Prominex Resource Corp.

Management Discussion and Analysis

Form 51-102F1 **For the Year Ended April 30, 2012**

The Management Discussion and Analysis ("MD&A") is an overview of the activities of Prominex Resource Corp. ("Prominex" or the "Company") for the year ended April 30, 2012. This MD&A should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2012, and the notes attached thereto. The effective date of this MD&A is August 28, 2012. This MD&A and the audited financial statements and comparative information have been prepared in Canadian dollars, and in accordance with international financial reporting standards (**IFRS**), which are also generally accepted accounting principles (**GAAP**) for publicly accountable enterprises in Canada. For all periods up to and including the year ended April 30, 2011, we prepared our financial statements in accordance with Canadian generally accepted accounting principles (**previous GAAP**). In accordance with the standard related to the first time adoption of IFRS, our transition date to IFRS was May 1, 2010 and therefore the comparative information for 2011 has been prepared in accordance with our IFRS accounting policies *Additional information related to the Company is available for viewing on the Company's website www.prominex.ca and on SEDAR at www.sedar.com.*

The following MD&A is management's assessment of the Company's operations and financial results, together with future prospects. This MD&A contains certain forward-looking information. All information, other than historical facts included herein, including without limitation data regarding potential mineralization, exploration results and plans and objectives of the Company, is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and future events and actual results could differ materially from those anticipated in the forward-looking information.

It is the Company's policy that forward-looking statements are based on the Company's beliefs and assumptions and on information available at the time these assumptions are made. The forward looking statements contained herein are as of August 28, 2012 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations for our ability to raise capital and meet our obligations.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

The MD&A has been prepared in accordance with the provisions of National Instrument 51.102, Section 5 and Form 51-102F1 and has been approved by the Company's Board of Directors.

DESCRIPTION OF BUSINESS

Prominex is a mineral exploration company engaged in acquiring, exploring and developing mineral properties within Canada. The Company's properties are located on the island of Newfoundland in the province of Newfoundland and Labrador, Canada.

Prominex is evaluating two projects within a base metal rich area of central Newfoundland, home to formerly producing world-class base metal deposits at Buchans and the currently producing Duck Pond zinc-copper mine owned and operated by Teck Corporation. Prominex is exploring primarily for zinc-lead-copper-silver-gold mineral resources within its properties with the objective of identifying commercially exploitable mineralization.

The Company's properties are currently at an "exploration stage." The Company has no producing properties, no operating income or cash flow. To date, the Company is dependent on the equities market to finance all of its activities and it will continue to rely on this source of funding for its exploration expenditures and to meet its ongoing working capital requirements. The common shares of the Company are listed on the TSX Venture Exchange (the "Exchange") under the symbol "PXR". The Company's head office is in Vancouver, BC, Canada. The Company also maintains an exploration office and core storage facilities in Buchans, NL.

Prominex's business is managed by the directors and officers and augmented by independent financial, geological and mining professionals retained to advise the Company on its exploration programs and business.

OVERALL PERFORMANCE

The Company's continuation as a going concern is dependent on its ability to raise sufficient and appropriate equity financing to fund and complete the development of its mineral properties and attainment of future profitable operations. While the Company has been successful in the past in financing its activities there can be no assurances it will be successful in the future. The recoverability of exploration costs is dependent upon the ability of the Company to obtain financing to fund and complete the development of such reserves or through the sale of the licenses.

At present, Prominex holds interests in two mineral projects located in central Newfoundland, Tulks Hill (51%) and is the joint venture operator and Lake Bond (100%), both of which are host to historical base metal resources identified by earlier explorers.

To date, Prominex has expended $1,857,826 in exploration and acquisition costs on these projects. The Company's mineral properties are in good standing and no significant expenditures are required at Tulks Hill until 2013. Lake Bond will require further exploration expenditures by September 30th, 2012. Prominex commenced exploration on July 9th, 2012 in order to complete the exploration expenditures required.

During the 2012 fiscal year, the Company closed a non-brokered flow through private placement by the issuance of 4,000,000 units at a price of $0.05 per unit for gross proceeds to the Company of $200,000. Each flow-through unit comprises one flow through common share and one non-transferable flow through share purchase warrant of the Company. Each warrant, expiring on October 19, 2012 entitles the holder to purchase one flow through share of the Company at a price of $0.10. Proceeds received from the private placement were used to continue exploration work on the Company's Tulks Hill property in central Newfoundland. No finders' fees were paid.

Since 2008, Prominex's ability to finance has been significantly affected by overall market conditions and by base metal price trends, especially zinc, as its mineral resource inventory value is comprised of 50% zinc, with lead, copper, silver, and gold. Zinc commodity market prices declined dramatically from January 2007 when zinc traded at $2.10. Zinc traded down to a low of $0.47 in March of 2009 and now trade at $0.8394 US/lb. The price drop from its high in 2007 to its low in 2009 has been attributed to problems in world credit markets, which consequently resulted in a slowing world economy, and the reduction in demand for zinc end-products.

In 2012, the Company has conducted exploration at its Reid Lot 50 property in the Lake Bond area of central Newfoundland, however, going forward the size, scope, and objective(s) of the exploration activity is dependent upon access to additional funds and subject to the objective of limiting shareholder dilution, among other factors.

***Mineral* Properties**

At present, Prominex holds interests in two mineral projects located in central Newfoundland, Tulks Hill (51%) and is the joint venture operator and Lake Bond, both of which are host to historical base metal resources identified by earlier explorers.

The Tulks Hill project is host to an NI 43-101 compliant inferred and indicated base metal resource (Zn, Cu, Pb, Ag and Au) in addition to historic base metal resources that have yet to be evaluated. Prominex commenced evaluation of these additional resources in late 2011. Prominex commenced an evaluation of the historic base metal resources at the Lake Bond project on July 9th, 2012.

The Company's mineral properties are in good standing and in general, no significant expenditures are required on Tulks Hill until 2013 when the Company must complete a legal survey before it makes an application for a Mining Lease to the Department of Mines in St. John's, NL.

TULKS HILL PROJECT

On December 15, 2005, the Company entered into an option agreement to acquire a 51% interest in a property known as Tulks Hill located in central Newfoundland. In November 2007, the Company earned an undivided 51% interest in the property by completing the requirements under the option agreement. Prominex is operator of the joint venture with Buchans Mineral Corporation (TSX:V-BMC) formerly Royal Roads Inc. (TSX:V – RRO)

In July 2008, the Company received a National Instrument (NI) 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) compliant technical report on the Tulks Hill property (the "Tulks Hill Property"). The Tulks Hill Property is subject to net smelter return royalty ranging from 2.0% to 2.25% on certain of the claims.

The following summary is from the NI 43-101 technical report on the Tulks Hill Property, Newfoundland and Labrador, Canada, prepared for the Tulks Hill joint venture between Prominex (operator) and Buchans Mineral Corporation (formerly Buchans River Limited). Prepared by Mr. Hrayr Agnerian, M.Sc. (Applied), P. Geo. of Scott Wilson RPA on July 22, 2008:

"The T3 Lens of the Tulks Hill deposit contains some 431,000 tonnes of Indicated mineral resources at an average grade of 0.89% Cu, 3.97% Zn, 1.61% Pb, 35.09 g/t Ag and 1.17 g/t Au. The 1.1% CuEq cut-off grade is based on a minimum 2 m horizontal thickness of mineralization.

The drilling by Prominex at Tulks Hill has confirmed the earlier results by Asarco Inc." "There is good potential for the discovery of additional Cu-Zn-Pb-Ag-Au mineralization northeast, southwest, and southeast of the T3 Lens and at other targets within Mineral License 10212M. These targets have geological and geophysical characteristics that are similar to the T3 Lens."

T3 Lens – Mineral Resources above the Adit

			Grade				
	Category	*Tonnes*	*C% Cu*	*% Zn*	*% Pb*	*g/t Ag*	*g/t Au*
2	Indicated	290,000	0.91	5.03	2.00	38.81	1.24
3	Indicated	30,000	0.52	2.67	1.53	61.52	0.59
Total	**Indicated**	**320,000**	**0.87**	**4.81**	**1.96**	**40.94**	**1.18**

Mineral Resources below the Adit and Elsewhere

			Grade				
Zone	*Category*	*Tonnes*	*% Cu*	*% Zn*	*% Pb*	*g/t Ag*	*g/t Au*
1	Indicated	4,000	0.79	1.09	0.41	26.19	0.31
2	Indicated	44,000	0.76	1.77	0.56	19.53	2.76
3	Indicated	5,000	0.52	2.46	1.39	57.95	0.66
4	Indicated	58,000	1.12	1.42	0.60	15.09	0.06
Total	**Indicated**	**111,000**	**0.94**	**1.55**	**0.60**	**18.24**	**1.15**

LAKE BOND

On December 28, 2006, the Company entered into an option agreement with Reid Newfoundland Company Limited (the "Reid Option Agreement") to acquire a 100% interest (the "Option") in a property known as Reid Lot 50, Lake Bond (the "Reid Property") located in central Newfoundland. Under the terms of the original Reid Option Agreement, in order to acquire the Option, the Company must expend $50,000 on exploration and development of the Reid Property.

The Reid Option Agreement has been extended to September 30, 2012 allowing the Company additional time to complete the exploration expenditures. The Company has completed $76,586 in acquisition, Impost Tax payments, and compilation and exploration expenditures to date. The Company commenced exploration on July 9th, 2012 to complete the required expenditures and must file an assessment report by September 30, 2012, in order to earn its 100% interest. The property is subject to a net smelter return royalty of 2.0%, of which the Company can purchase 1.0% for $1,000,000.

EXPLORATION AND EVALUATION ASSETS AS AT APRIL 30, 2012, APRIL 30, 2011, AND MAY 1, 2010, IS AS FOLLOWS:

	Balance April 30, 2011 $	**Exploration Expenditures $**	**Write-downs $**	**Balance April 30, 2012 $**
Tulks Hill	1,623,852	157,388	-	1,781,240
Lake Bond	71,086	5,500	-	76,586
	1,694,938	162,888	-	1,857,826
	Balance May 1, 2010 $	**Exploration Expenditures $**	**Write-downs $**	**Balance April 30, 2011 $**
Tulks Hill	1,604,274	19,578	-	1,623,852
Lake Bond	53,972	17,114	-	71,086
	1,658,246	36,692	-	1,694,938

EXPLORATION UPDATE

The Company has commenced evaluation of the Reid Lot 50 property (Lake Bond) on July 9th, 2012, however, going forward the size, scope, and objective(s) of the exploration activity is dependent upon access to additional funds and subject to the objective of limiting shareholder dilution, among other factors.

QUALIFIED PERSON

Mr. Hrayr Agnerian P.Geo. of Agnerian Consulting Ltd. is a Qualified Person as set out in the definitions of National Instrument 43-101 (NI 43-101) by reason of his education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience and is independent of the Issuer applying the test set out in Section 1.4 of NI 43-101. Mr. Agnerian is the author of the report titled "Technical Report on the Tulks Hill Cu-Zn Property, Newfoundland" prepared for Tulks Hill Joint Venture between Prominex Resources Corp. (The Operator) and Buchans River Ltd., (TSX:V-BUV), now Buchans Mineral Corporation (TSX:V-BMC) and dated July 22, 2008. The report is available on SEDAR (www.sedar.com) and on the company website (www.prominex.ca

SELECTED ANNUAL FINANCIAL RESULTS -2012 TO 2010

Year Ending April 30	*IFRS 2012*	*IFRS 2011*	*Previous GAAP 2010*
Net loss ($)	229,628	327,982	699,487
Net loss per share-basic & diluted ($)	(0.004)	(0.007)	(0.02)
Current assets ($)	184,782	338,028	103,447
Total Assets ($)	2,042,608	2,032,966	1,761,693
Total Liabilities ($)	601,347	549,695	490,490
Working capital (deficiency) ($)	(416,565)	(211,667)	(387,043)
Equity/(deficiency) ($)	1,441,261	1,483,271	1,271,203
Cash dividends ($)	Nil	Nil	Nil

RESULTS OF OPERATIONS

The financial information contained in this MD&A for April 30, 2012 and April 30, 2011 has been prepared in accordance with the Company's IFRS accounting policies while the April 30, 2010 information has been prepared in accordance with previous GAAP.

The review of results of operations should be read in conjunction with the audited financial statements of for the years ended April 30, 2012 and 2011.

APRIL 30, 2012 COMPARED TO APRIL 30, 2011

The Company expended $162,888 in exploration costs during the fiscal year ended April 30th, 2012 - (2011 $36,692). Net loss for the year ended April 30, 2012, is $229,628 or ($0.004) per share compared to a net loss for the year ended April 30, 2011 of $327,982 ($0.007) per share. The higher net loss for 2011 was largely due the accounting for a stock option compensation of $111,300 and management consulting fees of $114,671. Excluding the stock based compensation, the loss for the 2012 fiscal year is comparable to fiscal 2011. No stock compensation costs were incurred in fiscal 2012 and the Company did not incur any unusual expenses during the year ended April 30, 2012.

APRIL 30, 2011 COMPARED TO APRIL 30, 2010

Net loss for the year ended April 30, 2011, is $327,982 or ($0.007) per share compared to a net loss for the year ended April 30, 2010 of $699,487 ($0.02) per share. The net loss for 2011 was largely due the accounting for a stock option compensation of $111,300 and management consulting fees of $114,671. The net loss for 2010 was largely due to the accounting for a share warrant extension on 11,840,000 common share purchase warrants (the "PXR Warrants"). Originally, each PXR Warrant entitled the holder thereof to purchase one common share of Prominex at any time until July 22, 2009, at a purchase price of C$0.13 per common share. The PXR Warrants expired on July 22, 2010, and remained unexercised. Excluding this item, the loss for the 2010 fiscal year is comparable to fiscal 2011.

SUMMARY OF QUARTERLY RESULTS

The following is selected quarterly information for each of the past eight quarters

	Revenue ($)	*Expenses ($)*	*Net Income (loss) After Tax ($)*	*Net Income (loss) per Share Basic and Diluted*
30/04/2012 (IFRS)	13	99,369	(99,356)	(0.002)
31/01/2012 (IFRS)	Nil	50,980	(50,980)	(0.01)
31/10/201 (IFRS)	Nil	29,573	(29,573)	(0.0005)
31/07/2011 (IFRS)	Nil	49,719	(49,719)	(0.001)
30/04/2011 (IFRS)	Nil	74,817	(74,817)	(0.002)
31/01/201 (IFRS)	Nil	169,017	(169,017)	(0.004)
31/10/2010 (IFRS)	Nil	47,715	(47,715)	(0.001)
31/07/2010 (IFRS)	Nil	36,433	(36,433)	(0.001)

FOURTH QUARTER

Net loss for the quarter ended April 30, 2012, is $99,356 or ($0.002) per share compared to a net loss for the quarter ended April 30, 2011 of $74,817 or ($0.001) per share. The increase in net loss for 2012 was due primarily due increased management consulting fees and audit expenses with respect to IFRS accounting standards. Excluding this item, the loss for the 2012 fiscal year is comparable to fiscal 2011. There were no unusual expenses incurred during the quarter.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The Company's cash balance at April 30th, 2012 was $400 compared to $290,103 for the year ended April 30th, 2011. In late October 2011, Buchans Minerals Corporation (TSX:V-BMC), our joint venture partner at Tulks Hill notified the Company of its intention to pay its proportionate share (49%) of 2011 exploration expenditures. On May 4th, 2012, Buchans Mineral Corporation paid the Company $161,690 representing their 49% share of Tulks Hill expenditures.

During the 2012 fiscal year, the Company raised a total of $200,000 by way of a non-brokered flow through private placement. The proceeds were used for exploration on its Tulks Hill property in central Newfoundland.

The Company has a working capital deficiency of $416,565 and although it has sufficient working capital to meet listing obligations, it does not have sufficient funds to continue further exploration of its properties. The Company will require additional funding to further exploration activities on its mineral properties. Property exploration commitments on existing properties are minimal over for the next four years.

The Company has been successful in the past in obtaining financing from the placement of equity, however there can be no assurance that it will obtain adequate financing in the future or that the terms of such financing will be favourable.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of executive officers and directors, the spouse of an executive officer, and companies controlled by executive officers and directors.

		Twelve Months Ended April 30	
		2012	2011
		$	$
Related party	**Item**		
Director	Rent charged to statement of loss	15,462	18,468
Key management personnel	Fees charged to statement of loss	155,483	133,605
	Fees charged to mineral properties	31,500	20,000
	Share based payments charged to statement of loss	nil	111,300
	Share based payments charged to mineral properties	nil	nil
	Post retirement and other long term benefits	nil	nil
	Termination benefits charged to statement of loss	nil	nil

Included in receivables is an amount of $161,690 (2011 - $Nil) owing from a joint venture partner.

Included in payables and accruals amounts owing to related parties of $373,481 (2011 -$376,164) as follows.

	2012	2011
Former directors and director controlled company	$ 109,502	$ 109,502
CEO and president	182,738	178,348
CFO and director	21,812	22,120
Independent directors	5,700	12,465
Former directors	53,729	53,729
Total	**$ 373,481**	**$ 376,164**

These transactions, which were incurred in the normal course of operations, have been recorded at their exchange amounts, being the amounts agreed to by the related parties.

PROPOSED TRANSACTIONS

On May 22, 2012, Prominex announced that it has amended the non-brokered private placement of up to 11,000,000 (Units) at C$0.05 per unit as previously announced on January 20, 2012. The Company cancelled this proposed private placement on August 27, 2012.

CHANGES TO ACCOUNTING POLICIES

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In accordance with IFRS 1, our transition date to IFRS was May 1, 2010 and therefore the comparative information for 2011 has been prepared in accordance with our IFRS accounting policies.

The Company has changed certain accounting policies to be consistent with IFRS effective or available for early adoption on April 30, 2012, the Company's first annual IFRS reporting date. Adoption of IFRS has had no material impact on the Company's statements of cash flows for the years ended April 30, 2012 and 2011.

Mandatory exceptions adopted by the Company include estimates under IFRS that are consistent with those applied under Canadian GAAP (with adjustments for accounting policy differences) unless there is objective evidence those estimates were in error.

The optional exemption elected by the Company is to not apply IFRS 2, Share-based Payments to equity instruments that were granted after November 7, 2002 and vested prior to the Transition Date.

The changes to accounting policies and the impact on the Company's financial statements are as follows:

(a) Share-based Payment Transactions

Under IFRS, each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case they are valued using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

Under Canadian GAAP, the fair value of stock-based awards to employees with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

The Company's accounting policies relating to share-based payment transactions have been changed to reflect these differences. There is no impact on the financial statements.

(b) Impairment of (non-financial) Assets

IFRS requires a write-down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP required a write-down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies relating to impairment of non-financial assets have been changed to reflect these differences and there is no impact on the financial statements.

(c) Restoration, Rehabilitation, and Environmental Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive restoration, rehabilitation, and environmental obligations, while Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. Management has determined that it has no legal or constructive obligations and accordingly, there is no impact on the financial statements.

(d) Flow-through Shares

The Company will issue, from time to time, flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. Under IFRS, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that suitable deferred tax assets are available. Under Canadian GAAP, the Company recorded the tax cost of expenditures renounced to subscribers on the date the deductions were renounced to the subscribers. Share capital was reduced and future income tax liabilities were increased by the tax cost of expenditures renounced to the subscribers, except that the amount was recognized as a tax recovery to the extent that suitable future tax assets were available. The Company's accounting policies relating to flow through shares have been changed to reflect these differences.

The net effect of these changes at the transition date is an increase to share capital and an increase to deficit in the amount of $283,557.

(e) Provisions

Under IFRS, a provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Under Canadian GAAP, a liability was recognized for legal obligations.

The Company's accounting policies relating to provisions has been changed to reflect this difference and there is no impact on the financial statements.

(f) Reclassification within Shareholders' Equity

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the Transition Date, $538,136 relates to "Warrants" and as at April 30, 2011, $152,800 relates to "Warrants". As a result, a reclassification is necessary in the equity section between "Contributed surplus" and the "Warrants" for these amounts.

Accounting Standards Issued but not yet Effective

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the

Company's interim financial statements for the period beginning May 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 9.

The IASB issued the following standards, effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, which have not yet been adopted by the Company. The Company has not yet begun to assess the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

- requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements
- defines the principle of control, and establishes control as the basis for consolidation
- sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee
- sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC12 Consolidation—Special Purpose Entities.

IFRS 11 Joint Arrangements establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 Disclosure of Involvement with Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement is a comprehensive standard for fair value measurement and disclosure requirements across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 27 Separate Financial Statements has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

International Financial Reporting Interpretations Committee 20 (IFRIC 20) “Stripping Costs in the Production Phase of a Surface Mine” requires stripping costs incurred during the production phase of a surface mine to be capitalized as part of the asset, if certain criteria are met, and depreciated on a units of production basis unless another method is more appropriate.

FUTURE FUNDING

The Company has historically financed its activities principally by sale of equity securities and while it has been successful in the past, there can be no assurances it will be successful in the future. The recoverability of exploration costs is dependent upon the ability of the Company to obtain financing to fund and complete the development of such reserves or through the sale of the licenses.

INVESTOR AWARENESS

The Company does not have an investor awareness program. Currently, the president provides shareholder communication. The Company will continue some investor awareness initiatives including investor conference participation, print, radio, and web media advertising of the Company and its prospective properties. The Company maintains a summary of corporate and technical information on its website and provides links to regulatory, government, and other sources of information.

RISKS AND UNCERTAINTIES

The Company's continuation as a going concern is dependent on its ability to raise sufficient and appropriate equity financing to fund and complete the development of its mineral properties and attainment of future profitable operations. While the Company has been successful in the past in financing its activities there can be no assurances it will be successful in the future.

Companies involved in the mineral exploration industry face many risk factors. While it is not possible to eliminate all the factors inherent in the mineral exploration business, the Company, through ongoing assessment, strives to mitigate these risks to ensure the protection of its assets.

EXPLORATION AND DEVELOPMENT RISK

Mineral exploration and development involves a high degree of risk and few properties will become producing mines. There is no assurance that any mineral resources identified and defined will be mined commercially. The Company attempts to mitigate these risks by conducting exploration programs and studies using qualified contractors and personnel who will make professional recommendations based upon the findings of these studies.

RISK IN RESOURCE/RESERVE CALCULATIONS AND ESTIMATION OF METAL RECOVERIES

There is a degree of uncertainty attributable to the calculation of mineral resources and mineral reserves and corresponding grades and all mineral resources and mineral reserves and grades should be treated as estimates only.

FINANCING RISK

The Company has limited financial resources and relies upon the issuance of share capital to raise funds. The Company's management is aware that the availability of equity funds at favourable terms is not certain, so the financial requirements of the Company's operations are reviewed at least quarterly to allow for timely changes in capital deployment. The Company has been successful in the past in obtaining financing from the placement of equity, however there can be no assurance that it will obtain adequate financing in the future or that the terms of such financing will be favourable.

POLITICAL AND LEGISLATIVE RISK

The Company's properties are located in Canada in the province of Newfoundland and Labrador. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected, to varying degrees, by changes in federal or provincial legislation and regulations and the effects of any changes cannot be accurately predicted. The Company identifies changes and potential changes in environmental legislation, provincial laws and regulations, and 'best practices guidelines' as sources of potential risk in this regard.

BUSINESS CYCLE RISK

General market conditions and the price of precious and base metals will have an impact on the Company's ability to access financing in the future to continue the exploration of its properties and further the Company's long-term plan. Changes in cyclical market direction may have a positive or negative affect the Company. Changes in general market conditions are beyond the control of the Company.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007, the Chief Executive Officer and Chief Financial Officer (CFO) of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed unaudited interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under Multilateral Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* (MI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

CONTRACTUAL OBLIGATIONS

The Company has no contractual obligations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors carries out its responsibility for the financial statements primarily through the audit committee, which comprises independent, non-executive directors who meet periodically with management and independent auditors to review financial reporting and internal control matters.

Disclosure for Venture Issuers without Significant Revenue

	For The Years Ended April 30	
	2012	**2011**
	$	**$**
REVENUE:		
Interest revenue	13	-
EXPENSES:		
Audit	39,813	30,000
Bank charges & interest	7,193	8,483
Consulting wages & benefits	119,925	114,671
Legal Fees	6,302	1,393
Marketing	1,799	-
Meals and Entertainment	1,353	1,461
Office	2,932	8,108
Regulatory fees	8,755	10,844
Rent	15,462	25,606
Secretarial services	3,945	2,890
Shareholder information	6,245	4,961
Stock based compensation	-	111,300
Training	2,944	-
Transfer agent & shareholder	12,785	6,482
Travel & entertainment	188	1,783
	229,641	327,982
Net loss and total comprehensive loss	(229,628)	(327,982)
Loss per share, basic and diluted	(0.004)	(0.007)

Schedule of Share Capital as at August 28, 2012:

Authorized:	Unlimited common shares, without par value
Common shares Issued	62,320,890
Options outstanding	4,900,000
Warrants outstanding	4,000,000

OUTLOOK

Zinc Demand

Prominex's primary base metal resource is zinc and the market prices of this commodity declined dramatically from a high of $2.10/lb in January 2007 to a low of $0.47 in Feb. 2009 and now trades at $0.83US$. This decline in commodity prices was in step with world economic downturn and the reduction of demand for commodities and zinc products. The price of commodities will fluctuate in step with the overall markets as the world economies recover from the credit crisis of 2008, but as the world does work its way out of this crisis, a significant driver of price in the future will be the demand from the developing economies of India and China. On the consumption side, much will depend on China and other Asian economies, particularly as any European or North American economic growth is unlikely to be more than lethargic.

Zinc in Fertilizers

A further demand on supply in the not so distant future could be the use of zinc in fertilizers. Zinc application to fertilizers has demonstrated its effectiveness and viability and continues to gain traction on the world stage.

Soils in many countries around the world are deficient in the trace mineral zinc. Zinc is an essential trace element for humans, animals and plants. It is vital for many biological functions and plays a crucial role in more than 300 enzymes in the human body.

In the early 1990's, zinc deficiencies in soils were identified as the cause for reducing wheat yields in Central Anatolia, Turkey. A research project was started in 1993, which showed that Zn applications led to significant increases in grain yield. In trials on four varieties of wheat grown under irrigated conditions, the increases in yield ranged from 29 to 355% with an average increase of 58%.

The results were so positive that fertilizer industries in Turkey, particularly Toros Fertilizers and Chemical Industry produced increasing amounts of NP (nitrogen and phosphorous) and NPK (nitrogen and potassium and phosphorous) in fertilizers containing 1% Zn, at the same price as those containing just the three main plant nutrients.

Today, nearly 19 years after the identification of zinc deficiency problem, the total amount of zinc-containing compound fertilizers produced and applied in Turkey reached a record level of **300,000 t/a**. It is estimated that economic benefits associated with the application of Zn-fertilizers on Zn deficient soils in Turkey is around **US$100 million per year**. The average increase in value per hectare of the four wheat varieties was $477US. If calculated at a 20% yield increase, which may be a more realistic long-term yield benefit using zinc fertilizers, the farmer could expect to make an additional US$123 per hectare. .

Plants require it for proper growth and yield and it does not occur in fertilizers. The supplementation (agronomic biofortification) of zinc in fertilizers is now in the forefront of studies in China, India and the USA and its use in fertilizers is just starting to gain traction on the world stage. Once identified, zinc deficient soils can be supplemented by adding zinc fertilizers (zinc sulphate is by far the most widely used material) to provide an adequate supply of zinc to crops.

Food Supply Security

The recent 2010 ban of Russia exports of wheat due to drought are a highlight to a food crisis that may be developing and has raised public awareness on the fragile nature of the current food production system. One piece of the puzzle to shore up food security is increased yield of crops through improved agricultural production, in particular fertilizers, and the knowledge to apply them efficiently and effectively over a long period of time.

Norman Borlaug (Nobel Peace Prize) stated that "Greater food availability in the low-income, food-deficit nations cannot be achieved with one silver bullet. No doubt, greater availability of fertilizer is critical to any solution. Yet we also need a long-term vision of growth, and integrated investments that incorporates research, human and institutional capacity building, infrastructure, sound policy, markets and governance."

Zinc Deposits and Supply

The following summary is from a report authored Allan Galley, Mark Hannington and Ian Jonasson of the Geological Survey of Canada and is titled, "Volcanogenic Massive Sulphide Deposits". This report is found on the internet and is available on the Company's website under Related Articles.

http://www.prominex.ca/i/pdf/Volcanogenic-Massive-Sulphide-Deposit.pdf.

The historical base metal resources at Tulks Hill and Lake Bond are termed “volcanogenic massive sulfide deposits” (“VMS”). At the present time there are only 800 VMS deposits worldwide ranging in size from 200,000t to giant deposits. Among the largest is the Neves Corvo in Spain Iberian Pyrite Belt (“IBP”) with reserves in excess of 270M/T. The entire IPB contains 88 deposits with 7 over 100M/T containing an aggregate 1.575B/T of ore.

Up to 2002, VMS deposits are estimated to have supplied over 5B/T of sulphide ore (Franklin and Hannington, 2002). This includes 22% of the worlds zinc (Zn) production, 6% of the worlds copper (Cu) , 9.7% of the worlds lead(Pb) , 8.7% of its silver (Ag) and 2.2% of its gold (Au) (Singer 1995).

In Canada, there are 350 deposits and major VMS occurrences containing geological reserves greater than 200,000 tonnes, of which only 13 are presently producing mines. VMS deposits are known to occur in every province except Alberta and PEI. The largest number of these VMS deposits is located in Quebec (33%), Manitoba (15%), Newfoundland and Labrador (12%), British Columbia (10%), Ontario (9%) and New Brunswick (9%).

Exploration Objectives

Prominex’s continuing exploration objective is focused on increasing the NI 43-101 zinc mineral resources within our Tulks Hill property. In late 2011, Prominex began evaluation other historical base metal resources located within our Tulks Hill property. (See January 10, 2012 news release)

On July 9, 2012, the Company commenced an evaluation of the historic VMS deposits identified by earlier explorers at our Lake Bond property. (See July 9, 2012 news release)

Future Financing

The Company has conducted exploration at its Lake Bond property in central Newfoundland, however, going forward the size, scope, and objective(s) of the exploration activity is dependent upon access to additional funds and subject to the objective of limiting shareholder dilution among other factors.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MDA is available upon request from the Company and is available for viewing on the Company website at www.prominex.ca or on SEDAR at www.sedar.com

ADDITIONAL INFORMATION

Additional information related to the Company is available for viewing on the Company’s website www.prominex.ca and on SEDAR at www.sedar.com

DIRECTORS AND OFFICERS

GORDON BARRON – PRESIDENT, CEO, AND DIRECTOR

Mr. Gordon Barron became president and CEO of the Company on December 21, 2009. Mr. Barron has 33 years of experience in the evaluation and financing of mineral exploration projects in Canada. Mr. Barron has provided consulting services to Prominex since October 2004.

In 1985, Mr. Barron founded Varna Gold Inc.,(ASE-VG) and prior thereto Varna Resources Inc. (“Varna”). Varna made the initial discovery of the Pine Cove Deposit in June 1987. The Pine Cove Gold Mine is located on the Baie Verte Peninsula on the island of Newfoundland in the province of Newfoundland and Labrador, Canada. Anaconda Mining Inc. (ANX-TSX) is now the owner of the producing Pine Cove Gold Mine

In 1987, Varna made the initial discovery of gold at Glover Island located in west-central Newfoundland. The property now hosts 17 gold occurrences and an NI 43.101 compliant resource. The Glover Island property is now controlled by Mountain Lake Minerals Inc. (www.mountain-lake.com)

ALLAN INNES – CORPORATE SECRETARY, CFO, AND DIRECTOR

Mr. Allan Innes has over 20 years accounting experience and is the founder and president of Innes and Company, Certified General Accountants of North Vancouver, BC (1998). Mr. Innes began his career with Pannell Kerr MacGillivary, Chartered Accountants, in Toronto, as a junior and intermediate accountant and auditor from 1988 to 1991. In 1991, Mr. Innes moved to Vancouver, BC, to work as a senior accountant with Brendan Higgins, Chartered Accountants.

DR. DAVID STIRLING – DIRECTOR AND CHAIR OF AUDIT COMMITTEE AND COMPENSATION COMMITTEE MEMBER

Dr. David Stirling has over 25 years' experience in post-secondary university education, development, research, and teaching in fields of Medicine and Education. Dr. Stirling has served as Chairman of Undergraduate Programs in the School of Kinesiology, Simon Fraser University; Assistant Academic Dean and Director of Research and Development Trinity Western University; Director of Development, Kodaikanal International Baccalaureate School, Tamil Nadu, India; and Vice President of University Development, Universario Nazarena, Costa Rica.

GORDON MACNIEL – DIRECTOR – CHAIR OF THE COMPENSATION COMMITTEE AND AUDIT COMMITTEE MEMBER

Mr. MacNiel has 26 years' experience in the financial, investment and taxation arena and is the founder and president of Taurus Accounting Services Inc. of Vancouver, BC (2002). Having graduated from St. George's School in Vancouver in 1977, he attended Queen's University in Kingston Ontario, finishing his B.A. at UBC in 1984. He completed the Canadian Securities Course with honours later in 1984 and joined Investors Group as a financial planner from 1985-1988. Mr. MacNiel moved on to a position with Canada Revenue Agency for two years in income tax and then two more years involved with the organization of the registration, compliance, collection and remittance processes of the GST for its implementation in 1991. He went into the private sector starting his own tax consulting business in late 1991 and his firm represents clients in personal and corporate tax accounting, planning, preparation, and filing.

LILIANA HARTWIG – DIRECTOR AND AUDIT COMMITTEE MEMBER

Ms. Hartwig has 25 years' experience in communications and publishing of technical documentation particularly within the mining industry, and is the founder and Managing Director of LFH-FIELDSCOM Communications Ltd. in North Vancouver, BC (2010).