

**EXPEDITION MINING INC.**  
**MANAGEMENT DISCUSSION & ANALYSIS**

**For the Year Ended September 30, 2011**

**Directors and Officers as at January 24, 2012**

**Directors:**

Ron Atlas  
Steve Chan  
Corry Silbernagel  
John Watt  
Jim Chapman

**Officers:**

President – Ron Atlas  
C.F.O. – Jorge Avelino  
Executive Vice-president – Bill Galine

**Contact Names:**

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**EXPEDITION MINING INC.****MANAGEMENT DISCUSSION & ANALYSIS**

For the Year Ended September 30, 2011

**1.1 Date of This Report**

January 24, 2012

*This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Reported currency is stated in Canadian dollars.*

**1.2 Overall Performance***Description of Business*

Expedition Mining Inc. is involved in the acquisition, exploration and development of mineral properties. The Company has mineral properties interest in the Joy and Mt. Mervyn properties, both located in the White Gold District, Yukon Territory, which are in the exploration and development stages.

During the year ended September 30, 2011, the Company continued to actively review and assess alternative mineral properties in North America for possible acquisitions with a view of enhancing shareholder value.

**1.3 Selected Annual Information**

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	<u>Sept. 30, 2011</u>	<u>Sept. 30, 2010</u>	<u>Sept. 30, 2009</u>
(a) Total income	\$25,474	\$665,609	\$93,273
(b) Loss before other items			
(i) Total loss	\$505,509	\$528,666	\$633,226
(ii) Loss per share – basic	\$0.01	\$0.01	\$0.01
(iii) Loss per share – diluted	\$0.01	\$0.01	\$0.01
(c) Net loss			
(i) Total loss	\$1,739,181	\$64,292	\$5,614,237
(ii) Loss per share – basic	\$0.03	\$0.00	\$0.12
(iii) Loss per share – diluted	\$0.03	\$0.00	\$0.12
(d) Total assets	\$4,808,210	\$3,027,768	\$3,626,402
(e) Total long-term liabilities	-	-	-

## 1.4 Results of Operations

### *Discussion of Acquisitions, Operations and Financial Condition*

The following should be read in conjunction with the consolidated financial statements of the Company and notes attached hereto.

#### Results of Operations

During the year ended September 30, 2011, the Company reported a net loss of \$1,739,181 as compared to \$64,292 for the year ended September 30, 2010. The increase (\$1,674,889) is specifically related to the write-off of mineral properties of \$1,118,833 (2010 - \$Nil); loss on sale of securities of \$334,752 (2010 - \$37,750); and stock-based compensation of \$476,844 (2010 - \$74,750). Operating expense for the year ended September 30, 2011 was \$505,509 as compared to \$528,666 for the year ended September 30, 2010. The most significant decrease was in legal and accounting, which decreased by \$29,130. In the previous period, the Company was involved in the Crosshair law suit, which was settled in April of 2010.

Operating expenses decreased by \$23,233 as per table below:

Expenses Category	30-Sep-11	30-Sep-10	Increase (Decrease)
- Bank charges & interest	921	10,029	(9,108)
- Corporate & admin	38,065	9,731	28,334
- Directors' fees	24,066	24,710	(644)
- Filing fees & transfer agent fees	24,530	19,523	5,007
- Legal & accounting	101,821	130,951	(29,130)
- Management fees	198,837	205,712	(6,875)
- Office rent, services & supplies	57,754	81,828	(24,074)
- Property investigation	-	3,057	(3,057)
- Shareholders' information	40,178	30,061	10,117
- Travel, meals & entertainment	19,337	13,064	6,273
Total	505,509	528,666	(23,157)

The following are the explanations for the changes:

- Interest expense decreased by \$9,108 – In 2010, the Company incurred \$8,819 interest expense from the Canaccord loan, which was secured by the Asset-Back Paper.
- Corporate & admin increased by \$28,334 – During the current period, the Company engaged the services of an additional corporate & admin person for \$2,000 per month.
- Directors' fees decreased by \$644 – This decrease is directly related to foreign exchange as some directors are US residents and get paid the equivalent of C\$1,500 per quarter.
- Filing fees & transfer agent fees increased by \$5,007 – Although the increase is insignificant, this was due to the private placement during the period.
- Legal and accounting expense decreased by \$29,130 – In 2010, the Company was involved in the Crosshair lawsuit, which was eventually settled in April 2010.
- Management fees decreased by \$6,875 – The president is paid in US\$ and the decrease is due to the foreign exchange rate.
- Office expenses and salaries decreased by \$24,074 – The decrease is due to reclassification. In the comparative period, the person in charge of corporate and admin was under the payroll. The replacement person is a consultant (see above).
- Shareholders information, travel and entertainment increased by \$16,390 – The increase is due to increased activities (see breakdown below).

## 1.4 **Results of Operations** (continued)

### *Discussion of Acquisitions, Operations and Financial Condition (continued)*

#### Shareholders Communication and Travel

The Company reported shareholders communication and travel expenses totaling \$59,515 (2009 - \$43,125) and broken down as follows:

	30-Sep-11	30-Sep-10
Communication & information	\$ 6,430	\$ 3,213
Conferences & shows	2,250	-
Press releases	5,151	3,731
Printing, mail-out & supplies	2,963	9,215
Telephone & website	23,384	13,902
Travel & promotion	19,337	13,064
	<hr/>	<hr/>
	\$ 59,515	\$ 43,125

### 1.4.1 **Summary of Quarterly Results**

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	<u>Q4 30-Sep-11</u>	<u>Q3 30-Jun-11</u>	<u>Q2 31-Mar-11</u>	<u>Q1 31-Dec-10</u>
Net Income (loss)	(140,188)	(1,699,493)	(744,708)	845,208
Per Share	(0.00)	(0.03)	(0.02)	0.02
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>Q4 30-Sep-10</u>	<u>Q3 30-Jun-10</u>	<u>Q2 31-Mar-10</u>	<u>Q1 31-Dec-09</u>
Net Income (loss)	410,002	(518,962)	463,619	(418,951)
Per Share	0.01	(0.01)	0.01	(0.01)

#### *Discussion*

##### Year ended September 30, 2011:

For the year ended September 30, 2011, please refer to Section 1.4 Results of Operations.

## **MINERAL PROPERTIES**

### **Yukon Properties**

#### **Joy Property**

On November 18, 2010, the Company entered into an option agreement pursuant to which it can acquire a 100% interest in the Joy gold property from Bullrun Investments Inc. The property is located on a 16 km x 5 km claim block (128 claims) 60 km northeast of Keno City, central Yukon.

The area covered by the Joy claim block was the subject of a Yukon Geological Survey (YGS 2010) project whereby the YGS completed a summer program of mapping and soil sampling. The summer long YGS program included detailed (~ 1:50K scale) bedrock mapping plus a very coarse ridge and spur soil sampling program (~ 500 m spacing). The Yukon Geological Survey presented the results of the Mt. Mervyn (Joy claims area) soil survey and preliminary bedrock mapping results at the Yukon Geoscience Forum on November 23, 2010.

## **MINERAL PROPERTIES (continued)**

### **Yukon Properties**

#### **Joy Property** (continued)

The terms of the agreement are as follows:

Cash:	\$75,000 within five days of signing the Option Agreement (paid) \$25,000 on or before May 1, 2011 (paid) \$50,000 on or before December 1, 2011 (paid)
Common Shares:	250,000 common shares within five days of the TSX Venture acceptance of the Option Agreement (issued) 250,000 common shares on or before January 10 2011 (issued) 500,000 common shares on or before July 1, 2011 (issued)
Cash or Shares:	\$150,000 cash or stock at the Company's option on or before May 1, 2012 \$150,000 cash or stock at the Company's option on or before May 1, 2013
Feasibility Study:	Payment of \$250 000, in cash or common stock in the Company at the Company's option on the earlier date of the sixth anniversary of the agreement or upon receipt by the Optionee of a NI 43-101 report indicating a resource of a minimum 500,000 contained ounces of gold on the property.
Work Program:	Minimum of \$200,000 on or before December 31, 2011 (incurred \$549,003) A further \$300,000 on or before December 31, 2012 A further \$500,000 on or before December 31, 2013
NSR:	The Optionor will have a 2% net smelter returns Royalty on the Property. The NSR Royalty may be reduced to 1% by the payment of \$1,000 000 to the Optionor.

On November 26, 2010, the TSX Venture Exchange approved the property transaction.

#### **Mt. Mervyn**

On April 12, 2011, the Company entered into an option agreement pursuant to which it can acquire a 100% interest in the Mt. Mervyn gold property from Paul Dadwal. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims, approximately 6,564 hectares (65.64 sq kilometres). The agreement was approved by the TSX Venture Exchange on April 18, 2011.

In order to exercise its option under the option agreement, the Company must make payments and issue shares as set below.

Cash:	\$75,000 within five business days after Exchange Acceptance Date (paid) \$75,000 on or before June 1, 2011 (paid)
Common Shares:	250,000 within business days after Exchange Acceptance Date (issued) 250,000 on or before June 1, 2011 (issued) 250,000 on or before October 1, 2011 (issued) 250,000 on or before March 31, 2012

## **MINERAL PROPERTIES (continued)**

### **Yukon Properties**

#### **Mt. Mervyn** (continued)

The Company committed to make the initial payment of \$75,000 (paid) and the initial issuance of 250,000 common shares (issued) once the title to the claims comprising the Mt. Mervyn property were recorded in the Company's name.

#### Net Smelter Returns Royalty (NSR):

The optionor has a 2-per-cent net smelter royalty on the property. The NSR may be reduced to 1-per-cent by the payment of \$1-million to the optionor.

The above transaction received the approval of the TSX Venture Exchange on April 18, 2011.

### **Brew Property – Yukon**

On June 22, 2011, after reviewing the recent assay results and the commitments to be incurred in the property, the Company formally notified the joint venture partner (Aldrin Resource Corp) that the Company had no further interest in exploring the property. The Company wrote-off all acquisition and exploration costs related to the property.

#### **Updates on the Yukon Properties**

On May 10, 2011, the Company announced that it had begun an airborne time-domain electromagnetic survey over the Joy and Mt. Mervyn properties. On June 20, 2011, the Company announced the completion of 1073 line-km of high-resolution, airborne time-domain electromagnetic and magnetic surveys over the Joy and Mt. Mervyn properties.

Complete coverage at 100 m line spacing of the two properties was flown with the SkyTEM helicopter-borne system, comprising 356 line-km on the Joy and 717 line-km on the Mt. Mervyn. Preliminary results from the airborne survey suggest that both properties contain significant east-west trending structural zones located between and parallel to the Kathleen Lake fault and the Dawson thrust. These structural features appear to bound the rock units hosting mineralization at Rau and Osiris. Several north-south features have also been identified that intercept the large scale east-west structural zones. These are interpreted to be late-stage faults similar in setting to those hosting mineralization at the Osiris Showing. Additionally a magnetic signature associated with a mapped ultramafic unit on the Joy property both delineates a large east-west structural zone and offers listwanite-hosted gold as a secondary target type. These geophysical anomalies will be followed-up with focused geochemical surveys and geological mapping during the 2011 summer exploration program. The surface exploration programs are designed to rapidly advance any new discoveries to the drilling stage.

On June 23, 2011, the Company announced the commencement of the 2011 work program on the Joy and Mt. Mervyn properties located along the Rackla Gold Belt in the Yukon. A helicopter supported camp has been set up on the Joy property at a location close to the Rackla River airstrip to facilitate logistical support. The Joy camp will serve as a central base camp for exploration work carried out on both projects.

## MINERAL PROPERTIES (continued)

### Updates on the Yukon Properties (continued)

The 2011 work program consists of detailed ground follow-up of prospective targets identified by the recently completed airborne EM and magnetic survey. This survey (News Release June 20, 2011) was successful in delineating numerous highly prospective anomalies on both the Joy and the Mt. Mervyn projects. The first phase of the 2011 field work consists of stream sediment sampling and prospecting. This will be followed up with geological mapping, rock and soil sampling over areas that return elevated metal values in stream samples.

Geological and logistical support for the Joy and Mt. Mervyn program is being provided by Aurora Geosciences.

On August 18, 2011, the Company announced the results from the Phase I work program on the Joy property located in the Rackla Gold Belt in the Yukon. This work consisted of mapping, prospecting, stream sediment sampling and rock sampling from a helicopter supported camp on the Joy property.

The Phase I work program was guided by an airborne geophysical survey which was flown in the spring of 2011. The Joy property survey demonstrated that the strongest geophysical anomalies are east-west trending and appear to coincide with the projected locations of the Kathleen Lakes fault and the Dawson thrust fault. The majority of the secondary drainages in this area are north-south trending providing good sections and exposure through the stratigraphic sequence.

The stream sampling program included a series of Bulk Leachable Extractable Gold (BLEG) samples which gave a lower detection limit and greater sensitivity of analyses. In this area not all streams are amenable to BLEG sampling due to the high topographic gradient and active water flow which flushes out the fine sediment required for this form of sampling. A total of 91 stream, 7 BLEG, and 46 rock samples were collected from the Joy property and analysed for gold and a 51 element ICP package at AGAT Laboratories in Mississauga, Ontario.

The majority of the streams drain to the north, and anomalous values were derived from all of these drainages. Only three drainages occur on the southern flank of the property, which also returned locally anomalous results in arsenic and mercury. Anomalous values are considered to be anything over the 95th percentile of values for that element. Several samples contained statistically anomalous gold values which correlate with the multi-element anomalies. The following table highlights the most significant results.

Table 1: Significant Stream Sediment Samples

Sample Number	Au ppb	Ag ppm	As ppm	Cd ppm	Co ppm	Cr ppm	Cu ppm	Hg ppm	Ni ppm	Sb ppm	Tl ppm	Zn ppm
5267362		0.09	4.0	0.11	<b>61.1</b>	<b>486</b>	35.9	0.04	<b>1133</b>	0.3	0.04	69
5267384	5.93	0.06	7.6	0.04	<b>80.9</b>	<b>639</b>	13.2	0.01	<b>1830</b>	0.0	0.01	22
5267387		<b>1.30</b>	<b>62.9</b>	<b>2.94</b>	12.8	68	64.8	0.51	143	<b>4.5</b>	<b>0.40</b>	<b>599</b>
5267389		<b>0.96</b>	<b>62.0</b>	<b>6.98</b>	11.2	42	77.1	0.50	109	<b>4.6</b>	0.36	<b>649</b>
5267390	6.36	0.40	21.0	1.60	23.0	99	76.0	0.20	119	<b>1.8</b>	0.30	<b>310</b>
5267391	7.14	<b>0.84</b>	25.8	1.92	19.2	41	<b>176.0</b>	0.37	53	<b>2.8</b>	<b>0.41</b>	291
5267393	8.88	<b>0.89</b>	31.1	<b>2.54</b>	19.7	30	<b>156.7</b>	0.36	70	<b>2.8</b>	<b>0.49</b>	261
5267195		0.38	18.2	0.72	<b>42.2</b>	<b>308</b>	46.3	<b>4.63</b>	617	1.2	0.19	130
5267196	17.2	0.40	25.0	<b>2.20</b>	39.0	<b>254</b>	45.0	<b>1.00</b>	485	1.4	0.20	<b>406</b>

5267204		0.52	20.1	<b>2.30</b>	13.4	45	45.2	0.20	93	1.5	0.25	2
5267205		<b>0.60</b>	29.9	1.68	15.5	59	41.1	0.23	121	1.5	0.18	2
5267209	14.1	0.27	17	0.60	17	35	44	0.4	63	0.8	<b>1.00</b>	1
5267233	10.6	<b>0.60</b>	14	0.50	12	16	34	0.2	29	0.4	0.10	153
95th %	5	0.60	49.0	2.20	42.0	254	80.0	0.70	631	1.7	0.40	305

The strongest multi-element anomalies are located in the northwest and northeast corners of the property from streams that drain an easterly trending ridge through the centre of the claim block. Initial reconnaissance mapping suggests that the stratigraphic units in the area may have an east-west orientation as demonstrated by the geophysical results.

The rock sampling results completed to date, have corroborated the stream sediment sampling. Sulphide bearing outcrops in the northwest of the property have been named the Virga showing. This drainage also contained strongly anomalous sediment samples, indicating that the geochemical program is an effective tool in this environment. Rock samples 5267332 to 337 in the table below are from the Virga showing, which appears to be underlain by sediments and ultramafic units.

Table 2: Rock Sample Results

Sample	Ag	As	Cd	Cr	Cu	Hg	Ni	Pb	Sb	Tl	Zn
Number	ppm	ppm	ppm	ppm	Ppm	ppm	ppm	ppm	ppm	ppm	ppm
5267332	0.05	1.2	0.02	<b>1260</b>	6.4	<0.01	<b>1790</b>	2.9	0.28	0.05	21.1
5267333	0.03	97.1	0.01	353	2.5	<b>2.69</b>	142	3.4	11.7	0.24	15.6
5267334	0.06	<b>1920</b>	0.02	271	3.1	<b>6.71</b>	355	1.3	<b>50.7</b>	<b>2.74</b>	11.8
5267335	0.19	<b>1770</b>	0.51	<b>992</b>	13.8	2.31	2140	8.4	<b>34.3</b>	<b>0.77</b>	91.1
5267336	<b>5.11</b>	<b>3670</b>	<b>595</b>	665	199	<b>82.5</b>	642	<b>5.24%</b>	<b>89.5</b>	<b>0.61</b>	<b>8.51%</b>
5267337	0.28	<b>658</b>	<b>5.72</b>	12.5	9.2	0.62	79.7	<b>113</b>	1.47	0.07	<b>505</b>
5267276	0.56	252	<b>7.06</b>	174	27.4	<b>3.32</b>	328	<b>769</b>	13.7	0.04	63.2
5267277	0.02	0.9	0.02	<b>1290</b>	1	0.02	<b>1870</b>	1.7	<0.05	<0.02	23.1
5267289	0.44	4.5	0.19	882	<b>3810</b>	0.02	<b>1040</b>	1.5	0.05	0.03	136
95th %	0.56	592	3.9	914	184	2.6	1532	75	29	0.48	348

A fully winterized camp has been established to support the current Phase II work program. This program will include mapping and rock sampling, along with both grid and contour soil sampling to further refine the nature of the known showings, along with additional prospecting to evaluate the remainder of the property. Geological and logistical support for the program is being provided by Aurora Geosciences.

The Company also completed field work on the Mt. Mervyn property and results are expected shortly. The Mt. Mervyn property is comprised of 314 unpatented mining claims, approximately 6,564 hectares (65.64 sq km), and located in the Mayo Mining District of central Yukon. It is five kms from ATAC Resources' Rau Gold Property, where Carlin-type gold mineralization has been discovered, and adjacent to Strategic Metal's claim block.

On November 17, 2011, the Company announced the results from the 2011 work program on the Joy Property.



## MINERAL PROPERTIES (continued)

### Updates on the Yukon Properties (continued)

In the region of the Joy property the survey demonstrated that the strongest geophysical anomalies are east-west trending and appear to coincide with the projected locations of the Kathleen Lakes fault, the Dawson thrust and an ultramafic unit. The initial stream sediment sampling program resulted in numerous multi-element geochemical anomalies associated with the northerly trending secondary drainages throughout the property. These anomalies are believed to be significant as they include the important pathfinder elements of As, Sb, Hg and Tl, which have been associated with gold mineralization at the Rau and Nadaleen Trends of ATAC Resources.

The follow-up program to the stream sediment sampling consisted of systematic soil sampling along contour lines within the anomalous drainages. A total of 1882 soil samples were collected and analyzed for gold and a 51 element ICP package at AGAT Laboratories in Mississauga, Ontario.

Mapping has shown the property to be underlain by fault bounded slices of limestones, clastic sedimentary units and ultramafic rocks. These units appear to have a southerly dip which is significant as the soil geochemical anomalies occur along the northern edge of the property. Extensive, and locally intense, quartz-carbonate alteration is associated with structural breaks in all of the rock types identified.

Table 1 shows the anomalous threshold values for the elements of interest along with the maximum values obtained from the soil sampling program. Plots of the soil data for all of these elements are available on the Company's website ([www.expeditionmining.com](http://www.expeditionmining.com)). To go directly to the maps, click here. The significance of the soil survey results is that the anomalies form coherent zones which in most cases can be traced across several lines.

Table 1 Joy Project Soil Data

	Au	Ag	As	Cd	Hg	Pb	Sb	Tl	Zn
	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Ave	4.01	0.61	45.7	1.16	0.31	54	2.45	0.25	197
Min	0	0	0.7	0.02	0.01	0.9	0.05	0.02	9.9
<b>Max</b>	<b>185</b>	<b>34.0</b>	<b>2580.0</b>	<b>60.9</b>	<b>22.0</b>	<b>2690.0</b>	<b>141.0</b>	<b>3.84</b>	<b>5570</b>
95th %ile	10.2	2.4	147	3.9	0.9	145	7.7	0.7	560

Prospecting during the course of the soil sampling program resulted in the discovery of 2 showings associated with the lower contact of the ultramafic rocks. These are located in the northwest corner of the property and were named the Virga and Kermoda showings. Silver, lead-zinc mineralization is associated with quartz carbonate veining in these rocks. The showings are also highly anomalous in As, Cd, Hg, Sb and Tl along with elevated gold. Sampling of the ultramafic rocks indicates that they are significantly depleted in these elements. Rock sampling in area of the showings has exposed strong mineralization as shown in Table 2.

## MINERAL PROPERTIES (continued)

### Updates on the Yukon Properties (continued)

Table 2 Virga – Kermoda Rock Sample Results

Sample	Width	Au	Ag	As	Cd	Hg	Pb	Sb	Tl	Zn
		ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
5267336	grab	0	<b>5.11</b>	<b>3670</b>	<b>595.0</b>	<b>82.5</b>	<b>5.24%</b>	<b>89.5</b>	<b>0.61</b>	<b>8.51%</b>
5267433	0.9m chip	0	0.03	<b>1470</b>	0.04	<b>6.3</b>	10.2	29.7	<b>1.6</b>	33
5267438	1.7m chip	0	0.02	324	0.03	<b>7.04</b>	17.6	13.5	0.42	23
5267439	1.0m chip	0	0.06	463	0.01	6.4	6.8	31.7	0.6	14.2
5267440	0.23m chip	0	0.03	402	0.02	<b>8.78</b>	5.7	24.3	0.39	3.8
5267445	0.6m chip	<b>23</b>	<b>8.05</b>	<b>2390</b>	<b>365.0</b>	<b>50.0</b>	<b>4.00%</b>	<b>89.8</b>	0.6	<b>5.87%</b>
5267447	1.2m chip	11	<b>5.72</b>	523	1.28	0.34	7220	9.74	0.07	121
5267448	0.5m chip	6	<b>35.9</b>	712	2.53	0.67	<b>3.93%</b>	<b>38.1</b>	0.07	145
5267449	2.1m chip	0	1.64	372	0.94	0.27	1480	5.39	0.05	124
5267450	1.1m chip	0	2.82	449	1.02	0.29	3330	9.71	0.18	175
5267451	0.5m chip	2	4.37	<b>968</b>	1.31	0.46	4610	16.3	0.08	110
5267457	0.8m chip	0	0.22	491	1.08	0.31	171	19.3	0.05	183

The multi-element soil geochemical anomaly can be traced across the entire 7 km east-west width of the Joy property, where it is generally co-incident with the lower contact of the ultramafic unit. The strongest portion of the anomaly is located over the 4 easternmost drainages, which also contain the highest soil gold value of 185 ppb. In this area the rock units underlying the ultramafic are dominantly composed of mudstones as opposed to the phyllitic units to the west. The greatest concentration of soil geochemical anomalies is clustered around the intersection of the lower bounding fault of the ultramafic unit with a major north trending fault zone in the central portion of the property.

The mineralization identified to date is associated with extensive, and locally intense, quartz-carbonate alteration zones. These zones show a strong correlation to the east-west trending thrust slices of the Dawson Thrust, particularly in the vicinity of cross-cutting northerly trending faulting.

On December 1, 2011, the Company announced the results from the 2011 work program on the Mt. Mervyn Property, located between the Kathleen Lakes fault and the Dawson thrust, along the Rackla Gold Belt in the Yukon. This work consisted of mapping, prospecting, stream and rock sampling from a helicopter supported camp.

In the region of the Mt. Mervyn property the survey demonstrated that the strongest geophysical anomalies are east-west trending and appear to coincide with the projected location of the Kathleen Lakes fault. The initial stream sediment sampling program resulted in numerous multi-element geochemical anomalies throughout the property. These anomalies are believed to be significant as they include the important pathfinder elements of As, Sb, Hg and Tl, which have been associated with gold mineralization at the Rau and Nadaleen Trends of ATAC Resources.

The follow-up program to the stream sediment sampling consisted of systematic soil sampling along contour lines within the anomalous drainages and a grid based survey in the northwestern corner. A total of 1534 soil samples and 41 rock samples were collected and analyzed for gold and a 51 element ICP package at AGAT Laboratories in Mississauga, Ontario.

## MINERAL PROPERTIES (continued)

### Updates on the Yukon Properties (continued)

Reconnaissance mapping has shown the property to be underlain by limestones, clastic sedimentary units and ultramafic rocks.

Anomalous gold values in soil were concentrated along a 6 km by 1 km belt in the southeast corner of the claim block, south of the projection of the Kathleen Lakes structure. The airborne survey shows a series of generally easterly trending lineaments subparallel to, and located south of the Kathleen Lakes structure. A strong southerly trending linear is also evident which extends for over 3 kms south of the Kathleen Lakes structure, to and beyond the edge of the property. Gossanous drainages were observed in this area during the first pass stream sediment sampling program earlier in the season.

The strongest mineralization identified to date is associated with a 1.5 km square area on the eastern portion of the claims. This multi-element anomaly is coincident with the projected intersection of the easterly trending Kathleen Lakes fault and the southerly trending structural zone. The anomaly is observed across 4 soil lines, remains open to the west, and is partly coincident with the zone of anomalous gold values.

Table 1 shows the anomalous threshold values for the elements of interest along with the maximum values obtained from the soil sampling program. Plots of the soil data for all of these elements are available on the Company's website ([www.expeditionmining.com](http://www.expeditionmining.com)). To go directly to the maps, [click here](#). The significance of the soil survey results is that the anomalies form coherent zones which in most cases can be traced across several lines.

Table 1 Mt. Mervyn Project Soil Data

	Au	Ag	As	Cd	Hg	Pb	Sb	Tl	Zn
	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Ave	2.8	0.48	18.1	0.61	0.09	20	2.6	0.19	146
Min	0	0	0.6	0.03	0	3.3	0.12	0	11.3
<b>Max</b>	<b>61</b>	<b>5.59</b>	<b>155</b>	<b>26.1</b>	<b>0.85</b>	<b>175</b>	<b>107</b>	<b>1.83</b>	<b>3180</b>
95th%	7.9	1.45	36.7	1.6	0.24	39.3	8.1	0.42	330

Planning is underway for the 2012 follow-up work programs. The Company is very pleased with the anomalies generated by the reconnaissance level exploration completed during the 2011 field season, which has provided numerous targets for additional work. The 2012 exploration program will include additional soil sampling, trenching and ground geophysical surveys to define drill targets. Geological and logistical support for the program is being provided by Aurora Geosciences.

### **Tact & Buff properties - Nevada**

On June 20, 2011, the Company informed Nevada Mine Properties II, Inc. ("NMP") of their decision to stop all expenditures on the property but will continue to find NMP a new joint venture partner. On June 27, 2011, the Company engaged Ranchers Exploration to reclaim all disturbances in the property. The Company wrote-off all expenditures incurred in the property on June 30, 2011.

## MINERAL PROPERTIES EXPENDITURES

Details of deferred exploration costs for the property are as follows:

	Balance 30-Sep-10	Additions during the period	Write-off during the period	Balance 30-Sep-11
<b>Tact &amp; Buff, Nevada</b>				
Acquisition costs	31,908	-	(31,908)	-
Deferred Expenses				
- Advances	-	-	-	-
- Assays & Sampling	29,810	-	(29,810)	-
- Claims & staking maintenance	99,260	502	(99,762)	-
- Consultants	115,428	-	(115,428)	-
- Drilling	149,841	-	(149,841)	-
- Field office & admin	232	-	(232)	-
- Fieldwork & supplies	12,750	-	(12,750)	-
- Maps & reports	10,566	-	(10,566)	-
- Royalty (advance)	10,802	-	(10,802)	-
- Site reclamation	17,866	14,326	(32,212)	-
- Site visits	10,096	-	(10,096)	-
<b>Total Tact &amp; Buff</b>	<b>488,579</b>	<b>14,828</b>	<b>(503,407)</b>	<b>-</b>
<b>Brew Property, Yukon</b>				
Acquisition costs	75,000	125,000	(200,000)	-
Deferred Expenses				
- Assays	43,610	22,144	(65,754)	-
- Claims & staking maintenance	20,120	-	(20,120)	-
- Consulting	11,699	3,687	(15,386)	-
- Drilling	-	38,049	(38,049)	-
- Field work and supplies	1,148	4,108	(5,256)	-
- Legal	6,665	112	(6,777)	-
- Mobilization/Demobilization	62,173	52,670	(114,843)	-
- Site visits	314	1,102	(1,416)	-
- Soil sampling	130,865	16,960	(147,825)	-
<b>Total Brew</b>	<b>351,594</b>	<b>263,832</b>	<b>(615,426)</b>	<b>-</b>
<b>Joy Property, Yukon</b>				
Acquisition costs	-	325,000	-	325,000
Deferred Expenses				
- Camp costs	-	12,499	-	12,499
- Consulting	-	6,321	-	6,321
- Data acquisition	-	70,380	-	70,380
- Field work & supplies	-	29,113	-	29,113
- Geochem & Geophysics	-	34,473	-	34,473
- Helicopter	-	174,058	-	174,058
- Legal	-	14,996	-	14,996
- Mobilization	-	30,742	-	30,742
- Soil sampling & trenching	-	176,421	-	176,421
<b>Total Joy</b>	<b>-</b>	<b>874,003</b>	<b>-</b>	<b>874,003</b>

## MINERAL PROPERTIES EXPENDITURES (continued)

	Balance 30-Sep-10	Additions during the period	Write-off during the period	Balance 30-Sep-11
<b>Mt. Mervyn Property, Yukon</b>				
Acquisition costs	-	332,500	-	332,500
Deferred Expenses				
- Camp costs	-	18,748		18,748
- Consulting	-	6,371	-	6,371
- Data acquisition	-	105,570	-	105,570
- Field work & supplies	-	55,750	-	55,750
- Geochem & Geophysics	-	110,577	-	110,577
- Helicopter	-	100,191	-	100,191
- Legal	-	10,818	-	10,818
- Mobilization	-	46,113	-	46,113
- Soil sampling & trenching	-	96,666	-	96,666
<b>Total Mt. Mervyn</b>	<b>-</b>	<b>883,804</b>	<b>-</b>	<b>883,804</b>
<b>TOTAL RESOURCE PROPERTIES</b>	<b>840,173</b>	<b>2,035,967</b>	<b>(1118,833)</b>	<b>1,757,307</b>

### 1.5 Liquidity

Expedition Mining Inc. is a mining exploration and development company with no producing resource properties, and consequently, no current operating income or cash flow.

In management's view, given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the acquisition of a viable property and the discovery of economically recoverable reserves. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

At September 30, 2011, the Company had \$2,918,647 in cash and deposits. The Company has no revenue generating projects at this time. The Company's historical capital needs have been met by equity subscriptions. As at September 30, 2011, the Company had working capital of \$2,544,098 (September 30, 2010 - \$898,510).

#### Cash and cash equivalents

	30-Sep-11	30-Sep-09
Cash deposits with Bank of Montreal	\$ 411,284	\$ 71,245
Cash deposits with Canaccord Capital	-	10,022
GIC with Bank of Montreal & HSBC	2,507,363	908,122
<b>Total cash and cash equivalents</b>	<b>\$ 2,918,647</b>	<b>\$ 989,389</b>

## 1.5 Liquidity (continued)

### Credit Risk

As at September 30, 2011, the Company reported total other assets of \$Nil (September 30, 2010 - \$1,032,900) as follows:

	Year ended September 30, 2011			
	Fair Value 30-Sep-10 \$	Write-up to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-11 \$
Crosshair Exploration & Mining Corp.	1,032,900	434,627	(1,467,527)	-
Year Ended September 30, 2010				
	Fair Value 30-Sep-09 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-10 \$
Asset Backed Commercial Paper	139,095	-	(139,095)	-
Crosshair Exploration & Mining	1,643,120	(156,428)	(453,792)	1,032,900
	1,782,215	(156,428)	(592,887)	1,032,900

On December 21, 2010, Crosshair announced that effective immediately, the common shares of Crosshair were consolidated on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common share. As a result, the warrants (1,875,000 post-consolidation), which expire on July 29, 2011, have an exercise price of \$4.00 per common share.

During the first quarter ended December 31, 2010, the Company sold a total of 2,783,500 (pre-consolidation) Crosshair shares, with prices ranging from \$0.19 to \$0.47 for gross proceeds of \$803,703, leaving a balance of 1,911,500 pre consolidation shares (477,875 post consolidation shares). As at December 31, 2010, the value of the shares was reported at the closing price of \$2.49.

During the second quarter ended March 31, 2011, the Company sold all the remaining Crosshair shares (477,875), with prices ranging from \$1.08 to \$2.34 for gross proceeds of \$663,823. As at March 31, 2011, the closing price of Crosshair shares was \$1.12.

### Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company faces certain foreign exchange risks related to expenses and deferred exploration costs incurred in U.S. dollars, a currency which may appreciate against the Canadian dollar, the Company's reporting currency. Additionally, net working capital balances denominated in non-reporting currencies are also subject to fluctuations in value. The Company mitigates these threats by limiting its exposure to such balances where their expenditure in the same non-reporting currency is not imminent.

### Commitments

The Company has certain work commitments on their mineral property interests as discussed in Section 1.5 and Notes 6 and 8 of the Financial Statements.

## 1.6 Capital Resources

The Company's capital resources are its mineral properties, with a historical cost of \$1,757,307 (\$840,173 – September 30, 2010) and its fixed assets (computers & office equipment) with a book value of \$20,189 (\$22,720 – September 30, 2010).

## 1.7 Off Balance Sheet Arrangements

There is no off-balance sheet arrangements to which the Company is committed.

## 1.8 Fourth Quarter

The fourth quarter results do not differ significantly from other quarters with the exception of the write-off of mineral properties (\$1,118,833).

## 1.9 Transactions with Related Parties

During the year ended September 30, 2011, the Company was charged the following amounts by directors and officers or by companies controlled by the director or officers:

	Year Ended	
	30-Sep-11	30-Sep -10
Management fees		
- President	\$ 120,837	127,712
- Vice-president	78,000	78,000
Directors fees	24,066	24,710
Accounting fees	64,955	59,210
<b>Total</b>	<b>\$ 287,858</b>	<b>289,632</b>

Included in accounts payable is \$7,500 of directors fees payable (2010 - \$3,500).

## 1.10 Proposed Transactions

N/A

## 1.11 Critical Accounting Estimates

None

## 1.12 Adoption of new accounting standards

### **Goodwill and Intangible Assets**

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company has evaluated this new section and has determined that the adoption of these new requirements has not had an impact on the Company's financial statements.

## 1.12 Adoption of new accounting standards (continued)

### **Section 3862, “Financial Instruments—Disclosure” and CICA Handbook Section 3863, “Financial Instruments—Presentation”**

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require additional disclosures about fair value measurements. These amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009.

This disclosure requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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

A table providing the classification of the Company’s investments within the fair value hierarchy is shown in note 11 to the interim financial statement.

### **New Canadian Accounting Pronouncement**

#### **International Financial Reporting Standards (“IFRS”)**

The Canadian Accounting Standards Board has confirmed that effective on January 1, 2011, IFRS will replace Canadian Generally Accepted Accounting Policies (GAAP) as the basis for accounting for publicly accountable enterprises. The first period reported under IFRS by the Company will be the three month period ended December 31, 2011 and the Company’s first fiscal year end date under IFRS will be the fiscal year ending September 30, 2011.

The change from Canadian GAAP to IFRS will be a significant undertaking and may have significant effects on the Company’s accounting, internal controls, disclosure controls and financial statement presentation.

#### Design and planning

The Company commenced transition plan development in January 1, 2011. The Company has determined its preliminary IFRS policy decisions and significant expected accounting differences, based on an analysis of the current IFRS standards, and the following section outlines each of these. Although the Company has identified key accounting policy differences, and the impact of these differences to its financial statements has been determined by the Company to be minimal, as the conversion work continues additional differences between Canadian GAAP and IFRS may be identified. Decisions with respect to accounting policy changes, outlined below, may change once management has quantified and thoroughly analyzed the effects of such changes and has presented them for final review and approval by the Company’s Audit Committee.

#### First-time Adoption of IFRS (IFRS 1)

In the first year of transition to IFRS, a company is allowed to elect certain exceptions from IFRS in order not to apply each IFRS on a retrospective basis. IFRS 1 has certain mandatory exemptions as well as limited optional exemptions. Based on analysis to date, the Company expects to apply the following optional exemptions under IFRS 1 that will be significant in preparing the financial statements under IFRS:



## 1.12 Adoption of new accounting standards (continued)

### New Canadian Accounting Pronouncement (continued)

### International Financial Reporting Standards (“IFRS”) (continued)

#### Business Combinations

A company may elect, on transition to IFRS, to either restate all past business combinations in accordance with IFRS 3 “Business Combinations” or to apply an optional exemption from applying IFRS 3 to past business combinations. The Company will elect, on transition to IFRS, to apply the optional exemption such that transactions entered into prior to the transition date of October 1, 2010 will not be restated.

#### Share-Based Payments

A company may elect not to apply IFRS 2 “Share-Based Payments” to equity instruments which vested before the transition date to IFRS. The Company will elect, on transition to IFRS, to apply the optional exemption such that equity instruments which vested prior to the transition date of October 1, 2010, will not be restated.

#### Accounting policies

The Company has determined that the main impact of IFRS on the Company will involve a significant increase in note disclosure as well as certain presentation differences.

#### Property, plant and equipment

Although the design stage is not completed yet, the Company is not expecting to apply the fair value method to determine the deemed opening cost under IFRS which is one of the significant IFRS1 exemptions.

#### Property, plant and equipment

The accounting policy of the Company will be amended to:

- Review useful life, residual value and method of depreciation on an annual basis. Identify all significant components and their respective useful lives.
- Capitalize major maintenance and replacement of significant parts and derecognize the carrying value of the replaced parts.
- Include constructive obligations for significant dismantling and removal costs.

#### Mineral properties

No change in current measurement or accounting policies on transition to IFRS.

#### Financial instruments

The accounting policy of the Company will be amended to:

- Include changes to impairments of financial assets and their possible reversal.
- Detail the conditions that need to be met for the designation of a financial instrument as “fair value through profit and loss”.

#### Impairment of assets

The accounting policy of the Company will be amended to:

- Change the assessment method of whether impairment exists. The two step approach allowed under Canadian GAAP is not acceptable under IFRS. Therefore, the discounted cash flows are taken as an indication to determine impairment.

## **1.12 Adoption of new accounting standards** (continued)

### **New Canadian Accounting Pronouncement** (continued)

### **International Financial Reporting Standards (“IFRS”)** (continued)

#### Share-based payments

Canadian GAAP allows certain policy choices in the calculation of stock based compensation. The Company currently amortizes grants in their entirety on a straight-line basis over the vesting term. IFRS standards require each tranche in the grant to be amortized over its respective vesting period. As a result of these changes, share-based compensation expense will be accelerated under IFRS. In addition, unvested options at October 1, 2010 will be re-valued under IFRS, with consequent adjustments to opening retained earnings.

#### Provisions & Contingencies (including Asset Retirement Obligation)

The accounting policy of the Company will be amended to:

- Include constructive obligations. Under IFRS, a provision is recognized if it is probable, which is further defined in the standard as more likely than not, that an outflow of economic resources will be required to settle a legal obligation (e.g. a legal claim) or a constructive obligation (i.e. an obligation which arises when an entity, by past practice or public statement, has created an expectation in other parties that it will carry out an action).
- Adjust for discount rate, and timing of cash flow, changes at each reporting period.

#### First-time Adoption of IFRS (IFRS 1)

This list should not be regarded as a complete list of changes that will result from transition to IFRS. It is intended to highlight those areas we believe to be most significant; however, our analysis of possible changes is still in process and not all decisions have been made where choices of accounting policies are available. Until our transition balance sheet is finalized, the Company is not able to reliably quantify the impacts expected on our consolidated financial statements for these differences.

#### Presentation and disclosure

IFRS will require more in depth disclosure. The Company has taken the necessary steps to adjust the system requirements to ensure appropriate data collection for disclosure purposes.

#### Post implementation

During this stage the Company will perform a review of the IFRS transition and ensure the preparation of financial statements in compliance with IFRS.

The Company will stay informed on the upcoming changes to the IFRS based on the projects in place or to be initiated by the International Accounting Standards Board and will adjust its plan accordingly to include all key elements to ensure its compliance during 2011.

## 1.12 Adoption of new accounting standards (continued)

### New Canadian Accounting Pronouncement (continued)

#### Adoption of new CICA Handbook standards on October 1, 2011

The Company does not intend to early adopt the new sections of the CICA Handbook relating to business combinations, consolidated financial statements or non-controlling interests because the Company will be reporting under IFRS from October 1, 2011. Therefore, the Company does not anticipate that these new sections will have an impact on the financial statements

## 1.13 Financial and Other Instruments

The carrying value of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and due from (to) related parties approximate their fair values due to the short maturity of those instruments.

## 1.14 Other

Disclosure of Outstanding Share Capital: January 24, 2012

	<u>Number</u>
Common Shares	56,710,318

Disclosure of Outstanding Stock Options: January 24, 2012

	<u>Number</u>
Incentive Stock Options	4,955,000

Disclosure of Outstanding Share Purchase Warrants: January 24, 2012

	<u>Number</u>
Share Purchase Warrants	3,521,875

Fully diluted 65,187,193

### Disclosure Controls and Procedures

It should be noted that pursuant to Multilateral Instrument 52-511 (adopted by the British Columbia Securities Commission on November 23, 2007), that the officers of the Company are no longer required to certify the effectiveness of disclosure controls and procedures used by the Company, as was required in previous interim filings under National Instrument 52-109. Accordingly, the new forms of certificate to be signed by the Company's Chief Executive Officer and Chief Financial Officer contain the following Note to Reader:

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

## **1.14 Other (continued)**

### Disclosure Controls and Procedures (continued)

- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Subsequent Events to September 30, 2011**

On December 16, 2011, the Company received a refund of \$9,959 (US\$9,660) for the amount of the reclamation bond.

On December 19, 2011, the Company announced the appointment of John S. Watt, C.A. to the Board of directors, replacing John Hite, who resigned on September 3, 2011.

On January 12, 2012, the Company announced the appointment of Jim Chapman, P. Geo to the Board of directors, replacing Bert Jeffries who resigned on December 31, 2011. In addition, the Company announced that pursuant to the TSX Venture Exchange policies and the Company's Stock Option Plan, an aggregate of 200,000 shares were granted as incentive stock options at an exercise price of \$0.15 per share to the two new directors. The options are exercisable for a period of five years.

### **Additional information**

Additional information relating to the company is on SEDAR at [www.sedar.com](http://www.sedar.com).