 2022	9.54
2,300,000			

	Number of Options	Weighted Average Exercise Price
Outstanding January 1, 2010	600,000	\$0.50
Granted	1,300,000	0.11
Expired	(150,000)	0.50
Outstanding December 31, 2011	1,750,000	\$0.21
Expired	(50,000)	0.11
Exercised	(250,000)	0.11
Granted	850,000	0.10
Outstanding and exercisable September 30, 2012 and November 28, 2012	2,300,000	\$0.18

Warrants

The Company had no outstanding share purchase warrants of the Company as at November 28, 2012, September 30, 2012, and December 31, 2011.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the nine months ended September 30,	
	2012	2011
Share-based compensation	\$ 27,247	\$ -
Short-term benefits*	23,050	37,450
	<u>\$ 50,297</u>	<u>\$ 37,450</u>

*include base salaries, pursuant to contractual employment or consultancy arrangements

Other related parties

Other related parties include BlackSun Inc. where one owner is a director for the Company, Star Uranium Corp. and United Uranium Corp. which shares common directors and management with the Company, Davis LLP where one employee is a director for the Company, Paradigm Portfolio Management Corp. where one owner is a director and management for the Company and May Lake Consulting Corp., where the owner is the CFO of the Company.

Transactions entered into with related parties other than key management personnel include the following:

	For the nine months ended September 30,	
	2012	2011
BlackSun Inc.	\$ 9,836	\$ 9,906
Davis LLP.	660	1,348
Paradigm PMC	-	1,421
	<u>\$ 10,496</u>	<u>\$ 12,675</u>

During the period, the Company received premises rent and office administrative income from the following related parties:

	For the nine months ended September 30,	
	2012	2011
Star Uranium Corp.	\$ 10,167	\$ 10,500
United Uranium Corp.	10,167	10,500
	<u>\$ 20,334</u>	<u>\$ 21,000</u>

As at September 30, 2012, receivables includes \$875 (December 31, 2011 - \$Nil) due from United Uranium Corp. and \$875 (December 31, 2011 - \$Nil) from Star Uranium Corp; companies sharing common directors.

As at September 30, 2012, accounts payable included \$13,125 (December 31, 2011 - \$2,625) due to May Lake Consulting Corp., \$18 (December 31, 2011 - \$Nil) due to BlackSun Inc. and \$660 (December 31, 2011 - \$Nil) due to Davis LLP.

The amounts due to and from the related parties are non-interest bearing, with no fixed terms of repayment.

FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, approximate carrying value, which is the amount payable on the statement of financial position. The Company's other financial instrument, cash and cash equivalents, is measured at fair value based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are all held at large Canadian financial institutions in interest bearing accounts. The Company has no investment in asset-backed commercial paper.

The Company's receivables consist mainly of receivables from related companies and GST/HST receivable due from the government of Canada. The Company does not believe it is exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company as of September 30, 2012 does not have sufficient cash on hand for settlement of its obligations. The Company intends to raise capital by future financings; however, the low price of the Company's common shares and current market conditions may make it difficult to raise funds by private placements of shares.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of its financial instruments is low, as the Company has no short-term investments included in cash and equivalents.

b) Foreign currency risk

As at September 30, 2012, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company believes its currency risk to be minimal.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

RISK FACTORS

Exploration and Evaluation

Mineral exploration and evaluation involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and evaluation activities will result in any discoveries of any bodies of commercial ore. There is also no assurance that presently identified mineralization will be determined to be a resource, a reserve or ultimately mined at a profit. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved.

The commercial viability of a mineral deposit is also dependent upon a number of factors, some of which are beyond the Company's control such as, commodity prices, exchange rates, government policies and regulation and environmental protection.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and development plans.

There can be no assurance that such financing will be available to the Company. In the future the Company will require additional funding to maintain its mineral properties in good standing.

The lack of additional financing could result in delay or indefinite postponement of further exploration and possible, partial, or total loss of the Company's interest in its exploration and evaluation assets.

Commodity Price Volatility

The market prices for commodities, over which the Company has no control, are volatile. There is no assurance that if commercial quantities of these commodities are discovered, a profitable market will exist for a production decision to be made or for the ultimate sale of production at a profit. As the Company is currently not in production, no sensitivity analysis for price changes has been provided.

Resource Estimate Uncertainty

There is a degree of uncertainty attributable to the calculation of resource tonnages and grades. Resource estimates are dependent partially on statistical inferences drawn from drilling, sampling and other data. There is no certainty that any resources which may be discovered by the Company can be converted into reserves with profitable extraction.

SUBSEQUENT EVENTS

On October 3, 2012, the Company appointed Mr. Gregory Birch to the Board of Directors. After serving on the Company's Board of Directors, Mr. Steven Rogoschewsky resigned as a director.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the financial statements and the accompanying notes, the MD&A, and other information contained in this report.

Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the financial statements. The preparation of the financial statements in accordance with international financial reporting standards is also the responsibility of management.