Lions Gate Metals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six month periods ended June 30, 2012

August 9, 2012

1.1 Introduction

This Management's Discussion and Analysis ("MD&A"), dated August 9, 2012, 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 three and six month periods ended June 30, 2012. In order to better understand the MD&A, it should be read in conjunction with the June 30, 2012 unaudited condensed consolidated interim financial statements and notes thereto. These condensed consolidated 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 consolidated annual financial statements prepared in accordance with IFRS 1 dated December 31, 2011. 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").

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 items involving substantial measurement uncertainty relate to exploration and evaluation expenditures, estimates of income tax receivables, as well as determinations of share-based payments. 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 timelines, 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; and 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 at the date of this management discussion and analysis, the Company has not earned any production revenue, nor defined any proven reserves on any of its mineral property interests.

While these condensed consolidated interim 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. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast substantial doubt upon the entity's ability to continue as a going concern. Continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required. Realization values may be substantially different from carrying values as shown in the condensed consolidated interim financial statements which do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

For the six month period ended June 30, 2012, the Company reported a total comprehensive loss of $913,447 (June 30, 2011 - $1,011,368) and as at that date had working capital of $822,412 ($1,459,044 at December 31, 2011) and an accumulated deficit of $17,767,016 ($16,896,832 at December 31, 2011). 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 has a record of raising funds as required, however should funds not be available, the Company will adjust the scope of operations to reflect available capital.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and other risk factors disclosed in this document. 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 past two fiscal quarters have been challenging. The European financial crisis has had a major impact on the capital markets and has affected Lions Gate by making it difficult to raise funds for our continued normal operations.

We have curtailed our exploration plans over the past months and intend to conduct only the minimum required expenditures over the foreseeable future to maintain our properties in good standing. In addition we have begun and continue to take steps to reduce our outflows of cash. Measures adopted have included staff reductions, deferral of salary, and reduction of hours of work by certain senior management and curtailment of exploration spending. We have also instituted general reductions in corporate overheads; the effect of these reductions will start to have an impact during the third quarter. In addition, we are working towards further reductions by reducing our office space as well as evaluating all other costs.

We had intended a major exploration push going into the summer exploration season and we have curtailed the program and limited current plans to the minimum required on the ROK-Coyote option, being a $450,000 exploration program specified in the option agreement.

The Company has been exploring its properties and looking for opportunities to maximize the value of its resource properties. The key milestones achieved over the first part of 2012 are as follows:

- A NI 43-101 compliant updated report of the Poplar resources was finalized and released to the public on February 27, 2012 and the final report was filed on SEDAR on April 5, 2012. Based on the results and recommendations included within the report, the Company is currently in the process of evaluating the next steps in relation to the Poplar deposit. The steps being considered include additional infill drilling and metallurgical work, to be followed by economic evaluation which will be undertaken as cash becomes available. The results of the NI 43-101 compliant updated report are detailed in this Management's Discussion and Analysis.

- At the Poplar deposit, a program of continued definition drilling and metallurgical testing is currently being developed and will be executed once sufficient funds have been raised. Additional geological and resource modeling is planned once fieldwork is completed.

- Geological, geophysical and geochemical results have been compiled for the work completed in 2011 for the Poplar Regional program, and geological staff is currently preparing additional work programs based on these results. The Company expects to complete significant geochemical and geophysical surveying on a number of previously identified anomalous targets throughout the 77,914 hectare Poplar project.

- Based on results of previous work carried out by the Company and other groups on the ROK-Coyote property, a comprehensive geological and geophysical program will be completed during the summer of 2012. The program will consist of geological mapping, sampling and geophysical surveying, culminating in diamond drilling of identified targets. The Company is currently in the exploration permitting stage and hopes to initiate exploration by Q3 2012. A minimum of $450,000 of work is required to be completed on this property to meet option agreement requirements. Alternatively, the Company could make a cash payment of $450,000 in January 2013 to satisfy the requirements. Work has been delayed as the Company awaits receipt of permits to conduct exploration activities, as well as available cash.

Poplar Property

The Company recently acquired claims by staking and transfer as we continue to solidify and consolidate our land position at and proximal to the Poplar claim group. We now hold 199 claims and 77,914 hectares.

The Company has completed the updated Resource Estimate for a portion of the 100% owned, 199 claim, 77,914 hectare Poplar Copper-Gold-Silver Porphyry Property (the "Property"), located in west-central British Columbia, 35 kilometers northeast of the Huckleberry copper-molybdenum mine - of which Imperial Metals Corp. holds a 50% interest - between Huckleberry and the mining resource town of Houston. Just six months after the Company announced a NI 43-101 Resource Estimate of 1.4 billion pounds copper for the Property, it completed a very successful 29 hole, 10,914 metre phase-two drill program, which increased overall confidence in the resource numbers, upgraded a portion of the deposit from Inferred to Indicated status, and introduced compelling gold and silver values.

The work in 2011 culminated in an updated NI 43-101 with the following results: At a 0.15% Cu cut-off, the Property has a new Indicated Resource of 171.3 million tonnes grading 0.28% Cu (1.06 billion pounds), 0.008% Mo, 0.08 g/t Au and 2.30 g/t Ag (0.40% CuEq), plus an Inferred Resource of 209.0 million tonnes grading 0.23% Cu (1.06 billion pounds), 0.004% Mo, 0.06 g/t Au and 3.62 g/t Ag (0.33% CuEq). This new Resource is a significant increase from the aforementioned initial Inferred Resource Estimate of 245.86 million tonnes grading 0.27% Cu (1.4 billion pounds) and 0.007% Mo using a 0.15% Cu cutoff.

The mineralization remains open to the north, west, east and to depth. Additional exploration is being planned to further define the limits of the Poplar Deposit, define high-grade mineralisation with the deposit, and upgrade portions of the resource to the measured category.

Indicated Resource within Total Blocks – Poplar Copper-Gold-Silver Deposit

Cut-off Cu (%)	Million (tonnes)	Grade > Cut-off					Contained Metal			
		CuEq (%)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Million lbs of Cu	Million lbs of Mo	Million ozs Au	Million ozs Ag
0.05	285.0	0.30	0.21	0.006	0.06	2.01	1,327.6	39.8	0.550	18.420
0.10	222.7	0.34	0.24	0.007	0.07	2.17	1,184.3	35.5	0.500	15.540
0.15	171.3	0.40	0.28	0.008	0.08	2.30	1,062.1	30.7	0.440	12.670
0.20	129.3	0.44	0.31	0.009	0.09	2.38	886.9	25.7	0.370	9.890
0.25	92.7	0.48	0.35	0.010	0.09	2.46	717.3	19.9	0.270	7.330

Inferred Resource within Total Blocks – Poplar Copper-Gold-Silver Deposit

Cut-off Cu (%)	Million (tonnes)	Grade > Cut-off					Contained Metal			
		CuEq (%)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Million lbs of Cu	Million lbs of Mo	Million ozs Au	Million ozs Ag
0.05	504.3	0.23	0.15	0.004	0.05	2.91	1671.723	39.007	0.810	47.180
0.10	328.9	0.28	0.19	0.004	0.05	3.33	1379.410	28.314	0.530	35.220
0.15	209.0	0.33	0.23	0.004	0.06	3.62	1060.425	19.825	0.400	24.330
0.20	129.5	0.38	0.27	0.005	0.07	3.73	770.877	12.848	0.290	15.530
0.25	70.4	0.43	0.31	0.005	0.08	3.86	481.376	7.143	0.180	8.740

The updated Resource Estimate is NI 43-101 compliant and has been prepared by Gary H. Giroux, MSc, P. Eng., of Giroux Consultants Limited. A Technical Report describing the resource estimate was filed on SEDAR on April 5, 2012. Mr. Giroux is a 'Qualified Person' as defined by NI 43-101 and is independent of the Company.

To determine the resource present on the Property, a three-dimensional solid was constructed to constrain the mineralized area, using a 0.1 % Cu grade shell as a guide. Large internal waste zones were modelled as were some larger post mineral dykes. Of the total database, 129 drill holes totalling 37,205 metres were within the mineralized zone and were used to estimate the resource. Drill holes were compared to the mineralized solid and assays were tagged if inside. Copper, molybdenum, gold and silver assays within the mineralized solid were capped at 1.4 % Cu, 0.14 % Mo, 0.34 g/t Au and 41.0 g/t Ag, respectively. Five metre composites were formed and used for variography. For this estimate and to aid with some preliminary planning, the blocks were reduced to 5 x 5 x 10 m in dimension and were estimated for Cu, Mo, Au and Ag by ordinary kriging.

The resource is classified as Indicated and Inferred based on blocks proximity to data and the grade continuity. At a 0.15 % Cu cut-off the Indicated Resource is 171.3 million tonnes at 0.28% Cu, 0.008 % Mo, 0.08 g/t Au and 2.30 g/t Ag while the Inferred Resource is an additional 209.0 million tonnes grading 0.23 % Cu, 0.004 % Mo, 0.06 g/t Au and 3.62 g/t Ag. This can be compared to the last resource, all classified as Inferred at a 0.15 % Cu cut-off, of 245.86 million tonnes with average grades of 0.27 % Cu and 0.007 % Mo (Giroux, July 2011 Mineral Resource Estimate on the Poplar Deposit, Omineca Mining Division, British Columbia).

The total database comprises 105 historical diamond drill holes, totalling 23,164 metres, completed by Utah Mines Limited and others and 42 diamond drill holes, totalling 16,483 metres completed by the Company in 2011. All samples were submitted to Acme Labs, Vancouver, an ISO 17025 accredited analytical laboratory, for preparation and analyses. Sample preparation used procedure R200-250, with digestion and analyses using method 1EX and gold determination by method G601. Lions Gate QA/QC included the insertion of one standard, one blank and one duplicate in each batch of 20 samples.

Copper Equivalent (Cu Eq) calculations were based on equivalency factors of CuEq% = Cu% x 1, Au (CuEq%) = Au g/t x 0.57291667, Ag (CuEq%) = Ag g/t x 0.01041667, and metal prices of Cu $2.80/lb, Mo $16.00/lb, Au $1100/troy oz., Ag $20/troy oz. The equivalency factor for molybdenum is Mo (CuEq%) = Mo% x 5.71428571. Metal recoveries are not used, as metallurgical studies are incomplete.

Additional diamond drilling is planned to further define and upgrade this resource. Near-surface mineralization and significant gold and silver presence are Poplar Deposit highlights. Eight other regional copper-gold porphyry targets have been identified on the Property. As part of the process of determining the updated Resource Estimate, the Company purchased geological modeling software which can be leveraged for use on the Company's other properties in the future.

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 October 29, 2010, the Company entered into a Letter of Agreement ("LA") with Firesteel Resources Inc. ("Firesteel") for an option to acquire a 75% interest in the ROK-Coyote mineral property interest (the "Property"). The Property is situated in the Stikine Arch region of northwestern B.C. and is comprised of 19 contiguous claims covering 6,891 hectares.

On January 5, 2011, the Company formalized the LA by entering into an official Property Option Agreement with Firesteel. Pursuant to the terms of the Property Option Agreement, the Company is to be granted an option (the "Option") to acquire a seventy-five percent (75%) interest in the Property in consideration for the issuance of an aggregate of $496,000 in cash, an aggregate exploration expenditures commitment of $2,329,000 and the issuance of 650,000 common shares over a period of four years (the "Option Period"). During the Option Period, the Company will be the operator on the Property.

Firesteel retains the right to back in to an additional five percent (5%) interest in the Property for $200,000 within three years after the Option is accepted for filing by the TSXV and prior to a production decision being made by the Company concerning the Property. In the event Firesteel elects to exercise this right, the Company's rights pursuant to the Option would be reduced to a 70% interest in the Property.

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 1,218 million tonnes at 0.327% Cu and 0.327 g/t Au, at 0.20% Cu Cutoff, as reported on page I-8 of Imperial Metals' Red Chris 2012 Technical Report on the Red Chris copper-gold project dated February 14, 2012). 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 that crosses the southern half of the Property in an east-west direction.

A short, late summer exploration program was conducted in Q3 2011, which consisted of a small grid, a ground magnetic survey and a limited amount of soil 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 and July 2012, giving the Company a total of 83 claims covering 23,030 hectares.

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.

There is no current work planned for Hudson Bay Mountain during the current field season.

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, which consists of three Crown grants. The remaining 40% interest in the mineral property interest is held by Max Minerals Ltd. (TSXV: MJM) and following the acquisition of the 60% interest, the Company has assumed the vendors' rights and obligations provided for in this agreement.

No exploration was completed on the property in 2011, and no further work is currently planned for 2012.

Kelly Creek

The property is accessible from Terrace, thirty kilometres westerly via British Columbia Highway 16 and Zymoetz River main logging road. The Property is comprised of six claims covering 2,068 hectares.

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 and should not be relied upon. No additional exploration is planned on this property at this time.

No work is planned on Kelly Creek during the current field season.

1.3 Selected Annual Information

	Year Ended December 31, 2009 (audited) $	Year Ended December 31, 2010 (audited) $	Year Ended December 31, 2011 (audited) $
Total Revenue	77,904	3,305	17,097
Assets	3,808,863	6,071,756	9,062,076
Net Loss	(2,235,579)	(1,569,724)	(3,408,561)
Basic and Diluted loss per common share	(0.21)	(0.12)	(0.15)
Long-term debt	-	-	-

The audited financial statements for the year ended December 31, 2009 were prepared under former Canadian GAAP, while the financial statements for the years ended December 31, 2010 and 2011 were prepared under International Financial Reporting Standards (IFRS).

1.4 Results of Operations

For the three months ended June 30, 2012, the Company had a total comprehensive loss of $495,523 compared to a total comprehensive loss of $444,014 for the same period in 2011. The increase in comprehensive loss for the period was due primarily to changes in the fair value of available-for-sale investments held by the Company.

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. It is management's intention to keep all of its current mineral property interests in good standing.

Poplar

The Poplar Mineral property consists of 199 mineral tenures covering a surface area of approximately 77,914 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. On July 30, 2007, the Company finalized terms with Hathor Exploration Limited ("Hathor") within the Amended and Restated Property Option Agreement 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. The agreement includes an underlying 2% net smelter return royalty ("NSR") on the property to benefit a previous owner, as well as a commitment to annual payments of $75,000 for the duration of the agreement.

In December 2010, Standard Exploration Ltd. ("Standard") obtained the rights to the Amended and Restated Property Option Agreement from Hathor. On December 6, 2011, the Company entered into a Settlement and Termination Agreement with Standard to settle the $75,000 payment commitment. Terms of the agreement include a payment of $200,000 on signing (paid), and a further payment of $150,000 (paid) on the earliest of December 6, 2012 or upon completion of a financing. The Company fully settled the Settlement and Termination Agreement by making the final payment on February 29, 2012.

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 mineral claims south of Poplar Lake ("Poplar 2") in exchange for the issuance of 100,000 common shares in tranches over a period of four years. 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. The Company settled the option agreement's common share issuance requirement by making the final common share issuance on April 29, 2012.

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 additional mineral claims south of Poplar Lake ("Poplar 3") in exchange for the issuance of 30,000 common shares in tranches over a period of four years. 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. The Company settled the option agreement's common share issuance requirement by making the final common share issuance on May 25, 2012.

In December of 2011, the Company staked an additional 22 claims ("Poplar 4") representing 9,827 hectares, and in July 2012 staked and had transferred 3 additional claims representing 209 hectares, bringing LGM's land position to 199 claims totaling 77,914 hectares.

All other tenures were staked by the Company. The acquisition cost schedule to date is as follows:

Year	Cash Payment $	Shares #	Shares $	Property	Tenure, Minister of Finance & Other Fees	Charged to Income	Balance $
2004	37,777	50,000	17,500	Poplar 1	5,923	-	76,200
2005	30,000	464,286	163,500	Poplar 1	6,654	(200,923)	75,431
2006	115,000	100,000	24,000	Poplar 1	-	(24,000)	190,431
2007	115,000	190,000	102,600	Poplar 1	4,077	-	412,108
2008	75,000	-	-	Poplar 1	14,871	-	501,979
2009	75,000	-	-	Poplar 1	-	-	576,979
2009	-	10,000	9,500	Poplar 2	-	-	586,479
2009	-	2,500	2,000	Poplar 3	-	-	588,479
2009	-	-	-	Poplar 1-3	72,735	-	661,214
2010	75,000	-	-	Poplar 1	-	-	736,214
2010	-	20,000	11,200	Poplar 2	-	-	747,414
2010	-	5,000	2,800	Poplar 3	-	-	750,214
2010	-	-	-	Poplar 1-3	36,991	-	787,205
2011	-	30,000	24,000	Poplar 2	-	-	811,205
2011	-	7,500	5,625	Poplar 3	-	-	816,830
2011	200,000	-	-	Poplar 1	-	-	1,016,830
2011	-	-	-	Poplar 4	19,656	-	1,036,486
2012	150,000	-	-	Poplar 1	-	-	1,186,486
2012	-	40,000	24,000	Poplar 2	-	-	1,210,486
2012	-	15,000	7,350	Poplar 3	-	-	1,217,836
2012	-	-	-	Poplar 1-4	43,095	-	1,260,931

During the year ended December 31, 2005, the Company paid $11,000 for a reclamation deposit 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 $33,382, increasing the investment in reclamation deposits to a total of $44,381.

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, and the senior executive of the Company have concluded a Memorandum of Understanding ("MoU"). The MoU recognized 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. The MoU was renewed and formalized in a Communications and Engagement Agreement on December 15, 2010 and is expected to continue over the foreseeable future as the Company and the OW work towards a continued transparent and mutually respectful ongoing relationship. On signing the MoU, the Company paid the Office of the Wet'suwet'en $10,000 and is obligated to make annual payments of $10,000 until such time as the MoU is terminated by either party. On May 1, 2012, the Company signed an extension of the Communications and Engagement Agreement.

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.

As part of efforts to consult and accommodate, further discussion with the Unis'tot'en have occurred, and the Company subsequently paid $10,000 to the Unis'tot'en as a capacity payment and has funded a $39,608 traditional use study of the Poplar area of geographical interest.

The Company continues to pursue meaningful engagement with First Nations interests identified by the Province of BC and seeks a respectful relationship to ensure that the mutual interests of those First Nations and the Company are respected.

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-nine drill holes totaling 10,914 meters were completed on November 14th. The resulting data, plus historical information verified by the NI 43-101 filed on SEDAR September 26, 2011, was incorporated into a new geological model and resource model that resulted in the filing of the new NI 43-101 on April 5, 2012. Currently, the Company is planning for the 2012 exploration program.

ROK-Coyote

The ROK-Coyote Property is situated in the Stikine Arch region of northwestern BC about 8 km southeast of the Iskut Village on Highway 37 and 12 km west of the BC Rail extension road bed. It is contiguous to the Imperial Metals' Red Chris copper-gold deposit. 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 that crosses the southern half of the property in an east-west direction. Higher elevations on the property are best accessed by helicopter.

The Property comprises 19 contiguous claims covering 6,891 hectares. Firesteel Resources Inc. has granted to Lions Gate the exclusive option to acquire a 75% interest in the property over a four-year period. Lions Gate may exercise the option by paying an aggregate of $496,000 in cash, issuing an aggregate of 650,000 common shares and incurring an aggregate of $2,329,000 in exploration expenditures on the property over the four-year term. Firesteel retains a right at any time to acquire a 5% interest in the property following the exercise of the option, thereby reducing Lions Gate's interest to 70% by paying $200,000 in cash subject to certain terms and conditions as set forth in the option agreement.

Lions Gate believes that this Property is one of the most prospective copper-gold alkalic porphyry targets in BC and warrants a significant exploration program to test its potential.

Results of the 2011 exploration program have been compiled and reported. The Company is currently in the process of applying for exploration permits as they pertain to the proposed 2012 field exploration program. The Company is planning additional mapping, sampling and geophysical surveying, with those results defining drill targets that will be drilled later in the exploration season.

Hudson Bay Mountain

In May 2005, the Company acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest located near Smithers, British Columbia. The initial acquisition agreement required the issuance of 460,000 common shares (valued at $690,000) and the making of six annual payments of $25,000 beginning upon acquisition.

On July 29, 2010, the Company announced that it had entered into an agreement to acquire additional claims, known as the Mason claims, surrounding its existing mineral property interest on Hudson Bay Mountain. The addition of these claims increases the Company's claims on Hudson Bay Mountain to 82 tenures totaling over 26,000 hectares. Pursuant to a sale and purchase agreement entered into between the Company and the vendor of the Mason claims, the Company acquired a 100% interest in the property interest by (i) issuing to the vendor 1,300,000 common shares of the Company (valued at $780,000); (ii) paying a total of $250,000 cash ($150,000 at the closing of the acquisition and $100,000 on September 13, 2010); and (iii) granting the vendor a 2% net smelter returns royalty on the Mason claims. As part of this second agreement, the vendor agreed to waive the final $25,000 payment obligation from the initial agreement. The vendor will retain a 2% NSR in respect of the initial claims.

The Hudson Bay Mountain mineral property interest is 100% owned by the Company and all mineral claims are current and in good standing. At present the Company controls 78 mineral claims totaling 22,881 hectares.

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 the sale until a later date.

For 2012, the Company may carry out limited mapping and sampling in order to keep the claims in good standing.

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 80,000 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. There is no activity anticipated on the Kelly Creek property at this time, as management has determined to focus their efforts on the Poplar and ROK-Coyote projects.

Copperline

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

Summary of Exploration and Evaluation Assets at June 30, 2012:

Mineral Property Interests (Omineca Mining Division, Province of BC)	Balance December 31, 2011	2012 Costs Incurred	Write-Down for Valuation	Balance June 30, 2012
Acquisition Costs	$	$	$	$
Poplar mineral property - 100% interest	1,036,486	224,445	-	1,260,931
Kelly Creek mineral property - 100% interest	1	-	-	1
Hudson Bay Mountain mineral property - 100% interest	1,175,575	-	-	1,175,575
Copperline mineral property - 60% interest	1	-	-	1
ROK – Coyote mineral property - 75% interest	234,000	72,012	-	306,012
	2,446,063	**296,457**	**-**	**2,742,520**
Deferred Exploration Expenditures				
Poplar				
Airborne survey	334,129	-	-	334,129
Assays/Metallurgy	55,953	18,499	-	74,452
Camp costs	796,727	1,583	-	798,310
Consulting	700,441	169,648	-	870,089
Drilling	1,766,392	-	-	1,766,392
Environmental	122,849	13,774	-	136,623
Field expenditures and personnel	693,082	15,863	-	708,945
Geophysical/I.P. magnetic survey	449,831	98,472	-	548,303
Maps and reports	3,071	4,683	-	7,754
Miscellaneous	65,758	4,723	-	70,481
Telecommunications	11,726	994	-	12,720
Community Relations/Traditional use study	67,295	15,000	-	82,295
Travel and accommodation	88,632	-	-	88,632
Mining exploration tax credits claimed	(702,334)	(62,660)	-	(764,994)
	4,453,552	280,579	-	4,734,131
Hudson Bay Mountain				
Consulting	41,816	5,535	-	47,351
Camp costs	25,862	-	-	25,862
Field expenditures and personnel	62,532	-	-	62,532
Geological	27,302	771	-	28,073
Miscellaneous	3,479	-	-	3,479
Mining exploration tax credits claimed	(27,645)	(610)	-	(28,255)
ROK - Coyote				
Consulting & Community Relations	61,248	31,932	-	93,180
Camp costs	15,667	-	-	15,667
Field expenditures and personnel	95,188	259	-	95,447
Geophysical	39,107	2,580	-	41,687
Mining exploration tax credits claimed	(17,921)	(3,314)	-	(21,235)
	4,780,187	317,732	-	5,097,919
Total	**7,226,250**	**614,189**	**-**	**7,840,439**

Summary of Exploration and Evaluation Assets at December 31, 2011:

Mineral Property Interests (Omineca Mining Division, Province of BC) Acquisition Costs	Balance January 1, 2011 $	2011 Costs Incurred $	Write-Down for Valuation $	Balance December 31, 2011 $
Poplar mineral property - 100% interest	787,205	249,281	-	1,036,486
Kelly Creek mineral property - 100% interest	1	17,500	(17,500)	1
Hudson Bay Mountain mineral property - 100% interest	1,160,245	15,330	-	1,175,575
Copperline mineral property - 60% interest	1,630,760	-	(1,630,759)	1
ROK – Coyote mineral property - 75% interest	-	234,000	-	234,000
	3,578,211	**516,111**	**(1,648,259)**	**2,446,063**
Deferred Exploration Expenditures				
Poplar				
Airborne survey	334,129	-	-	334,129
Assays/Metallurgy	32,891	23,062	-	55,953
Camp costs	228,999	567,728	-	796,727
Consulting	416,184	284,257	-	700,441
Drilling	297,579	1,468,813	-	1,766,392
Environmental	94,545	28,304	-	122,849
Field expenditures and personnel	291,257	401,825	-	693,082
Geophysical/I.P. magnetic survey	99,435	350,396	-	449,831
Maps and reports	813	2,258	-	3,071
Miscellaneous	58,113	7,645	-	65,758
Telecommunications	5,460	6,266	-	11,726
Community Relations/Traditional use study	-	67,295	-	67,295
Travel and accommodation	70,382	18,250	-	88,632
Mining exploration tax credits claimed	(286,369)	(415,965)	-	(702,334)
	1,643,418	2,810,134	-	4,453,552
Hudson Bay Mountain				
Consulting	10,000	31,816	-	41,816
Camp costs	-	25,862	-	25,862
Field expenditures and personnel	-	62,532	-	62,532
Geological	-	27,302	-	27,302
Miscellaneous	-	3,479	-	3,479
Mining exploration tax credits claimed	-	(27,645)	-	(27,645)
ROK – Coyote				
Consulting & Community Relations	-	61,248	-	61,248
Camp costs	-	15,667	-	15,667
Field expenditures and personnel	-	95,188	-	95,188
Geophysical	-	39,107	-	39,107
Mining exploration tax credits claimed	-	(17,921)	-	(17,921)
	1,653,418	3,126,769	-	4,780,187
Total	**5,231,629**	**3,642,880**	**(1,648,259)**	**7,226,250**

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 IFRS.

Summary of quarterly financial information

	Jun 30, 2012	**Mar 31, 2012**	**Dec 31, 2011**	**Sept 30, 2011**
	IFRS			
Total assets	$ 8,944,572	$ 9,390,330	$ 9,062,076	$ 11,385,266
Working capital	822,412	1,463,794	1,459,044	2,919,538
Shareholders' equity	8,829,951	9,196,833	8,780,757	10,854,871
Loss (income)	445,860	424,326	1,945,526	354,820
Loss (income) per share	$ 0.02	$ 0.02	$ 0.08	$ 0.02

	Jun 30, 2011	**Mar 31, 2011**	**Dec 31, 2010**	**Sept 30, 2010**
	IFRS			
Total assets	$ 11,428,033	$ 11,535,595	$ 6,071,756	$ 6,084,747
Working capital	4,248,109	4,228,727	1,459,044	733,952
Shareholders' equity	11,178,333	10,806,199	5,865,804	5,932,530
Loss (income)	421,789	686,426	423,266	412,257
Loss (income) per share	$ 0.02	$ 0.04	$ 0.03	$ 0.02

For the three months ended June 30, 2012, the Company had a net loss of $445,860 compared to a net loss of $421,789 for the same period in 2011. The slight increase in net loss for the period was due primarily to an increase in advertising, consulting and salaries expenses, offset by a decrease in stock-based compensation expense.

For the six months ended June 30, 2012, the Company had a net loss of $870,184 compared to a net loss of $1,108,215 for the same period in 2011. The decrease in net loss for the period was due primarily to a significant decrease in stock-based compensation expense, offset by an increase in advertising, consulting and salaries expenses. Significant variances over the three and six month periods are as follows:

	For the three months ended		
	June 30, 2012	June 30, 2011	Variance
Advertising and promotion	$ 31,300	$ 31,600	$ (300)

	For the six months ended		
	June 30, 2012	June 30, 2011	Variance
Advertising and promotion	$ 106,088	$ 46,233	$ 59,855

Advertising and promotion increased primarily due to the Company's greater participation in PDAC, which included being featured in the core shack in Q1. An additional $30k was spent on the development of a corporate video, which includes a three-dimensional rendering of the Poplar deposit. The remainder of the increase is a result of expenditures as a result of news releases detailing the results of the phase 2 drilling, the expensing of a Stockhouse advertising plan, and meetings with prospective investors and industry representatives.

	For the three months ended		
	June 30, 2012	June 30, 2011	Variance
Consulting and management fees	$ 93,825	$ 39,500	$ 54,325
Salaries and benefits	$ 91,727	$ 63,628	$ 28,099

	For the six months ended		
	June 30, 2012	June 30, 2011	Variance
Consulting and management fees	$ 168,695	$ 96,475	$ 72,220
Salaries and benefits	$ 182,469	$ 106,547	$ 75,922

Consulting and management fees increased due to the addition of Paul Sarjeant as President and CEO. This increase is offset by the fact that the Chairman and CFO became salaried employees in February, 2011, which resulted in the corresponding increase in salaries and benefits expense.

	For the three months ended		
	June 30, 2012	June 30, 2011	Variance
Stock-based compensation	$ 86,033	$ 146,074	$ (60,041)

	For the six months ended		
	June 30, 2012	June 30, 2011	Variance
Stock-based compensation	$ 129,189	$ 544,409	$ (415,220)

Stock-based compensation benefits for the three months ended June 30, 2012 can be summarized as follows:

- $82k in benefits involving share-based payment transactions with officers, directors and employees
- $4k in benefits involving share-based payment transactions with other consultants, including Investor Relations

Stock-based compensation benefits for the six months ended June 30, 2012 can be summarized as follows:

- $112k in benefits involving share-based payment transactions with officers, directors and employees
- $17k in benefits involving share-based payment transactions with other consultants, including Investor Relations

The difference relative to the prior year relates primarily to a sizeable stock option issuance made to a large group of officers, directors and employees that was not repeated in the current period.

	For the three months ended		
	June 30, 2012	June 30, 2011	Variance
Recovery of loan	$ -	$ -	$ -

	For the six months ended		
	June 30, 2012	June 30, 2011	Variance
Recovery of loan	$ -	$ 98,420	$ (98,420)

During the period ended March 31, 2011, the Company received a $100,000 U.S. payment against the loan that was written off in 2009. No further payments have been received since that time.

	For the three months ended		
	June 30, 2012	June 30, 2011	Variance
Loss on sale of available-for-sale investments	$ -	$ -	$ -

	For the six months ended		
	June 30, 2012	June 30, 2011	Variance
Loss on sale of available-for-sale investments	$ -	$ 115,847	$ (115,847)

The Company sold 312,000 Crescent Resource Corp. shares during the period ended March 31, 2011, resulting in a loss on sale of available-for-sale investments. The Company did not sell any available-for-sale investments in Q1 or Q2 2012.

1.6 & 1.7 Liquidity and Capital Resources

The Company's cash and cash equivalents position at June 30, 2012 was $152,968 (December 31, 2011 - $784,382). Current market conditions have adversely affected the ability of the Company to raise funds. Should this situation continue, this will affect the ability of the Company to continue to explore and maintain its properties.

In November 2008, the Company loaned $400,000 U.S. (the "Principal Sum") to a third party borrower. 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.

On February 24, 2011, $100,000 US was received in respect of this receivable. The balance owing has not been collected and 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 this MD&A.

On February 22, 2012, the Company completed a non-brokered private placement, consisting of the issue and sale of 1,000,000 flow-through units at a price of $0.46 per flow-through unit and 1,000,000 common share units at a price of $0.40 per unit, for aggregate gross proceeds of $860,000. Each common share unit consisted of one common share and one-half of one common share purchase warrant. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share of the Company for $0.80 at any time within 18 months after the date the units are issued.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of the costs incurred for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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. 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.

During the year ended December 31, 2011, 169,000 shares were acquired pending cancellation under the NCIB at a cost of $62,843 (an average of $0.37 per share). On January 5, 2012, these shares were cancelled and returned to treasury. During the quarter ended March 31, 2012, an additional 46,500 common shares were acquired pending cancellation under the NCIB at a cost of $18,460 (an average of $0.39 per share). On April 4, 2012, these shares were cancelled and returned to treasury.

During the quarter ended June 30, 2012, an additional 2,500 common shares were acquired pending cancellation under the NCIB at a cost of $1,150 (an average of $0.45 per share).

On July 9, 2012, an additional 50,000 common shares were acquired pending cancellation under the NCIB at a cost of $17,650 (an average of $0.35 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 June 30, 2012, the Company entered into related-party transactions with the following individuals:

Arni Johannson	Chairman
Paul Sarjeant	President & CEO
Michael Sweatman	CFO
Blair McIntyre	VP Operations
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 Chairman
MDS Management Ltd. ("MDS")	CFO exercises significant influence over corporation
Doublewood Consulting Inc. ("Doublewood")	Corporation controlled by President & CEO

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 during the period that are not discussed elsewhere in these consolidated financial statements:

a) **Consulting Fees**

For the three months ended June 30, 2012, the Company paid or accrued consulting fees totaling $62,288 plus HST (three months ended June 30, 2011: $54,150) to directors, officers, and companies subject to their influence. The consulting fees consisted of $18,188 to the VP of Exploration, and $44,100 to Doublewood. Consulting fees incurred related to the Company's mineral properties are capitalized. As at June 30, 2012, $nil (December 31, 2011: $15,610) of these amounts are disclosed on the Company's condensed consolidated statement of financial position as due to related parties.

For the six months ended June 30, 2012, the Company paid or accrued consulting fees totaling $139,200 plus HST (six months ended June 30, 2011: $134,788) to directors, officers, and companies subject to their influence.

b) **Administrative Expenses**

The Company paid or accrued administrative expenses totaling $57,087 (three months ended June 30, 2011: $32,451) which are disclosed as office, rent and telephone, 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: $14,176 for office rent (June 30, 2011 - $11,100), $24,535 related to shared office consultants (June 30, 2011 - $3,100), $4,856 related to telephone expenses (June 30, 2011 - $2,423) and the balance of $13,520 (June 30, 2011- $15,828) related to general office and administration expenses. $56,987 of the administrative expenses were reimbursed to CNV, while the remaining $100 were reimbursed to MDS.

For the six month period ended June 30, 2012, the Company paid or accrued administrative expenses totaling $116,680 (six months ended June 30, 2011: $54,633).

c) **Key Management Compensation**

Key management personnel compensation comprised:

	Three months ended June 30		Six months ended June 30	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Short term employee benefits and director fees	149,149	108,938	313,561	220,876
Share-based payments	64,648	45,972	81,851	328,883
	213,797	**154,910**	**395,412**	**549,759**

As at June 30, 2012, $10,011 (December 31, 2011: $5,750) of director fees and $4,406 of short-term employee benefits (December 31, 2011: $nil) are disclosed on the Company's consolidated statement of financial position as due to related parties.

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. In Q2 2012, Resinco began providing corporate secretarial services for the Company. For the three and six months ended June 30, 2012, these services resulted in an expense of $5,662 (three and six months ended June 30 , 2011 - $13,602). The comparative amount relates to joint expenses incurred in relation to the Company's marketing and promotional activities.

As at June 30, 2012, $9,946 (December 31, 2011: $7,645) of expenses owed to Resinco are disclosed on the Company's condensed consolidated statement of financial position as due to related parties.

e) **Loan to Officer**

On May 4, 2012, the Company advanced the first tranche of a loan to the President and CEO, which funds have been utilized to purchase shares of the Company in accordance with his contract. The first tranche totaled $50,000 and the loan can be extended to a maximum of $200,000. The loan bears interest at the CRA prescribed rate for shareholder loans (currently 1%), compounds annually, and has a term of two years. There were no outstanding loans to officers of the Company as at December 31, 2011.

Commitments

The following table reflects the Company's known aggregate financial commitments as at June 30, 2012:

	< Year 1	**1 – 2 Years**	**2 – 3 Years**	**3 – 4 Years**	**4 – 5 Years**	**Total**
Exploration & Evaluation Assets	$535,000	$810,000	$1,110,000	$10,000	$10,000	$2,475,000

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 $275,000 of cash payments and $2,150,000 of expenditures on the ROK-Coyote property.

Further details regarding these commitments are discussed in the June 30, 2012 condensed consolidated interim financial statements in Note 10 “Exploration and Evaluation Assets”.

The Company’s flow-through share commitments are as follows:

	$
Balance at December 31, 2011	**-**
Proceeds from February 22, 2012 issuance	460,000
Qualifying expenditures	(162,369)
Balance at June 30, 2012	**297,631**

1.10 Fourth Quarter

Not applicable.

1.11 Proposed Transactions

On July 9, 2012, an additional 50,000 common shares were acquired pending cancellation under the NCIB at a cost of $17,650 (an average of $0.35 per share). The Company will return these shares to treasury in the near future.

In July 2012, the Company staked and had transferred 3 additional claims representing 209 hectares, bringing LGM's land position to 199 claims totaling 77,914 hectares.

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, mineral exploration tax credits receivable, and stock-based compensation.

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. In addition, although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. 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 measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The Company has also recorded an estimated amounts receivable in respect of the Mining Exploration Tax Credit (“METC”).

1.13 Changes in Accounting Policies

The statements for the year ended December 31, 2011 were the Company's first annual financial statements using accounting policies consistent with IFRS. There have been no subsequent changes to these accounting policies and as such the accounting policies adopted by the June 30, 2012 condensed consolidated interim financial statements are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2011.

Outstanding Share Data

The Company's authorized share capital is an unlimited number of common shares without par value. As at June 30, 2012, there were 25,550,326 common shares outstanding, with 2,500 shares held in treasury pending cancellation, resulting in a net of 25,547,826 common shares outstanding. In addition, there were 2,324,000 stock options outstanding and 5,776,068 warrants outstanding. The exercise price of options varies from $0.66 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 25,497,826 common shares outstanding, net of shares pending return to treasury.

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 its cash and cash equivalents, available-for-sale investments, share capital, and share purchase warrants. 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 manage 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 arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure on outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company seeks to limit its exposure to this risk by holding its cash and cash equivalents in large Canadian financial institutions and investing the funds in either short-term GICs or savings accounts. In addition, credit risk on receivables is considered low, as all current receivables are due from the federal tax authority. Management believes the risk of loss is remote.

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 has implemented a budgeting process which is reviewed regularly to help determine the funding requirements of the Company's exploration and overhead requirements. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for the foreseeable future.

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

The Company's operations are conducted within the traditional territories of various First Nations, including the Poplar Project and the Hudson Bay Project, which are situated in the Wet'suwet'en traditional territory, and also the ROK-Coyote Property, which is situated in the Tahltan First Nation traditional territory. All are within British Columbia.

Although by law it is the Crown that has the legal duty to consult with First Nations, the Company has proactively endeavored to engage with these First Nations in an effort to build sound relationships and accommodate their rights and interests asserted within their traditional territories. To this end, the Company has signed a Memorandum Of Understanding with the Office of Wet'suwet'en which is the First Nation authority that is recognized by the Provincial Crown as representing the Wet'suwet'en Clans, their hereditary Chiefs and individual Houses (families) that make up the collective Nation. Under the terms of the MOU, the parties have committed to consultation that includes a mutually respectful, open and meaningful relationship-building environment. The MOU further contemplates that if a commercial mine proves feasible then the parties will act in good faith towards negotiating a definitive Impact and Benefit Agreements intended to address and accommodate the First Nation 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 ultimately achieve a social license to operate a mine.

Despite the Company's efforts to follow industry "best Practices" in consulting with First Nations there is uncertainty and risk. The 2010 spring exploration program on the Poplar Property was delayed due to ongoing unresolved internal issues between the Wet'suwet'en Heredity Chiefs and a particular House group (family) within the Wet'suwet'en Nation. Issues as to overlapping claims, rights and interests were raised by a number of individuals from one of the families (the Unis'tot'en) who attended the site threatened civil disobedience in the form of a temporary roadblock. Further discussions with the Unis'tot'en have since occurred however, and the Company subsequently paid $10,000 to the Unis'tot'en and funded a $39,608 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 and Engagement Protocol Agreement that is meant to provide a framework for a supported exploration work program.

Although the final form of an Engagement and Protocol Agreement has not been executed as of the date of this document, the Company continues to make extensive and well-documented efforts to pursue meaningful engagement with the Unis'tot'en leadership as well as the Office of the Wet'suwet'en. This includes holding open houses and information sessions for all members to participate.

In respect to the Company's ROK-Coyote project in the Tahltan First Nation traditional territory near Iskut BC, the company feels that it has used best practices in building a positive relationship with the appropriate leadership bodies that represent the interests of the Tahltan Nation. This includes open and transparent communication, meaningful consultation and accommodations through the hiring of service providers which have existing joint ventures with the Tahltan Nation Development Corporation. The company also takes an active interest in contributing to the local community and has sponsored the Native Youth Hockey Team. The Company hopes to sign a formal Exploration Agreement with the Tahltan Nation in the near future which will set out a protocol for ongoing communication and exploration work on the Project, but in the interim both sides continue to engage in a constructive manner. The Company has also undertaken an archaeological study of the project area in an effort to avoid or mitigate the disturbance of any valued sites during exploration work.

Notwithstanding best practices, there can be no assurance that formal exploration agreements with all the relevant First Nations will be successfully executed, or if they are successfully executed, there can be no assurance that formal Impact and Benefit Agreements will be executed by the First Nations if a mine proves economically viable. There can be no assurances that a social license to build a mine will be granted by the First Nations.

Lions Gate's activities will require further capital

The exploration and 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 with certainty 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 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 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. These conflicts may not be resolved in a fashion favourable to Lions Gate.

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 invested in these affected issuers in the past, the Company does not intend to invest excess cash balances in securities issued by these affected issuers in the future. However, 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 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

During 2011, the Board of Directors increased its independence through the addition of independent directors Richard Schroeder, John Tapics and Gordon Keevil. Mr. Tapics is an experienced director and has long term experience in the mining industry and in running small and medium sized public companies. Currently, Mr. Tapics is the CEO of Compliance Energy Corp. Mr. Keevil 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. Mr. Schroeder recently retired as a partner of Ernst & Young and has 35 years of experience auditing and advising public companies in the mining and securities businesses.

On January 6, 2012, the Company appointed Paul Sarjeant as President and CEO. Mr. Sarjeant, P.Geo., has extensive exploration, project development and acquisition experience both in Canada and internationally and has developed a strong background in company management through various management and consulting positions with a number of private and publicly traded resource companies. After graduating B.Sc. Honours, Geological Sciences from Queen's University in 1983, Mr. Sarjeant began his career with Echo Bay Mines Ltd., working on various projects in northern Canada, including the Lupin Mine and skarn projects in British Columbia and Ecuador. He ascended to Senior Geologist, International Exploration Group, responsible for project evaluation outside of North America, including precious and base metals projects in South America, East Africa, South East Asia, Russia, Mongolia, Australia, New Zealand and Europe. From 1993 until 1996, he was President and CEO of Auric Resources, a precious metals exploration company focused on Peru. From 1999 to 2006, Mr. Sarjeant operated a successful securities business focused on strategic planning and investment analysis giving him unique insight into the needs of institutional and retail broker investment communities. In 2007, Mr. Sarjeant took on the role of President and CEO of Grandview Gold and currently serves as a director on a number of public and private companies, including Firesteel Resources Inc., currently a business partner of the Company on the ROK-Coyote properties. Pursuant to Mr. Sarjeant's hiring, Arni Johannson has resigned as CEO and will continue in the role of Executive Chairman and the added responsibility of Vice President of Business Development, while Blair McIntyre has resigned as President and will assume the role of Vice President Operations.

Paul Sarjeant, P Geo, President & CEO, 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.

"Paul Sarjeant"

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Paul Sarjeant, President and CEO

Vancouver, Canada

August 9, 2012