LIONS GATE METALS INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2011

June 27, 2011

1.1 Introduction

The following management discussion and analysis and financial review, prepared as of June 27, 2011, should be read in conjunction with Lions Gate Metals Inc.'s (the "**Company**", "**Lions Gate**", "**LGM**") audited consolidated financial statements as at and for the year ended December 31, 2010 and December 31, 2009 and the related notes thereto. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("**Canadian GAAP**"). Except as otherwise disclosed all dollar figures in this report are stated in Canadian dollars. Additional information relevant to the Company can be found on the SEDAR website at www.sedar.com.

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

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

Forward Looking Statements

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

Company Overview

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

The Company is a junior mineral exploration company engaged in the business of acquiring and exploring and evaluating natural resource property interests. As of April 29, 2011, the Company has not earned any production revenue, nor found any proven reserves on any of its mineral property interests.

While these consolidated financial statements have been prepared using Canadian GAAP applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast doubt on the validity of this assumption. For the year ended December 31, 2010, the Company reported a net loss of $1,569,724 and as at that date had working capital of $590,173 ($769,125 and an accumulated deficit of $13,488,271. 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. Subsequent to the year ended December 31, 2010, the Company raised additional funds through equity financings and believes it has sufficient working capital for the foreseeable future.

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

1.2 Overall Performance

Poplar Property

In early January 2011, the Company commenced a drill program on the Poplar Property that comprised 5,569 meters of drilling in thirteen diamond drill holes. This diamond drill program was designed to test mineralization at depths of up to 600m, based on results of the Company's 2009 deep induced polarization ("**IP**") survey, as well as expanding the size of the Poplar Main Zone. The Company also plans to include these results in an updated, National Instrument 43-101 compliant resource expected to be published in the first half of 2011.

The goal of the drilling program is to increase the size and grade of the published mineral resource at the Poplar Main Zone, and to test the depth extensions of the East Zone. Currently the published resource is 236,000,000 tonnes at 0.37% copper equivalent grade using a 0.25% copper equivalent grade cut-off (House and Ainsworth, 1995 in CIM Special Volume 46). This estimate was made on behalf of Utah Mines Ltd. in 1982 based on approximately 17,000 metres of diamond drill data collected to that time. Equivalent grades for copper were calculated using 1982 prices for copper and molybdenum. This resource estimate was prepared prior to the implementation of National Instrument 43-101 Standards of Disclosure for Mineral Projects, and does not comply with that standard; nor does the term copper equivalent grade comply with that standard. As of April 13, 2011 a 5,500 meter drilling program was concluded and the results of that program are being compiled. The target objective is to complete the compilation of these results and previous results into a NI 43-101 compliant resource. Current expectations are that this will be completed by July, 2011. These results will be used to design further exploration programs.

As of April 29, 2011, results have been received for the following diamond drill holes:

Drill Hole Number	**Drill Hole Name**	**From (metres)**	**To (metres)**	**Width (metres)**	**Results Cu %**	**Results Au g/t**	**Results % Mo**	**Results Ag g/t**
1	**11-PC-84**	25.99	465.10	439.11	0.32	0.09	0.010	1.81
	including	89.75	318.88	229.13	0.41	0.12	0.010	1.79
	including	462.14	465.10	2.96	1.29	0.29	<0.001	12.40
2	**11-PC-85**	22.00	459.34	437.34	0.24	0.07	0.003	1.67
	including	182.28	459.34	277.06	0.34	0.1	0.004	2.41
	including	197.28	345.16	147.88	0.39	0.12	0.004	2.51
3	**11-PC-86**	11.75	355.70	343.95	0.31	0.07	0.008	0.85
	including	11.75	232.70	220.95	0.44	0.11	0.010	1.12
4	**11-PC-87**	11.28	279.50	282.22	0.03	0.01	<0.001	0.23
	including	14.33	96.13	81.80	0.19	0.04	<0.001	0.69
5	**11-PC-88**	5.79	502.00	496.21	0.35	0.1	0.015	2.18
	including	23.79	322.00	298.21	0.44	0.13	0.022	2.03
6	**11-PC-89**	7.92	401.42	393.50	0.07	0.02	0.004	0.49
	including	7.92	133.92	126.00	0.16	0.04	0.009	1.18
7	**11-PC-90**	3.05	599.54	596.49	0.18	0.04	0.009	1.57
	including	91.38	487.35	395.87	0.25	0.06	0.012	1.91
	including	193.38	415.35	221.97	0.35	0.09	0.016	2.59
8	**11-PC-91**	3.05	300.84	297.97	0.009	0.008	0.000	0.088
9	**11-PC-92**	8.23	502.00	493.77	0.16	0.05	0.000	1.48
	including	200.23	502.00	301.17	0.18	0.06	0.000	1.59
	including	378.70	502.00	123.30	0.26	0.07	0.001	1.21
10	**11-PC-93**	11.00	502.00	491.00	0.2	0.07	0.001	3.87
	including	150.00	470.96	312.96	0.23	0.08	0.000	4.96
	including	235.31	418.96	183.65	0.32	0.11	0.000	6.49
11	**11-PC-94**	6.09	300.84	294.75	0.008	0.005	0.000	1.35
12	**11-PC-95**	28.35	599.54	571.19	0.07	0.02	0.002	3.11
	including	508.53	593.45	84.92	0.28	0.08	0.004	4.8
13	**11-PC-96**	11.28	300.89	289.61	0.01	0.01	0.000	1.15
	including	144.54	283.09	138.55	0.02	0.01	0.000	1.96
	including	210.11	262.09	51.98	0.03	0.02	0.000	4.38

The drill results in the table confirm the historic figures reported by previous operators and have increased the company’s understanding of the geology and mineralization of the Poplar deposit. The results have identified areas that require additional exploration to test the potential for new mineralized zones. The company believes that there is room for significant expansion of the resource. Preliminary metallurgical studies have been initiated.

The results of the Phase One drill program are being compiled with the historic data by a third party, Qualified Person and an updated NI 43-101 compliant resource estimate is being calculated.

A Phase Two diamond drill program will be almost double the size of the initial drill program. Close to 10,000m of additional drilling in 20 holes are planned, and the program is expected to commence in August 2011. The company anticipates that this second phase of drilling may expand the mineralized zone and may lead to a recalculation of the resource in late 2011.

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

Rok-Coyote Property

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

Date	Cash to Firesteel (Cdn$)	Lions Gate Shares	Work Commitment (Cdn$)
On Execution of the LOI dated January 21, 2010	$50,000 PAID	0	0
On later of execution of Formal Agreement or receipt of TSX-V approval (Effective Date) January 5, 2011	$121,000 PAID	50,000 Issued	
January 5, 2012	$50,000	50,000	$350,000
January 5, 2013	$75,000	100,000	$450,000
January 5, 2014	$100,000	200,000	$700,000
January 5, 2015	$100,000	250,000	$1,000,000
Total	$496,000	650,000	$2,500,000

The cash payments of $171,000, have been paid and will be credited towards Lions Gate work commitments on the Property.

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

Further to the Company's News Release of November 2, 2010 with respect to the Company's acquisition of a 75% interest in the Property, the Company paid a cash finder's fee of $22,000 to Mr. David Dupre with respect to the transaction.

The Property is adjacent to and immediately northwest of the Imperial Metals Corporation's Red Chris copper–gold deposit (with Measured and Indicated Resources of 489.1 million tonnes at 0.43% Cu and 0.42 g/t Au, at 0.20% Cu % Cutoff, as reported on page 89 of Imperial Metals' Technical Report: 2010 Exploration, Drilling and Mineral Resource Update dated May 19, 2010). In a news release dated August 5, 2010 Imperial Metals also reported the Red Chris Drill hole RC09-393 returned 317.5 metres grading 1.08% copper and 1.46 g/t gold within a 1,112.5 metre mineralized section grading 0.54% copper, 0.61 g/t gold. Firesteel has reported that the

Property covers a copper-gold porphyry target located within a large hydrothermal sulphide system measuring at least 9 sq. km. atop the Tanzilla Plateau. Access to the Property is easily gained from Hwy. 37 along the west side of the claim group or from the Ealue Lake secondary road which crosses the southern half of the Property in an east-west direction.

Plans for the summer exploration season are to include expansion of the existing grids, ground geophysical survey, geological mapping and sampling and the identification of drill targets for a late season drill program.

Hudson Bay Mountain Property

In addition the Company has acquired additional claims adjacent to its existing Hudson Bay Mountain Claims.

The Mason claims are located on Hudson Bay Mountain, a short distance west of Smithers BC. 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 Mason 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.

The Mason claims include 60 tenures totaling over 17,780 hectares. These include a series of claims surrounding the Yorke Hardy project Mining Lease along with several claim blocks on the anticipated northwest and south east extension of the mineralization and alteration zone. The addition of these claims increases LGM's claims on Hudson Bay Mountain to 82 tenures totaling over 26,000 hectares.

A field program of ground work, soil sampling, geological mapping and rock sampling is planned for the summer of 2011.

Copperline Property

Pursuant to a sale and purchase agreement entered into between the Company and the two owners (the "**Vendors**") of a 60% interest in the Copperline property, the Company has acquired a 60% undivided beneficial and recorded interest in the Copperline property in consideration of the issuance to the Vendors of a total of 2,700,000 common shares in the capital of the Company. The remaining 40% interest in the property is held by Max Minerals Ltd. (TSXV: MJM) and following the acquisition of the 60% interest Lions Gate will assume the Vendors' rights and obligations under an existing joint venture with Max Minerals Ltd.

A portion of the claims comprising the Copperline property is subject to a 1.5% net smelter returns royalty held by Cominco Ltd. Kleinebar Resources Ltd. ("**Kleinebar**") also holds a 0.5% net smelter returns on the part of the property subject to the Cominco royalty, and a 1.25% net smelter returns royalty on the balance of the property. The Kleinebar royalty can be purchased at any time for $500,000.

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

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

Kelly Creek

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

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

In 1981 Cathedral Minerals Ltd. estimated a resource at Upper Kelly Creek prospect comprising an indicated resource of 2.27 million tonnes containing 1.03 per cent copper and 18.5 grams per tonne silver and an inferred resource of similar tonnage and grade as the indicated resource; this estimate was performed prior to the introduction of current resource reporting standards.

No exploration has been performed by Lions Gate Metals, the present property owners.

1.3 Selected Annual Information

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

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

1.4 Results of Operations

For the first quarter ended March 31, 2011, the Company had a net comprehensive loss of $567,354 compared to a net loss of $794,831 for the same period in 2010. The $227,477 decrease in comprehensive loss for the first quarter was due primarily to a $119,072 fair value gain realized on available-for-sale investments. Notably, in the same period in 2010, fair value losses on available-for-sale investments were $262,040. For details of all significant variances, please refer to section 1.5 'Summary of Quarterly Results'.

Summary of Mineral Property Expenditures and Exploration Activities

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

Management reviewed the valuation of the mineral property interests and in previous years took the decision to write down acquisition costs to its cash outlays for its interests due to the lack of funds available at the time to further progress the interests. Until the development of a plan to further progress these property interests, management will continue to write down non cash outlays for property interests except for the Poplar, Hudson Bay Mountain, and Copperline mineral property interest. It is management's intention to keep all of its current mineral property interests in good standing.

Poplar

By an agreement dated April 20, 2004, the Company was granted an option to acquire a 50% interest in 26 mineral claims, known as the Poplar mineral property interest, situated in the Omineca Mining Division of B.C. Consideration paid to exercise the option totaled $147,777, share issuances of 40,000 common shares and aggregate exploration expenditures in excess of $275,000.

In December 2007, the Company finalized terms with Hathor Exploration Limited to grant the Company an option to acquire the remaining 50% interest in the Poplar mineral property interest by issuing 240,000 common shares in stages and by making annual payments of $75,000 in cash or shares, with reference to the initial payment which was made in December, 2005. The Company continues to make its obligated annual $75,000 payments and has previously issued the 240,000 common shares, with the final 190,000 shares being issued by the Company in December 2007 to exercise its option.

The optionor of the mineral property interests retains a 2% net smelter return royalty ("**NSR**").

During the year ended December 31, 2005, the Company paid $11,000 for a reclamation bond pursuant to regulatory requirements against reclamation obligations relating to exploration work on the Poplar mineral property interest. In August 2009, the Company paid an additional $1,000 reclamation bond relating to its work program which was scheduled for the fall of 2009. On March 25, 2010 the Company paid an additional $32,002 reclamation bond relating to its work program which was scheduled for the spring and summer of 2010, but occurred in the first Quarter of 2011. As at March 31, 2011, the reclamation bonds total $44,098, including interest.

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

On April 15, 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 sixteen mineral claims south of

Poplar Lake. The Company will earn its 100% interest in the property by issuing 10,000 of its common shares upon transfer of the claims to the Company, 20,000 common shares on the first anniversary of the transfer of claims to the Company, 30,000 common shares on the second anniversary of the transfer of claims to the Company and 40,000 common shares on the third anniversary of the transfer of claims to the Company. Additionally, 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 buyout by the Company of $1,000,000 less any NSR amounts previously paid. On April 30, 2009 the Company issued 10,000 of its common shares in respect of this agreement and valued these shares at $9,500. On July 29, 2010 the Company issued 20,000 shares and valued these shares at $11,200.

On May 25, 2009, the Company entered into an option agreement with an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest on three mineral claims south of Poplar Lake. The Company will earn its 100% interest in the property by issuing 2,500 of its common shares upon transfer of the claims to the Company, 5,000 common shares on the first anniversary of the transfer of claims to the Company, 7,500 common shares on the second anniversary of the transfer of claims to the Company and 15,000 common shares on the third anniversary of the transfer of claims to the Company. Additionally, 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. On May 25, 2009 the Company issued 2,500 of its common shares in respect of this agreement and valued the shares at $2,000. On July 29, 2010 the Company issued 5,000 shares and valued these shares at $2,800.

During the period between September and December 2009, the Company staked 10,169 additional hectares in the area adjacent to the Poplar mineral property interest. This staking covered areas of interest that were discovered while analyzing results of the Geoscience BC Quest-West airborne survey as well as more detailed target areas uncovered during the Company funded airborne survey of 2009.

Kelly Creek

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

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

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

Hudson Bay Mountain

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

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

The Company is giving serious consideration to financing the next round of expenditures by away of an initial public offering of stock. To that end in December, 2010 the Company incorporated a wholly owned subsidiary Northern Canadian Metals Inc. ("NCM"). Subsequently to December 31, 2010, the Company is investigating the possibility of a sale of the Hudson Bay Mountain Property to NCM for shares to be followed by NCM filing a prospectus and becoming an independent company. Management and the Board feel that this strategy could unlock the value of this asset for the benefit of all shareholders. This transaction will be subject to all former arrangements being made, and all necessary approvals being obtained.

Summary of Mineral Property Interests and Deferred Exploration during the Quarter ended March 31, 2011:

Mineral Property Interests

	Balance Dec. 31, 2010	Current Quarter Costs Incurred	Write-Down for Valuation	Balance March 31, 2011
Poplar mineral property interest Omineca Mining Division of BC 100% interest	$ 787,205	$ -	$ -	$ 787,205
Kelly Creek mineral property interest Omineca Mining Division of BC 100% interest	1	-	-	1
Hudson Bay Mountain mineral property interest Omineca Mining Division of BC 100% interest	1,160,245	-	-	1,160,245
Copperline mineral property interest 60% interest	1,630,760	-	-	1,630,760
ROK – Coyote mineral property interest 75% interest	-	234,000	-	234,000
Total	**$ 3,578,211**	**$ 234,000**	**$ -**	**$ 3,812,211**

Deferred Exploration Expenditures

	Balance Dec. 31, 2010	Current Quarter Costs Incurred	Write-Down for Valuation	Balance March 31, 2011
Poplar				
Airborne survey	$ 334,129	$ -	$ -	$ 334,129
Assays	32,891	1,464	-	34,355
Camp costs	228,999	221,984	-	450,983
Consulting	416,184	83,569	-	499,753
Drilling	297,579	524,087	-	821,666
Environmental	94,545	10,537	-	105,082
Field expenditures and personnel	291,257	121,380	-	412,637
Geophysical/I.P. magnetic survey	99,435	91,567	-	191,002
Line cutting	34,201	-	-	34,201
Maps and reports	813	1,418	-	2,231
Miscellaneous	23,912	2,254	-	26,166
Telecommunications	5,460	545	-	6,005
Travel and accommodation	70,382	8,940	-	79,322
Mining exploration tax credits claimed	(286,369)	-	-	(286,369)
	1,643,418	**1,067,745**	**-**	**2,711,163**
Hudson Bay Mountain				
Consulting	10,000	-	-	10,000
ROK – Coyote				
Consulting & Mapping	-	2,050	(2,050)	-
	$ 1,653,418	1,070,245	(2,050)	2,721,163
Total	**$ 5,231,629**	**$ 1,304,245**	**$ (2,050)**	**$ 6,533,374**

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

Mineral Property Interests

	Balance Jan. 1, 2010	2010 Costs Incurred	Write-Down for Valuation	Balance Dec. 31, 2010
Poplar mineral property interest Omineca Mining Division of BC 100% interest	$ 661,214	$ 125,991	$ -	$ 787,205
Kelly Creek mineral property interest Omineca Mining Division of BC 100% interest	1	16,000	(16,000)	1
Hudson Bay Mountain mineral property interest Omineca Mining Division of BC 100% interest	125,000	1,086,959	51,714	1,160,245
Copperline mineral property interest 60% interest	-	1,630,760	-	1,630,760
Total	**$ 786,215**	**$2,859,710**	**$ (67,714)**	**$ 3,578,211**

Deferred Exploration Expenditures

	Balance Jan. 1, 2010	2010 Costs Incurred	Write-Down for Valuation	Balance Dec. 31, 2010
Poplar				
Airborne survey	$ 322,406	$ 11,723	$ -	$ 334,129
Assays	29,301	3,590	-	32,891
Camp costs	191,826	37,173	-	228,999
Consulting	307,322	108,862	-	416,184
Drilling	297,579	-	-	297,579
Environmental	85,232	9,313	-	94,545
Field expenditures and personnel	291,057	200	-	291,257
Geophysical/I.P. magnetic survey	95,335	4,100	-	99,435
Line cutting	34,201	-	-	34,201
Maps and reports	423	390	-	813
Miscellaneous	20,626	3,286	-	23,912
Telecommunications	2,103	3,357	-	5,460
Travel and accommodation	65,138	5,244	-	70,382
Mining exploration tax credits claimed	-	(286,369)	-	(286,369)
	1,742,549	**(99,131)**	**-**	**1,643,418**
Hudson Bay Mountain				
Consulting	-	12,094	(2,094)	10,000
Field expenditures and personnel	-	945	(945)	-
	1,742,549	(86,092)	(3,039)	1,653,418
Total	**$ 2,528,764**	**$ 2,773,618**	**$ (70,753)**	**$ 5,231,629**

1.5 Summary of Quarterly Results

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

Summary of quarterly financial information and discussion

	Mar 31, 2011	**Dec 31, 2010**	**Sept 30, 2010**	**Jun 30, 2010**
	IFRS		Canadian GAAP (Pre-IFRS)	
Total assets	$ 11,535,595	$6,071,756	$ 6,084,747	$ 4,050,633
Working capital	4,228,727	590,173	733,952	1,234,931
Shareholders' equity	10,806,199	5,865,804	5,932,530	3,741,154
Loss (income)	686,426	423,266	412,257	201,410
Loss (income) per share	$ 0.04	$ 0.02	$ 0.03	$ 0.02

	Mar 31, 2010	**Dec 31, 2009**	**Sept 30, 2009**	**Jun 30, 2009**
	IFRS	Canadian GAAP (Pre-IFRS)		
Total assets	$ 3,201,060	$3,808,863	$ 4,592,649	$ 3,805,659
Working capital	464,130	1,010,597	2,347,726	1,928,338
Shareholders' equity	3,096,491	3,551,361	4,295,235	3,517,894
Loss (income)	532,791	(487,388)	147,257	2,314,208
Loss (income) per share	$ 0.05	$ (0.04)	$ 0.05	$ 0.22

For the first quarter ended March 31, 2011, the Company had a net comprehensive loss of $567,354 compared to a net loss of $735,251 for the same period in 2010. The $167,897 decrease in comprehensive loss for the first quarter was due primarily to a $119,072 fair value gain realized on available-for-sale investments. Notably, in the same period in 2010, fair value losses on available-for-sale investments were $202,640. Other significant variances include:

Stock-based compensation which was expensed increased by $271,774 due to significant stock option issuances made in the quarter. In particular, the issuance of 804,000 stock options to directors, officers and employees on January 4, 2011 resulted in $338,149 of expense.

Consulting and management fees decreased from $125,070 in Q1 2010 to $56,975 in the current quarter. This is primarily due to the CEO and CFO becoming salaried employees as opposed to consultants in February, 2011.

(Write down) Recovery of loan increased by $98,420 as the Company received a $100,000 U.S. payment against the loan that was written off in 2009.

Legal fees decreased from $101,484 in Q1 2010 to $40,380 in the current quarter. This is primarily due to the significant transaction costs related to the proposed AusNiCo merger that was contemplated in fiscal 2010. The agreement was terminated, and therefore no further expenses related to the transaction have been incurred in the current year.

Salaries and benefits increased by $42,919 due to the CEO and CFO becoming salaried employees as opposed to consultants in February, 2011.

Director fees decreased by $25,250 as the directors elected to suspend payments until the Board had a chance to consider director compensation. As of May 1, 2011, the directors will be compensated with $250 per meeting, and $250 per month.

1.6 & 1.7 Liquidity and Capital Resources

The Company's cash and cash equivalents position at March 31, 2011 was $4,471,484. The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future, with the exception of its third party loan receivable

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

On March 5, 2010, the third party who was required to make the payment failed to do so. Therefore, under the circumstances the Company made the decision to write-down the loan to $1, and wrote down the note as at December 31, 2009. The Company has initiated discussions with legal counsel regarding the steps necessary in order to collect this outstanding note receivable.

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

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

Management of the Company believes that it has sufficient funds to execute its business plan over the next year.

1.8 Off Balance Sheet Arrangement

The Company has no off balance sheet arrangements.

1.9 Transactions with Related Parties

During the quarter ended March 31, 2011, the Company entered into related-party transactions with the following individuals:

Arni Johannson	CEO & Chairman
Michael Sweatman	CFO
Blair McIntyre	President

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

Canadian Nexus Ventures Ltd. ("CNV")	Corporation controlled by CEO
MDS Management Ltd. ("MDS")	CFO exercises significant influence over corporation

The following is a summary of the Company's related party transactions during the period:

a) **Consulting Fees**

The Company paid or accrued consulting fees totaling $43,700 plus HST (three months-ended March 31, 2010: $102,536) to directors, officers, and companies subject to their influence. The consulting fees consisted of $13,700 to MDS, $15,000 to the President, and $15,000 to the CFO.

As at March 31, 2011, $15,000 (three months-ended March 31, 2010: $39,375) of these amounts are disclosed on the Company's consolidated balance sheet as due to related parties. These related party balances are unsecured, non-interest bearing, and are due on demand.

b) **Administrative Expenses**

The Company paid or accrued administrative expenses totaling $22,182 (three months-ended March 31, 2010: $61,246), which are disclosed as office, rent and telephone 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: $11,100 for office rent (March 31, 2010 - $11,100), $4,500 related to shared office consultants (March 31, 2010 - $20,985), $2,342 related to telephone expenses (March 31, 2010 - $2,400) and the balance of $4,240 (March 31, 2010 - $8,261) related to general office and administration expenses. Of the administrative expenses, $21,451 was reimbursed to CNV, while the remaining $731 was paid to MDS.

c) **Director Loan**

During the period ended March 31, 2011, the Company received a loan from the CEO for $50,000. The loan bears interest at prime plus two percent, is unsecured, non-interest bearing and is due on demand. As at March 31, 2011, the $50,000 principal (three months-ended March 31, 2010: $nil) and $329 of interest (three months-ended March 31, 2010: $nil) is disclosed on the Company's consolidated balance sheet as due to related parties. This loan was repaid on May 12, 2011.

d) **Key Management Compensation**

Key management personnel compensation comprised:

	March 31, 2011	**March 31, 2010**
Short term employee benefits and director fees	$ 111,938	$ 92,750
Share-based payments	282,911	126,561
	$ 394,849	**$ 219,311**

e) **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. During Q1, Resinco was reimbursed $13,602 at cost for joint expenses incurred in relation to the Company's European roadshow.

Commitments

The Company's minimum mineral property interest payment requirements over the next five years and thereafter is $75,000 per year.

The Company expects to make annual $10,000 payments until such time as the MoU with the Wet'suwet'en is terminated by either party. This contract has expired and was renewed. The payment for 2010 of $10,000 was made subsequent to the year end.

The Company has entered into various option agreements which require annual share issuances. Please see Note 8 to the consolidated financial statements as at and for the year ended December 31, 2010.

The Company raised $1,000,000 by way of a flow through offering in June 2010. The Company has the obligation to renounce the related expenditures passing the tax attributes of those expenditures on to investors. The renunciation occurred February 18, 2011 and the Company has incurred CEE in April of 2011 to complete the obligations under the 2010 flow through financing.

In March 2011 a further $1,000,000 of flow through was raised and based on current planning this should be expended on programs ending in September or October 2011. The Company has until December 31 2012 to spend these funds on qualifying expenditures.

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

Balance at January 1, 2010	**$ -**
Proceeds from June 18, 2010 issuance	1,080,000
Qualifying expenditures	(92,796)
Balance at December 31, 2010	**$ 987,204**
Proceeds from March 10, 2011 issuance	1,000,000
Qualifying expenditures	(1,020,037)
Balance at March 31, 2011	**$ 967,167**

1.10 Fourth Quarter

N/A

1.11 Proposed Transactions

Subsequent to the Balance sheet date the Company completed a private placement on terms as follows:

	Units/Shares	$	Price
Flow Through Shares	1,052,632	$ 1,000,000	$ 0.95
Units	6,289,000	$ 5,031,200	$ 0.80
	7,341,632	$ 6,031,200	

Each unit consisted of one share and one half of a share purchase warrant each warrant entitling the holder to acquire a common share for $1.20 for one year and $1.50 for the second year.

On January 5, 2011 the Company commenced a 5,500 meter drilling program on the Poplar Property, and that program was completed at a cost slightly in excess of $ 1,000,000 in early April, 2011. Results of the program are currently being analyzed and have been summarized elsewhere in this document.

The Company is giving serious consideration to financing the next round of expenditures by away of an initial public offering of stock. To that end in December, 2010 the Company incorporated a wholly owned subsidiary Northern Canadian Metals Inc. ("NCM"). Subsequently to December 31, 2010, the Company is investigating the possibility of a sale of the Hudson Bay Mountain Property to NCM for shares to be followed by NCM filing a prospectus and becoming an independent company. Management and the Board feel that this strategy could unlock the value of this asset for the benefit of all shareholders. This transaction will be subject to all former arrangements being made, and all necessary approvals being obtained.

John Tapics and Gordon Keevil have been appointed to the Board replacing Mark Hewett who will join the Advisory Board, and Blair McIntyre who remains as President.

1.12 Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with Canadian GAAP 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.

The most significant assumption is that management is assuming that financings contemplated will be closed in the amounts announced and that capital markets will enable future financing to occur. The Company's consolidated financial statements are prepared on the going concern assumption.

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

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

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

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

1.13 Changes in Accounting Policies

International Financial Reporting Standards

Transition to IFRS from GAAP

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

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

The condensed interim financial statements for the three months ended March 31, 2011 are the Company's first condensed interim financial statements prepared in accordance with IAS 34 using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on December 31, 2011, the Company's first annual IFRS reporting date. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian GAAP.

The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out in the Company's financial statements have been applied consistently to all periods presented. They also have been applied in the preparation of an opening IFRS statement of financial position as at January 1, 2010 (the "Transition Date"), as required by IFRS 1, *First Time Adoption of International Financial Reporting Standards* ("IFRS 1").

IFRS Conversion

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

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

Impact of IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP; however significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS does not change the actual cash flows of the Company, the adoption does result in changes to the reported financial position and comprehensive income or loss of the Company. In order to allow the users of the financial statements to better understand these changes, the Company has provided the reconciliations between Canadian GAAP and IFRS in Note 18 to the condensed interim consolidated financial statements. The adoption of IFRS has had no significant impact on the statements of financial position, comprehensive income/loss, or cash flows of the Company.

Initial Adoption of IFRS

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

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

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

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

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

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

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

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

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

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Outstanding Share Data

The Company's authorized share capital is an unlimited number of common shares without par value. As at March 31, 2011, there were 23,623,326 common shares outstanding, 1,439,000 stock options outstanding and 9,769,769 warrants outstanding. The exercise price of options varies from $0.72 to $1.40 and the share purchase warrants have an exercise price ranging from $0.72 to $1.20. As at the date of this management discussion and analysis the Company has 23,660,826 common shares outstanding.

Management of Capital

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

Management of Financial Risk

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities and amounts due to related parties are due within the current operating period.

The Company's expected source of cash flow in the upcoming year will be through equity financing. The Company made a decision as at December 31, 2009 to write-down one of its note receivables to $1, however the Company has had discussions with legal counsel advising the Company of the steps necessary to try and recover some or all of the remaining outstanding receivable.

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

   Other than the Company's loan receivable, its working capital balances are all held in Canadian dollars and are therefore not subject to fluctuation against the Canadian dollar.

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

An investment in the Company involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating the Company and its business before making any investment decision in regards to the common shares of the Company.

The Company's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not presently known to us may also impair business operations.

Exploration and Mining Risks

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage. Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position. The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

Financing Risks

The Company is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Regulatory Requirements

Even if our mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Company may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Titles

It is possible that any of our properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at our projects will be granted.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

Environmental Regulations

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Stage of Development

The Company is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history or earnings or cash flow from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow.

A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

Geopolitical risks

The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted.

Corporate Governance

As of March 31, 2011 the Company's Board was not independent and one of the goals is to strengthen and make the Board more independent over the next year. The Board of Directors has recently commenced this process with the appointment of John Tapics and Gordon Keevil as Directors. John is an experienced director and has long term experience in the mining industry and in running small and medium sized public companies. Gordon is a senior executive at Imperial Metals Corp. and brings a wealth of technical and corporate experience in the management financing and operation of resource companies.

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

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

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

"Arni Johannson"

Arni Johannson, CEO and Director

Vancouver, Canada

June 27, 2011