EVERTON RESOURCES INC.
(An exploration stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended July 31, 2011

EVERTON RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2011.

The following Management Discussion and Analysis ("MD&A") of the operating results, financial condition and future prospects of Everton Resources Inc. (the "Company" or "Everton"), current as of September 21, 2011, should be read in conjunction with the Company's interim financial statements and notes thereto for the three and nine months ended July 31, 2011, as well as the Company's audited financial statements and notes thereto for the fiscal years ended October 31, 2010 and 2009. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The reporting currency is Canadian dollars. Unless specified as $US, references in this MD&A to dollars are to Canadian dollars.

This MD&A contains certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future exploration drilling activities and events or developments that the Company expects, are forward-looking statements. Such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, and continued availability of capital and financing and general economic, market or business conditions.

Nature of Business

Everton is a Canadian mineral exploration and development company engaged in the acquisition and exploration of mineral properties, primarily in the Dominican Republic, Ontario and Quebec, with the aim of discovering commercially exploitable deposits of minerals (primarily precious metals) which can be disposed of for a profit to companies that wish to place such deposits into commercial production. Common shares of the Company are listed for trading on the TSX-V under the symbol "EVR". The Company's head office is in Montréal, Québec.

Business Development Highlights

Everton is partnered with Brigus Gold Corp. (''Brigus'') and actively exploring in the Dominican Republic adjacent to the US$3 billion Pueblo Viejo Mine Project, currently being developed by the world's largest gold mining company, Barrick Gold Corporation (60%) ("Barrick") in partnership with Goldcorp Inc. (40%) ("Goldcorp"). During the third quarter ended July 31, 2011, the Company continued its 20,000 meter drill program on the Ampliacion Pueblo Viejo (''APV'') project.

Since 2010, the Company has adopted a new strategy to focus its corporate activities on its Dominican Republic operations, and is in the process of divesting or has divested or optioned its Canadian mineral interests. The Company's new focus on exploring in the Dominican Republic started by earning a 50% interest in the APV Project from Brigus and negotiating to earn an additional 20% by spending US$2.5 million in exploration, which the Company is doing now by executing an aggressive drilling program on the APV project. In addition, the Company earned a 50% interest in Globestar's Cuance and Los Hojanchos concessions and became operator of the projects. During the third quarter, on May 25, 2011, the Company signed a Letter of Intent ("LOI") to acquire Brigus' remaining interest in the APV Project and the Ponton and La Cueva concessions.

Funding for near term advancement of the APV Project is expected to be provided from existing working capital of $1,118,579 (including $840,536 in cash and cash equivalents and $301,885 in short-term investments as of July 31, 2011), primarily the result of the sale of marketable securities for net proceeds of $636,789 and long-term investments for proceeds of $536,209 during the quarter. Subsequent to quarter end, the Company also completed a private placement for gross proceeds of $1,745,960. In addition, the Company is in the process of divesting its wholly owned subsidiary, Hays Lake Gold Inc. ("HLG"), which contains the Shoal Lake Gold Project in Kenora, Ontario for expected gross proceeds of $6.0 million upon completion of this transaction.

The Company recently optioned its Opinaca and Wildcat projects in Quebec to Aurizon Mines Ltd. ("Aurizon"). Aurizon is advancing Everton's interest by funding 100% of exploration work on one of the largest land packages adjacent to Goldcorp's Elenore gold deposit.

Everton has also increased its exposure to other commodities (rare earth elements, lithium, graphite) through ownership of common shares in other publicly traded companies (Focus Metals Inc., (TSX-V: FMS), Strike Minerals Inc., (TSX-V: STK), Exploration Nemaska Inc., (TSX-V: NMX). The investments are valued at approximately $5,102,900 as of July 31, 2011. This investment portfolio was formed through the sale of the

Labrador Trough properties in Quebec to Focus Metals Inc. (``Focus``), and the sale of the Sirmac Lithium project in Quebec to Exploration Nemaska Inc. (``Nemaska``) and recently, the sale of 6 claims in Schreiber area, Ontario to Strike Minerals Inc. (``Strike``).

Significant Events During the Three and Nine Months Ended July 31, 2011

Sale of Investments for Total Proceeds of $1,173,298

During the quarter ended July 31, 2011, the Company received total net proceeds of $1,173,298 from the sale of the following investments:
- In May, Everton sold 5,819,000 shares of NQ Exploration Inc. for net proceeds of $601,429,
- In June, Everton sold 600,000 shares of Focus for net proceeds of $536,509 and
- In July, Everton sold 90,000 shares of Nemaska for net proceeds of $35,360.

Public Offering of Units and Subsequent Cancellation

On June 7, 2011, the Company announced that it had filed a preliminary short form prospectus in connection with a proposed marketed public offering of Units in the provinces of British Columbia, Alberta and Ontario on a fully-marketed best efforts agency basis for minimum gross proceeds of $5.0 million. On June 22, 2011, the Company announced that it had cancelled the above mentioned public offering due to unfavourable market conditions and the fact that the Company has sufficient financial resources to continue its drilling program on the APV Project.

Sale Purchase Agreement with Strike Minerals Inc.

On May 17, 2011, the Company announced that it had finalized the agreement to sell its 100% interest in projects located at Hays Lake, near Schreiber, Ontario, to Strike. Under the terms of the agreement, Everton will receive $100,000 in cash and 5,700,000 common shares of Strike. As at July 31, 2011, the Company had received a deposit in the amount of $20,000. The Company has retained a 0.5% NSR on the property that can be purchased for $500,000 by Strike at any time. In addition, Everton has a right to nominate one Director to sit on Strike's Board.

Subsequent to the quarter ended July 31, 2011, in September, Everton received 5,700,000 common shares of Strike and $30,000 in cash. The remaining cash payment of $50,000 is due on the 1st anniversary of the closing of the transaction.

Closing of Private Placement Subsequent to Quarter End

On August 25, 2011, subsequent to the end of the third quarter, the Company completed a non-brokered private placement for gross proceeds of $1,745,960. The private placement was comprised of 6,983,840 units at a price of $0.25 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.35 until August 25, 2013.

Exploration Activities

Details of the Company's Deferred Exploration Expenditures during the period ended July 31, 2011 are included in Mining Property Book Values. The Company incurred Deferred Exploration Expenditures of $748,643 during the third quarter. 100% of these exploration expenditures were on properties located in the Dominican Republic.

Deferred Exploration Expenses – 3 months ended July 31, 2011

Dominican Republic

	Cuance	Los Hojanchos	La Cueva	Jobo Claro	Maimon Copper	Ampliacion	La Lechoza	Fresso	Other	Total
	$	$	$	$	$	$		$	$	$
Balance - beginning	1,021,392	324,511	937,725	536,457	936,103	3,889,158	774,596	744,535	356,762	9,521,239
Additions										
Drilling	-	163	1,217	-	-	418,661	47,507	28,426	15,471	511,445
Project consulting	-	-	-	-	-	-	-	-	5,351	5,351
Geological survey	-	-	1,459	-	-	106,345	37,261	7,398	39,043	191,506
Geochemical survey	-	-	1	-	-	11,265	144	-	7,948	19,358
Report preparation	-	-	-	-	-	-	-	-	424	424
Renewal of licenses and permits	-	-	-	-	-	16,165	-	-	-	16,165
General field expenses	-	-	-	-	-	-	-	-	4,394	4,394
	-	163	2,677	-	-	552,436	84,912	35,824	72,631	748,643
Deductions										
Write-downs	-	-	-	-	66,276	-	-	-	-	66,276
	-	-	-	-	66,276	-	-	-	-	66,276
Balance - end	1,021,392	324,674	940,402	536,457	869,827	4,441,594	859,508	780,359	429,393	10,203,606

Canada

	Shoal Lake West	Shoal Lake East (Machin)	Shoal Lake East (KPM)	Hays Lake	Opinaca	Wildcat	Other	Total
	$	$	$	$	$	$	$	$
Balance - beginning	1,598,224	278,421	125,485	70,216	2,754,706	1,125,390	118,145	6,070,587
Additions								
Drilling	-	-	-	-	-	-	-	-
Project consulting	-	-	-	-	-	-	-	-
Geophysical survey	-	-	-	-	-	-	-	-
Geological survey	-	-	-	-	-	-	-	-
Geochemical survey	-	-	-	-	-	-	-	-
Report preparation	-	-	-	-	-	-	-	-
Renewal of licenses and permits	-	-	-	-	-	-	-	-
General field expenses	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balance - end	1,598,224	278,421	125,485	70,216	2,754,706	1,125,390	118,145	6,070,587

Deferred Exploration Expenses – 9 months ended July 31, 2011

Dominican Republic

	Cuance	Hojanchos	La Cueva	Claro	Copper	*Ampliacion	La Lechoza	Fresso	Other	Total
	$	$	$	$	$	$		$	$	$
Balance - beginning	1,020,792	324,185	936,104	536,139	988,556	2,976,907	6,506	562,721	331,080	7,682,990
Additions										
Drilling	317	223	1,585	-	21	1,085,252	697,097	183,420	15,583	1,983,498
Project consulting	-	-	950	-	-	8,547		-	16,214	25,711
Geological survey	280	265	1,751	-	2	310,986	154,499	32,215	39,348	539,346
Geochemical survey	3	1	5	-	1	39,612	1,368	1,973	7,951	50,914
Report preparation	-	-	7	-	-	2	2	15	433	459
Renewal of licenses and permits	-	-	-	318	414	16,773	36	15	47	17,603
General field expenses	-	-	-	-	-	3,515		-	19,301	22,816
	600	489	4,298	318	438	1,464,687	853,002	217,638	98,877	2,640,347
Deductions										
Write-downs	-	-	-	-	119,167	-	-	-	564	119,731
	-	-	-	-	119,167	-	-	-	564	119,731
Balance - end	1,021,392	324,674	940,402	536,457	869,827	4,441,594	859,508	780,359	429,393	10,203,606
* Excludes La Lechoza										

Canada

	Shoal Lake West	Shoal Lake East (Machin)	Shoal Lake East (KPM)	Hays Lake	Opinaca	Wildcat	Other	Total
	$	$	$	$	$	$	$	$
Balance - beginning	1,588,868	278,421	125,485	70,216	2,750,051	1,125,390	129,990	6,068,421
Additions								
Geological survey	18	-	-	-	-	-	3,752	3,770
Report preparation	-	-	-	-	8,924	-	5,000	13,924
Renewal of licenses and permits	5,113	-	-	-	-	-	-	5,113
General field expenses	4,225	-	-	-	-	-	-	4,225
	9,356	-	-	-	8,924	-	8,752	27,032
Deductions								
Tax credits	-	-	-	-	4,269	-	-	4,269
Mineral properties sold	-	-	-	-	-	-	20,597	20,597
	-	-	-	-	4,269	-	20,597	24,866
Balance - end	1,598,224	278,421	125,485	70,216	2,754,706	1,125,390	118,145	6,070,587

Deferred Exploration Expenses – 3 months ended July 31, 2010

Dominican Republic

	Cuance	Los Hojanchos	La Cueva	Jobo Claro	Maimon Copper	Ampliacion	La Lechoza	Fresso	Other	Total
	$	$	$	$	$	$		$	$	$
Balance - beginning	1,015,634	319,027	927,245	528,422	981,346	2,658,563	6,506	508,704	301,940	7,247,387
Additions										
Drilling	-	-	9	15	-	4,605	-	268	34	4,931
Project consulting	3,984	3,984	4,291	3,066	-	30,770	-	1,111	6,290	53,496
Geophysical survey	-	-	80	132	-	5,201	-	991	288	6,692
Geological survey	-	-	1,661	3,632	2,326	122,202	-	22,335	2,659	154,815
Geochemical survey	-	-	7	10	19	1,881	-	424	54	2,395
Renewal of licenses and permits	-	-	-	-	-	-	-	-	4,996	4,996
General field expenses	-	-	-	-	-	150	-	-	1,816	1,966
	3,984	3,984	6,048	6,855	2,345	164,809	-	25,129	16,137	229,291
Balance - end	1,019,618	323,011	933,293	535,277	983,691	2,823,372	6,506	533,833	318,077	7,476,678

Canada

	Shoal Lake West	Shoal Lake East (Machin)	Shoal Lake East (KPM)	Hays Lake	Opinaca	Wildcat	Other	Total
	$	$	$	$	$	$	$	$
Balance - beginning	1,570,472	211,101	62,719	47,618	2,746,767	1,134,860	305,668	6,079,205
Additions								
Project consulting	9,732	4,575	5,132	1,831	2,114	3,523	1,675	28,582
Geophysical survey	-	6,945	175	-	-	-	702	7,822
Geological survey	1,237	-	-	20,227	138	135	22,059	43,796
Report preparation	1,732	-	-	-	-	-	-	1,732
Renewal of licenses and permits	-	-	-	-	12,960	-	(4,996)	7,964
General field expenses	106	-	-	-	(8,416)	(10,314)	4,347	(14,277)
	12,807	11,520	5,307	22,058	6,796	(6,656)	23,787	75,619
Deductions								
Tax credits	-	-	-	-	(2,842)	(3,068)	393	(5,517)
Mineral properties sold	-	-	-	-	-	-	206,861	206,861
	-	-	-	-	(2,842)	(3,068)	207,254	201,344
Balance - end	1,583,279	222,621	68,026	69,676	2,756,405	1,131,272	122,201	5,953,480

Deferred Exploration Expenses – 9 months ended July 31, 2010

Dominican Republic

	Cuance	Los Hojanchos	La Cueva	Jobo Claro	Maimon Copper	Ampliacion	La Lechoza	Fresso	Other	Total
	$	$	$	$	$	$		$	$	$
Balance - beginning	1,012,353	316,342	922,748	518,053	969,718	1,998,682	6,205	506,715	208,354	6,459,170
Additions										
Drilling	213	202	1,256	1,531	3,034	377,526	-	1,400	12,535	397,697
Project consulting	5,092	4,992	4,291	3,376	68	58,933	-	1,739	17,851	96,342
Geophysical survey	-	-	80	132	-	5,201	-	991	288	6,692
Geological survey	1,884	1,426	4,620	11,112	9,893	343,400	-	22,564	65,651	460,550
Geochemical survey	76	45	205	1,024	537	27,822	-	424	3,440	33,573
Renewal of licenses and permits	-	-	-	-	-	-	-	-	4,996	4,996
General field expenses	-	4	93	49	441	12,109	-	-	4,962	17,658
	7,265	6,669	10,545	17,224	13,973	824,991	-	27,118	109,723	1,017,508
Balance - end	1,019,618	323,011	933,293	535,277	983,691	2,823,673	6,205	533,833	318,077	7,476,678

Canada

	Shoal Lake West	Shoal Lake East (Machin)	Shoal Lake East (KPM)	Hays Lake	Opinaca	Wildcat	Other	Total
	$	$	$	$	$	$	$	$
Balance - beginning	64,808	105,212	15,010	45,199	2,734,965	1,121,141	301,560	4,387,895
Additions								
Drilling	1,097,795	-	-	-	-	-	-	1,097,795
Project consulting	110,840	44,726	44,996	3,073	14,242	18,588	9,304	245,769
Geophysical survey	-	69,809	175	-	-	-	702	70,686
Geological survey	66,834	65	66	19,277	407	405	22,059	109,113
Report preparation	1,732	-	7,535	-	196	1,200	96	10,759
Renewal of licenses and permits	30,029	2,809	3,271	2,452	17,974	1,004	(4,545)	52,994
General field expenses	211,241	-	(3,027)	(325)	(8,416)	(3,260)	5,821	202,034
	1,518,471	117,409	53,016	24,477	24,403	17,937	33,437	1,789,150
Deductions								
Tax credits	-	-	-	-	2,963	7,806	2,525	13,294
Mineral properties sold	-	-	-	-	-	-	206,861	206,861
Write-downs	-	-	-	-	-	-	3,410	3,410
	-	-	-	-	2,963	7,806	212,796	223,565
Balance - end	1,583,279	222,621	68,026	69,676	2,756,405	1,131,272	122,201	5,953,480

Dominican Republic

In the Dominican Republic, the Company incurred $748,643 in exploration expenditures during the three months ended July 31, 2011 ($2,640,347 in the nine months ended July 31, 2011). Most of the exploration expenditures in the three and nine months ended July 31, 2011, $637,348 and $2,317,689 respectively (representing an average of 86%) were incurred on the APV Project (including exploration expenses incurred on the La Lechoza Project) optioned from Brigus.

APV Project

The APV Project is adjacent to the northern edge of Barrick/Goldcorp's Pueblo Viejo Mine and covers 4,045 hectares. During the quarter ended July 31, 2011, Everton incurred exploration expenses of $552,436 on the APV Project. The Company has incurred exploration expenses of $1,464,687 on this project in the nine month period ended July 31, 2011. The expenditures were incurred on diamond drill programs on the La Lechoza property and the APV Project. The drilling program on the APV Project is designed to test for mineralization below the silica lithocap.

Pursuant to an agreement with Brigus announced on April 12, 2007, the Company could earn an undivided 50% interest in the APV Project by making cash payments totalling US$700,000, completing work commitments of US$2,500,000 and issuing 1,200,000 common shares of Everton over three years. All these conditions were met and Everton earned its initial 50% interest in the property. On August 12, 2010, the Company and Brigus signed an amended agreement whereby Everton could earn an additional 20% interest in the APV Project by incurring an additional US$2,500,000 exploration expenditures by April 10, 2012. During the quarter, on May 25, 2011, the Company announced that it had signed a letter of intent with Brigus whereby Everton will acquire Brigus' remaining interest in the APV Project.

A drilling program conducted in 2006 by Barrick/Goldcorp at the Pueblo Viejo Mine outlined new mineralized trends that define a NNW corridor. Drill intercepts of 2.98 grams per tonne gold ("g/t Au") over 117.7 meters (hole DPV06-04), 10.18 g/t Au over 9.87 meters (hole DPV06-12), 3.0 g/t Au over 108.4 meters (hole DPV06-03), and 5.31 g/t Au over 23.5 meters (hole DPV06-06) were cut in the extensions of the pits at Pueblo Viejo (Barrick presentation, NRSA, April 2-3, 2007). Gold-in-soil anomalies from a test line located on the APV Project north of the Pueblo Viejo Mine suggests that the new mineralized trend found by Barrick/Goldcorp may extend onto the APV Project.

Los Ranchos carbonaceous units show clear evidence of hydrothermal activity characterized by extensive advanced argillic alteration. The inference is that the Hatillo limestone may have acted as an impermeable lithocap thus being a decisive factor in the creation and preservation of the Pueblo Viejo deposit.

To date, Everton and Brigus have completed an integrated and aggressive exploration program on the APV Project including a 100-meter spaced line helicopter-borne electromagnetic and magnetic survey totalling 710 line-km, a comprehensive mapping and geochemical survey including the collection of 1,760 rock samples, a soil sample geochemical survey including the collection of 3,000 soil samples, an induced polarization ("IP") survey totalling 31 line-km, a horizontal loop electromagnetic ("HLEM") survey totalling 15 line-km, a trenching program on the La Lechoza target covering 794 meters, a detailed mapping and comprehensive mineral study using a portable infrared spectrometer ("PIMA") and a diamond drilling program of 79 drill holes totalling approximately 8,300 meters.

This exploration program allowed the delineation of at least 11 large-scale first priority drill targets, including Silica Ridge, Colorado, Miguel de Pena, Finca Miniel, Montenegro North, and several targets within the La Lechoza prospect. Those targets are characterized by the coincidence of a strong dispersion of epithermal-related soil anomaly pathfinder elements, zones of strong iron oxide development and extensive zones of advanced argillic alteration and massive silicification associated with NNW-SSE and NW-SE structures parallel to those of the mineralizing system at the Pueblo Viejo Mine.

During the nine month period ended July 31, 2011, Everton and Brigus continued the 20,000 meter diamond drilling program announced in March, 2011. The partners also announced the start of a mineral resource estimate calculation on the La Lechoza prospects in the northern part of the APV Project, a contract awarded to SGS Minerals, expected to be completed by the end of September 2011.

APV Project and La Lechoza Drilling Program

The Company received assay results for drill holes completed in the third quarter ended July 31, 2011. Highlights of the assay results from drill holes APV11-16 to 11 to APV11-30 include hole APV11-30 which intersected 10.50 m averaging 2.29 g/t Au, 65 g/t Ag, 0.64% Cu and 3.43% Zn, including 1.50 m of 11.26 g/t Au, 235 g/t Ag, 0.76% Cu, 6.99% Zn and 1.05% Pb (Refer to news release dated April 13, 2011).

No meaningful values were intersected in holes APV11-31 and APV11-24, drilled on the North Hill target, APV11-27 drilled on the MJ Target, APV11-23, drilled on the Jasper Field target and holes APV11-17, APV11-19 and APV11-20 drilled on the Alfredito Farm target.

During the quarter ended July 31, 2011, the Company completed four additional drill holes (APV11-31, APV11-32, APV11-34 and APV11-35). The holes were drilled on the La Lechoza target totalling 695.50 meters. Assay results from these holes were low.

APV Project Deep Drilling Program

In February 2011 the Company signed a contract with a local drilling company for 20,000 meters of drilling in holes ranging from 400 to 1,200 meters in length to test the South block of the concession and the possibility of mineralization beneath the lithocap. The 20,000 meter drill program on the APV South Block, commenced in mid-March 2011 and continued in the third-quarter ended July 31, 2011 with 6 holes completed totalling approximately 2,950 meters (APV10-33 and APV11-36 to APV10-39A). Assay results from these drill holes are pending. The 20,000 meter drill program is designed to test 17 targets delineated from geological mapping, geochemical and geophysical anomalies and PIMA readings which define a classic zoning pattern of alteration typical of high-sulphidation epithermal gold systems as found at the Pueblo Viejo Mine, including a broad envelope of quartz-pyrophyllite-kaolinite and concentric zones of quartz-alunite and quartz-dickite towards the core of the system. During the quarter, a third diamond drill rig was added on the project.

Ponton (Loma Hueca)

During the three months ended July 31, 2011, the Company completed a detailed soil auger geochemical sampling program designed to refine the geochemistry targets on the property. Everton plans to test these geochemical anomalies with a drilling program and has applied for environmental permits. During the quarter ended July 31, 2011, on May 25, 2011, the Company announced it signed a letter of intent with Brigus whereby Everton will acquire Brigus' interest in the Ponton concession.

La Cueva (Loma el Mate)

On August 12, 2010, Everton and Brigus signed an amended agreement whereby Everton could earn an additional 20% interest in the La Cueva concession by incurring an additional US$1,000,000 in exploration expenditures. During the quarter ended July 31, 2011, on May 25, 2011, the Company announced it signed a letter of intent with Brigus whereby the Company will acquire Brigus' remaining interest in the La Cueva concession.

The Company has applied for an environmental permit to begin drilling.

Cuance and Los Hojanchos

In the previous quarter, the Company started processing the renewal of the concessions, applying for environmental permits and advancing community relations.

Fresso

During the quarter ended April 30, 2011, the Company completed a diamond drilling program consisting of seven holes totalling 1,154 meters. Assay results are pending. The Company had until May 28, 2011 to exercise its option to acquire a 100% interest in the property by making a final cash payment of US$150,000 (CAD $142,000). During the quarter ended July 31, 2011, on May 27, 2011, the Company was granted a two month extension to exercise the option and make the final cash payment. The extension expired on July 28, 2011. Subsequently, the Company was awarded a Right of First Refusal option until November 28, 2011. The Company has contacted interested partners and signed confidentiality agreements with them.

Sufficient work has been performed on the Cuance, Los Hojanchos, La Patilla, Corralitos, Piedra Blanca, Maimon Group of concessions, La Cueva (formerly Loma el Mate), Jobo Claro, and La Mireya properties. The concessions are in good standing and the Company continues their evaluation.

<u>Ontario</u>

All properties in Ontario, including Shoal Lake and Hemlo West properties were maintained on care and maintenance at minimum costs, during the period, while awaiting the completion of the divestiture of these properties.

Shoal Lake

On September 27, 2010, and as amended by a formal agreement in February 2011, the Company signed a binding letter agreement to sell all of the issued and outstanding shares of its wholly-owned subsidiary HLG to Kaskattama Inc. (``Kaskattama``), for a total consideration of approximately $7.9 million. HLG holds the Shoal Lake Gold properties comprised of two significant high grade gold deposits: Duport and Cedar Island, on 81.3 km^2, located in the Shoal Lake area, near Kenora, Ontario.

In June 2011, the agreement between Everton, and Kaskattama was amended by a formal agreement. Under the terms of the revised agreement, Everton will receive consideration of approximately $6.0 million for the sale of all the issued and outstanding shares of HLG to Kaskattama. The $6.0 million consideration is allocated as follows:

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- $2.0 million in cash ($1.0 million to be paid upon execution of a final Purchase and Sale Agreement, $500,000 to be paid by Dec 31, 2012 and the final $500,000 to be paid by Dec 31, 2013)
- 10.0 million shares of Kaskattama at a minimum price of $0.40 per common share

In addition, non-refundable amounts totalling $291,000 have been paid by Kaskattama to the Company in respect of option payment obligations on the properties.

The transaction is subject to various conditions customary to this type of transaction, among which:

(a) Completion by Kaskattama of a legal, technical, and environmental due diligence investigation on HLG and its business with the results of such investigation being acceptable to Kaskattama in its sole and absolute discretion, which has been completed;
(b) Successful financing to allow Kaskattama to make the $2.0 million cash payment to Everton as detailed above. Kaskattama had until March 1, 2011 to confirm to the reasonable satisfaction of Everton that Kaskattama is able to make such payment;
(c) Listing of Kaskattama's common shares on the TSX or TSX-V by no later than March 31, 2011.

The deadline to meet conditions (b) and (c) was further extended, to September 30, 2011, from the previously extended deadline of August 31, 2011. A further extension is currently being negotiated.

Kaskattama is a Canadian controlled private corporation based in Toronto, Ontario. It was incorporated under the *Business Corporation Act* (Ontario) on July 11, 2007. Kaskattama has a mining business development plan targeting undeveloped assets for near term resource development. It has a Canadian focus with preference given to partnerships with First Nations.

Everton purchased HLG on September 17, 2009 through the issuance of 11,999,938 common shares at a fair value of $0.17 per share plus certain other costs for a total purchase price of $2.4 million. Including the cost of the acquisition and all property related payments and exploration expenditures capitalized to date, the current carrying value of properties being sold to Kaskattama is approximately $4.5 million. Based on the above purchase price, Everton expects to realize a minimum gain of $1.5 million using a value of $0.40 per Kaskattama common share.

Hemlo West Properties

The HLG portfolio also includes a package of highly prospective properties, Hemlo West Properties, approximately 70 km west along the Trans Canada Highway from the multi-million ounce Hemlo gold deposit in the Schreiber Hemlo greenstone belt. The Property is adjoined by historic gold (silver) past producers of high-grade, narrow vein, shear zone hosted quartz veins to the south and east.

On May 17, 2011, the Company announced that it finalized the sale of its 100% interest in Hemlo West properties located at Hays Lake, near Schreiber, Ontario, to Strike. Under the terms of the agreement, Everton will receive $100,000 in cash and 5,700,000 common shares of Strike. The Company has retained a 0.5% NSR on the property that can be purchased for $500,000 by Strike at any time. In addition, Everton has a right to nominate one Director to sit Strike's Board.

<u>Quebec</u>

Opinaca

The Opinaca A property is adjacent to the northern boundary of Goldcorp's Eleonore property hosting the Roberto gold deposit containing an estimated 3.0 million ounces of proven and probable gold reserves at an average grade of 7.56 g/t Au and 4.2 million ounces of inferred gold resources at an average grade of 10.60 g/t Au; (Source: Goldcorp - MD&A, for the second quarter ended June 30, 2011). The Opinaca B property is located about 8 km southeast of the Eleonore property. The Opinaca A and B properties comprise 429 and 220 claims respectively, covering 338 km2. Everton earned its 50% interest after completing exploration programs totaling $4,800,000 and cash payments totaling $540,000 over a 5-year period.

Exploration work performed by the partners since 2005 led to the discovery of significant gold mineralization including the Charles, Smiley and Inex prospects at Opinaca A, as well as the Dominic and Claude prospects at Opinaca B, for which results have been previously reported. The Claude prospect is considered to be one of the most significant discoveries at Opinaca with a drill intercept of 0.21 g/t Au over 186.8 m, including 1.0 g/t Au over 21.5 m. Several attractive well-defined targets on the two properties have yet to be drilled.

On September 16, 2010, the Company and Azimut Exploration Inc. ("Azimut") announced the signing of a letter of intent with Aurizon whereby Aurizon can acquire up to an undivided 60% ownership interest in the Opinaca property, in which Everton and Azimut each hold an undivided 50% interest.

The key terms of the letter of intent are as follows:

- Aurizon can earn a 50% interest in the property by making cash payments totalling $580,000 and incurring expenditures of $6,000,000 over four years, including 5,000 meters of core drilling by the second anniversary.
- Aurizon will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.
- After earning its initial 50% interest in the property, Aurizon may then elect to earn an additional interest of 10%, for a total interest of 60%, by making cash payments totalling $300,000 over three years from the election date, incurring expenditures totalling $3,000,000 over three years from the election date, and delivering an independent pre-feasibility study on or before the fourth anniversary.
- In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6.0 g/t Au, are estimated, Aurizon shall make a payment of $1,500,000, payable in Aurizon common shares, subject to regulatory approval.

Wildcat

The Wildcat project is adjacent to the Opinaca and Eleonore properties and is comprised of six different blocks comprising 411 mining claims, covering 21,476 hectares. Exploration work conducted to date by Everton led to the discovery of the Inex Extension gold zone, which is located on trend with the Inex prospect along a 2.8 km long gold corridor, and the Manuel gold prospect which returned 12.0 g/t Au over 4.6 m in a channel sampling.

On October 19, 2010, Company announced the signing of a formal option agreement with Aurizon whereby Aurizon can acquire up to an undivided 65% interest in Everton's wholly-owned Wildcat property, by making total cash payments of $550,000 (of which $250,000 was paid through a subscription to the October 15, 2010 private placement) and incurring expenditures of $3,250,000. The key terms of the agreement are as follows:

- Aurizon can earn a 50% interest in the property by incurring expenditures of $3,250,000 over four years, including 3,000 meters of drilling within two years.
- Aurizon will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.
- After earning its initial 50% interest in the property, Aurizon may then elect to earn an additional interest of 15%, for a total interest of 65%, by making cash payments totalling $300,000 over three years from the election date, and delivering an independent pre-feasibility study by the end of the fourth anniversary of the election date.
- In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6.0 g/t Au, are estimated, Aurizon shall make a payment of $1,500,000 payable in Aurizon common shares, subject to regulatory approval.

On January 12, 2011, The Company announced Aurizon's plans to spend $3.6 million, which includes 7,200 meters of drilling, on the Opinaca-Wildcat Properties. Aurizon planed an exploration program consisting of surface sampling and geochemical analysis, geophysical surveys and drilling at the Opinaca-Wildcat properties in 2011 at a budget of $3.6 million. Approximately $1.0 million of expenditures, including 2,000 meters of drilling, is planned for the Opinaca property, and approximately $2.6 million of expenditures, including 5,000 meters of drilling, is planned for the Wildcat property.

Sirmac Lithium property

On January 7, 2011, the Company completed the sale of its Sirmac Lithium property to Nemaska in exchange for a cash payment of $30,000, 500,000 common shares of Nemaska (valued at $275,000) and 500,000 warrants of Nemaska (valued at $123,025). Each warrant entitles the Company to purchase one common share of Nemaska at a price of $0.60 until January 7, 2013. The Company also retained a 1% NSR which can be purchased for $1,000,000.

In accordance with a clause in the sale agreement with Nemaska, Nemaska was required to spin off its lithium related assets into a seperate company on or before June 30, 2011. Given that this did not occur, Nemaska was required to issue to Everton on July 1, 2011, an additional 250,000 common shares and 250,000 warrants, each warrant entitling the Company to purchase one common share of Nemaska at $0.60 until June 30, 2013.

Subsequent to the quarter end, in August, 2011 Everton received 250,000 common shares of Nemaska and 250,000 warrants.

British Columbia

Hot Springs

The Hot Springs property is located in the Sloquet Creek area, British Columbia, 95 km northeast of Vancouver. The property is underlain by a sequence of pyritic, felsic tuff and coarse fragmental rocks capped by ferruginous chert which totals more than 400 meters thick.

Historical work reports the discovery of the Dan's Showing hosted in a very altered cherty tuffite. Hand trenching on the showing returned values of up to 6.75 g/t Au over 1 meter and 4.93 g/t Au over 2 meters. In 1990, Aranlee/Noranda completed a drill program which intersected 0.58 g/t Au over 119 meters in hole NQ90-2 and 0.61 g/t Au over 66.0 meters in hole NQ90-07.

The Company is currently looking for a partner to advance the Hot Springs property.

Qualified person

The above technical information was confirmed and/or reviewed by Robert Wheatley, a qualified person under National Instrument 43-101 ("NI 43-101").

Selected Financial Data

The following selected financial data are derived from the consolidated financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

Selected Consolidated Financial Information

	Three months Ended July 31, 2011	Three months Ended July 31, 2010	Nine months Ended July 31,2011	Nine months Ended July 31, 2010
	$	$	$	$
Statement of Operations and Deficit summary				
Total operating expenses	552,914	484,986	1,973,404	1,741,856
Write-down of deferred exploration expenses	66,276	-	119,731	256,630
Interest and other income	149,056	-	155,921	18,398
Net (earnings) loss	(621,124)	475,824	(454,588)	1,799,153
Basic and diluted net (earnings) loss per common share	(0.006)	0.005	(0.004)	0.022
Basic weighted average number of common shares outstanding	104,700,259	90,568,444	103,784,673	82,166,688
Diluted weighted average number of common shares outstanding	107,333,712	90,568,444	106,417,464	82,166,688
Statement of Deferred Exploration Expenses Summary				
Deferred exploration expenses before write-down, tax credits and mining duties	748,643	304,910	2,667,379	2,806,658
Statement of Cash Flows summary				
Cash flows used in operating activities	388,052	275,286	1,415,799	935,250
Cash flows used in (from) investing activities	(665,464)	1,066,320	496,799	3,410,640
Cash flows from financing activities	23,752	1,147,111	772,053	3,144,249
Effect of exchange rate fluctuations on cash and cash equivalents	(6,191)	292	(2,329)	1,532
Increase (decrease) in cash and cash equivalents	294,973	(194,203)	(1,142,,874)	(1,200,109)

	July 31, 2011	October 31, 2010
	$	$
Balance Sheet summary		
Cash	840,536	1,983,410
Short-term investments	301,885	-
Marketable securities	256,614	5,500
Long-term investment	4,800,000	1,277,862
Mineral exploration properties	6,076,630	5,885,288
Deferred exploration expenses	16,274,193	13,751,411
Shareholders' equity	28,328,343	22,842,295
Total assets	29,205,570	23,104,522

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Results of Operations

During the third quarter ended July 31, 2011, the Company reported net earnings of $621,124 ($0.006 per share) compared to a net loss of $475,824 ($0.005 per share) during the comparative period in 2010. During the nine month period ended July 31, 2011, the Company reported net earnings of $454,588 ($0.004 per share) compared to a net loss of $1,799,153 ($0.022 per share) during the comparative period in 2010.

Other income and expenses for the three months ended July 31, 2011 was net income of $1,174,038 compare to $9,162 for the same period of 2010. This difference was due to the recognition of interest and other income of $149,056 (2010 - $Nil), gain on sale of long- term investment of $500,509 on the sale of 600,000 shares of Focus (2010 - $Nil) and the net gain of $551,345 on the sale of marketable securities from the sale of 90,000 shares of Nemaska and 5,819,000 shares of NQ (2010 - net loss of $13,374).

Operating expenses totalled $552,914 during the third quarter ended July 31, 2011 ($1,973,404 for the nine month period ended July 31, 2011), compared to $484,986 during the same period ended July 31, 2010 ($1,741,856 for the nine month period ended July 21, 2010). The increase in operating expenses in the third quarter ended July 31, 2011 is mainly attributed to:

- Travel and promotion expenses totalled $174,094 during the third quarter ended July 31, 2011 ($388,991 during the nine month period ended July 31, 2011) compared to $62,073 during the third quarter ended July 31, 2010 ($245,078 during the nine month period ended July 31, 2010) due to the Company's continued aggressive marketing campaign during the period.

- Professional fees totalled $55,782 during the third quarter ended July 31, 2011 ($199,513 during the nine month period ended July 31, 2011) compared to $8,914 during the third quarter ended July 31, 2010 ($94,851during the nine month period ended July 31, 2010). The increase in professional fees is mainly due to legal fees incurred related to increased optioning and divesting activities and audit fees.

- Salaries and benefits totalled $94,063 during the third quarter ended July 31, 2011 ($375,285 during the nine month period ended July 31, 2011) compared to $82,455 during the third quarter ended July 31, 2010 ($314,825 during the nine month period ended July 31, 2010). The increase is attributed to the company increasing the number of its employees.

- Management and consulting fees totalled $57,056 during the third quarter ended July 31, 2011 ($178,458 during the nine month period ended July 31, 2011) compared to $36,539 during the third quarter ended July 31, 2010 ($118,702 during the nine month period ended July 31, 2010). These fees increased due to the Company's increased activities related to the continued evaluation and exploration of its mineral interests in the Dominican Republic and optioning and divesting mineral interests in Canada.

- The above increases were partially offset by a reduction in stock based compensation during the third quarter ended July 31, 2011 of $66,862, compared to $245,763 during the same period of 2010. For the nine month period ended July 31, 2011, stock based compensation was $553,759 compared to $531,624 during the same period of 2010. The decrease during the quarter is primarily the result of the timing of granting stock options and expensing the related fair value of those grants.

Quarterly Information

The following selected financial data is derived from the unaudited interim financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

Quarter Ended	Other Income	Net Earnings (Loss)	Basic and Diluted Net Earnings (Loss) per Common Share
	$	$	$
31/07/2011	149,056	621,124	0.006
30/04/2011	4,102	(972,824)	(0.009)
31/01/2011	2,763	806,288	0.007
31/10/2010	1,951	(620,247)	(0.007)
31/07/2010	-	(475,824)	(0.005)
30/04/2010	1,086	(736,470)	(0.010)
31/01/2010	17,312	(586,859)	(0.008)
31/10/2009	5,718	(870,954)	(0.013)

During the quarter ended July 31, 2011, the Company realized total earnings of $621,124 due mostly to the recognition of proceeds from the sale of common shares of NQ and Focus. During the quarter, the Company sold 5,819,000 shares of NQ for net proceeds of $601,429, realizing a gain of $565,485, 90,000 shares of Nemaska for net proceeds of $35,360, realizing a loss of $14,140 and 600,000 shares of Focus for net proceeds of $536,509 realizing a gain of $500,509.

During the quarter ended January 31, 2011, the Company realized total earnings of $806,288 due mostly to the recognition of proceeds from the sale of common shares of NQ and Focus. In January 2011, the Company sold 6,100,000 shares of NQ for net proceeds of $611,897, realizing a gain of $574,218 and sold 600,000 shares of Focus for net proceeds of $277,977, realizing a gain of $241,977.

Liquidity and Capital Resources

As at July 31, 2011, the Company had a working capital surplus of $1,118,579 ($1,906,413 at October 31, 2010). The working capital includes cash and cash equivalents of $840,536 ($1,983,410 as at October 31, 2010) and $301,885 in short-term investments. Working capital at July 31, 2011 included net proceeds of $636,789 from the sale of marketable securities and $536,209 from the sale of long-term investments during the quarter. The $840,536 in cash and cash equivalent includes investment savings account balances totalling $740,341 (October 31, 2010 - $Nil). In August 2011, Everton received gross proceeds of $1,745,960 from a private placement completed subsequent to quarter end.

The Company expended $388,052 on operating activities, generated $665,464 from investing activities and $23,752 from financing activities during the three months ended July 31, 2011.

The Company's principal requirements for cash for the next twelve months will be general and administrative expenses of approximately $800,000 and exploration expenditures of approximately $2.0 million. In addition, further to the acquisition of Hays Lake Gold Inc. on September 17, 2009, the Company has the remaining cash payments and exploration work commitments as follows (in $ thousands):

	2011	2012
	$	$
Cash payments	408	9,788 (1)
Exploration expenses	70	3,500 (2)
Total	478	13,288

(1) $9,437 of this amount is due during the 4th quarter of 2012.
(2) This exploration work commitment has to be met by October 31, 2012.

On September 1, 2010, as amended by two formal agreements in February 2011 and in June 2011, the Company signed a binding letter agreement to sell the Shoal Lake properties to Kaskattama (refer to `Èxploration Activities` section for details), which will relieve the Company from the remaining cash payments and exploration work commitments included in the table above, once the sale transaction with Kaskattama is finalized. To date, Kaskattama has made non-refundable cash option payments totalling $291,000.

With a working capital surplus of $1,118,579 together with gross proceeds of $1,745,960 from the private placement completed subsequent to quarter end and the Company's ability to monetize its marketable securities and long-term investment if needed, the Company anticipates having sufficient cash to meet its current obligations, undertake the drilling program on the Company's Dominican properties and meet its corporate administrative expenses for several months. The long-term investments in other publicly traded companies are currently valued at approximately $5.1 million. This investment portfolio is subject to fluctuations in market prices and the remaining investment is subject to a staged escrow release over the next 20 months.

The planned divestiture of the Company's 100%-owned subsidiary HLG containing the Shoal Lake properties is expected to close by September 30, 2011 and provide additional internal funding of approximately $6.0 million to the Company. However, should this transaction not be successful, the Company will be required to find other financing alternatives, through various means including but not limited to divesting HLG to another Company and/or through equity financing, to meet its obligations, to continue its exploration program on its mineral interests in the Dominican Republic. There is no assurance that the Company will be successful in raising the additional required funds.

Off Balance Sheet Arrangements

As of July 31, 2011, the Company had no off balance sheet arrangements.

Related Party Transactions

Under an agreement between the Company and Majescor Resources Inc. ("Majescor") (which shared common management), the Company charged Majescor for shared salaries and benefits, rent and office expenses. During the three and nine months ended July 31, 2011, the cost of shared salaries and benefits was $4,750 and $33,250 respectively ($19,250 and $47,750 in 2010) and rent and office expenses were $238 and $1,666 respectively ($714 and $2,142 in 2010). No amounts were owing from Majescor at July 31, 2011 or October 31, 2010. The cost sharing agreement between the Company and Majescor was terminated effective May 31, 2011.

Under an agreement between the Company and Adventure Gold Inc. ("Adventure") (which shared common management), the Company charged Adventure for shared salaries and benefits, rent and office expenses. During the three and nine months ended July 31, 2011, the cost of shared salaries and benefits was $Nil and $7,500 respectively ($22,500 and $67,500 in 2010) and rent and office expenses were $Nil and $500 respectively ($1,500 and $4,500 in 2010). No amounts were owing from Adventure at July 31, 2011 or October 31, 2010. The cost sharing agreement between the Company and Adventure was terminated effective December 1, 2010.

Under an agreement between the Company and Focus Metals Inc. ("Focus") (which shares common management), the Company charges Focus for shared salaries and benefits, rent and office expenses. During the three and nine months ended July 31, 2011, the cost of shared salaries and benefits was $31,730 and $65,750 respectively ($11,340 and $11,340 in 2010) and rent and office expenses were $16,734 and $30,714 respectively ($4,660 and $4,660 in 2010). Included in amounts due from related parties is $12,887 ($Nil as at October 31, 2010) due from Focus. The full amount was received in full subsequent to quarter end.

These transactions were measured at the exchange amount being the amount established and accepted by the parties and were conducted in the normal course of business.

The amounts due from related party are without interest or specific terms of repayment.

Mineral Property Book Values

At the end of each quarter, management reviews the carrying values of its resource properties to determine whether any write-downs are necessary. Following this analysis, the Company recorded a write-down of $66,276, (the cost of the Miranda concession) for the third quarter ended July 31, 2011. In first quarter ended January 31, 2011, the Company recorded a write-down of $53,455 ($Nil in 2010) on two projects in Dominican Republic (Tocoa for $52,891 and Loma Ceiba de Agua for $564). The Tocoa and Loma Ceiba de Agua projects were abandoned as they no longer fit the Company`s strategy.

Financial Instruments

The Company's financial instruments at July 31, 2011 consist of cash and cash equivalents, short-term investments, marketable securities, other assets, accounts receivable, amounts due from related parties, long-term investment, accounts payable and accrued liabilities and other current liabilities. The fair value of these financial instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mining assets (mineral exploration properties and deferred exploration expenses), the ability to continue as a going concern and the valuation of stock-based compensation, warrants and tax credits and mining duties receivable. The estimates and valuation assumptions related to the recoverable value of mining assets were made by management using careful judgment, based on the most current geological information available and its planned course of action, as well as on assumptions about future business, economic and capital market conditions. The estimates that are inherent in the calculation of stock-based compensation and warrants are based on management's current judgment of future dividend disbursements, the volatility of the Company's stock price, interest rates and the expected life of the options and warrants. Actual results could differ from estimates used in preparing these consolidated financial statements and such differences could be material.

Future Accounting and Reporting Changes

<u>International Financing Reporting Standards (``ÌFRS``)</u>

The Canadian Accounting Standards Board requires all public companies to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal period. The transition from Canadian GAAP to IFRS will be applicable for the Company's first quarter ended January 31, 2012. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are some differences in recognition, measurement, and disclosure. It is anticipated however that the Company's financial results and financial position as disclosed in the Company's current Canadian GAAP financial statements will not be significantly different when presented in accordance with IFRS.

The Company has developed and implemented a project plan to ensure full compliance with this requirement by Q1 2012. The following is a summary of the four primary phases of the plan and the expected timing of activities related to the Company's transition to IFRS.

- *Diagnostic impact assessment phase*: this phase consists of performing an Initial analysis of key areas for which changes to accounting policies may be required. While an analysis will be required for all current accounting policies, the Company has performed a review as to the most significant areas of difference to the Company which include:

    • IFRS 1 First-time adoption of International Financial Reporting Standards

- IFRS 2 Share-based payment
- IFRS 6 Exploration and evaluation
- IAS 1 Presentation of financial statements
- IAS 12 Accounting for income taxes
- IAS 16 Property, plant and equipment
- IAS 21 Effects of changes in foreign exchange rates
- IAS 32 financial instruments presentation
- IAS 36 Impairment of assets

- *Design, planning and solution development phase*: This phase involves the development of the detailed plan for convergence and implementation, analyses of policy alternatives allowed under IFRS, the specification of changes required to existing accounting policies, and the development of solutions for information systems and business processes. The Company is at the stage of completing its detailed analysis of the standard policy alternatives. To date the Company has identified a number of accounting differences and policy alternatives, including one-time accounting alternatives under IFRS. As part of the Company's analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and processes. The Company believes that the changes identified to date are minimal and the current systems and processes will be adequate to accommodate the necessary changes. The Company's staff involved in the preparation of financial statements continues to be trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

- *Implementation phase*: This phase includes the completion and formal authorization of recommended changes to accounting policies, including transition elections to apply changes retroactively or prospectively, the execution of changes to information systems and business processes, delivery of training programs across the Company and the preparation of the opening balance sheet and the quarterly and annual financial statements for both 2012 and the comparative 2011 fiscal years. In addition, the impact of IFRS on contractual arrangements will be addressed.

- *Post implementation phase*: This phase involves a compliance review of the conversion project to assess the accuracy and consistency with which IFRS accounting policies are being applied, the adoption of sustainable processes and procedures and the adequacy of information technology solutions, training programs and other business impact solutions.

Outstanding Share Data

Common shares and convertible securities outstanding at September 21 2011 consist of:

Securities	Expiry Date	Range of Exercise Price	Number of Securities Outstanding
Common shares	-	-	111,691,725
Options	Up to February 15, 2016	$0.10 to $1.38	7,872,000
Warrants	Up to August 25, 2013	$0.25 to $0.40	17,923,993

Subsequent Event

Closing of Private Placement Subsequent to Quarter End

Subsequent to the quarter ended July 31, 2011, on August 25, 2011, the Company completed a non-brokered private placement for gross proceeds of $1,745,960. The private placement was comprised of 6,983,840 units at a price of $0.25 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.35 until August 25, 2013.

Receipt of 5,700,000 Common Shares of Strike

In September 2011, the Company received 5,700,000 common shares of Strike and $30,000 in cash, further to the sale of the Company's Hays Lake property in May 2011.

Risk and Uncertainties

Mineral exploration and development of mineral properties involve significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

Financial Risk
The Company is considered to be in the exploration stage, and it is dependant on obtaining regular financing in order to continue exploration. Despite previous success in acquiring such financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The Company holds investments in other publicly traded companies (FMS.V, STK.V, and NMX.V). The investments are currently valued at approximately $5.1 million. However, these investments are subject to fluctuations in market prices which may result in a significant decrease in their value.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

Foreign Exchange Risk
Some of the Company's expenditures are is US dollars and the Dominican Peso. Movement in the Canadian dollar against these currencies have a direct impact on the Company's costs. The Company does not use derivative instruments to reduce its exposure to foreign exchange risks

Risk on the Uncertainty of Title
Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Environmental Risk
The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

Risk on the Uncertainty of Closing On-going Transaction
The planned divestiture of the Company's 100%-owned subsidiary HLG containing the Shoal Lake properties is expected to close in September, 2011 and provide additional internal funding of approximately $6.0 million to the Company. However, there is no assurance that the closing of the transaction will be successful.

Additional Information and Continuous Disclosure

This Management's Discussion and Analysis has been prepared as of September 21, 2011. Additional information on the Company is available through regular filings of news releases and financial statements on SEDAR (www.sedar.com).

(s) André Audet	*(s) Judith T. Mazvihwa-MacLean*
Chairman of the Board and Chief Executive Officer	Chief Financial Officer