1.1 DATE

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements for the year ended September 30, 2010 of Thelon Capital Ltd. (the "Company" or "Thelon") (formerly Thelon Ventures Ltd.).

This MD&A is prepared as of January 26, 2011. All dollar figures stated herein are expressed in Canadian dollars.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com

1.2 OVERVIEW

FORWARD LOOKING STATEMENTS

Certain statements contained in this report constitute forward-looking statements. When used in this document the words "anticipate", "believe", "estimate", "expect", "plan", "future", "intend", "may", "will", "should", "predicts", "potential", "continue", and similar expressions, as they relate to Thelon Capital Ltd. or its management, are intended to identify forward-looking statements. Such statements reflect current views of Thelon Capital Ltd. with respect to future events and are subject to certain known and unknown risks, uncertainties, and assumptions. These statements should not be relied upon. Many factors could cause the actual results, performance, or achievements to be materially different for many future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. Thelon Capital Ltd. does not intend, and does not assume, any obligation to update these forward looking statements.

DESCRIPTION OF THE BUSINESS

Pursuant to a resolution passed by the shareholders, the common shares of Thelon Capital Ltd. commenced trading on the TSX Venture Exchange on February 4, 2010 and the common shares of Thelon Ventures Ltd. were delisted. The Company also consolidated its share capital on a ten old for one new basis. The Company is incorporated under the Company Act of British Columbia and its principal activity is the exploration of mineral properties.

Thelon is an exploration stage resource company. The Company holds interests in certain mineral properties and on the basis of information available to date may not have economically viable reserves. The underlying value of the mineral properties and related deferred exploration expenditures is dependent upon the existence and economic recovery of such reserves in the future, confirmation of the Company's interest in the underlying mineral claims, and the ability to raise long-term financing.

Operations at this time are focused on the review of existing mineral properties, potential acquisitions of additional mineral properties, and sourcing of potential financing for the Company.

The Company has an office in Vancouver, British Columbia. The Company is a reporting issuer under applicable securities legislation in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol THC.

1.3 MINERAL PROPERTIES

NORTHWEST TERRITORIES

During the year ended September 30, 2004, the Company signed a binding letter of intent with Peregrine Diamonds Ltd. ("Peregrine"), whereby Peregrine can earn up to a 65% interest in all of the Company's mineral properties located in the Northwest Territories by issuing 300,000 (received) treasury shares to the Company in stages and spending $4.1 million ($100,000 reimbursed to the Company) in a combination of exploration and underlying land payments over a period of five years.

During the year ended September 30, 2008, Peregrine earned its 65% interest in the Company's mineral properties in the Northwest Territories.

During the year ended September 30, 2010, management decided not to continue with these projects and wrote off the costs accordingly.

(i) Lac de Gras Property

By agreement dated July 12, 2002, the Company entered into an option agreement to acquire a 100% interest in approximately 48,601 acres located in Northwest Territories. Upon commencement of commercial production the optionor will be entitled to a net smelter return royalty of 4% on all minerals, and a gross overriding royalty of 4% on the average appraised value (as defined) of diamonds. Up to 50% of each royalty may be purchased from the optionor in increments of 0.1%, at a cost of $200,000 per increment, for a total cost of $4,000,000 for each royalty.

Consideration is $25,000 on signing and five payments, at six month intervals commencing on May 29, 2003, of $40,000 cash and 200,000 common shares. Total consideration is cash of $225,000 (paid) and 1,000,000 (issued) common shares.

(ii) Oki Property

By agreement dated July 12, 2002, the Company entered into an option agreement to acquire a 100% interest in approximately 4,029 acres located in the Northwest Territories. Upon commencement of commercial production the optionor will be entitled to a net smelter return royalty of 4% on all minerals, and a gross overriding royalty of 4% on the average appraised value (as defined) of diamonds. Up to 50% of each royalty may be purchased from the optionor in increments of 0.1%, at a cost of $200,000 per increment, for a total cost of $4,000,000 for each royalty.

Consideration is $27,500 on signing (paid) and five payments, at six month intervals commencing on approval date, of $20,000 cash and 100,000 common shares. Total consideration is cash of $127,500 (paid) and 500,000 common shares (issued).

(iii) Thonokied Lake Property

By agreement dated July 12, 2002, the Company entered into an option agreement to acquire a 100% interest in approximately 2,737 acres located in the Northwest Territories. Upon commencement of commercial production the optionor will be entitled to a net smelter return royalty of 4% on all minerals, and a gross overriding royalty of 4% on the average appraised value (as defined) of diamonds. Up to 50% of each royalty may be purchased from the optionor in increments of 0.1%, at a cost of $200,000 per increment, for a total cost of $4,000,000 for each royalty.

Consideration is $15,000 on signing (paid) and five payments, at six month intervals commencing on approval date, of $20,000 cash and 100,000 common shares. Total consideration is cash of $115,000 (paid) and 500,000 common shares (issued).

(iv) Afridi Lake Property

By agreement dated November 15, 2002, and amended September 8, 2003, the Company entered into an option agreement to purchase a 100% interest in the Afridi Lake property, in the Northwest Territories, totaling 12,900 acres. Consideration for the option is issuance of 1,000,000 common shares (issued) of the Company, and payment of $72,000 ($42,000 paid) cash in staged tranches over four years. The vendor will retain a gross overriding royalty of 4% of which 2% may be purchased by the Company for $2,000,000.

ATHABASCA BASIN PROPERTY

By agreement dated March 9, 2005, the Company entered into an option agreement to acquire a 100% interest (subject to a 3% smelter royalty) in three mineral prospecting permits totaling approximately 120,000 hectares, located in the Athabasca Basin, Saskatchewan.

Consideration is cash of $100,000 (paid) and 1,000,000 common shares (issued).

By agreement dated August 9, 2006, the Company entered into an option agreement with Triex Minerals Corporation ("Triex"), in which Triex can acquire up to an 80% interest in the Athabasca Basin Properties located in northern Saskatchewan. Triex earned an initial 51% interest in the Property at which time a Joint Venture was formed, by incurring $250,000 in expenditures on the property before December 1, 2006, of which $90,000 may be paid in the form of direct payments to the Company. During the year ended September 30, 2007, Triex paid $80,385 in direct payments to the company and incurred the required amount of expenditures on the property in order to satisfy the First Option.

Triex can earn an additional 9% interest by incurring $1,500,000 before September 1, 2008 (completed), an additional 10% interest by incurring $1,200,000 before April 30, 2010 (completed), and an additional 10% interest by incurring $3,100,000 before April 30, 2013 (completed).

Thelon and Triex have formed a 20%-80% joint venture. The Company's investment in the Joint Venture is recorded at the carrying value of the Athabasca Basin Property.

FOUR CORNERS PROPERTY

On April 20, 2007, the Company entered into Letter of Intent with International Ranger Corp. (INRG), which has an officer that serves as a Director of the Company, granting the Company the right to acquire up to a 65% interest in the Four Corners Property, Emery County, Utah.

On October 18, 2007, the Company entered into an option agreement with INRG (superseding the LOI entered into April 20, 2007 with INRG), granting the Company the right to acquire up to a 75% interest in the Four Corners Property, Emery County, Utah for consideration of cash US$650,000 for staking and BLM fees (paid) and issuance of 333,333 common shares (issued) by the Company upon approval of the agreement. The agreement was amended on August 26, 2008, to include the issuance of 333,333 shares of the Company to INRG at the deemed price of $0.10 per share on each of the one, two and three year anniversaries after the date of approval of the agreement (666,667 issued in 2009).

The Company is also required to spend US$850,000 on work on the property over 3 years (completed). During the term of the agreement, the Company is required to reimburse INRG for 100% of all payments made under the Head Agreement dated May 1, 2007, including staking costs and filing costs for mining claims.

During the year ended September 30, 2010, management decided not to continue with the project and wrote off the costs accordingly.

WOODRUFF SPRINGS PROPERTY

By agreement dated April 18, 2007, the Company entered into an option agreement to acquire a 100% interest (subject to a 3% smelter royalty) in the Woodruff Springs Uranium Project located in Utah. The Company can earn an initial 50% interest in the Property for consideration of $25,000 (paid) upon execution of the agreement, and $25,000 (paid) and 350,000 shares (issued) upon closing.

The Company can earn an additional 25% interest by issuing 350,000 (issued) shares on the first anniversary date of closing, and an additional 25% interest by issuing 300,000 shares on the second anniversary date of closing.

During the year ended September 30, 2009, management decided not to continue with the project and wrote off the costs accordingly.

THORNBURG MINE PROPERTY

On April 28, 2008, the Company entered into a stand still agreement to acquire 1 State of Utah mineral lease and 251 unpatented lode claims situated in Grand County, Utah.

The total purchase price is US$120,000 cash and 1,000,000 shares of the Company, payable as follows:

i) $50,000 USD upon signing of the stand still agreement (paid);
ii) $70,000 USD upon execution of the Definitive Agreement;
iii) 500,000 shares upon closing;
iv) 500,000 shares on the first anniversary of the Definitive Agreement date.

The vendor will retain a 3% NSR, in which 1.5% can be purchased for $500,000 per .05%. During the term of the agreement the Company shall bear all cost of maintaining the claims and leases. The vendor will receive $1,000,000 from proceeds of production if and when the project gets put into production.

During the year ended September 30, 2009, management decided not to continue with the project and wrote off the costs accordingly.

LAC MALARTIC LITHIUM PROPERTY

On September 8, 2009, the Company signed a letter of intent to acquire a 100% interest in 60 mineral Claims in the Lac Malartic area of Quebec. To earn the 100% interest the Company must pay $100,000 and issue three million shares on closing. The vendor will retain a 2% NSR, in which 1% can be purchased for $1,000,000.

During the year ended September 30, 2010, management decided not to continue with the project. No costs were incurred in connection with the project.

JELLICO COAL PROJECT

On June 9, 2010, the Company announced the Letter of Agreement to acquire the Jellico Coal Project. The property consists of approximately 6,000 acres of fee simple land in the Campbell and Claiborne counties, located approximately thirty-five miles north of Knoxville Tennessee.

The purchase agreement requires Thelon to pay $1,000,000 on signing, $3,000,000 on March 25, 2011, and to take over debt obligations of $4,800,000. The vendor will also hold a 10 year note for $8,450,000 bearing 6% interest. Thelon issued 3,500,000 common shares on October 27, 2010, and the Company must spend US$750,000 on confirmation drilling to generate and complete a National Instrument (NI 43-101) compliant resource report. Thelon shall issue an additional 3,500,000 shares: (i) upon the signing of a definitive agreement; and (ii) the successful completion and receipt of the (NI 43-101) compliant resource report demonstrating a measured and indicated aggregate coal resource of not less than 20 million tons of sufficient quality and thickness to be conventionally mined. A bonus of $50,000 was also paid to a director regarding this transaction.

Portions of the property have had extensive sampling and drilling by previous operators as recently as 2009, and is thought to contain multiple coal seams of high quality metallurgical, as well as, compliant steam coals. DRC Coal LLC has a surface mining operation on the southern boundary of the property producing from the Blue Gem, Jellico, and Rex coal seams.

Historical reserve and coal analysis data provided in a July 2009 report by A.R Leamon CPG TN estimate inferred coal reserves of approximately 12,000,000 tons in place. Coal quality analysis conducted from core holes and test pits on the property between 1992 and 2007 have shown favorable sulfur, ash, and BTU values consistent with high quality metallurgical coals being produced in the area. This historical information is not NI 43-101 complaint.

The property and surrounding area has well-established power, logistics, and transportation infrastructure including mine access roads, several secondary county roads, and a railroad parallel to Tennessee State Highway 90, which extends through the property.

Thelon's immediate objective is to begin the necessary drilling to define additional coal reserves and complete a National Instrument 43-101 report of measured and indicated mineable coal reserves on the property.

1.4 SELECTED ANNUAL INFORMATION

	Year ended September 30, 2010	Year ended September 30, 2009	Year ended September 30, 2008
Total revenues	$ -	$ 156	$ 5,755
Administrative expenses	$ 749,352	$ 274,256	$ 452,582
Write down of abandoned mineral properties	$ 3,055,482	$ 247,597	$ 439,371
Loss on sale of marketable securities	$ -	$ 16,431	$ -
Write down of available for sale marketable securities	$ -	$ -	$ 14,100
Loss for the year	$ 3,804,834	$ 538,128	$ 886,198
Basic and diluted loss per share	$ (0.43)	$ (0.08)	$ (0.16)

1.5 SUMMARY OF QUARTERLY RESULTS

	Q4 30-Sep 2010	Q3 30-Jun 2010	Q2 31-Mar 2010	Q1 31-Dec 2009	Q4 30-Sep 2009	Q3 30-Jun 2009	Q2 31-Mar 2009	Q1 31-Dec 2008
Revenues	$ -	$ -	$ -	$ -	$ 156	$ -	$ -	$ -
Net loss	$(3,412,000)	$(132,758)	$(189,733)	$(70,343)	$(390,900)	$(43,654)	$(49,603)	$(53,971)
Loss per share	$ (0.40)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.05)	$ (0.01)	$ (0.01)	$ (0.01)

1.6 RESULTS OF OPERATIONS

The Company's net loss for the year ended September 30, 2010 was $3,804,834 as compared to a net loss of $538,128 for the year ended September 30, 2009. The increase primarily resulted from the write down of abandoned mineral properties of $3,055,482 in 2010, as compared to $247,597 in 2009. Administrative expenses also tripled in 2010 to $749,352 from $274,256 the previous year.

Advertising and promotion increased to $95,733 for fiscal 2010, from $17,601 the previous year. Consulting fees also increased to $169,328 from $59,550 in 2009. Director fees of $12,000 were paid for the first time in 2010; however, no management fees were charged in 2010 with $29,500 incurred in 2009. Shareholder relations increased to $45,427 from $12,329 the previous year. There was $166,534 in stock based compensation for 2010 and no amount for 2009. Transfer agent fees were also up which coincided with the increased number of private placements to $41,020 in 2010, as compared to $25,506 in 2009. Travel also increased to $24,755 in 2010 as compared to $7,278 in 2009.

1.7 FOURTH QUARTER

The Company's net loss for the three months ended September 30, 2010 was $3,412,000 compared to a loss of $390,900 for the three months ended September 30, 2009.

The loss for the three months was comprised of administrative expenses of $356,518 compared to $126,870 for the same quarter of 2009, and a write down of abandoned mineral properties of $3,055,482 compared to $nil. Included in administrative expenses was $166,534 for stock based compensation and no amount was reported for the same quarter of 2009.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None

1.9 TRANSACTIONS WITH RELATED PARTIES

The following amounts were paid or accrued to directors or companies controlled by directors or officers of the Company for services provided during the year September 30, 2010 and 2009. These amounts have been recorded at the exchange amount being the compensation agreed to by both parties:

		2010		**2009**
Consulting	$	42,000	$	43,000
Director fees	$	12,000	$	-
Management fees	$	-	$	29,500
Office and administration	$	60,469	$	60,169

Included in the amount due to related parties at September 30, 2010 is $1,350 (2009 – $9,292) due to a company which is controlled by a director of the Company, and $34,061 (2009 - $4,276) due to a director of the Company. $Nil (2009 - $38,000) was prepaid for expenditures to a company which is controlled by a director of the Company.

Amounts due to related parties are unsecured, do not bear interest, and are classified as a current liability due to their nature and expected time of repayment; accordingly, the fair value cannot be practicably determined.

1.10 LIQUIDITY

The Company does not have any cash flow from operations or any production of mineral resources; accordingly, it must rely on equity financing to fund operations. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to any equity funding.

The Company's cash on hand decreased to $668 as at September 30, 2010 from $9,897 at September 30, 2009. The Company had a working capital deficiency of $145,357 as at September 30, 2010 compared to a working capital deficiency of $34,938 as at September 30, 2009.

The Company's current asset balance of $24,065 (September 30, 2009 - $65,337) is mainly comprised of HST receivable from the Canada Revenue Agency of $17,883 (September 30, 2009 - $6,020). The current liabilities total $169,422 (September 30, 2009 - $100,275) is made up of outstanding accounts payable and accrued liabilities relating to administrative and exploration expenses, a promissory note payable, and amounts due to related parties.

There can be no assurance that future financings will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital, and substantial doubt exists regarding the Company's ability to continue as a going concern. The Company has no long term debt, capital lease obligations, operating leases, or any other long term obligations.

1.11 PROPOSED TRANSACTIONS

There are no proposed assets or business acquisitions or disposition, other than those in the ordinary course of business, before the board of directors for consideration.

1.12 CAPITAL RESOURCES

SHARE CAPITAL

	Shares	**Amount**
Balance, September 30, 2008	6,408,024	$ 12,265,098
Issued for property	66,667	18,333
Issued for cash		
Private placements	140,000	42,000
Issued for debt	-	-
Share issue costs		
Cash	-	(120)
Balance, September 30, 2009	6,614,691	12,325,311
Issued for cash		
Private placements	3,351,590	433,750
Issued for debt	749,692	82,466
Share issue costs		
Cash	-	(22,380)
Balance, September 30, 2010	10,715,973	12,819,147
Issued for property	4,500,000	900,000
Issued for cash		
Private placement	6,661,998	999,300
Exercise of warrants	3,862,863	829,698
Exercise of stock options	412,500	82,500
Share issue costs		
Cash	-	(63,254)
Balance, January 26, 2011	26,153,334	$ 15,567,391

Pursuant to a resolution passed by the shareholders, the common shares of Thelon Capital Ltd. commenced trading on the TSX Venture Exchange on February 4, 2010 and the common shares of Thelon Ventures Ltd. were delisted. The Company also consolidated its share capital on a ten old for one new basis. This MD&A reflects this change retrospectively.

During the year ended September 30, 2009, 33,333 shares were issued for mineral properties at a value of $0.25; and 33,334 shares at a value of $0.30.

On August 5, 2009, the Company closed a non-brokered private placement of 140,000 units at $0.30 per unit for net proceeds of $41,880. Each unit consisted of one share and one share purchase warrant exercisable into one common share for a period of two years at $1.00. On October 21, 2010, these warrants were re-priced to $0.25.

On October 29, 2009, the Company closed a non-brokered private placement of 342,500 units at $0.30 per unit for net proceeds of $99,620. Each unit consisted of one share and one share purchase warrant exercisable into one common share for a period of two years at $1.00. On October 21, 2010, these warrants were re-priced to $0.25. Finders' fees totaling $3,130 were paid in connection with this private placement.

On March 19, 2010, the Company issued 749,692 units at $0.11 per unit in lieu of $82,466 of debt. Each unit consisted of one share and one share purchase warrant exercisable into one common share for a period of two years at $0.20 per share during the first year and $0.30 per share during the second year.

On March 25, 2010, the Company closed a non-brokered private placement of 3,009,090 units at $0.11 per unit for net proceeds of $311,750. Each unit consisted of one share and one share purchase warrant exercisable into one common share for a period of two years at $0.20 per share during the first year and $0.30 per share during the second year. Finders' fees totaling $19,250 were paid in connection with this private placement.

On October 20, 2010, the Company closed a non brokered private placement announced September 21, 2010 of 6,661,998 units at $0.15 per unit for net proceeds of $936,046. Each unit consisted of one share and one purchase warrant exercisable into one common share until October 20, 2012 at $0.25 during the first year and $0.35 during the second year.

On October 27, 2010, the Company issued 3,500,000 common shares pursuant to the Letter of Agreement to acquire the Jellico Coal Project announced June 9, 2010. The purchase agreement requires Thelon to pay $1,000,000 on signing, $3,000,000 on March 25, 2011, and to take over debt obligations of $4,800,000. The vendor will also hold a 10 year note for $8,450,000 bearing 6% interest. The Company issued another 1,000,000 shares pursuant to the agreement on January 14, 2011.

At January 26, 2011, the Company had 26,153,334 shares issued and outstanding.

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WARRANTS

	Number of Warrants	Weighted Avg Exercise Price
Outstanding at September 30, 2008	1,249,886	$1.60
Warrants granted	140,000	1.00
Warrants expired	(120,335)	3.50
Outstanding at September 30, 2009	1,269,551	1.30
Warrants granted	4,101,282	0.31
Warrants expired	(1,129,551)	1.50
Outstanding at September 30, 2010	4,241,282	$0.34

As at September 30, 2010, the following share purchase warrants of the Company were outstanding:

Exercise Price	Number of Warrants	Expiry Date
$ 1.00	(1) 140,000	August 5, 2011
$ 1.00	(1) 342,500	October 29, 2011
$0.20/$0.30	749,692	March 19, 2012
$ 0.20/$0.30	3,009,090	March 25, 2012
$ 0.34	4,241,282	

(1) Subsequent to the year end, these warrants were re-priced to $0.25.

On October 21, 2010, the Company re-priced 140,000 warrants expiring on August 5, 2011 and 342,500 warrants expiring on October 29, 2011 to $0.25.

On November 22, 2010, 50,000 warrants were exercised at $0.20 for gross proceeds of $10,000.

On December 6, 2010, 1,379,090 warrants were exercised at $0.20 for gross proceeds of $275,818.

On December 7, 2010, 450,000 warrants were exercised at $0.20 for gross proceeds of $90,000.

On December 10, 2010, 340,000 warrants were exercised at $0.20 for gross proceeds of $68,000.

On December 14, 2010, 25,000 warrants were exercised at $0.20 for gross proceeds of $5,000.

On December 15, 2010, 351,273 warrants were exercised at $0.20 for gross proceeds of $70,255.

On December 17, 2010, 100,000 warrants were exercised at $0.25 for gross proceeds of $25,000.

On December 24, 2010, 800,000 warrants were exercised at $0.25 for gross proceeds of $200,000.

On December 29, 2010, 125,000 warrants were exercised at $0.20 for gross proceeds of $25,000.

On December 29, 2010, 17,500 warrants were exercised at $0.25 for gross proceeds of $4,375.

On January 5, 2011, 120,000 warrants were exercised at $0.25 for gross proceeds of $30,000.

On January 6, 2011, 20,000 warrants were exercised at $0.25 for gross proceeds of $5,000.

On January 11, 2011, 10,000 warrants were exercised at $0.25 for gross proceeds of $2,500.

On January 13, 2011, 15,000 warrants were exercised at $0.25 for gross proceeds of $3,750.

On January 13, 2011, 60,000 warrants were exercised at $0.25 for gross proceeds of $15,000.

At January 26, 2011, the following share purchase warrants were outstanding:

Exercise Price	Number of Warrants	Expiry Date
$ 0.25	140,000	August 5, 2011
$ 0.25	100,000	October 29, 2011
$0.20/$0.30	749,692	March 19, 2012
$ 0.20/$0.30	288,727	March 25, 2012
$0.25/$0.35	5,761,998	October 20, 2012
$ 0.29	7,040,417	

OPTIONS

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, officers, and employees to acquire common shares. The Company's previous stock option plan was cancelled and the Company has adopted the 2010 Stock Option Incentive Plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of ten (10) years. The exercise price of options granted under the Plan will not be less than the fair market value price of the shares on the date of grant of the options (defined as the last closing market price of the Company's shares on the last day shares are traded prior to the grant date). Stock options granted under the Plan vest immediately subject to vesting terms which may be imposed at the discretion of the Directors.

	Number of Options	Weighted Average Exercise Price
Outstanding at September 30, 2008	879,400	$1.60
Options expired	(125,000)	1.20
Outstanding at September 30, 2009	754,400	1.70
Options cancelled	(754,400)	1.70
Options granted	1,075,000	0.20
Outstanding at September 30, 2010	1,075,000	$0.20

The following summarizes the stock options outstanding and exercisable at September 30, 2010:

Outstanding and Exercisable at September 30, 2010	Weighted Average Exercise Price	Expiry Date
1,075,000	$0.20	May 5, 2012
1,075,000	$0.20	

On May 5, 2010, 1,075,000 (Nil – 2009) stock options were granted to directors and consultants of the Company to acquire 1,075,000 shares of the Company at an exercise price of $0.20 per share. These options have a fair value, calculated using the Black-Scholes option pricing model, of $166,534 or $0.15 per share, assuming an expected life of two years, a risk-free interest rate of 1.72%, an expected dividend rate of 0.00% and an expected volatility coefficient of 170.00%.

On November 30, 2010, 150,000 stock options were exercised at $0.20 for gross proceeds of $30,000.

On December 1, 2010, the Company issued 200,000 stock options at a price of $0.35 for a period of two years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $54,212 or $0.27 per share, assuming an expected life of two years, a risk-free interest rate of 1.67%, an expected dividend rate of 0.00% and an expected volatility coefficient of 170.00%.

On December 9, 2010, 250,000 stock options were exercised at $0.20 for gross proceeds of $50,000.

On December 10, 2010, 12,500 stock options were exercised at $0.20 for gross proceeds of $2,500.

On December 10, 2010, the Company issued 300,000 stock options at a price of $0.35 for a period of two years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $81,330 or $0.27 per share, assuming an expected life of two years, a risk-free interest rate of 1.72%, an expected dividend rate of 0.00% and an expected volatility coefficient of 170.00%.

On January 5, 2011, the Company issued 220,000 stock options at a price of $0.45 for a period of 2 years. These options have a fair value, calculated using the Black-Scholes option pricing model, of $76,692 or $0.35 per share, assuming an expected life of two years, a risk-free interest rate of 1.76%, an expected dividend rate of 0.00% and an expected volatility coefficient of 170.00%.

At January 26, 2010, the following stock options were outstanding:

Outstanding and Exercisable at January 26, 2011	Weighted Average Exercise Price	Expiry Date
662,500	$0.20	May 5, 2012
200,000	$0.35	December 1, 2012
300,000	$0.35	December 10, 2012
220,000	$0.45	January 5, 2013
1,382,500	$0.29	

1.13 IMPACT OF ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Effective October 1, 2011, the Company will be required to restate amounts previously reported to IFRS for the year ending September 30, 2011 for comparative purposes. The Company will prepare its first set of financial statements under IFRS for the first quarter ending December 31, 2011.

During the fiscal year ending September 30, 2011, the Company will assess its requirements and first time adoption methodologies including its internal training and resources needs. The Company expects that by September 30, 2011, management will have assessed the conversion and first time adoption implications. During the fiscal year ending September 30, 2011, additional disclosures and analysis of impacts will be provided leading up to adoption for the first quarter ending December 31, 2011.