# Lions Gate Metals Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the three and nine month periods ended September 30, 2011**

November 25, 2011

**1.1 Introduction**

This Management's Discussion and Analysis ("MD&A"), dated November 25, 2011, focuses upon the activities, results of operations, liquidity, financial condition and capital resources of Lions Gate Metals Inc. (the "**Company**" or "**Lions Gate**" or "**LGM**") for the nine month period ended September 30, 2011. In order to better understand the MD&A, it should be read in conjunction with the unaudited financial statements and notes thereto for the three and nine month periods ended September 30, 2011. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's first condensed interim financial statements prepared in accordance with IAS 34 and IFRS 1 dated March 31, 2011 as well as the Company's annual financial statements for the year ended December 31, 2010 prepared in accordance with previous Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. Additional information relevant to the Company can be found on the SEDAR website at www.sedar.com.

The Company's financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's third condensed interim financial statements prepared in accordance with IAS 34 and IFRS 1 using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on December 31, 2011, the Company's first annual IFRS reporting date.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the consolidated financial statements, as well as the reported amounts of revenues earned and expenses incurred during the year. Actual results could differ from those estimates.

The Company's current items involving substantial measurement uncertainty are the carrying costs of investments, loans receivable, mineral property interests and their related deferred exploration expenditures, the provision for future site restoration and abandonment costs, determinations of stock-based compensation and share purchase warrant valuation assumptions and the future income tax asset valuation allowance. By their nature, these estimates are subject to measurement uncertainty, and the impact on the consolidated financial statements of future changes in such estimates could be material.

**Forward Looking Statements**

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to the future metal prices, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future price of metals; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

**Company Overview**

The Company is a public company incorporated under the laws of the Province of British Columbia. The common shares of the Company are listed for trading on the TSX Venture Exchange (“**TSXV**”) under the symbol LGM. Effective July 21, 2008, the Company changed its name from Fortress Base Metals Corp. to Lions Gate Metals Inc. As a result of the name change, the Company’s stock symbol changed from “FBM” to “LGM”. On February 19, 2009 the Company announced that in accordance with TSXV Policy 2.5, the Company had met the requirements necessary to change from a Tier 2 issuer to a Tier 1 issuer.

The Company is a junior mineral exploration company engaged in the business of acquiring and exploring and evaluating natural resource property interests. As of November 25, 2011, the Company has not earned any production revenue, nor found any proven reserves on any of its mineral property interests.

While these consolidated financial statements have been prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast doubt on the validity of this assumption. For the nine month period ended September 30, 2011, the Company reported a net loss of $1,463,035 and as at that date had working capital of $2,919,538 and an accumulated deficit of $14,951,307. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings or through other arrangements. The Company believes it has sufficient working capital for the foreseeable future.

The recoverability of amounts shown for mineral property interests and their related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities, and has therefore relied principally upon the issuance of securities for financing and proceeds from the sale of investments. The Company is currently focusing its resources on projects which have potential for near-term production and for potential acquisitions of businesses or assets.

**1.2 Overall Performance**

The Company is actively exploring its properties and looking for opportunities to maximize the value of its resource properties. The key milestones achieved over the past several months include the following:

- A 10,000 metre drill program commenced on the Poplar Property on August 25, 2011. The program was expanded to approximately 12,500 metres, and the results of this program are expected to be completed during the 1st Quarter of 2012. Assay results have been particularly slow due to large volumes being processed by the labs.

- A NI43-101 compliant analysis of the Poplar resources was completed in the last several weeks. This report has been posted on the Company website and published on SEDAR.

- A program of grid establishment and surface sampling on a number of the geophysical targets located around the Poplar deposit was completed. The Company awaits completion of assays, and compilation of the results of this program are ongoing. It is expected that further work in the form of geophysics and surface sampling will be the next steps in exploring these regional targets around Poplar.

- The Company has completed a work program on its Hudson Bay Mountain property. Management is waiting for the assay results and will compile those results once received. In addition, the plan to spin out this property has been deferred.

- The Company completed a program of geological mapping and sampling at the Rok-Coyote property located adjacent to Imperial Metals Red Chris property. More work is anticipated to be completed next year on this property.

***Poplar Property***

The Company has completed a preliminary resource estimate for its 100% owned Poplar Project in north central British Columbia. The National Instrument 43-101 Inferred Resource of 245 million tonnes averaging 0.27% Cu at the BC Poplar Project, contains over 1.4 Billion pounds of copper at a 0.15% Cu cut-off.

The preliminary resource estimates are NI 43-101 compliant and have been prepared by Gary H. Giroux, MASc., P.Eng., of Giroux Consultants Limited. Mr. Giroux is a Qualified Person as defined by NI 43-101 and is independent of the Company.

**POPLAR MINERALIZED ZONE - INFERRED RESOURCE**

| Cu Cut-off | Tonnes> Cut-off | Grade > Cut-off | | Contained Metal | |
|---|---|---|---|---|---|
| (%) | (tonnes) | Cu (%) | Mo (%) | Million lbs of Cu | Million lbs of Mo |
| 0.05 | 372,299,000 | 0.21 | 0.005 | 1748.558 | 41.046 |
| 0.10 | 334,563,000 | 0.23 | 0.006 | 1689.359 | 44.263 |
| 0.15 | 245,855,000 | 0.27 | 0.007 | 1442.013 | 37.948 |
| 0.20 | 180,304,000 | 0.30 | 0.008 | 1192.711 | 31.806 |
| 0.25 | 122,988,000 | 0.34 | 0.009 | 908.482 | 24.407 |
| 0.30 | 78,076,000 | 0.37 | 0.010 | 636.983 | 17.216 |
| 0.35 | 41,029,000 | 0.41 | 0.010 | 372.732 | 9.047 |
| 0.40 | 17,835,000 | 0.47 | 0.009 | 182.867 | 3.539 |
| 0.45 | 8,137,000 | 0.52 | 0.008 | 92.761 | 1.435 |
| 0.50 | 3,861,000 | 0.57 | 0.008 | 48.272 | 0.681 |
| 0.55 | 1,857,000 | 0.62 | 0.007 | 25.264 | 0.287 |
| 0.60 | 953,000 | 0.66 | 0.006 | 13.953 | 0.126 |
| 0.65 | 447,000 | 0.71 | 0.004 | 6.998 | 0.039 |
| 0.70 | 177,000 | 0.77 | 0.002 | 3.005 | 0.008 |

The resource estimate is based on 105 historical diamond drill holes completed by Utah Mines Limited and other operators between 1974 and 2005, totaling approximately 23,000 metres of drilling, and an additional 5,569 metres of diamond drilling in 13 holes, completed by Lions Gate in the spring of 2011.

A three dimensional grade zone solid was produced in Gemcom Software for drill holes with assay intervals greater than 0.1% Cu. This solid served to constrain the resource estimate. Assays were capped for Cu and Mo to reduce the effects of erratic outliers. Uniform down hole composites 5 m in length were used to model the grade continuity with variography. Bulk density was established from 121 measured samples. Blocks 20 x 20 x 10 m in dimension, within the mineralized solid, were estimated for Cu and Mo by ordinary kriging. At this stage of the project all blocks were classified as inferred.

The drilling completed by Lions Gate has confirmed the high quality of the work completed by Utah Mines and previous operators. Lions Gate's drilling has extended the mineralized zone to depth and laterally, and the mineralization remains open in all directions. Higher grade zones indentified by P. Ogryzlo, M. Sc., P. Geo. have been extended to the west and northwest, and remain open in both these directions.

Lions Gate has commenced a Phase 2, 10,000 metre follow-up diamond drill program at Poplar. This program was extended to 12,500 metres. This drilling will further define the mineralized zone, and is designed to test the extension of the higher grade mineralization. The additional gold and silver analyses will provide enough data for an estimate of the gold and silver grade to be calculated. The results of the Phase 2 drill program will be incorporated into an updated resource estimate, expected in early 2012.

Results are pending for a preliminary metallurgical test that commenced in early September.

Andrew Gourlay, P. Geo., is a qualified person pursuant to NI-43-101 and has reviewed and approved the disclosure of technical matters included herein.

***Rok-Coyote Property***

On January 21, 2010, the Company entered into a letter of intent which grants Lions Gate an option (the "**Option**") to acquire a seventy-five percent (75%) interest in the ROK-Coyote Mineral property (the "**Property**") located in the Stikine Arch region of northwestern British Columbia from Firesteel Resources Inc. ("**Firesteel**").

Firesteel may acquire a 5% interest in the Property by paying Lions Gate $200,000 which, if exercised, would result in the ownership being 70% Lions Gate and 30% Firesteel.

The Property is adjacent to and immediately northwest of the Imperial Metals Corporation's Red Chris copper–gold deposit (with Measured and Indicated Resources of 489.1 million tonnes at 0.43% Cu and 0.42 g/t Au, at 0.20% Cu Cutoff, as reported on page 89 of Imperial Metals' Technical Report: 2010 Exploration, Drilling and Mineral Resource Update dated May 19, 2010). In a news release dated August 5, 2010 Imperial Metals also reported the Red Chris Drill hole RC09-393 returned 317.5 metres grading 1.08% copper and 1.46 g/t gold within a 1,112.5 metre mineralized section grading 0.54% copper, 0.61 g/t gold. Firesteel has reported that the Property covers a copper-gold porphyry target located within a large hydrothermal sulphide system measuring at least 9 sq. km. atop the Tanzilla Plateau. Access to the Property is easily gained from Hwy. 37 along the west side of the claim group or from the Ealue Lake secondary road which crosses the southern half of the Property in an east-west direction.

The summer exploration season included expansion of the existing grids, and geological mapping and sampling. Additional field surveys are planned for 2012 to define drill targets.

***Hudson Bay Mountain Property***

In May 2005, the Company acquired claims located on Hudson Bay Mountain. Additional claims surrounding the Hudson Bay Mountain Property were obtained in July 2010.

These mineral claims surround the old Yorke/Hardy Molybdenum showing which is adjacent to Thompson Creek Metals Company Inc.'s (TSX, NYSE: TCM) Davidson project. Thompson Creek operates the Endako open-pit molybdenum mine at Fraser Lake. The claims are located approximately 10 km west of the town of Smithers BC and within sight of the Smithers airport. Access to the site is via a number of public roads on the north side of the mountain and an extensive logging road network accessing the south and west sides of the area. Helicopter access to higher areas is easily made in a few minutes from the airport. These claims are also located within 5 kilometers of the Canadian National Railway lines.

Topography of the area is generally steep to rugged mountain slopes trending towards the north and south with elevations ranging from 600 to 2600 meters elevation.

***Copperline Property***

Pursuant to a sale and purchase agreement entered into on July 17, 2010 between the Company and the two owners (the "**Vendors**"), the Company has acquired a 60% undivided beneficial and recorded interest in the Copperline property. The remaining 40% interest in the property is held by Max Minerals Ltd. (TSXV: MJM) and Lions Gate will assume the Vendors' rights and obligations under an existing joint venture with Max Minerals Ltd.

The Copperline property surrounds Skutsil Knob at the south end of the Driftwood Range, 25 km northwest of Takla Lake, and about 120 km northeast of Smithers, B.C. The property is situated approximately 10km south of the northern terminus of the BC Rail right-of-way and approximately 5 km from a nearby logging road network. Although access to the work area is currently by helicopter, road access into the alpine would be reasonably easy to develop by extension of existing logging roads.

The claims comprising the Copperline property cover a zone of volcanic redbed copper-silver mineralization which consists primarily of bornite with lesser chalcocite, chalcopyrite, and tetrahedrite. Copper oxides of malachite and azurite may visually mark mineralized zones. Some native copper has also been observed. Silver mineralization is intimately tied up in the copper sulphides. Some barite mineralization has also been found associated with the copper bearing zones. The mineralized zones have been located primarily in the alpine between 1500 to 1800 meter elevations. Other mineralized showings have also been discovered at lower elevations. In 2003, an exploration program was conducted which significantly improved the understanding of the copper-silver mineralization at the Main Zone on the Copperline property and provided sufficient confidence to recommend additional exploration work and preliminary development studies. Significant potential exists for the discovery of new deposits of volcanic redbed copper-silver mineralization in and around these claims.

***Kelly Creek***

The property is centered near 54° 26' North latitude 128° 08' West longitude and is within NTS map-sheet 103I 08E and British Columbia map-sheet 103I 050. It is accessible from Terrace thirty kilometres westerly via British Columbia Highway 16 and Zymoetz River main logging road to the northern part of Kelly 1 and Kelly 2 mineral claims. Elevation at the property ranges between 220 metres and 1420 metres. Much of the property is covered in mature timber; with parts of it having been logged.

Previous exploration within the area now covered by Kelly Creek Project property includes: prospecting, trenching, soil geochemical surveying, induced polarization geophysical surveying, core drilling in at least twenty-eight holes, driving of underground workings comprising three hundred and two metres, underground core drilling in at least twelve holes comprising 621.6 metres, rock and core sampling and geological evaluation. Not all results of past work are available. Drill holes in Upper Kelly Creek prospect area contained up to 5.35 per cent copper and 95.3 grams per tonne silver over 4.6 metres in underground drill hole UK5 and 1.30 per cent copper and 28.8 grams per tonne silver over 34.5 metres core length with an estimated true width of 22.5 metres in underground drill hole UK10.

In 1981 Cathedral Minerals Ltd. estimated a resource at Upper Kelly Creek prospect comprising an indicated resource of 2.27 million tonnes containing 1.03 per cent copper and 18.5 grams per tonne silver and an inferred resource of similar tonnage and grade as the indicated resource; this estimate was performed prior to the introduction of current resource reporting standards. No exploration is planned on this property.

### 1.3 Selected Annual Information

| | Year Ended December 31, 2008 (audited) | Year Ended December 31, 2009 (audited) | Year Ended December 31, 2010 (audited) |
|---|---|---|---|
| Total Revenue | $171,866 | $1,301,926 | $3,305 |
| Assets | $3,697,496 | $3,808,863 | $ 6,071,756 |
| Net Loss | $(1,445,772) | $(2,235,579) | $(1,569,724) |
| Basic and Diluted loss per common share | ($0.15) | ($0.21) | ($0.12) |
| Long-term debt | $164,278 | $ - | $ - |

The audited financial statements for the years ended December 31, 2008, 2009 and 2010 were prepared in CDN GAAP.

## 1.4 Results of Operations

For the three months ended September 30, 2011, the Company had a net comprehensive loss of $379,240 compared to a net comprehensive loss of $280,085 for the same period in 2010. The increase in comprehensive loss for the third quarter was due primarily to increased stock-based compensation expenses and other general and administrative expenses. For details of all significant variances, please refer to section 1.5 'Summary of Quarterly Results'.

### Summary of Mineral Property Expenditures and Exploration Activities

Title to mineral property interests involve certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of them are in good standing.

Management reviewed the valuation of the mineral property interests and in previous years made the decision to limit capitalized acquisition costs to its cash outlays. Until the development of a plan to further progress these property interests, management will continue to expense non cash outlays for property interests except for the Poplar, Hudson Bay Mountain, and Copperline mineral property interest. It is management's intention to keep all of its current mineral property interests in good standing.

#### *Poplar*

The Poplar Mineral property consists of 167 mineral tenures covering a surface area of approximately 63,386 hectares. The claims have passed through several owners, and several forms of mineral tenure. Lions Gate Metals is the registered owner of the Poplar Property, and holds 100% of the rights to the claims. The Company's interest in certain claims are subject to the specific agreements disclosed below.

By an agreement dated April 20, 2004, the Company was granted an option to acquire a 50% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1"), situated in the Omineca Mining Division of B.C. In December 2007, the Company finalized terms with Hathor Exploration Limited ("Hathor") to grant the Company an option to acquire the remaining 50% interest in the Poplar mineral property interest. The Company has met all required cash payments and share issuances related to the acquisition of Poplar 1 to date. The Company's sole remaining obligation on Poplar 1 is the commitment to annual payments of $75,000 to Hathor for the duration of the agreement. Hathor retains a 2% net smelter return royalty ("NSR") on the property. This agreement is applicable to seven specific tenures. On December 8, 2010, Hathor sold its annual $75,000 option receivable to Standard Exploration Inc. ("Standard"). In November, 2011, the Company commenced discussions with Standard to buy back the option payment. Those discussion were still underway when this report was published.

On April 29, 2009 the Company entered into an option agreement with an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest in sixteen mineral tenures south of Poplar Lake ("Poplar 2"). Should the claims be found to contain economically recoverable metal values, the Company may offer a total maximum payable of $1,000,000 in the form of a 1% NSR or a one-time only buy-out by the Company of $1,000,000 less any NSR amounts previously paid.

On May 25, 2009 the Company entered into an option agreement with an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest on three additional mineral tenures south of Poplar Lake ("Poplar 3"). Should the claims be found to contain economically recoverable metal values, the Company may offer a total maximum payable of $100,000 in the form of a 1% NSR or a one-time only buy-out by the Company of $100,000 less any NSR amounts previously paid.

All other tenures were staked by the Company.

The acquisition cost schedule to date is as follows:

| Year | Cash Payment $ | Shares # | Shares $ | Tenure, Minister of Finance & Other Fees | Charged to Income | Balance $ |
|---|---|---|---|---|---|---|
| 2004 | 37,777 | 50,000 | 17,500 | 5,923 | - | 76,200 |
| 2005 | 30,000 | 464,286 | 163,500 | 6,654 | (200,923) | 75,431 |
| 2006 | 115,000 | 100,000 | 24,000 | - | (24,000) | 190,431 |
| 2007 | 115,000 | 190,000 | 102,600 | 4,077 | - | 412,108 |
| 2008 | 75,000 | - | - | 14,871 | - | 501,979 |
| 2009 | 75,000 | - | - | - | - | 576,979 |
| 2009 | - | 10,000 | 9,500 | - | - | 586,479 |
| 2009 | - | 2,500 | 2,000 | - | - | 588,479 |
| 2009 | - | - | - | 72,735 | - | 661,214 |
| 2010 | 75,000 | - | - | - | - | 736,214 |
| 2010 | - | 20,000 | 11,200 | - | - | 747,414 |
| 2010 | - | 5,000 | 2,800 | - | - | 750,214 |
| 2010 | - | - | - | 36,991 | - | 787,205 |
| 2011 | - | 30,000 | 24,000 | - | - | 811,205 |
| 2011 | - | 7,500 | 5,625 | - | - | 816,830 |

The future cost and expenditure commitments on Poplar for the next five years are comprised of:

| Date | Cash Payment $ | Number of Shares |
|---|---|---|
| November 26, 2011 | 75,000 | - |
| April 29, 2012 | - | 40,000 |
| May 25, 2012 | - | 15,000 |
| November 26, 2012 | 75,000 | - |
| November 26, 2013 | 75,000 | - |
| November 26, 2014 | 75,000 | - |
| November 26, 2015 | 75,000 | - |
| Total | 375,000 | 55,000 |

During the year ended December 31, 2005, the Company paid $11,000 for a reclamation bond pursuant to regulatory requirements against reclamation obligations relating to exploration work on the Poplar mineral property interest. To date, the Company has purchased an additional $33,098 in reclamation bonds for a total of $44,098.

During the year ended December 31, 2008, the Company staked 44,963 additional hectares in the area adjacent to the Poplar mineral property. These mineral claim holdings are 100% owned by the Company and all mineral claims are current and in good standing.

On August 20, 2009 the Company announced that The Office of the Wet'suwet'en (the "**OW**"), representing the interests of five Clans and thirteen Houses of the Wet'suwet'en first nations, and the Company had concluded a Memorandum of Understanding ("**MOU**"). The MOU recognized that both parties were committed to a respectful, consultative relationship with regards to the Company's mineral exploration activities on 22,000 square kilometers of Wet'suwet'en traditional territories in the Poplar Lake area, which include the Poplar Property. The MOU also recognizes that the Poplar Property is situated within the traditional territory of the Unis'tot'en people who are a member of one of the five Clans that make up Wet'suwet'en Nation and that therefore the Company should engage and consult with the Unis'tot'en separate and specific to the Poplar Property.

The MOU with the OW was renewed and formalized into a form of Communications and Engagement Agreement (the "**CEA**") on December 15, 2010 and is expected to continue for the foreseeable future as the Company and the OW work towards achieving and maintaining a transparent and mutually respectful ongoing relationship. Lions Gate has agreed to make annual payments of $10,000 to the OW as capacity funding for the terms described in the CEA.

In July 2010, Lions Gate had also begun formal discussions with the Unis'tot'en first nation, with the objective of engaging the Unis'tot'en in meaningful consultation and to further accommodate their unique interests in respect to exploration work on the Poplar Project and to develop a formal Protocol Agreement. As a good faith gesture, Lions Gate provided $10,000 in capacity funding to assist the Unis'tot'en with travel and administration costs to plan meetings. Lions Gate has also commissioned and funded the Unis'tot'en a $40,000 Traditional Use Study to help better understand the cultural significance of the Poplar area. The Company continues, in good faith, the ongoing negotiations with respect to a formal Protocol Agreement, while in the interim, the Company has been permitted and commenced the exploration work with a phase I, 2011 winter drilling program, which was undertaken in January to March 2011, as well as a Phase II summer/fall program which commenced in August, 2011. Lions Gate has employed up to five Unis'tot'en members to fill various positions for the Company during these exploration phases, including a geotechnical engineer, core splitter, environmental monitor and cook's helper.

In January 2011, the Company commenced a drilling program of approximately 5,500 metres, which was completed on April 13, 2011. Several First Nations personnel were employed on this program. Further exploration and a 10,000 meter drilling program commenced in late August 2011. Twenty-eight drill holes totaling 10,786 meters were completed on November 14$^{th}$, and all samples have been submitted for analyses.

### *Hudson Bay Mountain*

The Company acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest located near Smithers, British Columbia by issuing 460,000 common shares in May 2005 and by making annual payments of $25,000, with reference to the initial payment which was made in May 2005. The Company has negotiated with the vendor and the previous annual $25,000 payment obligation has been waived by the vendor in connection with the 2010 agreement previously disclosed. The vendor retains a 2% NSR in respect of these mineral claims.

The Hudson Bay Mountain mineral property interest is 100% owned by the Company and all mineral claims are current and in good standing. During the year ended December 31, 2009, the Company renewed 21 claims on the Hudson Bay Mountain property totaling 8,199 hectares. 11 claims totaling 1,398 hectares were not renewed.

In December, 2010 a wholly owned subsidiary, Northern Canadian Metals Inc. ("NCM") was incorporated with the intention of being the target company for a possible sale of the Hudson Bay property. At this time management has made the decision to defer until a later date.

### *Rok-Coyote*

Permits were received in August, 2011 on the Rok-Coyote property. A field program of rock and soil sampling, and geological mapping was completed during September. Results from the sampling and mapping will be compiled when they are received. A field program for 2012 will then be planned.

### *Kelly Creek*

By an agreement dated July 26, 2004, the Company was granted an option to acquire an undivided 100% interest in 8 mineral claims, known as the Kelly Creek mineral property interest, situated in the Omineca Mining Division of B.C.

Terms of the agreement were the payment of $20,000 and the issuance of 100,000 common shares of the Company to be issued in various stages. The final 40,000 common shares were issued July 2007. The optionor retains a 2% NSR, in respect of these mineral claims, with the Company being granted the right to purchase 50% (1%) of this royalty for consideration of $1,000,000.

The Kelly Creek mineral property interest is 100% owned by the Company and all related mineral claims are current and in good standing.

### *Copperline*

There is no activity anticipated on the Copperline property at this time. Management has determined to focus on the Poplar and Rok-Coyote projects.

### Summary of Exploration and Evaluation Assets for the nine months ended September 30, 2011:

| Mineral Property Interests (Omineca Mining Division of BC) | Balance December 31, 2010 | 2011 Costs Incurred | Write-Down for Valuation | Balance September 30, 2011 |
|---|---|---|---|---|
| **Acquisition Costs** | $ | $ | $ | $ |
| Poplar mineral property - 100% interest | 787,205 | 29,625 | - | 816,830 |
| Kelly Creek mineral property - 100% interest | 1 | - | - | 1 |
| Hudson Bay Mountain mineral property - 100% interest | 1,160,245 | 11,292 | - | 1,171,537 |
| Copperline mineral property - 60% interest | 1,630,760 | - | - | 1,630,760 |
| ROK – Coyote mineral property - 75% interest | - | 234,000 | - | 234,000 |
| | **3,578,211** | **274,917** | **-** | **3,853,128** |
| **Deferred Exploration Expenditures** | | | | |
| **Poplar** | | | | |
| Airborne survey | 334,129 | - | - | 334,129 |
| Assays/Metallurgy | 32,891 | 9,389 | - | 42,280 |
| Camp costs | 228,999 | 408,306 | - | 637,305 |
| Consulting | 416,184 | 211,875 | - | 628,059 |
| Drilling | 297,579 | 870,148 | - | 1,167,727 |
| Environmental | 94,545 | 21,057 | - | 115,602 |
| Field expenditures and personnel | 291,257 | 274,522 | - | 565,779 |
| Geophysical/I.P. magnetic survey | 99,435 | 196,284 | - | 295,719 |
| Maps and reports | 813 | 1,418 | - | 2,231 |
| Miscellaneous | 58,113 | 7,200 | - | 65,313 |
| Telecommunications | 5,460 | 4,249 | - | 9,709 |
| Community Relations/Traditional use study | - | 59,045 | - | 59,045 |
| Travel and accommodation | 70,382 | 14,741 | - | 85,123 |
| Mining exploration tax credits claimed | (286,369) | - | - | (286,369) |
| | 1,643,418 | 2,078,234 | - | 3,721,652 |
| **Hudson Bay Mountain** | | | | |
| Consulting | 10,000 | 23,411 | - | 33,411 |
| Camp costs | - | 25,828 | - | 25,828 |
| Field expenditures and personnel | - | 57,326 | - | 57,326 |
| Geological | - | 7,076 | - | 7,076 |
| **ROK – Coyote** | | | | |
| Consulting & Community Relations | - | 53,494 | (2,050) | 51,444 |
| Camp costs | - | 16,297 | - | 16,297 |
| Field expenditures and personnel | - | 95,188 | - | 95,188 |
| Geophysical | - | 14,364 | - | 14,364 |
| | 1,653,418 | 2,371,218 | (2,050) | 4,022,586 |
| **Total** | **5,231,629** | **2,646,135** | **(2,050)** | **7,875,714** |

## Summary of Mineral Property Interests and Deferred Exploration during the Year ended December 31, 2010:

| Mineral Property Interests (Omineca Mining Division of BC) | Balance January 1, 2010 | 2010 Costs Incurred | Write-Down for Valuation | Balance December 31, 2010 |
|---|---|---|---|---|
| **Acquisition Costs** | $ | $ | $ | $ |
| Poplar mineral property - 100% interest | 661,214 | 125,991 | - | 787,205 |
| Kelly Creek mineral property - 100% interest | 1 | 16,000 | (16,000) | 1 |
| Hudson Bay Mountain mineral property - 100% interest | 125,000 | 1,086,959 | (51,714) | 1,160,245 |
| Copperline mineral property - 60% interest | - | 1,630,760 | - | 1,630,760 |
| **Total** | **786,215** | **2,859,710** | **(67,714)** | **3,578,211** |
| | | | | |
| **Deferred Exploration Expenditures** | | | | |
| **Poplar** | | | | |
| Airborne survey | 322,406 | 11,723 | - | 334,129 |
| Assays | 29,301 | 3,590 | - | 32,891 |
| Camp costs | 191,826 | 37,173 | - | 228,999 |
| Consulting | 307,322 | 108,862 | - | 416,184 |
| Drilling | 297,579 | - | - | 297,579 |
| Environmental | 85,232 | 9,313 | - | 94,545 |
| Field expenditures and personnel | 291,057 | 200 | - | 291,257 |
| Geophysical/I.P. magnetic survey | 95,335 | 4,100 | - | 99,435 |
| Line cutting | 34,201 | - | - | 34,201 |
| Maps and reports | 423 | 390 | - | 813 |
| Miscellaneous | 20,626 | 3,286 | - | 23,912 |
| Telecommunications | 2,103 | 3,357 | - | 5,460 |
| Travel and accommodation | 65,138 | 5,244 | - | 70,382 |
| Mining exploration tax credits claimed | - | (286,369) | - | (286,369) |
| | **1,742,549** | **(99,131)** | **-** | **1,643,418** |
| **Hudson Bay Mountain** | | | | |
| Consulting | - | 12,094 | (2,094) | 10,000 |
| Field expenditures and personnel | - | 945 | (945) | - |
| | 1,742,549 | (86,092) | (3,039) | 1,653,418 |
| **Total** | **2,528,764** | **2,773,618** | **(70,753)** | **5,231,629** |

### 1.5 Summary of Quarterly Results

The following selected quarterly consolidated financial information is derived from the financial statements of the Company and has been prepared in accordance with Canadian GAAP pre and post the adoption of IFRS as indicated.

***Summary of quarterly financial information and discussion***

| | Sept 30, 2011 | Jun 30, 2011 | Mar 31, 2011 | Dec 31, 2010 |
|---|---|---|---|---|
| | IFRS | | | |
| Total assets | $ 11,385,266 | $ 11,428,033 | $ 11,535,595 | $ 6,071,756 |
| Working capital | 2,919,538 | 4,248,109 | 4,228,727 | 590,171 |
| Shareholders' equity | 10,854,871 | 11,178,333 | 10,806,199 | 5,865,803 |
| Loss (income) | 354,820 | 421,789 | 686,426 | 423,266 |
| Loss (income) per share | $ 0.02 | $ 0.02 | $ 0.04 | $ 0.02 |

| | Sept 30, 2010 | Jun 30, 2010 | Mar 31, 2010 | Dec 31, 2009 |
|---|---|---|---|---|
| | IFRS | | | Canadian GAAP (Pre-IFRS) |
| Total assets | $ 6,084,747 | $ 4,050,633 | $ 3,201,060 | $ 3,808,863 |
| Working capital | 733,952 | 1,234,931 | 464,130 | 1,010,597 |
| Shareholders' equity | 5,932,530 | 3,741,154 | 3,096,491 | 3,551,361 |
| Loss (income) | 412,257 | 201,410 | 532,791 | (487,388) |
| Loss (income) per share | $ 0.03 | $ 0.02 | $ 0.05 | $ (0.04) |

For the three months ended September 30, 2011, the Company had a net loss of $354,820 compared to a net loss of $412,257 for the same period in 2010. The decrease in net loss for the third quarter was due to the fact that there were no mineral property write-downs in 2011. Significant variances over the three month period include:

Advertising and promotion increased by $62,012 as the Company increased their efforts to raise the Company's profile and generate positive relations with stakeholders. $41k of this balance relates to the development of corporate presentations, while the remainder relates to meetings with prospective investors and industry representatives.

Consulting and management fees decreased from $118,264 in Q3 2010 to $28,414 in Q3 2011. This is primarily due to the CEO and CFO becoming salaried employees as opposed to consultants in February, 2011, as well as the President becoming a salaried employee in September, 2011.

Investor relations expense increased from $Nil in Q3 2010 to $23,500 in Q3 2011. The increase in expense relates to the Company's hiring of investor relations consultants in efforts to increase the Company's profile.

Salaries and benefits increased by $72,900 due to the CEO and CFO becoming salaried employees as opposed to consultants in February, 2011, as well as the President becoming a salaried employee in September, 2011.

Stock-based compensation expense increased by $46,737 due to $28k of options issued to a new director, and $18k related to amortization of consultant options as they continue to vest. In the prior year, only one small issuance valued at $9k was made to a consultant.

There were no securities sold in Q3 2011, as opposed to the loss which was generated from the sale of securities in Q3 2010 of $63,862.

There were no writedowns of mineral property interests in Q3 2011, as opposed to the writedown of $130,912 in Q3 2010.

**1.6 & 1.7 Liquidity and Capital Resources**

The Company's cash and cash equivalents position at September 30, 2011 was $2,920,043. The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future.

In November 2008, the Company loaned $400,000 U.S. (the "Principal Sum") to a third party borrower. As security, the borrower provided a promissory note which acknowledged itself indebted to the Company and promised to pay on or before May 15, 2009 the Principal Sum, together with interest thereon at the rate of fifteen percent, payable at maturity. On May 20, 2009 the Company received $100,000 U.S. and agreed to extend the payment terms to July 15, 2009. The third party borrower did not make payment on or before July 15, 2009. During the year ended December 31, 2010, the Company amended the repayment terms and balance owing. The total amount of the note receivable outstanding was $378,360 (US $360,000), which includes $63,060 (US $60,000) accrued interest (an effective interest rate of 20%). This balance was agreed to as the final amount owing and the repayment terms were to commence on March 5, 2010 and end on August 27, 2010.

On March 5, 2010, the third party who was required to make the payment failed to do so. Therefore, under the circumstances the Company made the decision to record an impairment charge effective December 31, 2009 to reduce the carrying value of the loan to $1. The Company has initiated discussions with legal counsel regarding the steps necessary in order to collect this outstanding note receivable.

On February 24, 2011, $100,000 US was received in respect of this receivable. The remaining balance has not been received and remains as a doubtful account. The balance owing remains the object of a reserve for doubtful accounts as the collectability remains in doubt.

The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources other than the requirement to spend certain amounts on Canadian Exploration Expenses as defined in the *Income Tax Act (Canada)*. All of the Company's obligations to incur CEE have been met as of the date of the MD&A.

On March 10, 2011, the Company completed a two-tranche brokered private placement, consisting of the issue and sale of 1,052,632 flow-through shares at a price of $0.95 per flow-through share and 6,289,000 common share units at a price of $0.80 per unit, for aggregate gross proceeds of $6,031,200. Each common share unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $1.20 per share for a period of two years after the closing of the offering.

Management of the Company believes that it has sufficient funds and will be able to raise sufficient additional funds to execute its business plan over the next year. Should additional funds not be available, the Company would curtail operations on its exploration programs to preserve capital.

**Normal Course Issuer Bid**

On November 1, 2011, having received approval from the TSX Venture Exchange (the "Exchange"), the Company commenced a normal course issuer bid (the "Bid") allowing it to purchase common shares of its own issue through the facilities of the Exchange. The Bid will continue until the earlier of November 1, 2012 and the date by which the Company has either acquired 600,000 common shares or has paid $150,000 in aggregate consideration for the purchase of common shares under the Bid. Purchases have been and will be made in accordance with Exchange requirements and the price at which the Company has and will purchase its common shares is the market price of the common shares at the time of acquisition. All common shares purchased by the Company under the Bid will be returned to treasury for cancellation.

As at November 25, 2011, 79,500 common shares have been purchased by the Company under the Bid for an aggregate cost of $30,608 (or an average of $0.39 per share).

The Company has appointed Mackie Research Capital Corporation, located at Suite 564, 1055 Dunsmuir Street, Vancouver, B.C., V7X 1L4 as its broker to conduct the Bid transactions.

Shareholders can obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid that was filed with the Exchange, without charge, by contacting the CFO of the Company at (604) 683-7588.

**1.8 Off Balance Sheet Arrangement**

The Company has no off balance sheet arrangements.

## 1.9 Transactions with Related Parties

During the quarter ended September 30, 2011, the Company entered into related-party transactions with the following individuals:

| | |
|---|---|
| Arni Johannson | CEO & Chairman |
| Michael Sweatman | CFO |
| Blair McIntyre | President |
| Andrew Gourlay | VP of Exploration |

In addition, the Company entered into related-party transactions with the following corporations:

| | |
|---|---|
| Canadian Nexus Ventures Ltd. ("CNV") | Corporation controlled by CEO |
| MDS Management Ltd. ("MDS") | CFO exercises significant influence over corporation |
| Galena Capital Corp. | Corporation with common directors and officers |

All related party transactions were within the normal course of business and have been recorded at amounts agreed to by the transacting parties. The following is a summary of the Company's related party transactions not otherwise disclosed elsewhere in this document during the period:

a) **Consulting Fees**

For the three months ended September 30, 2011, the Company paid or accrued consulting fees totaling $38,556 plus HST (three months ended September 30, 2010: $48,750) to directors, officers, and companies subject to their influence. The consulting fees consisted of $18,563 to the VP of Exploration, $13,000 to the President, and $6,993 to MDS. Consulting fees incurred related to the Company's mineral properties are capitalized.

For the nine months ended September 30, 2011, the Company paid or accrued consulting fees totaling $173,344 plus HST (nine months ended September 30, 2010: $243,852) to directors, officers, and companies subject to their influence.

b) **Administrative Expenses**

The Company paid or accrued administrative expenses totaling $54,498 (three months ended September 30, 2010: $36,455) which are disclosed as office, rent and telephone, accounting and audit, and legal fees in the Company's consolidated statement of operations, to related companies. These costs were reimbursements for various administrative and overhead expenses which consisted of the following: $13,059 for office rent (September 30, 2010 - $11,100), $Nil related to shared office consultants (September 30, 2010 - $9,790), $1,732 related to telephone expenses (September 30, 2010 - $2,177) and the balance of $39,707 (September 30, 2010 - $13,388) related to general office and administration expenses. $53,943 of the administrative expenses were reimbursed to CNV, while the remaining $555 were reimbursed to MDS.

For the nine month period ended September 30, 2011, the Company paid or accrued administrative expenses totaling $109,131 (nine months ended September 30, 2010: $112,646).

c) **Key Management Compensation**

Key management personnel compensation comprised:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| | **$** | **$** | **$** | **$** |
| Short term employee benefits and director fees | 97,313 | 19,994 | 318,188 | 180,244 |
| Share-based payments | 28,441 | - | 357,324 | 126,561 |
| | **125,754** | **19,994** | **675,512** | **306,805** |

d) **Substantial Shareholder**

John Icke, a director of the Company, is also the President and CEO of Resinco Capital Partners ("Resinco"). Resinco is a greater than 10% shareholder of the Company. For the three and nine months ended September 30, 2011, Resinco was reimbursed $17,164 for joint expenses incurred in relation to the Company's marketing and promotional activities (three and nine months ended September 30, 2010 - $5,201).

**Commitments**

The following table reflects the Company's known aggregate financial commitments as at September 30, 2011:

| | **< Year 1** | **1 – 2 Years** | **2 – 3 Years** | **3 – 4 Years** | **4 – 5 Years** | **Total** |
|---|---|---|---|---|---|---|
| Exploration & Evaluation Assets | $314,000 | $610,000 | $885,000 | $1,185,000 | $85,000 | $3,079,000 |

The Company's minimum mineral property interest payment requirements on the Poplar property over the next five years and thereafter is $75,000 per year. In addition, as part of the terms of the Memorandum of Understanding ("MoU") that the Company holds with The Office of the Wet'suwet'en (the "OW"), the Company is obligated to make annual payments of $10,000 to the OW until such time as the MoU is terminated by either party. The Company has also committed to a further $325,000 of cash payments and $2,329,000 of expenditures on the ROK-Coyote property.

Further details regarding these commitments are discussed under the Poplar subheading in Note 9 "Exploration and Evaluation Assets".

To date, the Company's flow-through share commitments are as follows:

| | $ |
|---|---|
| **Balance at December 31, 2010** | **987,204** |
| Proceeds from March 10, 2011 issuance | 1,000,000 |
| Qualifying expenditures | (1,987,204) |
| **Balance at June 30, 2011** | **-** |

**1.10 Fourth Quarter**

**N/A**

**1.11 Proposed Transactions**

In November 2011, LGM began discussions with Standard Exploration to buy back the $75,000 Poplar option payment from Standard Exploration Inc. Those discussions were still underway when this report was published.

On November 17, 2011, the Company staked an additional 22 claims at Poplar. The Poplar project now adjoins the Thompson Creek Berg Property.

**1.12 Critical Accounting Estimates**

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of consolidated the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include mineral property interest and their related deferred exploration expenditures and stock-based compensation.

The Company has adopted amortization policies, which, in the opinion of management, are reflective of the estimated useful lives and abandonment cost, if any, of its assets. LGM has not yet recorded any amounts in respect of abandonment, as none of these costs has been identified to date.

In addition, the Company is capitalizing costs related to the development and furtherance of its exploration property interests. The recovery of those costs will be dependent on the ability of the Company to discover and develop economic reserves and then to develop such projects in an economic fashion. Management believes that costs capitalized in respect of these projects are not impaired and no adjustments to carrying values are required at this time.

The Company uses the Black Scholes valuation model in calculating stock based compensation expenses. The model requires that estimates be made and the ensuing results could vary significantly if changes are made in these assumptions.

## 1.13 Changes in Accounting Policies

***International Financial Reporting Standards***

### Transition to IFRS from GAAP

The Canadian Accounting Standards Board declared that International Financial Reporting Standards is to replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on or after January 1, 2011.

In order to produce the required financial statements in accordance with IAS 34, the Company used accounting policies consistent with IFRS 1 as issued by the IASB and interpretations of IFRIC.

The condensed interim financial statements for the period ended September 30, 2011 are the Company's third condensed interim financial statements prepared in accordance with IAS 34 using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on December 31, 2011, the Company's first annual IFRS reporting date. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's first condensed interim financial statements prepared in accordance with IAS 34 and IFRS 1 dated March 31, 2011.

The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out in the Company's financial statements have been applied consistently to all periods presented.

### IFRS Conversion

The Company's IFRS conversion plan was comprehensive and addressed matters including changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the conversion was understood and managed reasonably, the Company provided time for the Controller and CFO to attend externally provided IFRS training sessions. In addition, the CEO, CFO, and certain other directors currently sit on the Boards of companies that report under IFRS and possess knowledge of IFRS. Through training and management's decision to engage outside professionals to guide us through the process, the preparation of reconciliations of historical Canadian GAAP financial statements to IFRS, - primarily in the form of "position papers" - which include an analysis and discussion on key differences between Canadian GAAP versus IFRS and documentation of expected disclosures and optional exemptions, the Company believes that its accounting personnel have obtained a thorough understanding of IFRS for Canadian reporting purposes.

The Company has also reviewed its current internal and disclosure control processes and believes they will not need significant modification as a result of conversion to IFRS.

### Impact of IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP; however significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS does not change the actual cash flows of the Company, the adoption does result in changes to the reported financial position and comprehensive income or loss of the Company. In order to allow the users of the financial statements to better understand these changes, the Company has provided the reconciliations between Canadian GAAP and IFRS in Note 21 to the September 30, 2011 condensed interim consolidated financial statements. The adoption of IFRS has had no significant impact on the statements of financial position, comprehensive income/loss, or cash flows of the Company.

**Initial Adoption of IFRS**

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1 *'First-time Adoption of International Financial Reporting Standards'*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to retained earnings unless certain exemptions are applied.

The Company elected to take the following IFRS 1 optional exemptions:

(a) IAS 17, *Leases*: Any IFRIC 4 applicable arrangements not reassessed;

(b) IFRS 2, *Share-Based Payments*: Not applied retrospectively to fully vested equity settled grants;

(c) IAS 23, *Borrowing Costs*: No requirement to justify lack of qualifying assets and/or borrowing costs;

The following key areas of financial reporting are significantly affected by the adoption of IFRS:

**Flow-through shares**: Current Canadian tax legislation permits mining entities to issue flow-through shares to investors. Flow-through shares are securities issued to investors whereby the deductions for tax purposes related to resource exploration and evaluation expenditures may be claimed by investors instead of the entity. Under Canadian GAAP, in accordance with EIC-146 , *Flow-through Shares*, a deferred tax liability is recognized on the date that the Company files renouncement documents with the Canadian tax authorities assuming there is reasonable assurance the expenditures will be made.

Consistent with IFRS, the issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. Accordingly, the Company examined the flow-through share issuance in fiscal 2010 and noted that as the market value was equal to the price of the flow-through units, no liability was incurred on issuance of the flow-through shares.

**Share-based Compensation**: Under Canadian GAAP, the Company measured share-based compensation related to share purchase options at the fair value of the options granted using the Black-Scholes option pricing model and recognized this expense over the vesting period of the options. IFRS 2, *Share-based payments*, similar to Canadian GAAP, requires the Company to measure share-based compensation related to share purchase options granted at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, under IFRS 2, the definition of an employee is broader allowing the Company to group employees and others providing similar services together. As all stock options issued to transition had already vested, no adjustment was necessary.

***Outstanding Share Data***

The Company's authorized share capital is an unlimited number of common shares without par value. As at September 30, 2011, there were 23,660,826 common shares outstanding, 1,854,000 stock options outstanding and 9,769,769 warrants outstanding. The exercise price of options varies from $0.72 to $1.40 and the share purchase warrants have an exercise price ranging from $0.72 to $1.20. As at the date of this management discussion and analysis the Company has 23,660,826 common shares outstanding, and 79,500 shares have been purchased pursuant to the NCIB and are being held pending cancellation.

***Management of Capital***

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, investments, loan receivable as well as cash and cash equivalents. 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

***Management of Financial Risk***

The Company's financial instruments are exposed to certain financial risks, including credit, liquidity, and market risk.

*Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents are held through large Canadian financial institutions. Cash equivalents are comprised of financial instruments guaranteed by the bank. Additional financial instruments that potentially subject the Company to credit risk consist of amounts and loans receivable.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and short-term investments. The Company's expected source of cash flow in the upcoming year will be through equity financing.

*Market risk*

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

a. Currency risk

   The selling prices of commodities from the Company's mineral properties are expected to be denominated in US dollars. Changes in the exchange rate could therefore impact the Company and the valuation of long-term assets to the extent that valuation is affected by rate changes.

b. Interest rate risk

   Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

### *Other Risk Factors*

The following risk factors, as well as risks not currently known to Lions Gate, could materially adversely affect Lions Gate's future business, activities and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to Lions Gate. Before making an investment decision consideration should be made of the principal risks and uncertainties described below:

*Mineral exploration is speculative and uncertain and involves a high degree of risk*

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

All of the properties in which the Company has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in Lions Gate expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by Lions Gate towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognized industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in developing its properties.

*Mineral exploration is subject to consultation with various stakeholders*

Some of the Company operations are conducted within traditional territories of certain First Nations, including the Poplar Project and the Hudson Bay Project, which are situated in the Wet'suwet'en Traditional territory, and the ROK-Coyote Property, which is situated in the Tahltan First Nations traditional territory.

The Company has signed the MOU with the OW (each as defined above), which recognizes that both parties to the MOU are committed to a respectful, consultative relationship with regards to the Company's mineral exploration activities on Wet'suwet'en territories and contemplates that if it proves feasible to build a mine then the parties will negotiate definitive Impact and Benefit Agreements to address members needs for training, employment and related benefit sharing. There can be no guarantee however that such an agreement will be reached with First Nation stakeholders and that the Company will achieve a social license to operate .

The Company's 2010 spring exploration program on its Poplar Property was abandoned due to unresolved internal issues of political representation and jurisdiction between the Wet'suwet'en Heredity Chiefs and a particular House group with the Wet'suwet'en Nation. Issues were raised by a number of individuals from one of the clans (the Unis'tot'en) who attended the site of the Company's planned exploration activities and threaten civil disobedience in the form of a road block. As a result exploration was suspended. Although the Company feels positive steps have been taken towards addressing the concerns of First Nations stakeholders, such risks are inherent with regards to the Company's operations within these territories.

Further discussion with the Unis'tot'en have occurred, and the Company subsequently paid $10,000 to the Unis'tot'en and has funded a $40,000 traditional use study of the Poplar Project area. In addition the Company has negotiated, in good faith, with the Unis'tot'en, a draft form Communication Protocol Agreement that is meant to provide a framework for a supported exploration work program.

Although the final form of Protocol Agreement has not been finalized as of the date of this document, the Company continues to pursue meaningful engagement with the Unis'tot'en, leadership as well as the Office of the Wet'suwet'en, and other First Nations interests identified by the Province of BC and seeks a respectful relationship to ensure that the mutual interests of the Unis'tot'en, the OW and those other First Nations and the Company are respected.

There can be no assurance that the Company's mineral exploration agreements with all the relevant First Nations will be successfully executed or if they are successful there can be no assurance that the Properties will move from an exploration phase to a development stage with formal Impact and Benefit Agreements being executed by the first nations. If such social licenses are never attained, the Company may seek support from the Provincial Governments (in the form of a Revenue Sharing Agreement) but there can be no assurances that a social license will be granted by the First Nations and the Company may have to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

*Lions Gate's activities will require further capital*

The exploration and any development of Lions Gate's properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of Lions Gate's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Lions Gate. If Lions Gate obtains debt financing, it will be exposed to the risk of leverage and its activities could become subject to restrictive loan and lease covenants and undertakings. If Lions Gate obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Lions Gate would be successful in overcoming these risks or any other problems encountered in connection with such financings.

*Lions Gate has no history of earnings and no production revenues*

Lions Gate has no history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

*Lions Gate's mineral resources and any future mineral reserves are estimates and may be recalculated and reduced*

Lions Gate's mineral resources (and any future mineral reserves), to the extent they have been prepared, are estimates, and no assurance can be given that the estimated resources and/or reserves are accurate or that the indicated level of mineral will be produced. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, mineral reserves are valued based on future costs and future prices and consequently, the actual mineral reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

*Results of studies are uncertain*

Subject to the results of the exploration and testing programs to be undertaken, the Company intends to progressively undertake a number of studies with respect to the Properties. These studies will be completed within certain parameters designed to determine the technical and economic feasibility of the projects to be undertaken on the Properties within certain limits. There can be no guarantee that any of the studies will confirm the technical and economic viability of such projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study). Further, even if a study determines the economics of the projects, there can be no guarantee that the projects will be successfully brought into production. In addition, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

*Lions Gate may be adversely affected by fluctuations in mineral prices*

The market price of any mineral fluctuates widely and is affected by numerous factors beyond the control of Lions Gate, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales by producers and speculators as well as other global or regional political, social or economic events. The supply of any mineral consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers. Future production, if any, from Lions Gate's mineral properties will be dependent upon the prices of copper and other metals being adequate to make these properties economic. Future serious price declines in the market value of copper and other metals could cause development of, and any commercial production from, the Properties to be rendered uneconomic. Depending on the mineral market price, Lions Gate could be forced to discontinue any production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities of copper and other metals are produced, a profitable market will exist for them.

In addition to adversely affecting future reserve estimates, if any, of Lions Gate and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, the directors of the Company will review this policy periodically going forward. There can be no assurance that fluctuations in commodity prices will not have a material adverse effect upon the Company's financial performance and results of operations.

*Lions Gate's title to its properties could be challenged*

There can be no assurances that Lions Gate's interest in its properties is free from defects. The Company has investigated its rights as set forth in this AIF and believes that these rights are in good standing. There is no assurance, however, that such rights and title interests will not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties.

All of the leases in which the Company has or may earn an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each lease is usually at the discretion of the relevant government authority. If a lease is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that area.

*Lions Gate depends on key management personnel and may not be able to attract and retain qualified personnel*

Lions Gate is dependent on a number of key management personnel, including the services of certain key employees. Lions Gate's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on Lions Gate's ability to manage and expand the business.

*General economic conditions may adversely affect Lions Gate's growth and profitability*

The events in global financial markets recently have had a profound impact on the global economy. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect Lions Gate's growth.

*Global financial conditions have been subject to increased volatility and may impact Lions Gate's ability to finance its activities*

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by the broad lack of investor confidence and by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of Lions Gate to obtain equity or debt financing in the future and, if obtained, on terms favourable to Lions Gate. If these increased levels of volatility and market turmoil continue, Lions Gate's activities could be adversely impacted and the trading price of Lions Gate's Shares could be adversely affected.

*Lions Gate may enter into various contracts*

In order to secure debt funding, if deemed appropriate by the Company, the Company may be required to enter into various forward contracts for the physical delivery of some or all of its expected copper and other metals from the Properties. These contracts are designed to provide protection against the fluctuations in the mineral price. If Lions Gate fails to meet its obligations in terms of product quantity, quality or timing of supply, the

Company faces a risk that it will have to purchase the physical copper and other metals shortfall on-market to meet its obligations under the forward contracts. This could have a material adverse effect upon the Company's financial performance and results of operations, especially if the mineral price has increased since the date of entering into such forward contracts.

If Lions Gate is able to determine through future exploration and studies that the Properties are capable of economic development and Lions Gate decides to proceed with the development of the Properties, Lions Gate will need to enter into off-take agreements for the product of mining operations. Lions Gate may have difficulty in finding off-take partners who are prepared to enter into long term off-take agreements with a party that does not have a proven production profile. Long term off-take agreements may be required in order for Lions Gate to obtain financing for the development of the Properties. If Lions Gate is not able to negotiate such long term agreements then the development of the Properties may be delayed or prevented.

If Lions Gate enters into any take-or-pay contracts for the off-take of its expected copper and other metals from the Properties, these contracts may provide Lions Gate with market prices subject to escalating floor and ceiling prices while allowing Lions Gate to benefit from some upside should the spot price for copper and other metals out-perform the ceiling prices. However, Lions Gate faces a risk of non-performance on these contracts as well as potential penalties if it fails to meet its obligations in terms of product quantity, quality or timing of supply. In addition, if Lions Gate fails to meet its obligations in terms of product quantity, quality or timing of supply, the Company faces a risk that it will have to purchase the physical copper and other metals shortfall on-market to meet its obligations under the take-or-pay contracts. This could have a material adverse effect upon the Company's financial performance and results of operations, especially if the mineral price has increased.

*Lions Gate may acquire businesses and assets which are not successfully integrated*

Lions Gate undertakes evaluations of opportunities to acquire additional properties and businesses. Any acquisitions may change the scale of Lions Gate's business and may expose Lions Gate to new geographic, political, operating, financial and geological risks. Lions Gate's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks, such as a significant decline in the relevant mineral price after Lions Gate commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Lions Gate's ongoing business; the inability of management to realize anticipated synergies and maximize the financial and strategic position of Lions Gate; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that any assets or business acquired will prove to be beneficial or that Lions Gate will be able to integrate the required businesses successfully, which could slow Lions Gate's rate of expansion and Lions Gate's business and financial condition could suffer.

Lions Gate may need additional capital to finance acquisitions (whether completed or not) which may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company. If Lions Gate obtains debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If Lions Gate obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Lions Gate would be successful in overcoming these risks or any other problems encountered in connection with such financings.

*The mineral resource industry is competitive*

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, some of which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Company can compete effectively with these companies.

*Lions Gate's activities are subject to government regulation*

Lions Gate's activities are subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail Lions Gate's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on Lions Gate and cause increases in expenses or require abandonment or delays in activities.

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

*Lions Gate's minimum Canadian Exploration Expenses*

The Company has, and may continue to, pursue equity financings with tax flow-through shares. Such issuances impose a requirement on the Company to spend specified amounts on Canadian Exploration Expenses (as defined in the Income Tax Act (Canada)) within a specified period of time, thereby creating contractual restrictions on the Company's use of cash until such expenditure requirements are met.

*Lions Gate's activities are subject to environmental laws and regulations*

The industry has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. Currently, the Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation bonds represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. Such reclamation requirements will continue to be levied upon the Company throughout the performance of exploration activities on the properties in the future, which present a financial challenge to Lions Gate as it pursues further expansion and exploration.

*Lions Gate relies on licenses, permits and approvals from various governmental authorities*

Lions Gate's activities require licenses, permits and approvals from various governmental authorities. Lions Gate believes that it holds all necessary licenses and permits under applicable laws and regulations to conduct its current activities and believes that it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances and certain permits and approvals are required to be renewed from time to time. Additional permits and permit renewals will need to be obtained in the future and the granting, renewal and continued effectiveness of these permits and approvals are, in most cases, subject to some level of discretion by applicable regulatory authorities. Certain governmental approval and permitting processes are subject to aboriginal and public consultation requirements and can be appealed by project opponents, which may result in significant delays or in approvals being withheld or withdrawn. There can be no guarantee Lions Gate will be able to obtain or maintain all necessary licenses and permits as are required to explore or develop its properties.

*Lions Gate has uninsured risks*

The business of Lions Gate is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of Lions Gate or others, delays in mining, monetary losses and possible legal liability.

Although Lions Gate maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and Lions Gate may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Lions Gate or to other companies in the mining industry on acceptable terms. Losses from these events may cause Lions Gate to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

*Lions Gate may be adversely affected by fluctuations in foreign exchange rates*

International prices of various commodities are denominated in United States Dollars and a portion of the Company's future capital expenditure and ongoing expenditure may be denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Canadian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Canadian Dollar as determined in international markets. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. As the Company's operations change, its directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

*Lions Gate's joint venture parties, contractors and agents*

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or managerial failure by any of the other service providers used by the Company for any activity.

*Lions Gate may be subject to litigation*

Lions Gate may be involved in disputes with other parties in the future, which may result in litigation. If Lions Gate is unable to resolve these disputes favourably, it may have a material adverse impact on Lions Gate's financial condition.

*Lions Gate's directors and officers may have conflicts of interest*

Certain of the directors and officers of Lions Gate also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict.

*Lions Gate has a limited operating history*

The Company has limited operating history on which it can base an evaluation of its prospects.

The prospects of the Company must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

*Lions Gate does not have a dividend history*

No dividends on the Shares have been paid by Lions Gate to date. Lions Gate anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of Lions Gate's board of directors' after taking into account many factors, including Lions Gate's financial condition and current and anticipated cash needs.

*Short term investment risks*

The Company may from time to time invest excess cash balances in short term commercial paper or similar securities. Recent market conditions affecting certain types of short term investments of some North American and European issuers have resulted in restricted liquidity for these investments. Although the Company has not invested and does not intend to invest excess cash balances in securities issued by these affected issuers, there can be no guarantee that further market disruptions affecting various short term investments will not have a negative effect on the liquidity of similar investments made by the Company.

*Securities investment risks*

Potential investors and shareholders should be aware that there are risks associated with any securities investment. The prices at which the Lions Gate Shares trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

***Corporate Governance***

As of March 31, 2011 the Company's Board was not independent and one of the goals is to strengthen and make the Board more independent over the next year. The Board of Directors has recently commenced this process with the appointment of Dick Schroeder, John Tapics and Gordon Keevil as Directors. During the second quarter, John Tapics and Gordon Keevil were appointed to the Board in replacement of Mark Hewett - who will join the Advisory Board - and Blair McIntyre, who will remain as President. In addition, Richard Schroeder, CA, was appointed to the Board of Directors effective July 1, 2011.

John is an experienced director and has long term experience in the mining industry and in running small and medium sized public companies. Gordon is a senior executive at Imperial Metals Corp. and brings a wealth of technical and corporate experience in the management financing and operation of resource companies. Dick recently retired as a partner of a major accounting firm and has 35 years experience auditing and advising public companies in the mining and securities businesses.

The Board may seek at least 1 other independent director for nomination at the AGM which will be held later this year.

Andrew Gourlay P Geol. is our Vice President of Exploration and he is a Qualified Person pursuant to NI 43-101 and he has reviewed and approved the disclosure of technical matters included herein.

Other information about the Company and our properties is available at www.sedar.com or on the Company website www.lionsgatemetals.com.

*"Arni Johannson"*

Arni Johannson, CEO and Director

Vancouver, Canada

November 25, 2011