PLANET MINING EXPLORATION INC.

(formerly Planet Exploration Inc.)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2012

Dated February 26, 2013

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Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") for the nine months ended December 31, 2012 are prepared by management on February 26, 2013 for Planet Mining Exploration Inc. (formerly Planet Exploration Inc.) (the "Company") in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with the Company's condensed interim financial statements and related notes for the nine months ended December 31, 2012 and 2011 and audited financial statements for the year ended March 31, 2012, which were prepared in accordance with IFRS.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Forward Looking Information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar and U.S. dollar, fluctuations in the prices of gold and other commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada and other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the "Risks and Uncertainties" and "Use of Estimates and Judgments" sections of these MD&A for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

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OUTLOOK AND PROPOSED CHANGE OF BUSINESS

The Company is a junior mineral exploration company that is listed under the symbol "PXI" on the TSX Venture Exchange. While transitioning from Alberta to British Columbia, on April 12, 2012, the Company changed its name to Planet Mining Exploration Inc. To date, the Company has not earned any revenue from its resource property interests and is considered to be in the exploration stage.

Subsequent to the period ended December 31, 2012, the board of directors has determined that it is in the best interests of the Company to refocus its business operations from a resource company to an "Investment Issuer". The Company has conceptualized a new business model that focuses on using the Company's residual cash and capitalizing on the Board's and management's expertise, to invest in projects and companies in the resource sector, including precious metals, uranium and coal, oil and gas, base metals, potash, lithium and rare earths. The adoption of the Company's new business model will constitute a "change of business" (the "COB") for the Company pursuant to Exchange Policy 5.2 – *Change of Business and Reverse Takeovers* ("Policy 5.2").

Completion of the COB is subject to a number of conditions, including acceptance from the Exchange. The proposed COB also requires approval from the Company's shareholders at the Company's upcoming annual general and special meeting. The COB cannot close until the required shareholder approval is obtained. Additional information with respect to the COB will be provided in the management information circular to be prepared in connection with the Meeting.

Abbreviations
Au – gold
g/t – grams per tonne
m – metres
oz – ounces

MINERAL PROPERTIES

The Red Lake, Ontario (Sidace Lake) project

Location and Ownership

The Red Lake project comprises of 63 unpatented contiguous mining claims covering an area of 12,224 ha, located 25 km northeast of Balmertown, Red Lake Mining Division, Ontario. The property is owned by the Company as to 40% and Goldcorp Red Lake Gold Mines, an affiliate of Goldcorp Inc. ("Goldcorp") as to 60% under the terms of a joint venture. The Sidace Lake property is subject to a 1% Net Smelter Royalty.

Brief History

Since 1998, when the Company first took an interest in the property, 246 diamond drill holes, totaling 90,142 meters of NQ core have been drilled on the Sidace lake joint venture.

On April 14, 2009, the Company announced a National Instrument 43-101 ("NI 43-101") compliant independent Technical Review of the Sidace Lake Gold Property, including a Mineral Resource Estimate on the 2 most advanced of 6 prospects on the claims, the Main Discovery and Upper Duck Zones, Red Lake Mining Division, Northwestern Ontario. The Technical Report was produced by Watts, Griffis and McQuat Limited ("WGM"), a geological engineering firm based in Toronto, Ontario. The Technical Report demonstrates:

TABLE OF MINERAL RESOURCE ESTIMATES FOR THE MDZ AND UDZ DEPOSITS SHOWING SENSITIVITY TO CUT-OFF GRADE

Cut-off	Indicated Resource			Inferred Resource		
Grade	Mass	Grade	Content	Mass	Grade	Content
gm Au/t	tonnes*	gm Au/t	Au oz*	tonnes*	gm Au/t	Au oz*
MDZ						
0.50	1,601,400	2.41	124,300	3,093,500	2.10	208,600
1.00	1,401,300	2.65	119,300	2,437,000	2.46	192,400
1.50	1,119,500	3.00	107,900	1,677,200	3.01	162,500
2.00	815,500	3.46	90,800	1,152,900	3.59	133,000
2.50	551,300	4.05	71,900	816,600	4.15	108,900
3.00	376,200	4.67	56,500	558,800	4.80	86,200
UDZ						
0.50	413,000	2.92	38,700	616,700	3.19	63,300
1.00	337,100	3.40	36,900	557,700	3.44	61,700
1.50	247,600	4.19	33,300	425,800	4.11	56,300
2.00	162,800	5.46	28,600	308,600	5.01	49,700
2.50	117,800	6.70	25,400	236,000	5.87	44,600
3.00	94,900	7.66	23,400	179,600	6.86	39,600
Total MDZ and UDZ						
0.50	2,014,400	2.52	163,000	3,710,200	2.28	271,900
1.00	1,738,300	2.80	156,200	2,994,700	2.64	254,100
1.50	1,367,200	3.21	141,300	2,103,100	3.24	218,800
2.00	978,300	3.80	119,400	1,461,500	3.89	182,800
2.50	669,100	4.52	97,300	1,052,600	4.53	153,500
3.00	471,100	5.27	79,900	738,400	5.30	125,800

* All tonnage and total oz Au figures rounded to nearest hundred. Totals may not add up due to rounding.

- The estimates were prepared from two separate block models, each using a 1.5 g Au/t cut-off grade and a 35 g Au/t high grade cap, based on a gold price of US$800/oz and a US$:C$ exchange rate of 1:1.2.
- These resources are open at depth and in the case of the MDZ, laterally towards the northeast and southwest. The UDZ is cut off by dykes to the northeast and by a fault to the southwest. Previous drilling (RL-05-77, RL05-105) picked up gold mineralization in iron formation to the west of the fault.

Management has been actively investigating options to consolidate or increase the Company's interest in the property and to further drill in order to expand the known resources at the MDZ and UDZ and to further explore the several known high-potential prospects on the property. As Goldcorp is the operator and the majority interest owner in the property, our ability to pursue these options is restricted by and dependent upon receiving their support. The Company is evaluating its options with respect to advancing the property and advancing its business in general.

The Golden Loon project, British Columbia

On February 15, 2011, the Company signed an option agreement with Tilava Mining Corporation, a private company, to acquire an initial 70% interest, which can be increased to 100%, in Tilava's Golden Loon gold and copper project located 80 kilometres north of Kamloops, British Columbia. For details of the agreement refer to the audited financial statements for the year ended March 31, 2012.

The Property hosts two multi-kilometre gold and copper in soil and bedrock anomalies, and is underlain by a highly developed network of silicified and frequently gold-mineralized structures that have extensively altered the country rocks. The gold system flanks a 7+ kilometre by 1.2 to 2.2 km wide Nickel-Cobalt-Platinum Group Metal (PGM) mineralized layered ultramafic body.

From 2011 to 2012 the company completed a 32-hole, two-phase diamond drill program centred on an area surrounding historic positive drill results and various soil geochemical and mapping surveys, plus a ground based IP geophysical survey in order to explore the potential of this project. While most field work and drilling tested the known gold system, metallurgical tests were also completed on the large Nickel-Cobalt-Platinum Group Metal (PGM) mineralized layered ultramafic body in order to determine whether it could have economic potential.

Results of drilling on the gold system indicate that while gold-bearing silicified structures and/or veins are indeed present along the eastern flank of the ultramafic intrusion, these features appear to lack the width and consistency of mineralization to support potential economics. Typical true widths and grades of these mineralized vein systems where drilled are estimated by the company to be 5 to 30 metres of approximately 1 to 2 g/t gold. While further exploration is warranted to test other potential zones below the various gold-in-soil anomalies known to be present at the Golden Loon, the lack of a known volumetrically signficant gold zone and deteriorating market conditions throughout 2012 made additional drilling unsuitable to the Company at this time.

Following diamond drilling of the eastern gold system and mineralogical testing of the ultramafic, additional field exploration was undertaken to determine whether other gold systems were also present on the property, and to investigate variation within the ultramafic intrusion in terms of nickel content and PGM content. Localized occurrences of gold were observed in narrow (less than 0.5 m) quartz veins in several areas, with grab samples returning from weakly anomalous up to 11 g/t gold values. However sizeable target zones or concentrations of mineralized veins were not identified, suggesting a lack of drillable targets.

Results of sapling the ultramafic intrusion, particularly around its margins, did show elevated PGM values, ranging from weakly anomalous to approximately 1.5 g/t combined platinum and palladium in grab samples. However sizeable zones of PGM mineralization with significant widths were not identified. Rather, the pattern appears to be one of localized or "spotty" PGM mineralization surrounding the intrusion, again lacking significant drillable targets.

Preliminary grinding and floatation testing of the ultramafic intrusion was also undertaken by Planet using G&T Metallurgical Services of Kamloops, B.C., a global leader in this field. Representative drill core samples were selected from historic core stored on site by a past operator. Core samples represented various geologically distinct phases of the intrusion having different nickel head grades ranging from approximately 0.20 – 0.30% total nickel. Results showed that the sulfide mineralization contained in the test samples of drill core was too fine grained to be effectively concentrated through floatation, with the majority of sulfide mineral grains (mostly the nickel sufide mineral pentlandite) being finer than 7 -10 um. Liberating this sulfide through conventional floatation was indicated by independent experts at SRK Consultants of Vancouver, B.C. to likely be too costly to support mining at the low grades of sulfide involved, and such finely ground material would likely create viscous sludges within the floatation cells that would not be suitable for conventional processing. Hence, while the ultramafic body does contain large amounts of low grade very finely disseminated nickel sulfides, it does not appear to be extractable using conventional technology.

Review of the 2011 to 2012 work shows that while both gold and nickel-cobalt-PGM mineralized systems have been confirmed to be present at the Golden Loon property by Planet, the gold system may lack significant consistently mineralized volumes for industrial-scale mining interests and the nickel-cobalt-PGM mineralized ultramafic appears to be too fine grained for conventional processing.

Subsequent to the period ended December 31, 2012, the Company discontinued its commitments to earn its option on the Golden Loon property. As a result, the Company wrote off the costs capitalized to Golden Loon property as at December 31, 2012.

SELECTED FINANCIAL INFORMATION

For the years ended March 31, 2012, 2011 and 2010 (under IFRS unless otherwise noted) ($)

	2012	2011	2010
Total assets	11,045,914	11,190,401	9,842,323
Total liabilities	184,090	146,853	98,013
Interest income	57,735	46,726	18,511
Net (loss) for the year before income tax provision	(568,958)	(539,007)	(402,567)
Loss per share	(0.015)	(0.017)	(0.011)

By recent eight quarters (under IFRS unless otherwise noted) ($)

	December 31, 2012	**September 30, 2012**	**June 30, 2012**	**March 31, 2012**
Interest income	10,543	8,460	8,031	11,265
Net (loss) for the period before income tax provision	(2,596,045)	(134,931)	(127,496)	(185,679)
Net (loss) per share	(0.063	(0.004)	(0.003)	(0.005)

	December 31, 2011	**September 30, 2011**	**June 30, 2011**	**March 31, 2011**
Interest income	14,028	15,517	16,925	17,108
Net (loss) for the period before income tax provision	(214,684)	(73,852)	(94,743)	(53,823)
Net (loss) per share	(0.006)	(0.002)	(0.003)	(0.001)

RESULTS OF OPERATIONS

Nine months ended December 31, 2012 and 2011

For the nine months ended December 31, 2012, operating expenses totaled $601,818 and net loss was $2,858,472. The Company had $429,749 in operating expenses and a net loss of $383,279 for the nine months ended December 31, 2011. The increase in net loss is mainly due to $2,283,688 of capitalized Golden Loon property costs written off during the nine months ended December 31, 2012.

Share-based compensation expense decreased by $95,065 from $141,088 recorded during the nine months ended December 31, 2011 to $46,023 recorded during the same period of the current year. The decrease relates to the number of stock options granted and vested. Out of 765,000 stock options granted during the nine months ended December 31, 2012, 708,750 vested immediately compared to 1,482,500 stock options granted and vested during the nine months ended December 31, 2011 with related expense recorded in share-based compensation.

The Company incurred $143,650 in management fees during the nine months ended December 31, 2012 compared to $57,526 recorded during the same period of the previous. Professional fees increased by $51,653 from $23,769 incurred during the nine months ended December 31, 2011 to $75,422 incurred during the nine months period ended December 31, 2012. Office, general and consulting increased by $115,004 during the nine months ended December 31, 2012 as compared to the prior period. The Company incurred $14,944 in insurance during the nine months ended December 31, 2012 compared to $7,573 incurred during the nine months ended December 31, 2011. All these changes are a result of increased activities by the Company. These increases result from the Company becoming more active with exploration efforts at the Golden Loon project during the period.

Rent increased from $18,336 incurred during the nine months ended December 31, 2011 to $24,114 incurred during the current period due to an additional office rented in the Toronto area.

Transfer agent and filing fees increased by $3,513 from $10,227 recorded during the nine months ended December 31, 2011 compared to $13,740 incurred during the same period of the current year. Travel, promotion and shareholder information decreased by $2,309 from $59,731 incurred during the nine months ended December 31, 2011 to $57,422 incurred during the current period.

Stock based compensation decreased by $95,065 from $141,088 incurred during the nine months ended December 31, 2011 to $46,023 incurred during the current period due to a lesser number of options granted during the current period.

The net loss was partially offset by interest income of $27,034 for the nine months ended December 31, 2012 compared to $46,470 during the nine months ended December 31, 2011.

Three months ended December 31, 2012 and 2011

For the three months ended December 31, 2012, operating expenses totaled $322,900 and net loss was $2,596,045. The Company had $228,712 in operating expenses and a net loss of $214,684 for the three months ended December 31, 2011.

Share-based compensation expense decreased by $109,246 from $113,622 recorded during the three months ended December 31, 2011 to $4,376 recorded during the same period of the current year. The increase relates to the stock options granted and vested during prior period. Out of 1,245,000 stock options granted during the three months ended December 31, 2011, 1,182,500 vested immediately. No stock options were granted during the three months ended December 31, 2012.

The Company incurred $101,113 in management fees during the three months ended December 31, 2012 compared to $29,512 recorded during the same period of the previous year. Professional fees increased by $40,455 from $10,227 incurred during the three months ended December 31, 2011 to $50,682 incurred during the three months period ended December 31, 2012. The increase primarily relates to increased legal expenditures incurred during the current period. Office, general and consulting increased by $76,522 during the three months ended December 31, 2012 as compared to the prior period due to more consultants involved. All these changes are a result of increased activities by the Company.

Travel, promotion and shareholder information increased by $10,554 from $12,799 incurred during the three months ended December 31, 2011 to $23,353 incurred during the current period due to the Company's increased efforts in raising investors' awareness in the Company's activities.

The net loss was partially offset by interest income of $10,543 for the three months ended December 31, 2012 compared to $14,028 during the three months ended December 31, 2011.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing exploration and operating costs.
- To invest cash in hand in highly liquid and highly rated financial instruments.

The Company defines its capital as shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, the sale of assets, debt, or return capital to shareholders. The Company currently has no externally imposed capital requirements. Recent economic conditions have not significantly affected the Company's objectives, policies or processes for managing its capital.

In September 2012, the Company closed a private placement consisting of 7,000,000 Units of the Company, at $0.15 per Unit, for gross proceeds of $1,050,000. Each Unit consists of one common share and one-half of common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at any time until September 28, 2013 at an exercise price of $0.25 per share.

The Company has no debt and working capital of $3,697,224 as at December 31, 2012 ($3,262,429 as at March 31, 2012). The Company utilizes this working capital for expenditures on exploration and general and administrative expenses.

RELATED PARTY TRANSACTIONS

During the nine months ended December 3, 2012, the Company incurred $53,378 (2011 - $156,795) in geological services which were capitalized to resource properties, $137,143 (2011 - $103,886) in office, general and consulting expenses, $Nil (2011 - $284) in professional fees, $19,362 (2011 - $25,026) in management fees and $11,717 (2011 - $7,341) in travel, promotion and shareholder information from a company in which an officer and a director of the Company is an employee. A total of $19,789 (March 31, 2012 - $24,078 payable) was advanced to this company as at December 31, 2012. These expenses were charged to the Company at cost without markup.

During the nine months ended December 31, 2012, the Company incurred $47,550 (2011 - $32,500) in management fees from a company controlled by a director and officer of the Company. A total of $8,176 was payable with respect to these fees as at December 31, 2012 (March 31, 2012 - $5,040).

Receivable from a director and officer of the Company amounts to $Nil (March 31, 2012 - $8,248) as at December 31, 2012. Included in accounts payable relating to this director and officer amounts to $Nil (March 31, 2012 - $162) as at December 31, 2012.

During the year ended March 31, 2012 the Company advanced funds to a company in which an officer and a director of the Company is an employee for using office equipment. As at December 31, 2012, $2,164 (March 31, 2012 - $7,440) of this advance is outstanding.

These related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

SHARE CAPITAL

Issued and outstanding common shares:

	Number of Shares	Amount
Balance, March 31, 2010	25,319,190	$ 11,341,692
Shares issued for cash, net of share issue costs	10,000,000	1,185,297
Shares issued for warrants	150,000	37,500
Shares issued for stock options	825,000	221,240
Shares issued for resource property	330,000	89,100
Balance, March 31, 2011	36,624,190	$ 12,874,829
Shares issued for resource property	900,000	177,000
Shares issued to finders of resource property	15,000	3,450
Balance, March 31, 2012,	**37,539,190**	**$ 13,055,279**
Shares issued for cash, net of share issue costs	**7,000,000**	**950,372**
Balance, December 31, 2012 and February 26, 2013	**44,539,190**	**$ 14,005,651**

Stock Options

The Company has a stock option plan whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the outstanding common shares from time to time with vesting rights determined at each grant date. The exercise price of each option equals the market price of the Company's stock on the date of the grant (less any permitted discount, if any) and an option's maximum term is five years.

A summary of the Company's stock option activity:

	Number of options	Exercise price per share range	Weighted average exercise price
Balance, March 31, 2011	2,177,500	$ 0.17 - $ 0.40	$ 0.31
Granted	1,745,000	$ 0.20 - $ 0.36	0.23
Expired	(7,500)	$ 0.40	0.40
Cancelled	(900,000)	$ 0.20 - $ 0.36	0.33
Balance, March 31, 2012	3,015,000	$ 0.17 - $ 0.56	$ 0.26
Granted	765,000	$ 0.15 - $ 0.25	0.16
Cancelled	(530,000)	$ 0.15 - $ 0.35	0.22
Balance, December 31, 2012 and February 26, 2013	3,250,000	$ 0.15 - $ 0.56	$ 0.25

As at February 26, 2013, the following stock options are outstanding and exercisable:

Number of common shares under option	Exercise price per common share	Weighted average remaining contractual life in years	Exercisable
370,000	$ 0.17	0.81	370,000
1,050,000	0.34	2.71	1,050,000
150,000	0.35	3.10	150,000
730,000	0.20	3.63	730,000
125,000	0.22	3.69	125,000
200,000	0.20	0.85	200,000
50,000	0.25	4.10	50,000
575,000	0.15	4.41	556,250
3,250,000	$ 0.24	2.97	3,231,250

Share purchase warrants

The following table summarizes changes in the number of warrants outstanding and exercisable:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2010	-	$ -
Granted	10,000,000	0.25
Exercised	(150,000)	0.25
Balance, March 31, 2011	9,850,000	0.25
Balance, March 31, 2012	9,850,000	0.25
Granted	3,920,000	0.25
Expired	(9,850,000)	0.25
Balance, December 31, 2012, and February 26, 2013	3,920,000	$ 0.25

Off-balance Sheet Arrangements

As at December 31, 2012 as well as the date of this report, the Company does not have any off-balance sheet arrangements.

USE OF ESTIMATES AND JUDGMENTS

Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of resource properties, share-based compensation and other equity-based payments. Actual results may differ from those estimates and judgments.

Mining Interests

Resource properties consist of exploration and mining concessions, options and contracts. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of either through sale or abandonment. If put into production, the costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

Management reviews capitalized costs on its mineral properties on a periodic basis and recognizes impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable operations from the property or sale of the property.

RISKS AND UNCERTAINTIES

There can be no assurance that commercial quantities of valuable minerals will be recovered by the Company in the future. Mining exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in new discoveries of mineral deposits in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions and changes in drilling plans and locations as a result of prior exploratory holes or additional seismic data and interpretations thereof. The Company currently has focused its efforts on its property in Red Lake, Ontario. Exploration projects are reviewed at a very early stage for all aspects including: corporate fit, environmental issues, timing, costs and reward potential. Identified risks are addressed and excessive risks are mitigated, to the extent possible, before any project is approved. Management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards and their past practices. The long term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce valuable minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation.

Interest Rate Risk

The Company's only source of income is interest revenues. The Company utilizes its working capital for expenditures on exploration and general and administrative expenses. As cash has been spent, the amounts placed in higher interest earning deposits have declined. In addition, average interest rates have trended significantly lower over the previous eight quarters resulting in decreasing interest revenues. As at

December 31, 2012, a 1% change in interest rates would affect the revenue derived from cash and cash equivalents by approximately $30,000 on an annual basis.

Financial Risk and Capital Markets Uncertainty

The Company's business plan has been to grow through exploration of mineral resources. The Company's principal risks, as an exploration company, are that it must find and develop economic mineral resources and be able to fund the associated capital expenditures. The Company relies on equity financing. If any components of the business plan should be missing, the Company may not be able to continue executing the entire business plan.

The unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions. As a result, certain companies have had, and may continue to have, limited access to capital and credit. These disruptions could, among other things, make it more difficult for the Company to obtain financing for its operations.

Resource Property Risk

Acquisition and exploration costs of resource property interests are capitalized and deferred until such time as the property is put into production, the property is disposed of either through sale or abandonment or the property is considered uneconomic in the foreseeable future. If put into production, the costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property or option proceeds with respect to undeveloped properties are credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned or considered uneconomic in the foreseeable future, the acquisition and deferred exploration costs are written off to operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements. Management reviews capitalized costs on its resource properties on a periodic basis and recognizes impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable operations from the property or sale of the property.

Competition

The mining industry is intensively competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Provincial, Federal and

State governmental authorities. Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Environmental Impact

The Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when full scale development commences. As the Company's project is still in the exploration and development stage and no significant environmental impact has occurred to date, the Company does not currently consider that expenditures required meeting any ongoing environmental obligations at the projects material to its results or to financial condition to the Company at this time. However, these costs may become material in the future and will be reported in the Company's filings at that time.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metal prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

The Ability to Manage Growth

Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipated that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

FUTURE ACCOUNTING PRONOUNCEMENTS

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations. Those standards that are expected to be relevant to the Company are detailed below, but, have not been early adopted by the Company as they are not yet effective.

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

IAS 1 Presentation of Financial Statements

An amendment to IAS 1 was issued by the IASB in June 2011. The amendment requires separate presentation for items of other comprehensive income that would be reclassified to the statement of income in the future if certain conditions are met, from those that would never be reclassified to the statement of income. The effective date is July 1, 2012, with earlier adoption permitted.

IAS 12 Income Taxes

An amendment to IAS 12 was issued by the IASB in June 2011. The amendment removes subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendments introduce a presumption that entities will assess whether the carrying value of an asset will be recovered through the sale of the asset. These amendments are effective for annual periods beginning on or after January 1, 2012, with earlier adoption permitted.

IAS 32 Financial Instruments: Presentation

IAS 32 was amended by the IASB in December 2011. The amendment clarifies that an entity that has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 was amended by the IASB in December 2011. The amendment contains new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements. These new disclosure requirements will enable users of the financial statements to better compare financial statements prepared in accordance with IFRS. IFRS 7 is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. In December 2011, the IASB issued amendments to IFRS 9 that defer the mandatory effective date to annual periods beginning on or after January 1, 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9 which was originally limited to companies that chose to apply IFRS 9 prior to 2012. Alternatively, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

IFRS 13 Fair Value Measurement

IFRS 13 was issued by the IASB in May 2011. This standard clarifies the definition of fair value, required disclosures for fair value measurement, and sets out a single framework for measuring fair value. IFRS 13 provides guidance on fair value in a single standard, replacing the existing guidance on measuring and disclosing fair value which is dispersed among several standards. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company. These Standards and Interpretations will be first applied in the financial report of the Company that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

OFF- BALANCE SHEET TRANSACTIONS

The Company has not entered into any off-balance sheet arrangements.

DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company did not have significant revenues in its last three financial years.

DISCLOSURE CONTROLS AND PROCEDURES

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at December 31, 2012. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are effective in ensuring that information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including its CEO and CFO, believe that any disclosure controls and procedures and internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

There have been no changes in the Company's internal controls over financial reporting during the nine months ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at **www.sedar.com**