ACME RESOURCES INC.

Management Discussion and Analysis

For the Year Ended June 31, 2011
(Prepared October 18, 2011)

INTRODUCTION

The following management discussion and analysis (MD&A) of the financial position of Acme Resources Inc. ("Company") and its investment in Golden Harp Resources Inc. (GHR) and results of operations should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended June 30, 2011. The audited annual consolidated financial statements together with the following management discussion and analysis are intended to provide readers with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance. All statements, other than those of historical fact, included in this MD&A, including without limitation, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance such statements will prove accurate and actual results and future events could differ materially from those anticipated in such statements.

DATE

This MD&A includes material occurring up to and including October 18, 2011.

FORWARD LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward looking statements". Forward looking statements include, but are not limited to, statements regarding future anticipated property acquisitions, the content, cost, timing and results of future anticipated exploration programs, the anticipated discovery and delineation of mineral resources/reserves, proposed business and financing plans (including private placements of equity securities), anticipated business trends and potential future operating revenues. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions or are those which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's inability to negotiate successfully for the acquisition of interests in mineral properties, the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

DESCRIPTION OF BUSINESS

Acme Resources Inc. was incorporated in the Province of British Columbia. International KRL Resources Corp. was a reporting issuer in British Columbia and Alberta. As of the opening of trading on the TSX Venture Exchange on December 7, 2009, its change of name from "International KRL Resources Corp." to "Acme Resources Inc." was made effective and its shares trade on the TSX Venture Exchange under the symbol ARI. The Company is engaged in the acquisition, exploration and developing of mineral properties in British Columbia, Saskatchewan and the Yukon Territory. The Company is currently focusing on identifying exploration opportunities and joint ventures for its properties.

OVERALL PERFORMANCE

At this time, the Company does not own any operating mines and has no operating income/sales from mineral production. Funding for operations is raised primarily through public and private share offerings. Future operations and the Company's ability to meet mineral property option commitments are dependent on the Company's ability to raise sufficient funding through share offerings or operations to support current and future expenditures. At June 30, 2011, the Company had working capital of $296,769.

Realization of the carrying value of mineral interests is dependent upon funding, the ability of the Company and third parties to bring mineral interests into profitable production, or recovery from sale.

The audited consolidated financial statements have been prepared on a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values may be required.

During the thirteen month period ending June 30, 2011, the Company raised no capital from private placements. A cash amount of $7,512 was spent on mineral interest acquisition and exploration expenditures. Administration expenses amounted to $235,922 (including a non-cash expense of $94,136 resulting from stock-based compensation. The Company also realized proceeds of $75,000 from the sale of land in Dawson City. There was an impairment loss of $3,566,420, a loss of $13,042 on the write down of investment in Golden Harp and a loss of $203,265 from the equity investment.

RESULTS OF OPERATIONS – MINERAL PROPERTIES

Net loss for the year was $4,029,149 compared to a net loss of $2,112,938 for the prior year, reflecting a net overall increase in loss of $1,916,211. The impairment loss of $3,566,420 represented the majority of the Company's net loss. The Company made exploration expenditures of $7,512 during the year.

Full details on exploration expenditures are disclosed in Note 6 accompanying the audited financial statements for the year ending June 30, 2011. See the mineral property update below, for further details of activities.

EXPLORATION EXPENDITURES

Investment in Golden Harp:

COPPER HILL PROPERTY, Ontario - Gold

GHR's Copper Hill property is located in the Shining Tree/Gowganda Area of Northern Ontario, and consists of 855 claim units or approximately 17,000 hectares covering 56 sq. miles in the prolific Abitibi Greenstone Belt. Exploration to date has identified five known gold zones and one copper zone. Numerous exploration targets are identified on the property, which warrant follow-up exploration work to be done.

Background on Golden Harp Resources Inc.

GHR was incorporated on May 3, 2006 as a subsidiary of Acme Resources Inc. for the purpose of "spinning -off" to the Company's shareholders its various mineral properties located in the Shining Tree Area in the Abitibi Greenstone Belt of Northeast Ontario.

The Return of Capital Shares were issued to Acme Resources Inc. in fiscal 2006, on May 31, 2006 when 10,000,000 GHR shares were issued to the Company in consideration of the transfer by the Company of the Copper Hill Claims at a deemed issue price of $0.32 per share. During fiscal year 2008, GHR gained reporting issuer status and completed an initial public offering and listed its shares on the TSX Venture Exchange.

Exploration Activity on the Copper Hill Property

On June 1, 2009, GHR signed an agreement granting an option to Benton Resources Corp. ("Benton") to acquire 60% of GHR's interest in Block A of the Copper Hill Property. Block A represents 351 claim units of the 855 claim units, including the Cook, and the MC, Decker & Jude. In order to exercise the option, Benton must pay the Company a total of $75,000 cash, issue a total of 550,000 shares and expend a total of $2,000,000 on exploration in phases before 36 months of the effective date of the agreement.

Benton also has the right to acquire an additional 10% in the Copper Hill Property, Block A, increasing their interest to 70% by incurring an additional $1,000,000 exploration expenses over two years and making further cash payments of $50,000. This option must be exercised within 60 days of the 60% interest being earned.

On October 26, 2010, Mineral Mountain Resources Inc. assumed all obligations under the Benton Resources Inc. option agreement. Mineral Mountain Resources Ltd. has fulfilled all conditions and has met all terms to earn a 70% interest in Block A of the Company's Property at Shining Tree. The Company and Mineral Mountain formed a Joint Venture on the Block A property in the last quarter of the fiscal year.

During the first quarter of 2010, Benton continued an aggressive exploration program and began its second drill program on the Block A ground. The drill program was designed to follow up on the previously released high-grade results from the Cook Zone and to test the strike length of the MC Zone. The Cook Zone was subject to the first three holes. The remaining bulk of the drilling was focused on the MC Zone where exploration programs during the summer of 2009 identified a strike extensive coincident induced polarization chargeability response and soil geochemical anomaly up to 900 metres long where individual samples returned greater than 0.5 g/t gold with the highest value returning 5.11 g/t gold. This target occurs along strike to the north west of the MC Zone where diamond drilling in 2008 by Golden Harp intersected 3.6 g/t gold over 9.0m (including 14.29 g/t Au over 2.0m) from hole GH-019. A substantial drill program is planned to systematically test the new coincident soil and IP anomaly and the MC Zone. Prospecting and geological mapping programs continued concurrently.

Benton's exploration program also identified a new gold zone (the Crocker Zone) with assay results of up to 9.65 grams per tonne (g/t) gold (Au) from surface grab samples. A total of 20 samples were collected over a strike length of 340 metres (m) with values ranging from 0.012 g/t to 9.65 g/t Au. Five of the samples returned gold values of greater than 2.0 g/t Au (9.65, 9.50, 6.07, 2.27 and 2.24 g/t Au) while 9 samples returned values ranging from 0.15 to 0.81 g/t Au. This new zone is located approximately 300m north of the MC zone Like the MC zone, the Crocker Zone is hosted within pyrite-rich green carbonate altered ultramafic volcanic rocks.

During the second quarter of 2010 Benton Resources issued the drill results from the Phase 2 drill program on the Block A option ground. A compilation of Phase 1 and Phase 2 results for holes GH09-01 to GH09-10 on the Cook Zone identified a bulk tonnage gold target which includes intercepts of 1.69 g/t gold over 37.6 meters from GH09-01, 2.05 g/t gold over 45.1 metres from GH09-02, 1.36 g/t gold over 15 metres from GH09-09 and 0.92 g/t gold over 27 meters in GH09-10. See NR, November 20, 2009 for further details.

In addition, drilling identified wide zones of highly anomalous gold mineralization from the MC zone as well as from several Induced Polarization (IP) and soil geochemical targets located between the Cook and MC zones.

The Phase Two drill program included; three holes (GH09-08 to GH09-10) which tested the Cook zone, three holes (GH09-21 to GH09-23) which tested the MC zone and 11 holes (GH09-11 to 20 and GH09-23) which tested various IP and soil geochemical exploration targets located between the Cook and MC zones.

Benton issued drill results from the Phase 3 drill program on Block A during the last quarter of fiscal 2010. The 12 hole, 2,852 meter drill program consisted of a series of stratigraphic fences designed to test a wide area of low grade gold mineralization and alteration associated with the MC and Crocker zones. This altered and mineralized stratigraphy is over 300 meters in width and is bounded by two north-northwest faults splaying off of the Hydro Creek fault. Previous drilling by Golden Harp Resources (GH drill holes) and by Benton (GH09 drill holes) have intersected significant intervals of gold mineralization including 0.90 g/t Au over 43.8 meters (GH-25), 0.62 g/t Au over 28.3 meters (GH-23), 4.5 g/t Au over 7.0 meters and 0.68 g/t Au over 20.5 meters (GH-19) and 0.43 g/t Au over 56 meters (GH09-22). The drilling program was cut short due to the spring breakup.

Mineral Mountain announced a 3,500 meter drill program at the Cook zone during the second quarter of the fiscal year. The program was expanded to 10,000 meters during the current quarter. The drill program has been successful in expanding gold intersections to a depth of 300 m.

Highlights of the assays include:

- GH10-38 intersected 4.66 g/t Au over 14.0 m including 13.01 g/t Au over 4.0 m
- GH11-41 intersected 3.17 g/t Au over 15.0 m including 9.29 g/t over 4.05 m and 31.11 g/t Au over 1.05 m
- GH11-44 intersected 3.46 g/t Au over 13.25 m including 5.17 g/t over 6.9 m and 10.28 g/t Au over 1.0 m
- GH 11-53 intersected 67.5 m assaying 1.00 g/t Au including 13.5 m assaying 2.04 g/t

Subsequent to the end of the fiscal year Mineral Mountain announced the results for an additional 6 diamond drill holes (GH11-55 to 59) at the Cook zone. Highlights of these results were:

- GH11-60 intersected 7.04 m assaying 4.284 g/t Au within a broader interval of 24.5 m assaying 2.444 g/t Au
- GH11-59, the deepest intersection in the Cook Zone to date at -400 m vertical, intersected 3 separate gold zones of 4.3 m grading 4.4 g/t Au, 3.0 m grading 2.7 g/t Au and 38.0 m grading 0.822 g/t Au.

Also subsequent to the end of the fiscal year, Mineral Mountain announced the final results of a combined 64 hole reverse circulation (RC) drilling program and a 292 shovel pit sampling program covering both the Main Block and Block A. This RC sampling technique has proven to be highly effective in identifying and pinpointing the best gold zones within large gold systems. The program succeeded in identifying a very fertile N-S gold corridor located in the northern part of Block A that is up to 5 km long ranging from 200 to 600 m wide.

The technical information regarding the Benton Resources Corp. exploration results is extracted from press releases issued by Benton Resources Corp. and technical information regarding the Mineral Mountain Resources Ltd. exploration results is extracted from press releases issued by Mineral Mountain Resources Ltd. Although Golden Harp believes the information included in the press releases to be generally reliable, the data has not been independently verified and Golden Harp does not assume any liability for the accuracy or completeness of such information.

On August 27, 2010, the GHR signed an Option Agreement with Mineral Mountain Resources Ltd. (“Mineral Mountain”) whereby Mineral Mountain can acquire up to 60% of the Company's 100% interest in its Main Block Gold Property in the Shining Tree Mining Camp. The main Block gold property is situated in MacMurchy Township, Ontario adjoining the western boundary of Tyrell Township in the Shining Tree Mining Camp including a total of approximately 504 claim units (91 claims).

Under the terms of the Option Agreement, Mineral Mountain can earn the 60% interest in the property by:

i Making total cash payments of $650,000 over a three year period;

ii Issuing a total of 3,500,000 common shares of Mineral Mountain over a three year period;

iii Spending no less than $6,000,000 on exploration of the property by August 26, 2014.

NOR PROPERTY, Yukon - Copper/Gold/Uranium

The Nor IOCG (iron oxide-copper-gold) property is located on the east flank of the Richardson Mountains, about 65 km east of the Dempster Highway and 395 km north of Dawson City. The Nor Property consists of 448 mineral claims in the Dawson Mining District, Yukon Territory. A total of 396 claims were acquired through staking. The remaining 52 claims are held pursuant to an Option Agreement dated October 28, 2004. During fiscal 2009 the Company earned a 100% interest in the property. The Company paid $207,500 cash and issued 66,667 shares.

A total of 402 claims are subject to a 2% NSR royalty. The Company has the right to purchase 50% of the NSR royalty retained by the Optionor for a purchase price of $2,000,000 and the right of first refusal on the remaining 50%.

Exploration Activity on the Nor

The Company made only limited exploration activities on the Nor property during the fiscal year ended 2011, which were comprised primarily of consulting geologist fees. As such it has recorded an impairment loss in the amount of $3,566,420 for the current fiscal year.

The Company is seeking a joint venture partner for the Nor property.

BEAR RIVER PROPERTY, BC - Gold

The Company's Bear River property is located in the Skeena Mining Division, BC, in the historic Stewart Gold Camp. After expiry of the Old John claim during the fiscal year ended May 31, 2010, the Company owns 100% interest in only one (and a fraction) mineral claims, covering an approximate area of 475 hectares (1,175 acres), with the one claim being subject to a 3.5% NSR.

Exploration Activity on the Bear River Property

The Company incurred no exploration expenditures on the Bear River property during the fiscal year. The Company is seeking a strategic partnership to accelerate the evaluation of the mineral potential of the Bear River property.

CARSWELL PROPERTY, Saskatchewan - Uranium

The Carswell uranium property is located in the uranium-rich Athabasca Basin. During October, 2004, the Company staked 1 claim, consisting of 5,990 acres in the Athabasca Basin area of Saskatchewan. The Company's claim, in the Cluff Lake Structure, also known as the Carswell Dome, is located on the west side by the mining licenses of the past producing Cluff Lake Mine. The claim covers 2,416 hectares (5,970 acres). ACME Resources Inc. (formerly - International KRL Resources Corp.) granted an option to ESO Uranium Corp. to acquire a 50% interest in the property in return for $25,000 cash consideration, 200,000 shares and a $100,000 work commitment (see Note 7 (c) in the 2009 annual audited financial statements). During the fiscal 2009, ESO Uranium Corp. met the terms of the option agreement and has a 50% interest in the property.

Pursuant to a Joint Venture Agreement dated July 24, 2008, the Company granted ESO Uranium Corp. a further 30% interest in the claim, resulting in the third party having a 80% undivided interest in the property, subject to the delivery of a bankable feasibility study. The Company will retain a carried interest until the feasibility study is delivered, at which time the company will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% gross overriding royalty for all uranium mineral products and a 2% net smelter returns royalty for all other metals.

The third party will return all the Company's interest in any of the claims upon a decision by the third party to terminate work thereon. The 2008 Joint Venture Agreement remains in good standing.

WOLF, Yukon

The Wolf (silver, lead, zinc) property, previously referred to as the Tim and Kuda property, is located 72 km west of Watson Lake, Yukon. The Company acquired the right to earn a 60% interest in the Wolf property from Tarsis Capital Corp. subsequent to an option agreement signed in September 2007. The terms of the option are detailed in Note 7(e) in the 2010 audited annual financial statements. Since signing the option, the Company staked additional ground contiguous to, and in the vicinity of the property, bringing the total to 289 claims. The property now consists of 289 claims covering 14,926 acres. The Company also staked the Coyote claims on the B.C. side of the border, adjoining the Wolf claims which were allowed to lapse during the fiscal year ended May 31, 2010.

Exploration Activity on the Wolf

The Company did not meet obligations due on October 14, 2010 and as such recognized an impairment loss on the Wolf property of $922,097 during the previous fiscal year.

SELECTED ANNUAL INFORMATION

	June 30, 2011 (13 months)	May 31, 2010 (12 months)	May 31, 2009 (12 months)	May 31, 2008 (12 months)
Net income (loss)	(4,029,149)	(2,112,938)	(652,727)	(647,421)
Net income (loss) per share (basic and diluted)	(0.37)	(0.38)	(0.15)	(0.15)
Total assets	2,786,123	6,753,079	8,126,701	8,847,818

As the Company has no revenues, increased exploration activity and operations causes an increase in losses. Other losses can be caused by write-downs or write-offs of carrying value of impaired mineral assets.

RESULTS OF OPERATIONS

Net loss in the current year was $4,029,149 compared to a net loss of $2,112,938 for the prior year, reflecting a net increase in the loss of $1,916,211. Significant line item changes were as follows:

- The company recognized an impairment loss on the Nor property of $3,566,420. The Company wrote down its investment in Golden Harp Resources by $13,042.
- The Company's recorded share of the net loss in Golden Harp Resources were reduced to $203,265 from $262,037 in the previous year.
- Management fees decreased from $132,925 to $3,175. A decrease of $129,750.

- Salaries decreased to $27,276 from $50,411 the previous year.

SUMMARY OF QUARTERLY RESULTS

(Prepared in accordance with Canadian generally accepted accounting principals and expressed in Canadian dollars)

	June 30, 2011 (4 months)	Feb 28, 2011 (3 months)	Nov 30, 2010 (3 months)	Aug 31, 2010 (3 months)	May 31, 2010 (3 months)	Feb 29, 2010 (3 months)	Nov 30, 2009 (3 months)	Aug 31, 2009 (3 months)
Net income (loss)	(3,680,936)	(144,927)	(142,367)	(60,919)	(1,563,680)	(207,809)	(122,100)	(219,349)
Net income (loss) per share (Basic and diluted)	(0.335)	(0.013)	(0.013)	(0.006)	(0.143)	(0.042)	(0.025)	(0.049)

- Number of shares have been adjusted for the 15 : 1 share consolidation that occurred on December 7, 2009.
- All share references, numbers of options, numbers of warrants and per share amounts included in the financial statements and MD & A's have been retroactively restated to reflect the consolidation and are presented on a post consolidation basis.

The Company is an exploration company without revenues. During the fourth quarter of 2011 the impairment loss on the Nor property of $3,566,420 increased losses disproportionally. During the fourth quarter of the 2010 fiscal year the impairment loss of $922,097on the Wolf property and the write-down of $541,274 on the investment in Golden Harp caused an increase in losses for the Company.

The operating results of junior exploration companies are capable of demonstrating wide variations from period to period. Other than the descriptions regarding administrative costs already discussed, management of Golden Harp does not believe that meaningful information about the Company's operations can be derived from an analysis of quarterly fluctuations in any more detail than presented herein.

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's significant accounting policies are set out in Note 2 of the audited annual financial statements for the year ending June 30, 2011. All financial amounts are in Canadian dollars.

The audited annual financial statements have been prepared on a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations as disclosed in Note 1 of the year-end financial statements.

The Company changed it's year end to June 30, 2011 during the fiscal year.

LIQUIDITY

At June 30, 2011, the Company held cash and cash equivalents of $300,681 compared to $336,303 at the end of the previous fiscal year. Accounts receivable totaling $877 were comprised primarily of recoverable federal and provincial sales taxes. Accounts payable and accrued liabilities of $21,859 are comprised of normal trade payables for ongoing operations.

The Company has sufficient cash to continue funding its current property maintenance and administrative costs. The Company will need to raise further funds should it decide to undertake future exploration programs and/or acquire additional exploration assets.

The Company periodically seeks additional financing through the issuance of equity. While the Company has been successful in raising capital in the past, there can be no assurance it will be able to do so in the future.

CAPITAL RESOURCES

Commitments

The Company is committed to aggregate premise lease payments of $104,308 as follows:

- $18,175 for fiscal 2012;
- $20,617 for fiscal 2013;
- $20,689 for fiscal 2014;
- $21,480 for fiscal 2015;
- $21,551 for fiscal 2016 and
- $1,796 for fiscal 2017.

In addition the Company is also committed to pay additional rent being comprised of its share of tax cost and operation costs.

As stated previously, the operating results of junior exploration companies are capable of demonstrating wide variations from period to period. The Company periodically seeks additional financing through the issuance of equity. While the Company has been successful in raising capital in the past, there can be no assurance it will be able to do so in the future.

OFF BALANCE SHEET ARRANGEMENTS:

The Company has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

For details of related party transactions, the reader is directed to Note 9 and comments included in the June 30, 2011 audited annual financial statements. Additional details are as follows:

Management fees totaling $Nil (2010-$132,925) were payable to directors and officers during the 2011 fiscal year. Acme Resources Inc. paid a company controlled by the President of the Company, Seamus Young, $Nil (2010-$10,000) per month for management and consulting services in relation to the evaluation, acquisition, maintenance and exploration of Acme Resources Inc.'s mineral properties and general office administration services including financing, liaison with professionals, continuous disclosure and general office functions (management fees), plus a per diem for supervision time spent at the properties. There were no unpaid and or accrued management fees for the year or prior year. The company also owed $Nil (2010 - $Nil) to the president of the Company for expenses paid on behalf of the Company.

During the year ended May 31, 2010, accounts payable totaling $153,078 were assigned from three of the Company's suppliers to a relative of the President of the Company. During the 2010 fiscal year, $103,078 was paid against the balance owing. The $50,000 balance outstanding as at May 31, 2010 has been paid during fiscal 2011. The amounts were unsecured and non-interest bearing.

FOURTH QUARTER

	Four	Three	Thirteen	Twelve
	Months Ended		Months Ended	
	June 30, 2011 -$-	May 31, 2010 -$-	June 30, 2011 -$-	May 31, 2010 -$-
Amortization	1,605	1,531	5,217	6,124
Management fees	675	30,650	3,175	132,925
Office and miscellaneous	10,672	8,611	43,277	50,878
Professional fees	9,150	4,293	43,827	24,587
Salaries	7,138	6,065	27,276	50,411
Stock-based compensation	-	-	94,136	60,800
Transfer agent and filing fees	1,010	4,894	15,695	20,468
Travel and promotion	1,364	1,159	3,319	3,248
Dilution loss on share issuance	-	-	-	269
Impairment loss on mineral properties	3,566,420	922,097	3,566,420	922,097
Loss from equity investment	69,860	43,106	203,265	262,037
Loss on disposal of marketable securities	-	-	-	46,370
Write-down of investment in Golden Harp	13,042	541,274	13,042	541,274
(Income) Loss from discontinued operations	-	-	10,500	(8,550)
	3,680,936	1,563,680	4,029,149	2,112,938

For the four months ended June 30, 2011, operations resulted in a net loss before discontinued joint venture and taxation of $3,680,936 compared to $1,563,680 in the three month, fourth quarter of the previous financial year, resulting in an increase in losses of $2,117,256. The main reason for the loss was the impairment loss of $3,566,420 compared to an impairment loss of $922,097 in 2010 as well as the write-down of investment in Golden Harp of $541,274 in 2010 fiscal year. Management fees also declined to $675 from $30,650 during the fourth quarter of the previous fiscal year.

SUBSEQUENT EVENTS

There have been no subsequent events since June 30, 2011.

PROPOSED TRANSACTIONS:

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the audited annual financial statements for the year ended June 30, 2011.

FUTURE ACCOUNTING POLICIES:

Basis of presentation

The audited annual financial statements of the Company have been prepared by management in accordance with Canadian GAAP and are presented in Canadian dollars. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality. The significant accounting policies follow that of the most recently reported annual audited financial statements for the year ended June 30, 2011.

Recent Accounting Pronouncement, Not Yet Adopted

In 2006, Canada's Accounting Standards Board (AcSB) ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by public companies, with International Financial Reporting Standards ("IFRS") over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. The adoption of IFRS will require the Company to prepare its comparative figures for the year ended June 30, 2011 in accordance with IFRS. The Company continues to monitor and assess the impact of Canadian GAAP and IFRS.

Other accounting pronouncements issued with future effective dates are either not applicable or are not expected to be significant to the financial statements of the Company.

Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended September 30, 2011. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

• Exploration and development expenditures;
• Provisions, including asset retirement obligations;
• Stock-based compensation;
• Accounting for joint ventures;
• Accounting for income taxes; and
• First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training. The summary below is the expected timing of activities related to the Company's transition to IFRS.

• Initial analysis of key areas for which changes to accounting policies may be required – Finalized.
• Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes of those with accounting policy alternatives - Finalized.
• Assessment of first-time adoption (IFRS 1) requirements and alternatives – Final stage.
• Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives - Complete.
• Resolution of the accounting policy change implications on information technology, internal controls and contractual agreements - Complete.
• Management and employee education and training - Throughout the transition process.
• Quantification of the Financial Statements impact of changes in accounting policies – Final stage.

RISKS AND UNCERTAINTIES:

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time:

- Limited business history of the Company, including lack of revenues and no assurance of profitability
- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

FINANCIAL INSTRUMENTS

The carrying value of cash, marketable securities, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial assets that may be exposed to credit risk consist primarily of cash , which are placed with a major Canadian financial institution. None of the funds are invested in asset backed commercial paper type securities.

The Company's functional currency is the Canadian dollar and the Company does not operate in foreign jurisdictions, which could give rise to exposure to market risk from foreign currency rate changes.

ADDITIONAL INFORMATION:

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

DISCLOSURE BY VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE

An analysis of the material components of the Company's general and administrative expenses is disclosed in the audited annual financial statements for the year ended June 30, 2011 to which this MD&A relates. An analysis of the material components of the acquisition and deferred exploration costs of the Company's mineral property is disclosed in Note 6 to the audited annual financial statements for the year ended June 30, 2011 to which this MD&A relates.

OUTSTANDING SHARE CAPITAL

At October 19, 2011, the Company had the following number of securities outstanding:

Securities	Number	Exercise Price	Expiry Date
Common shares issued and outstanding	10,969,299	N/A	N/A
Share purchase warrants	6,486,667	$0.16 - $0.75	August 6, 2014 – May 12, 2015
Share purchase options	670,000	$0.22 - $0.25	January 14, 2015 – December 9, 2015
Fully diluted share Capital	18,125,966	N/A	N/A

ADDITIONAL INFORMATION

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.krl.net and by accessing the Company's news releases and filings on the SEDAR website: www.sedar.com

DISCLAIMER

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