YALE RESOURCES LTD

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED OCTOBER 31, 2011

Date Submitted: February 28, 2012

Introduction

The following discussion and analysis, prepared as of February 28, 2012 includes information from and should be read together with the annual audited consolidated financial statements of Yale Resources Ltd. "the Company" for the years ended October 31, 2011, 2010 and 2009. The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted principles ("GAAP"). Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

Description of Business

The Company's principal business activity is the acquisition and exploration of mineral properties for commercial mineral deposits and it is considered to be at the exploration stage. The Company utilizes the project generator business model to maximize its exposure to discovery while minimizing shareholder risk. As a project generator the Company acquires properties with high potential and options a percentage interest in them to other public companies for a combination of cash, shares and exploration commitments over a number of years. If the other company fulfils the terms of the option then that percentage ownership is transferred. Yale currently has nine projects in its portfolio of which five are optioned out.

The Company has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties in the financial statements are dependent on the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to discover and complete the development of those reserves and upon future profitable production. The Company trades on the TSX Venture Exchange under the symbol YLL, the Frankfurt Stock Exchange under the symbol YAB, and over the counter in the United States under the symbol YRLLF.

Performance Summary

During the year ended October 31, 2011, the Company incurred $905,871 in mineral property acquisition costs and exploration expenditures, and had exploration cost recoveries and option proceeds totalling $585,575.

As at October 31, 2011, the Company had consolidated working capital of $154,611. This is not sufficient to fund the Company's operating expenses and exploration activities in the short term, and additional funds will be raised through equity markets to provide additional financing for operating expenses and exploration activities.

Exploration Activities

The Company has nine projects in its portfolio: Urique, Carol, La Verde, Dos Naciones, Oro Fino, Apache, Los Amoles, Tenoriba and Guadalupe.

APACHE PROPERTY

The Apache Property was acquired in December 2010 and is owned 100% by Yale. The property is not optioned.

On September 27, 2011, the Company reported that ongoing field work at the Apache Property has identified two strong multi-element soil geochemistry anomalies that coincide with historic workings. This shows the potential for mineralization to continue under overburden cover. The wholly owned 400 hectare Apache Property is located approximately 150 kilometres north of Hermosillo, Sonora State, and is approximately 30 km west of Timmins Gold's San Francisco Mine. The central mineralized zone at Apache is defined by multiple historic workings centred on southwest trending veins and contact zones hosted in altered metasediments.

Recent work at Apache concentrated on the flat area at south of the property where there is very little outcrop. A total of 536 soil samples were taken from a grid measuring 500 by 1,000 metres. The two most significant anomalies coincide with small historic workings surrounded by areas with sparse outcrop exposure. These results show the potential for mineralization to be encountered over a much more significant area covered by overburden.

The largest anomaly - that coincides with the Las Tortugas workings - measures approximately 300 metres by 200 metres with strong silver, copper, lead, zinc, mercury, and molybdenum values. This soil anomaly more than quadruples the size of the target area. Previous sampling at Las Tortugas (previously called Apache) returned the following results (see news release dated December 30, 2010):

Type	Width	Description	Ag	Cu	Zn
	(m)		(g/t)	(%)	(%)
Chip channel	1.4	Quartz-rich structure hosted in metasediments with disseminated copper oxides and crisocola	42.7	1.53	2.96
Chip channel	2.8	Strongly fractured structure and metasediments with disseminated copper oxides and crisocola	75.7	0.97	0.93
Chip channel	2.0	Strongly silicified metasediments with disseminated copper oxides, crisocola and azurite.	4.2	2.99	1.99

During the collection of the soil samples a new historic working - La Cazcabel - was encountered. This new mineralization coincides with the second multi-element anomaly. The La Cazcabel anomaly measures approximately 200 by 75 metres however, it is open to both the north and west as the anomaly extends off of the northwest corner of the soil grid. The La Cazcabel anomaly is strong in gold, lead and zinc with moderate silver, mercury and molybdenum values.

Ongoing work at Apache will augment the size of the soil grid in addition to detailed sampling of the new workings and trenching the core of the soil anomalies.

LOS AMOLES PROPERTY

The Los Amoles Property was acquired in April 2010 and is owned 100 % by Yale. The property is optioned to Sonora Resources Corp. who have the option to earn a 70% interest in the property by paying Yale US $50,000, spend US $900,000 on exploration expenditures and issue 1,000,000 shares to Yale over three years.

On December 8, 2011, the Company announced that Sonora Resources Corp. has committed to the second year of the option for the Los Amoles silver property and Yale has received an additional 200,000 shares of Sonora Resources. The second year's commitment at Los Amoles is US $300,000 in expenditures. A work program that will concentrate on sampling a number of the main underground workings in order to trace the continuation of the silver rich veins to depth is currently underway. This is an important step to define the potential for the veins in advance of a drill program expected in 2012.

There was no field work done at Los Amoles during the quarter.

CAROL PROPERTY

The Carol Property was optioned in October 2006 and acquired in March 2008. It is wholly owned by Yale. At October 31, 2011, the Carol Property was optioned out to El Condor Minerals who have the right to earn a 70% interest in the property by spending $1,700,000 on exploration expenditures and paying Yale a total of $350,000 over four years.

Yale and El Condor agreed to amend the option by extending the date due for the second payment 2 months in exchange for a payment to Yale of $10,000.

On December 21, 2011**,** the Company announced that it had terminated the option agreement for the Carol Property with El Condor Resources as certain financial milestones in the agreement were not met.

As a result of not completing the obligations, the property remains 100% owned by Yale. The Company will re-compile the data for the Carol Property and look for a new optionee for the property in the New Year.

There was no fieldwork performed on the property during the quarter.

ORO FINO PROJECT

The Oro Fino property was optioned in July 2009 and a majority of the project was acquired in May 2011. A portion of the property remains under option.

The Oro Fino Project is optioned to Overlord Capital Ltd., a Capital Pool Company, who have an option to a 70% interest in the property, Overlord will be required to pay Yale $100,000, issue to Yale 1,300,000 shares in Overlord, and incur a total of $2,100,000 in exploration expenditures on the Property over a four year period.

The Company is currently waiting for Overlord to receive final approval from the Exchange.

Overlord must pay Yale $50,000 and issue 50,000 common shares upon receipt of Venture Exchange approval to the proposed qualifying transaction. Subsequent share issuances of 500,000, 150,000, 350,000 and 250,000 shares on the first, second, third, and fourth year anniversaries will also be due in order to keep the Option Agreement in good standing. The first year's requirement will be $200,000 in exploration expenditures followed by a further $400,000 in the following year, $750,000 in the third year and $750,000 in the final year of the Option Agreement. Yale will be the initial operator and will manage exploration on the property.

Tenoriba Property

The Tenoriba Property was optioned in July 2010 and Yale has an option to earn a 100% interest in the property.

There was no fieldwork reported during the quarter and the Company is currently in the process of terminating the option on the property. On October 19, 2011, the Company announced that it had dropped the option to earn a 100% interest in the Tenoriba Property located in southwestern Chihuahua Statedue to unpredictable community relations Yale was unable to undertake ongoing exploration in the area and, in turn, attract an optionee for the project.

Dos Naciones Property

The Dos Naciones Property was acquired in October 2008 by staking and is owned 100% by Yale. Del Toro Silver Corp. has an option to earn a 70% interest in the property by undertaking a total of $800,000 in exploration expenditures and issuing to Yale 650,000 shares.

On November 8, 2011, the Company announced that drilling has started at the 2,391 hectares (23.91 square km) Dos Naciones property located approximately 160 km northeast of Hermosillo in the heart of the Sonoran porphyry district. The work is being done on behalf of optionee Del Toro Silver Corp. (OTCBB – DTOR).

The first two planned holes are being drilled in the La Espanola skarn target where previous sampling by Yale returned the following (see news release dated Oct. 29, 2008):.

On December 8, 2011, the Company announced that drilling at the Dos Naciones copper/silver/gold property was concluded. It was successful in confirming the high potential for multiple skarn targets. The work was done on behalf of optionee Del Toro Silver Corp. Drilling in the strongly altered and fractured ground proved very difficult and each of the three holes was terminated before reaching the target depth due to technical reasons. Interesting visual oxide and sulphide mineralization was encountered in all three shortened holes and 38 core samples were collected. As a result, Yale will be recommending additional drilling with a larger, more powerful drill.

Field work at Dos Naciones was successful in identifying several previously unknown historic workings – one below the La Espanola target where the first two holes were drilled and one to the east of the Dos Naciones target where the third hole was drilled. A total of 46 samples were taken from these previously unsampled underground workings. Surface and core samples have been sent to Inspectorate Labs and results will be reported when received.

On December 8, 2011, the Company announced that drilling at the Dos Naciones property was successful in confirming the high potential for multiple skarn targets. The Dos Naciones property is 2,391 hectares (23.91 square km) in size and is located approximately 160 km northeast of Hermosillo in the heart of the Sonoran porphyry district.

Drilling in the strongly altered and fractured ground proved very difficult and each hole was terminated due to technical reasons. “The bad news is that each hole was terminated due to tough drilling conditions, however, the good news is that each hole was terminated in mineralization”, commented Ian Foreman, P.Geo., president of Yale Resources. Yale will be recommending additional drilling with a larger, more powerful drill.

In addition, field work was successful in identifying several previously unknown historic workings – one below the La Espanola target where the first two holes were drilled and one to the east of the Dos Naciones target where the third hole was drilled.

A total of 46 samples were taken from the underground workings and 52 samples were taken from core.

On February 7, 2012, the Company announced that it had received results for the three holes, drilled on behalf of its optionee Del Toro Silver Corp., at the Dos Naciones property, located in Sonora State, Mexico.

Drilling at Dos Naciones was successful in confirming the presence of multiple outcropping skarn targets. Drilling in the strongly altered and fractured ground proved very difficult and each of the three holes was terminated before reaching the target depth due to technical reasons.

The table below summarizes the results received:

Drill Hole	From	To	Interval	Cu (%)	Au (g/t)	Ag (g/t)
D2N-01	0.00	10.50	10.50	1.04	0.08	33.3
D2N-01	29.70	30.45	0.75	0.21	1.50	88.3
D2N-02	Hole lost at 12.0 m					
D2N-03	4.50	14.50	10.00	0.76	0.12	9.3
including:	8.85	9.45	0.60	5.45	0.58	50.7

Drill holes D2N-01 and D2N-02 were drilled into and beside, respectively, the La Españ̃ola skarn target, a prominent ridge that is host to numerous historic workings. In addition to the average of 1.04 % copper and 33.3 g/t silver, drill hole D2N-01 intersected an average of 20.7 % iron (using a top cut of 25%) over 10.5 metres from surface. A second zone of mineralization grading 1.5 g/t gold and 88.3 g/t silver over 0.75 m was intersected at a depth of 29.70 m, indicating the potential for additional targets at depth. Drill hole D2N-02 was collared in strongly altered andesitic volcanics with 1 to 3 percent disseminated sulphides but was lost at 12 m before intersecting the target at depth.

Drill hole D2N-03 was drilled into the Dos Naciones Este target, located approximately 2.5 km southwest of drill holes D2N-01 and 02. Hole D2N-03 was collared in an outcrop of skarn and intersected 10.0 m of skarn mineralization averaging 0.76 % copper and 9.3 g/t silver from a depth of 4.5 metres below a zone of very poor recovery.

The size of these targets has yet to be fully tested and as a result Yale is recommending additional drilling at Dos Naciones. Del Toro must spend a total of $800,000 at Dos Naciones prior to July 7, 2013 to earn a 70% interest in the property.

Urique Property

The Urique Property was originally optioned by Yale in August 2006 and acquired in March 2009. The property is 100% owned by Yale. In March 2009, the Company optioned the property to American Sierra Gold Corp. however that option was terminated in October 2010.

Mammoth Capital Corp., has an option to earn up to a 100% interest in the property. Mammoth can earn an initial 70% interest in the property by paying Yale $50,000 ($25,000 received), issuing to Yale 1,700,000 shares, and incurring a total of $3,000,000 in exploration expenditures. In order to earn the remaining 30% interest in the Property, Mammoth must issue an additional 500,000 common shares to Yale and must have completed a resource estimate on the Property delineating at least 300,000 equivalent ounces of gold in the measured and indicated categories within an additional three years. Upon completion of the resource estimation Mammoth would then be required to issue an additional share for each equivalent ounce of gold within the measured and indicated categories, subject to a minimum of 300,000 shares and a maximum of 2,000,000 shares.

On December 8, 2011, the Company announced that work is underway at the Urique gold/silver property where confirmation sampling and mapping is being conducted in anticipation of additional work to be undertaken in 2012.

Pursuant to an agreement dated February 20, 2012, Mammoth Resources Corp. and Yale Resources Ltd. have agreed to amend and restate the terms of the Urique option agreement to reflect the terms of the amending agreement dated October 7, 2011, and further amendments agreed to by the parties.

The terms of the original Urique option agreement and the amending agreement were previously summarized in the companies' news release dated Sept. 14, 2011, and filing statement dated Dec. 14, 2011, both of which are posted on SEDAR.

Pursuant to the amended and restated option agreement, the parties have agreed to the following further amendments:

- Yale has agreed to contribute a total of $125,000 (Canadian) toward taxes owing on concessions comprising the Urique property during the term of the amended and restated option agreement.
- The scheduled issuance of common shares by Mammoth to Yale, deadlines for incurring expenditures and exercising the options granted under the terms of the original Urique option agreement have been changed to align with tax payment deadlines, and certain share issuances have been made conditional upon receipt of such contributions from Yale.
- The first year's expenditures of $300,000 has been combined with the second year's expenditures such that Mammoth must now incur a total of $800,000 in expenditures prior to the second anniversary.

All other material terms of the original Urique option agreement, as amended by the amending agreement, remain unchanged.

La Verde Property

The La Verde Property was originally optioned by Yale in June 2007. The project was expanded in 2007 and 2008. The Company owns 100% in a majority of the property, however has not completed the original option on the core La Verde Grande concessions. This agreement is in good standing; however Yale has missed several payments.

There was no fieldwork reported on the property during the quarter.

Guadalupe Property

The Guadalupe Property was optioned by Yale in January 2010 and has the right to earn a 100% interest in the property.

Gold American Mining Corp. has an option to earn a 90% interest in Guadalupe and will be required to pay Yale US $900,000, spend US $2,000,000 on exploration expenditures and issue 1,000,000 shares to Yale over four years. Should the earn-in be completed Yale will retain a 10% participating interest in the property as well as a 2% NSR, which can be bought out in entirety for US $2,000,000.

There was no fieldwork reported on the property during the quarter as there is a legal dispute on the claims. Payments to the underlying owner have been suspended and the option with Silver America has also been suspended until the situation has been resolved. The option between Yale and the underlying owner and the option between Silver America and Yale are both in good standing.

Corporate Events

On September 14, 2011 the Company announced that it has signed and formalized an Option Agreement with Mammoth Capital Corp. – a Capital Pool Company – for Yale's wholly owned Urique Property located in Chihuahua State, Mexico.

Under the terms of the Option Agreement, in order to earn a 70% interest in the property Mammoth will be required to pay Yale $50,000 ($25,000 received), issue to Yale 1,700,000 shares in Mammoth, and incur a total of $3,000,000 in exploration expenditures on the Property over a four year period.

Mammoth must issue 100,000 common shares upon receipt of Exchange approval to the proposed qualifying transaction and must issue a further 100,000 shares within 6 months of such approval. Subsequent share issuances of 300,000 at the 12 month anniversary and 400,000 on each subsequent anniversary will also be due in order to keep the Option Agreement in good standing. The first year's requirement will be $300,000 in exploration expenditures followed by a further $500,000 in the following year, $800,000 in the third year and $1,400,000 in the final year of the Option Agreement.

In order to earn the remaining 30% interest in the Property, Mammoth must issue an additional 500,000 common shares to Yale and must have completed a resource estimate on the Property delineating at least 300,000 equivalent ounces of gold in the measured and indicated categories within an additional three years. Upon completion of the resource estimation Mammoth would then be required to issue an additional share for each equivalent ounce of gold within the measured and indicated categories, subject to a minimum of 300,000 shares and a maximum of 2,000,000 shares.

If Mammoth elects not to proceed to earn the remaining 30% interest in the Property, the parties will form a 70-30 joint venture and will contribute to further exploration in accordance with their respective joint venture interest.

Yale will be the operator for the project during at least the first year of the Agreement and as such will charge Mammoth a management fee for all work performed on the Property.

On October 19, 2011, the Company reported that it has signed and formalized an Option Agreement with Overlord Capital Ltd. – a Capital Pool Company – for Yale's wholly owned Oro Fino Property located in Sonora State, Mexico. The transaction is intended to be Overlord's "Qualifying Transaction".

Under the terms of the Option Agreement, in order to earn up to a 70% interest in the property, Overlord will be required to pay Yale $100,000, issue to Yale 1,300,000 shares in Overlord, and incur a total of $2,100,000 in exploration expenditures on the Property over a four year period.

December 23, 2011, the Company provided a summary of its finances in 2011 and give an overview of its plans for 2012.

In calendar year 2011 Yale generated modest revenue of approximately $230,000 as a result of cash payments and management fees from optionees, sale of shares in optionees, oil and gas revenue, and consulting for third party companies. In addition, current free trading, saleable, shares amount to approximately $227,000 as of December 22.

"The combination of revenue, current liquid assets and exploration expenditures funded by our optionees amounts to the equivalent of approximately 26,500,000 shares, on a fully diluted basis, in financings at $0.05 that Yale would have been required to add to the capital of the Company – a 30 % dilution in the Company that didn't happen – thus showing the true value of our business model," stated Ian Foreman, P.Geo., president of Yale Resources. "This has been a difficult year but not only did we survive, we were able to expand our operations in Mexico and build on our business model by finding additional value-added optionees for our projects."

Moving forward in 2012, the Company anticipates large optionee-funded work programs on at least three projects with Yale as the current operator on each of those projects. In advance of these projects the Company is adding to its Mexican work force. In addition, the Company will continue to review opportunities to add to its portfolio of projects as well as seek additional optionees for its 3 un-optioned properties.

Results of Operations

The Company currently does not have an operating or producing mineral property. The Company has no earnings from mineral properties and therefore will finance its future exploration activities by the sale of common shares or units. Certain of the key risk factors of the Company's operating results are the following: the state of capital markets, which affects the ability of the Company to finance its exploration activities; the write-down and abandonment of mineral property interests as exploration results provide further information relating to the underlying value of such properties; and market prices for natural resources as well as the nonviability of its projects.

The Company's accounting policy as it relates to its acquisition of its mineral property interests is to defer all costs of acquiring mineral resource properties and their related exploration and development costs until the properties to which they relate are placed into production, sold or abandoned or impaired. At that time, capitalized costs are either depleted using the unit-of-production method over the estimated life of the ore-body, following the commencement of production, or written off at the time the property is sold or abandoned.

The Company is not a party to any material legal proceedings and is not in default under any material debt or other contractual obligations other than as disclosed in the financial statements. No significant revenue generating contracts or cash commitments were entered into or undertaken by the Company during the period other than as set out herein or in the financial statements of the Company.

Significant variances in the Company's operational results for the year ended October 31, 2011 were as follows:

i) Accounting, audit and legal fees increased by $20,703 to $84,047 from $63,344 in 2010 and reflect higher legal, accounting, and audit fees due to increased complexity in the Company's operations.

ii) Consultants' fees decreased by $40,571 to $103,000 from $143,571 in 2010 and reflect contracts that ended in 2010.

iii) Investor relations and promotion decreased by $85,311 to $31,191 from $116,502 in 2010 and reflect contracts that ended in 2010.

iv) Management fees increased by $18,000 to $78,000 from $60,000 in 2010 and reflect the additional work involved in managing all of the Company's properties and its options thereon.

v) Office expenses decreased by $5,287 to $40,902 from $46,189 in 2010 and reflect lower administrative support costs during the quarter.

vi) Property examination costs increased by $18,661 to $20,092 from $1,431 and reflect more aggressive attempts to locate good mineral prospects in Mexico.

vii) Regulatory fees decreased by $6,353 to $17,700 from $24,053 in 2010 and reflect the lack of share transactions during the current year.

viii) Rent decreased by $4,185 to $37,086 from $41,271 and reflects more rent recovered from sublet tenants.

ix) Travel decreased by $9,780 to $6,370 from $16,150 and reflects fewer business trips for other than mineral property investigation and exploration.

Significant variances in the Company’s financial position for the year ended October 31, 2011 were as follows:

i) Cash decreased by $67,678 to $103,640 from $171,318 and reflects the ongoing exploration of the Company’s mineral properties.
ii) Amounts receivable decreased by $44,957 to $38,791 from $83,748 and reflect refundable taxes recovered in Mexico.
iii) Mineral property interests have decreased by $994,327 to $1,971,772 from $2,966,099 due to option proceeds and exploration advances received as well as write-downs of the carrying values of the La Verde, Oro Fino, and Tenoriba properties.

Selected Annual Information

	Oct. 31, 2011 $	**Oct. 31, 2010 $**	**Oct. 31, 2009 $**
Total revenue	Nil	Nil	Nil
Loss for the year	(2,008,224)	(452,523)	(1,615,185)
Basic and diluted loss per share	(0.03)	(0.01)	(0.03)
Total assets	2,465,194	3,599,199	3,105,770
Total long-term financial liabilities	Nil	Nil	Nil

Summary of Quarterly Results

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. The table below sets out the quarterly results of the Company for the 8 most recent quarters.

	Oct 31 2011	Jul 31 2011	Apr 30, 2011	Jan. 31, 2011	Oct. 31, 2010	Jul 31, 2010	Apr 30, 2010	Jan. 31, 2010
Revenue	$0	$0	$0	$0	$0	$0	$0	$0
Loss for the period	1,520,086	$249,084	$119,038	$120,016	($10,974)	$122,998	182,797	157,702
Basic and diluted loss per share	0.019	0.003	0.001	0.002	0.00	0.002	0.003	0.002

All of the above quarterly results were prepared using GAAP.

Significant variances in the Company’s operational results during the quarter ended October 31, 2011 are as follows:

i) Accounting, audit and legal increased by $11,477 to $23,183 from $11,706 and reflect lower legal costs during the fourth quarter of 2010.

ii) Consultants’ fees decreased by $4,500 to $24,000 from $28,500 and reflect contracts that ended in 2010.

iii) Investor relations and promotion decreased by $3,988 to $5,824 from $9,812 and reflect contracts that ended in 2010.

iv) Management fees increased by $6,000 to $21,000 from $15,000 and reflect an increased workload in managing the Company’s properties and agreements thereon.

v) Property examination costs increased by $11,344 to $12,765 from $1,431 and reflect more aggressive attempts to locate good mineral prospects in Mexico.

Related Party Transactions

The Company entered into transactions with the following related party during the year ended October 31, 2011:

(a) Consultants' fees of $90,000 (2010 - $72,000) were paid to a company controlled by the President of the Company. Amounts payable as at October 31, 2011 were $Nil (2010 - $13,440).

(b) Management fees of $78,000 (2010 - $60,000) were paid to an officer of the Company. Amounts payable at October 31, 2011 were $Nil (2010: $Nil).

(c) Office service fees of $24,000 (2010 - $24,200) were paid to a corporation controlled by the Corporate Secretary of the Company. Amounts payable at October 31, 2011 were $Nil (2010: $2,240).

All transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the Company and the related parties.

Liquidity and Capital Resources

As at October 31, 2011 the Company had working capital of $154,611, as compared to working capital of $157,878 as at October 31, 2010. The Company will require continued financing or outside participation, to undertake additional exploration and subsequent development of its mineral properties.

As at October 31, 2011, the Company had cash of $103,640 ($171,318 as at October 31, 2010).

Risk Management and Financial Instruments

Financial instruments are classified as follows:

Cash – as held-for-trading;
Amounts receivable – as loans and receivables;
Marketable securities – as available-for-sale; and
Accounts payable and accrued liabilities and exploration advances – as other financial liabilities.

The fair values of the Company's cash, amounts receivable, exploration advances, and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these financial instruments.

Fair value levels for the financial assets and liabilities are as follows:

2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Marketable securities	$ 30,625	$ 0	$ 0	$ 30,625

2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Marketable securities	$ 247,467	$ 0	$ 0	$ 247,467

Level one includes quoted prices in active markets for identical assets and liabilities and the tables above only include marketable securities that have been recorded at quoted market prices.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's financial instrument that is subject to credit risk is cash. The Company protects its cash from undue risk by holding it with various high credit quality financial institutions located in Canada and Mexico.

The Company's concentration of credit risk and maximum exposure thereto at October 31, 2011 and 2010 was as follows:

		2011		**2010**
Bank accounts – Canada	$	80,452	$	129,115
Bank accounts – Mexico		23,188		42,203
	$	103,640	$	171,318

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to satisfy its financial obligations and commitments as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations and anticipated investing and financing activities.

All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company does not have any derivative financial liabilities.

At October 31, 2011, the Company has neither credit facilities nor debts other than accounts payable and accrued liabilities of $113,877 (2010 - $317,527) and exploration advances of $107,547 (2010 - $31,628). The Company meets its obligations by maintaining an adequate supply of cash on hand. At October 31, 2011, the cash balance is insufficient to discharge the Company's liabilities and meet the Company's cash requirements for the Company's administrative overheads, maintaining its mineral property interests and continuing with its exploration program for the coming year. In past years, the Company has relied on its ability to raise additional financing through the sale of common shares in order to finance its operations.

(c) Market risk

Market risk is the risk to the Company that the fair value or future cash flows of financial instruments will fluctuate due to changes in interest rates and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash held in bank accounts earns interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of October 31, 2011.

(ii) Foreign currency risk

The Company is primarily exposed to currency fluctuations related to cash balances held in United States dollars ("USD" or "US$") and Mexican pesos ("pesos" or "MX"), receivables held in pesos, and payables and exploration advances in pesos. The Company has net assets of

$209,638 (2010 – net assets of $379,310) denominated in USD and net assets of $97,923 (2010 - net liabilities of $48,353) denominated in pesos at October 31, 2011. Fluctuations in the exchange rates between the Canadian dollar and pesos and Canadian dollar and USD could have a material effect on the Company's business, financial condition and results of operations. The Company does not manage currency risk through hedging or other currency management tools. For the year ended October 31, 2011, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in USD by 8% will increase or decrease net loss by approximately $17,000, and a change in the absolute rate of exchange in pesos by 5% will increase or decrease net loss by approximately $8,000. For the year ended October 31, 2010, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in USD by 8% will increase or decrease net loss by $30,000, and a change in the absolute rate of exchange in pesos by 5% will not have a material effect on the Company's business, financial condition, and results of operations.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its marketable securities. The sensitivity analysis of the Company's exposure to other price risk at the reporting date has been determined based upon hypothetical changes taking place at October 31, 2011 and 2010, comprised of a hypothetical change in the market value of marketable securities of 10%, which would impact other comprehensive loss by approximately $3,000.

Off-Balance Sheet Arrangements
The Company does not have any off-balance sheet arrangements

Proposed Transactions
The Company has no proposed transactions other than what was disclosed in the Subsequent Events in the Consolidated Financial Statement

Risks

All of the properties in which the Company has an interest are in the exploration stage only and the business of the Company is subject to the following risks:

Exploration and Mining Risks

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Company has not discovered a metals or diamond deposit of commercial grade on any of its properties. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides and the inability of the Company to obtain suitable machinery, equipment or labor are all risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required in order to establish ore reserves through drilling and staged bulk sampling, to develop optimum metallurgical processes to extract the metals or diamonds from the ore and 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 deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial mining operations or that funds required for development can be obtained on a timely basis. The economics of developing mining properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in the prices of ore which can be obtained on the metal markets, costs of processing equipment and such other factors as aboriginal land claims and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There is no certainty that the expenditures to be made by the Company in the exploration and development of the interests described herein will result in discoveries of commercial quantities of ore.

Political Risks

The management and directors of Yale feel that Mexico is a politically stable area of the world that still has significant potential for discoveries.

Mexico is located immediately south of the United States of America and is 1,972,550 square kilometres in size (approximately twice the size of British Columbia). Elections held in July 2000 marked the first time since the 1910 Mexican Revolution that the opposition defeated the party in government, the Institutional Revolutionary Party (PRI). Vicente Fox of the National Action Party (PAN) was sworn in on 1 December 2000 as the first chief executive elected in free and fair elections. Recently Felipe Calderon was sworn in as the new president of Mexico and will be in power for the coming 6 years. Mexico has a free market economy that recently entered the trillion-dollar class. It contains a mixture of modern and outmoded industry and agriculture, increasingly dominated by the private sector. Recent administrations have expanded competition in seaports, railroads, telecommunications, electricity generation, natural gas distribution, and airports. Per capita income is one-fourth that of the US; income distribution remains highly unequal. Trade with the US and Canada has tripled since the implementation of NAFTA in 1994. Mexico has 12 free trade agreements with over 40 countries including, Guatemala, Honduras, El Salvador, the European Free Trade Area, and Japan, putting more than 90% of trade under free trade agreements.

Market Risks

The marketability of metals or diamonds recovered from deposits, which may be acquired or discovered by the Company, will be affected by numerous factors many of which are beyond the control of the Company. These factors include market fluctuations in the price of metals or diamonds, the capacity of the market, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of metals or minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in the Company not receiving an adequate return for shareholders.

Uninsurable Risks

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations, rock bursts, cave-ins, fires, flooding, or other conditions may occur from time to time. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

No Assurance of Title or Boundaries, or of Access

While the Company has registered its mining claims with the appropriate mining authorities and has filed all pertinent information to industry standards, this should not be construed as a guarantee of title. In addition, the Company's properties consist of recorded mineral claims, none of which have been legally surveyed, and therefore, the precise boundaries and locations of such claims may be in doubt and may be challenged. The Company’s properties may also be subject to prior unregistered agreements or transfers or native land claims and the Company title may be affected by these and other undetected defects.

Government Regulation

The Company's operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rates of exchange, return of capital and labor relations.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, 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 that could limit or curtail production or development of the Company's operations. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the Company.

Environmental Regulation

The Company's operations may be subject to environmental regulations enacted 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 the imposition on the Company 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 that has lead to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance with government regulations may reduce the profitability of the Company's operations.

Competition

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

Management

The success of the Company depends to a large extent on its ability to retain the services of its senior management and members of its board of directors. The loss of their services may have a material adverse effect on the Company.

The Company has no compensatory plans or arrangements in effect with any of its senior officers or members of its board of directors with respect to the resignation, retirement, or other termination of their services, or with respect to a change in their responsibilities following a change in the control of the Company.

Financing Risks

The Company has no source of operating cash flow, limited financial resources, and has no assurance that additional financing will be available to it for further exploration and development of its properties or to enable it to fulfill its obligations under any applicable agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties and the possible loss of title to such properties. If such additional financing is raised, it will likely be through the issuance of additional equity securities of the Company, which may have a substantial dilutive effect on shareholders acquiring securities of the Company.

Permits and Licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations on the Company's properties.

Risks Related to Nature of Ownership of Common Shares

Dilution

Shareholders may suffer immediate and/or future dilution with respect to future private and or public offerings of common shares currently being contemplated in order to secure needed capital to facilitate Company growth.

Market Volatility

The trading price of the common shares may be subject to wide fluctuations in response due to variations in operating results, and other events and factors. In addition, the stock market may experience price and volume fluctuations, which may adversely affect the market price of the common shares of the Company

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates are the assumptions used in the determination of the valuation allowance for future income taxes, determination of asset retirement obligations ("ARO"), recoverability of mineral property interests, depletion of oil and gas interests, the determination of variables used in stock-based compensation, rates of amortization for equipment, accrued liabilities, and the determination of valuation allowances for any future income tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flow.

International Financial Reporting Standards

The conversion to IFRS will likely impact the Company's statement of financial position and results of operations. To transition to IFRS, changes may be required to the Company's information technology and data systems, internal control over financial reporting, disclosure controls and procedures, financial reporting expertise and training requirements, and matters that may be influenced by GAAP measures such as capital requirements.

The detailed analysis of the IFRS – Canadian GAAP differences, and the selection of accounting policy choices under IFRS has commenced and the Company will continuously monitor changes in IFRS leading up to the changeover date, and will update its conversion plan as required.

FUTURE ACCOUNTING PRONOUNCEMENT

International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its Janauary 31, 2012 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended October 31, 2011.

TRANSITION TO IFRS

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will apply accounting policies consistent with IFRS beginning with its interim financial statements for the quarter ended January 31, 2012. The Company's fiscal 2012 interim and annual financial statements will include comparative fiscal 2011 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan

During Q4 fiscal 2011, the Company has been working to complete its detailed analysis of the relevant IFRS requirements and identified the areas where accounting policy changes are required, and those for which accounting policy alternatives are available. The team has also been working to complete its assessment of the first-time adoption requirements and alternatives.

Discussions of the results of this analysis with management and the Company's advisors will continue during Q1 fiscal 2012, after which the Company will finalize its determination of changes to accounting policies under IFRS and the resulting impact on the opening IFRS balance sheet (as at November 1, 2010).

The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

• Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.	- Complete.
• Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards.	- In progress, to be completed during Q1 fiscal 2012
• Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	- In progress, to be completed during Q1 fiscal 2012
• Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.	- In progress, to be completed during Q1 fiscal 2012
• Quantification of the financial statement impact of changes in accounting policies.	- The Company has not yet determined the quantification of the impact of changes in accounting policies on its opening IFRS balance sheet. To be completed during Q1 fiscal 2012.
• Management and employee education and training.	- Throughout the transition process

Impact of Adopting IFRS on the Company's Business

As part of its analysis of potential changes to significant accounting policies, the Company has been assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

The Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff and advisers involved in the preparation of the Financial Statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

The Board of Directors and the Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

To date, the Company has identified the following IFRS optional exemptions it may apply in the preparation of an opening IFRS statement of financial position as at July 1, 2010, the Company's "Transition Date":

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply IAS 23 Borrowing Costs prospectively from the Transition Date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.
- To not reassess whether arrangements contain a lease under IFRS where the same determination that would be made under IFRIC 4 Determining whether an Arrangement Contains a Lease (IFRIC 4) was made previously in accordance with Canadian GAAP.
- To apply the transitional provisions of IFRIC 4 to leases which the same determination as IFRIC 4 was not made previously in accordance with Canadian GAAP. Therefore, the determination of whether these arrangements contain a lease is based on the circumstances existing at the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date will be consistent with those made under current Canadian GAAP.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS is expected to result in changes to significant accounting policies and may have an impact on the recognition and measurement of transactions and balances within the Company's Financial Statements.

The Company has not yet determined the full effects of adopting IFRS on its Financial Statements. Included below are highlights of the areas that are expected to result in a change to significant accounting policies. The list is not intended to be complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas identified to have the most potential for significant changes.

Mineral Properties

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions, or to adopt a new accounting policy whereby acquisition costs for mineral properties are capitalized while exploration expenditures, are charged to operations.

The Company is in the process of determining whether the existing policy toward mineral properties will be maintained, or whether a new policy will be adopted on transition and the impact such a change would have the financial statements.

Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value. In addition, the grouping of assets for the purposes of impairment may be different under IFRS than currently used under Canadian GAAP. Depending on the circumstances, this may lead to the recognition of impairment losses under IFRS that would not otherwise have been recognized under current Canadian GAAP.

The Company will change its accounting policies accordingly, but does not expect the changes will have a significant impact its financial statements at the Transition Date.

Accounting for Investment in Oil and Gas Interests

IFRS requires that an investment in a joint venture that does not allow the investor to have joint control of the venture, be accounted for as a financial instrument, while Canadian GAAP permits such an interest to be accounted for under the full cost method.

The Company will change its accounting policies to reflect these differences, but does not expect the changes will have a significant impact its financial statements at the Transition Date.

Provisions, including asset retirement obligations

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. In addition, IFRS differs in certain respects related to the measurement of provisions, including asset retirement obligations.

The Company will change its accounting policies to reflect these differences, but does not expect the changes will have a significant impact its financial statements at the Transition Date.

Share-based payments

In certain circumstances, IFRS requires a different measurement of share-based compensation than current Canadian GAAP. In particular, a change may be required to the measurement and timing of recognizing the expense associated with grants under the stock option plan. In addition, IFRS requires forfeitures of the Company's stock options to be estimated when the instruments are granted. Under current Canadian GAAP, it is not required to account for forfeitures at the time of grant and the Company records forfeitures when they occur.

The Company is assessing the impact of the change on the measurement of compensation expense associated with the stock option plan.

Accounting for income taxes

While accounting for income taxes is similar under IFRS and Canadian GAAP, in certain circumstances there are differences in the measurement of future tax assets and future tax liabilities.

The Company is in the process of determining whether any changes in its accounting policies related to income taxes will have a significant effect on its financial statements.

Management's Report on Internal Controls Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclosure Controls and Procedures

The Company’s management is responsible for establishing and maintaining disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to senior management. Senior management has evaluated the Company’s disclosure controls and procedures and have concluded that they are effective as of October 31, 2011.

Disclosure of Outstanding Share Data

As at February 24, 2012, the Company had the following common shares, stock options and warrants outstanding:

Common shares	80,839,156
Stock options (vested and unvested)	5,200,000
Warrants	Nil
Fully diluted shares outstanding	86,039,156

The Company’s ongoing exploration is dependent on raising additional capital to develop its properties and the Company is continually assessing overall market conditions to ensure this need is fulfilled to the benefit of the Company and its shareholders.

Subsequent Events

(a) The Company terminated its option agreement with El Condor Resources Inc. on the Carol-Balde Property (note 7(b)) of the consolidated financial statements, as certain financial milestones in the agreement were not met by El Condor.

(b) The Company was issued 200,000 shares of Sonora Resources Corp. for its option of the Los Amoles Property in Mexico (note 7(e)) of the consolidated financial statements.