GULFSIDE MINERALS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

REPORT DATE
November 29, 2011

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Gulfside Minerals Ltd. (the "Company") for the period ended September 30, 2011. This MDA has been prepared as of November 29, 2011.

The Company's activities are primarily directed towards acquisition and exploration of resource properties. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves and future profitable production, or proceeds from the disposition of these properties. The carrying values of resource properties do not necessarily reflect their present or future values.

All monetary amounts in this MDA and in the financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis differ from those used in previous financial reporting. Further details on the transition to IFRS are included in Notes 2 and 3 of the financial statements for the quarter ended September 30, 2011.

The MDA should be read in conjunction with the Company's interim consolidated financial statements and notes thereto for the quarter ended September 30, 2011 herein that are prepared in accordance with IFRS, all of which can be found on SEDAR at www.sedar.com.

The Company is a reporting issuer in each of the provinces of British Columbia and Alberta. Its head and principal office is located at 212 – 475 Howe Street Vancouver, British Columbia, V6C 2B3. It's registered and records office is located at 1500 – 1055 West Georgia Street Vancouver, British Columbia, V6E 4N7.

OVERALL PERFORMANCE

The Company is searching out coal properties that would have the potential to create a cash flow within a reasonable period of time with an achievable investment strategy. During the 2011 fiscal year, the main focus will be as follows:

British Columbia, Canada – Northern Treasure

The Company entered into an option agreement to acquire a 100% interest in the project, the Company must make cash payments totaling $30,000, incur $225,000 in work over three years and issue 400,000 common shares of the Company. In addition, the Company has agreed to issue a further 400,000 common shares upon the property going into commercial production. The optionee retains a 1% net smelter royalty ("NSR") which the Company may purchase for $1,000,000. The Company received TSX Venture Exchange ("TSXV") approval on the option agreement.

The property is located 150 km NW of Dease Lake, B.C. and is comprised of 1,211.0066 hectares (2,992.41 acres) in three mineral tenures. The claims are on trend 12 km from the Inlaw/Trapper Lake group and 70 km from the Golden Bear mine and mine access road which was developed by Chevron Minerals of Canada.

The property was located on a BC Geological Survey regional Stream Sediment geochemical sample of 609 ppb gold in stream sediments. The area to the east is known for high gold anomalies in soils and rocks from work done in the early 1980's by Chevron Minerals of Canada who outlined a large scale, high-tenor gold in soil geochemical anomaly on what is now known as the Trapper Lake Property.

These claims are located in a trend of mineralized rocks trending northwest, anchored on one end by the Golden Bear deposit and on the western end by the Tulsequah gold deposit. Numerous gossans which may be intensely oxidized, weathered or decomposed rock have been observed over a large area on the claims in images from air photos.

The Company conducted stream sampling on available drainages, including those conducted by the BC Geological Survey. The Company failed to duplicate the high values from the BC Geological Survey but did get some anomalous values. There were several rusty outcrops of which samples were taken and received low semi anomalous values.

Alex Burton, P. Eng. P. Geo., a Qualified Person as defined by National Instruments 43-101, has read and approved the technical information in this MDA.

British Columbia, Canada – Bryer

The Company entered into an option agreement to acquire a 100% interest in the Bryer property and will make cash payments totaling $15,000, incur $225,000 in expenditures over three years and issue 300,000 common shares of the Company. In addition, the Company has agreed to issue a further 400,000 common shares upon the property going into commercial production. The optionee retains a one percent (1%) NSR. The Company received TSXV approval on the option agreement.

The property is located approximately 150 km northwest of Dease Lake, BC and 120 km south of Atlin, BC. The property is comprised of 149 units totaling 2,528.85 hectares (6,246.27 acres) in seven mineral tenures and is in the Atlin Mining Division in northwestern British Columbia.

The claims are on trend approximately 9 km southeast of the Company's Northern Treasure claims, which are on geological trend northeasterly from the Thorn group (Brixton Metals (BBB)) and the Inlaw/Trapper Lake group (Ocean Park Ventures (OCP)) and approximately 70 km from the former Golden Bear mine and mine access road which was developed by Chevron Minerals of Canada.

In 1988, Cominco Ltd. took a sample on the property which assayed 17.043 g/t Au (BC Assessment Report 19326). In 2004, Rimfire Minerals Corp. took a grab sample on the property that assayed 10.7 g/t Au, 2.2 g/t Ag, and 0.047% Cu. (BC Assessment Report 27589).

The Company conducted prospecting and sampling from both rocks and streams. The Company received low to modest values and is in the process of evaluating the Bryer property for further exploration.

British Columbia, Canada – Argonaut

The Company entered into an agreement to acquire a 100% interest in the Argonaut property and will make cash payments totaling $2,500 and a one percent NSR royalty to the vendor. The property is located approximately 150 km northwest of Dease Lake, B.C. and 120 km south of Atlin, BC. The property is composed of five claims totaling 1924.7 Ha, and lies approximately 11km east of the Bryer Group.

The Company entered into an option agreement to sell the Argonaut gold property. The option agreement provide for a cash payment of $12,500 and the issuance of 150,000 common shares of the purchaser over time.

British Columbia, Canada – Golden Fleece

The Company entered into an agreement to acquire a 100% interest in the Golden Fleece property and will make cash payments totaling $2,500 and a one percent NSR royalty to the vendor. The property is located approximately 150 km northwest of Dease Lake, B.C. and 120 km south of Atlin, BC. The property is composed of two claims totaling 829.9 Ha, and lies approximately 9km south west of the Argonaut Group.

On the Golden Fleece property, a previously discovered gold showing with assays, shows up as an alteration zone in Google earth. Recent receding of the glaciers has displayed another alteration zone, in the form of a gold-bearing quartz vein. Both zones will be explored this summer. In 2005, Barrick Gold explored the property and took a rock sample measuring 1.02 g/t Au 4.0 g/t Ag.

The Company entered into an option agreement to sell the Golden Fleece gold properties. The option 2agreement provide for a cash payment of $12,500 and the issuance of 150,000 common shares of the purchaser over time.

Alex Burton, P. Eng. P. Geo., a Qualified Person as defined by National Instruments 43-101, has read and approved the technical information on the B.C. properties.

Alaska USA – Snettisham Property

The Pacific Rim project is comprised of 49 mineral claims located near Port Snettisham about 30 miles southeast of Juneau, Alaska. This project is a titaniferous magnetite deposit on the Snettisham Peninsula which has been intermittently explored since 1969.

Newfoundland and Labrador, Canada – Rannie Lake

National Instrument (NI) 43-101 Technical Report

Gulfside has prepared a NI 43-101 Compliant Technical Report for the Rannie Lake Property, prepared by Christopher Hutchings, P. Geo., and President, KIEX Consulting Limited. The NI 43-101 report is summarized below.

Property Area and Geographical Location

Rannie Lake property, 4,300 hectares in size, consisting of single mineral exploration licence comprised of 172 map staked claims, is situated at the junction of National Topographic Sheets 023G/07, 023G/08, 023G/09 and 023G/10, Shabogamo Lake Area, Electoral District of Labrador West, Province of Newfoundland and Labrador.

Accessibility

The Rannie Lake property is situated approximately 12.8 km due west of the Quebec North Shore & Labrador (QNS&L) Railway and 60 km north of Labrador City/Wabush. Route 500, the Trans Labrador Highway, a gravel road passes through the twin-towns. Current access is by helicopter or fixed wing aircraft utilizing Sawbill Lake immediately south of the property.

Climate

Western Labrador experiences a continental climate, short warm summers and long cold winters, temperatures ranging from +25^{o}C to lows of -40^{o}C, winter lasting until April or May and freeze-up by mid-November. Annual snowfall is approximately 3.65 meters. Drilling is often carried out in the winter months due to snow cover facilitating mobility.

Local Resources – Infrastructure

The site of world class iron mining operations, a very skilled mining labour force is attracted to Labrador West, having a population of 9,400+ residing in the Town of Labrador City and the Town of Wabush, located on the south shore of Wabush Lake. Specifically in the twin-towns area, mining is the primary industry. Hydroelectric power, another important primary industry, produced at Churchill Falls, 243 km east, supplies Labrador West via a transmission line. Labrador West is also a very popular tourist hunting, fishing and wilderness experience destination.

Transportation within Labrador West is by road, rail or air. Labrador City/Wabush is situated 534 km west of Happy Valley-Goose Bay. This inland town on the east coast of Labrador having a well-developed infrastructure including an air terminal and port is situated on Lake Melville connecting with the Atlantic Ocean. Fermont, Quebec, another iron ore mining area, is nearby, located just across the provincial border. Distance from Labrador West on Route 389, a gravel road, to Baie-Comeau, Quebec, eventually connecting with the Trans-Canada Highway is 581 km. Labrador West and Schefferville, are connected to the port of Sept-Iles on the St. Lawrence Seaway, a total distance of 573 km, by the Quebec North Shore & Labrador Railway. Shipping season for iron ore is approximately 200 to 230 days a year. An airport is situated at Wabush.

Regional Geology

The Labrador Trough, situated on the western margin of the Churchill Province is comprised of Mid-Paleoproterozic sedimentary and volcanic rocks of the Kaniapiskau Supergroup unconformably overlying the stable Archean craton of the Superior Province. Also termed the Circum-Ungava Foldbelt or Geosyncline or New Quebec orogen, the Labrador Trough, a geosyncline, is a sinuous to arcuate belt which traverses the Quebec-Labrador Peninsula for 1100 km. This belt is approximately 100 km wide in the central part and narrows considerably to the north and south. Within Labrador, the central section or Knob Lake Range, in the Schefferville (Quebec) area extends 550 km south to the Grenville Front. The southern section extends from the Grenville Front south through the Wabush/Labrador City area into Quebec, a distance of approximately 300 km.

Stratigraphical succession of the Knob Lake Group, from oldest to youngest, are Attikamagen, Denault, Fleming, Wishart, Ruth, Sokoman and Menihek Formations. The Sokoman Formation, a distinct unit traceable throughout the length of the Labrador Trough, is subdivided into Lower, Middle and Upper Iron Formation Members. “The middle part of the Sokoman is economically the most important portion of the iron formation. It contains 30% to 35% Fe and consists chiefly of irregular bedded, massive to banded, commonly granular, oolitic and locally conglomeratic iron formation with thin-banded, jasper-bearing lower and upper units”. Character of the Sokoman Formation is distinctly different on either side of Sawbill Lake. Northward, metamorphism is generally lower greenschist facies. The south section lies within the Grenville Province with a metamorphic grade increase to upper amphibolite – lower granulite; rocks are recrystallized. The iron-formation north of Sawbill Lake is composed chiefly of carbonate, hematite and chert. South of Sawbill Lake, predominant types of iron-formation in the Sokoman Formation, also known as the Wabush Formation, is variable in composition from hematite-quartz to hematite-magnetite-quartz, to magnetite-iron-silicate-carbonate-quartz in different structural segments and is associated with quartzite and dolomite.

Sedimentary rocks of the Knob Lake Range are folded into a northwest striking series of anticlines and overturned synclines, cut by high angle reverse faults. In the Labrador City/Wabush area, “what was originally a continuous belt of iron formations with quartzite, calcareous and dolomitic carbonate, and shale becomes across the front a dismembered belt of folded and oval-shaped orebodies associated with quartzite, calcitic and dolomitic marble, calcitic rock, and aluminous and graphitic paragneiss distributed, in a northeast-southwest trend, over their Archean tonalitic basement”. Repeated folding in Labrador West has formed complex structures with overturned synclines and anticlines.

Mineral Deposits

World class Lake Superior-type iron deposits are hosted by the Sokoman Formation in the Labrador Trough, currently experiencing expansion of producing mines and increased exploration activity in both, Labrador West and Schefferville areas. Style of mineralization varies between the central and southern sections of the Trough.

Typical of the Knob Lake Range, Schefferville area, are soft iron ores (direct shipping ore) composed of friable fine-grained secondary iron oxides - hematite, goethite, limonite - formed by supergene leaching and enrichment of the weakly metamorphosed cherty iron formation. Magnetite iron formation or taconite, fine grained, weakly metamorphosed iron formations comprised of magnetite-specularite with above average magnetite content is also present. West of Schefferville, the Howells River taconite deposit in Labrador is the largest undeveloped cherty magnetite iron formation deposit in the area, occurring in a gently dipping cherty metallic member of iron formation that contains approximately 23% magnetite.

Metataconite, characteristic of the south section, Labrador West and eastern Quebec, is intensely metamorphosed iron formation containing recrystallized coarse-grained magnetite and hematite. Refolded iron formations attain several hundreds of metres in structural thickness and iron oxides tend to concentrate in fold hinges; deposits reach hundreds of millions tonnes grading 25 to 45% iron. The iron ore is easy to separate from its gangue minerals and produces, by gravity or magnetic separation, a high-grade iron concentrate of 66 to 67% Fe.

Local Geology

Description of local geology in the vicinity of Licence 018489M, refers to map units specified on Government of Newfoundland and Labrador, Department of Natural Resources website interactive geological map. Middle Paleoproteroic aged Knob Lake Group rocks are in contact with gneisses of the Archean Ashuanipi Complex to the west. Centred on the Rannie Lake property is Unit P_2i – cherty ironstone and underlying quartzite. In contact to the north with Unit P_2i is Unit P_2st - siltstone, shale, greywacke and Unit $P_s$sts - pelitic schist, pelitic gneiss, the metamorphic equivalent, occurring west and east, respectively. The units are additionally assigned to the western Southeast Churchill Province and western Grenville Province, respectively. Unit $P_2$is - meta-ironstone, quartzite assigned to the Grenville Province, occurs west and south of Unit P_2i, and apparently within the same belt as Unit P_2i, trends east and southwest towards the Smallwood Reservoir and Labrador City/Wabush, respectively. Unit $P_2$is is designated as the schistose to gneissic equivalent to Unit P_2i. Mafic intrusive bodies of the Early Mesoproterozoic Shabogamo gabbro, Unit M_1ga, occur in the vicinity. Thrust faults, trending E-W and NE-SW, border the property.

Property Geology

Property bedrock geology consists predominately of the Sokoman Formation and overlying Menihek Formation of the Middle Paleoproterozic Knob Lake Group. Exposure is very poor. A conspicuous lack of outcrop was observed by the author during the personal inspection. The Sokoman Formation comprising 75-80% of the property area and flanked by the Menihek Formation is depicted on the Department of Natural Resources website geological map as extending further north, though wholly within the confines of Licence 018489M. Newfoundland and Labrador Geological Survey Maps 85-27 and 85-28 designate Formation lithologies with question marks, possibly attributed to drift cover. A small mafic intrusive body of the Shabagamo Intrusive Suite occurs beyond the southeastern claim boundary. Geological contacts are assumed. *Lithologies cannot be verified by the author.*

Structure is undoubtedly complex. Information on folding is limited to unknown. Two thrust faults, E-W and ENE-WSW trending, traverse the property on the northern and southern ends, respectively. Two more thrust faults, having the similar trends occur further south in the vicinity of Sawbill Lake. All of the faults may have an affiliation with the nearby Grenville Front.

Magnetic Expression

Aeromagnetic expression of the Rannie Lake property observed from 1974 Geological Survey of Canada aeromagnetic map sheets 23G/7, 8, 9, and 10 are two roughly northeast trending tightly contoured features having peaks of 57,960 and 58,500 gammas separated by a small east-west trending magnetic depression. Values are common to all map sheets. The magnetically-positive features are flanked further to the east, off the property, by an area of broad contours with magnetic peaks of 57,780 gammas.

A geological-structural interpretation by Lee (2001) with respect to the Iron Ore Company of Canada aeromagnetic survey state ***"broad anomalies in the far north are interpreted as deeply buried, shallow dipping oxide-rich beds"***. This information appears on a map titled *"Distribution of oxide-rich horizons of the Sokoman Formation, interpreted from 2001 aeromagnetic data"*. The author observed the Rannie Lake property is emphatically included in this area of broad anomalies; however these anomalies were not included in Lee's recommendation for further exploration. Distance from Iron Ore Company of Canada's operations and initial ease of extraction may have been contributing factors in the author's opinion.

Deposit types

Lake Superior-type stratiform iron deposits or banded iron formation (BIF) chemical sediments border the Canadian Shield. Lake Superior-type iron-formation taconite, metataconite and enriched iron deposits are the most important source of iron ore in Canada. Iron deposits consist mainly of oxide, silicate, carbonate and sulphide lithofacies that contain <20% to >35%, averaging 30% Fe as magnetite and hematite in laminated or bedded sedimentary rocks on a scale of millimetres to metres with alternating layers of iron-rich and iron-poor minerals. The deposits are associated with dolomite, quartzite, arkose, black shale and conglomerate, and with tuff and other volcanic rocks; sequences are commonly metamorphosed. Producing, inactive and exhausted iron mines within the Labrador Trough in both Labrador and Quebec are typical Lake Superior-type deposits.

Conclusions

Rannie Lake, an early stage exploration property, may host a historically identified unsubstantiated Lake Superior-type iron formation target. Determination of positive upgradeable potential and traits for hosting economic mineralization can only be achieved through detailed evaluation. A geophysical program is required to determine target signature for subsequent undertaking of mineralization delineation, continuity and grade by drilling for eventual undertaking of NI 43-101 compliant resource estimation.

RECOMMENDATIONS

Recommended Work Program

Recommendations for a Phase I work program include an airborne magnetic survey and a Phase II work program consisting of follow-up ground geophysical surveys and geological mapping/prospecting to prepare the property for subsequent implementation of diamond drilling to investigate the in-situ iron formation. Advancement to Phase II is contingent upon receipt of positive results received from Phase I.

Phase I

1. A high-resolution airborne magnetic survey should be flown for comprehensive coverage of the property with 100 meter spaced flight lines tentatively oriented northwest-southeast.

2. Independent re-examination of the historical airborne data and structural interpretation and interpretation of the new airborne survey should be undertaken.

Phase II

3. A combined ground magnetic and gravity survey should be implemented on a cut grid to cover the location of the most attractive airborne magnetic anomaly.

4. Independent interpretation of the ground geophysical surveys should be undertaken.

5. Though outcrop exposure is extremely sparse, geological mapping/prospecting/sampling should be engaged to obtain better knowledge of the ground and aid any future drilling procedure decisions.

6. Any analysis should include specific gravity determinations tied to Quality Assurance / Quality Control (QA-QC) programs.

A proposed budget of $ 398,475.00 is recommended to undertake the programs.

Christopher Hutchings, P. Geo., a Qualified Person as defined by National Instruments 43-101, has read and approved the technical information on the Rannie Lake property.

Quebec, Canada – Roberts Lake

The Roberts Lake project is composed of 128 claims in northern Quebec in the Robert's Lake area along the Ungava Bay iron formation. This area has being explored for iron ore and appears to have the potential for a future economic play close to a tidewater ocean access.

Mongolia – Onjuul Coal Property

During fiscal 2009, the Company entered into a Share Purchase Agreement ("SPA"), subsequently amended, to acquire a 100% interest in two coal licenses, Onjuul, located in the Onjuul coal basin, of Mongolia. Pursuant to the amended agreement, to acquire its interest the Company was required to make cash payments aggregating US$1,500,000 and issue 3,500,000 common shares (as amended and subject to regulatory approval).

During fiscal 2009 the Company entered into a SPA, subsequently amended, to acquire a 100% interest in a coal license, Black Hole, located in the Onjuul coal basin, of Mongolia. Pursuant to the amended agreement, to acquire its interest the Company was required to make cash payments aggregating US$4,600,000 and issue 4,500,000 common shares (as amended and subject to regulatory approval).

During fiscal 2010 the Company entered into Earn in Agreements ("EIA") with two private Mongolian companies to acquire a 100% interest in two Mining Exploration Licenses encompassing the Brown Valley and Buleen Hundii projects. These two licenses are adjoining the Black Hole and the Onjuul projects to the north and the north east.

The acquisition of the two new licenses is subject to the approval of the TSXV. To acquire its interest the Company will be required, over time, to pay US$ 1,250,000 and issue 4,500,000 common shares.

During the year ended December 31, 2010 all related property and deferred exploration costs in the amount of $4,896,340 has been written off due to uncertainty in advancing the Onjuul, Black Hole, Buleen Hundii and Brown Valley properties.

During the quarter ended June 30, 2011 the Company introduced a third party to the vendors of the Onjuul Coal Property. The Company relinquished all title to the property and released all previous project technical information to the third party in exchange for $325,000 of which $25,000 was paid upon execution of the agreement and $300,000 upon the third party acquiring 80% of the Onjuul Coal Property.

Mongolia – Erdenetsogt Coal

During fiscal 2010 the Company signed a SPA with Mangreat Group Ltd. ("Mangreat"), the majority owner of ECM LLC ("ECM") providing for the sale of the Company's 5% interest in ECM. The Company will receive up to US$3,000,000 under certain conditions. Mangreat has paid US$500,000 and the balance of US$1,500,000 which was due within one year. The Company will transfer its 5% interest in ECM and terminate its current litigation in Mongolia upon receipt of the first US$2,000,000 (Completed). If the property is sold or joint ventured to a third party for a value greater than US$40,000,000 the Company will receive an additional US$1,000,000. Under the SPA the parties have also agreed to abandon all litigation over the property and the license. The Company has also made reports on the property and exploration data available to the purchaser for a fee of US$25,000.

Ownership History

During fiscal 2007, the Company acquired an option, subsequently amended, for the acquisition of up to a 49% interest in a company that held a coal license located in Mongolia, referred to as the Erdenetsogt project ("Erdenetsogt").

During fiscal 2008, the Company initiated civil proceedings against the vendor of the Erdenetsogt property, alleging that the vendor did not comply with the terms of the purchase agreement by selling 100% of the company holding title to the property, to another party (the "Acquiring Party"). Additionally, the Company initiated arbitration proceedings against the Acquiring Party alleging violation of the Company's agreement to acquire a 49% interest in the company holding title to the Erdenestsogt property.

During 2009, the Company won its civil proceedings and has received shares representing 5% of ECM, the Mongolian company which owns the exploration License to Erdenetsogt. The transfer has been by way of Court Order and an amendment to the Foreign Agency and Foreign Trade Agency ("FIFTA") Certificate.

The Company has filed a writ, in Mongolia, seeking to rescind the transfer of shares of ECM to the Acquiring Party. The Company contends as the holder of a 5% interest in ECM it holds the right of first refusal on any offer of sale, and that the vendor breached this right. Under the writ, the Company is seeking to have 95% of ECM currently held by the Acquiring Party returned to Mongolia and offered to the Company.

SELECTED ANNUAL INFORMATION

The following selected financial data have been prepared in accordance with IFRS unless otherwise noted and should be read in conjunction with the Company's interim consolidated financial statements. The following table sets forth selected financial data for the Company for and as of the end of the last three completed financial years to the year ended December 31.

Financial Year Ended	**IFRS 2010**	**Canadian GAAP 2009**	**Canadian GAAP 2008**
Loss before extraordinary items	(4,829,989)	(1,664,977)	(2,159,101)
Loss per share – basic and diluted	(0.12)	(0.05)	(0.06)
Net loss	(4,829,989)	(1,664,977)	(2,159,101)
Net loss per share – basic and diluted	(0.12)	(0.05)	(0.06)
Total assets	142,425	4,967,602	328,491

<u>Overview</u>

During fiscal 2010 the Company signed a SPA with Mangreat, the majority owner of ECM providing for the sale of the Company's 5% interest in ECM. The Company will receive up to US$3,000,000 under certain conditions. Mangreat has paid US$500,000 with a balance of US$1,500,000 due within one year. The Company will transfer its 5% interest in ECM and terminate its current litigation in Mongolia upon receipt of the first US$2,000,000. If the property is sold or joint ventured to a third party for a value greater than US$40,000,000 the Company will receive an additional US$1,000,000. Under the SPA the parties have also agreed to abandon all litigation over the property and the license. The Company has also made reports on the property and exploration data available to the purchaser for a fee of US$25,000. All related property and deferred exploration costs in the amount of $4,896,340 has been written off due to uncertainty in advancing the Onjuul, Black Hole, Buleen Hundii and Brown Valley properties in Mongolia.

During the year ended December 31, 2009 the Company won its civil proceedings and has received shares representing 5% of ECM, the Mongolian company which owns the exploration License to Erdenetsogt. The transfer has been by way of Court Order and an amendment to the FIFTA Certificate. The Company has filed a writ, in Mongolia, seeking to rescind the transfer of ECM shares to Mangreat. The Company contends as the holder of a 5% interest in ECM it holds the right of first refusal on any offer of sale, and that the vendor breached this right. Under the writ, the Company is seeking to have 95% of ECM currently held by Mangreat returned to Mongolia and offered to the Company. The Company had its cease trade order revoked by the British Colombia Securities Commission and its shares began trading on the TSXV on August 12, 2009. The Company completed a private placement of 2,857,143 units at $1.05 per unit for gross proceeds of $3,000,000. A finder’s fee of $205,068 was paid in connection with the private placement. The Company had $744,525 (2008 - $Nil) in exploration expenditures on the Onjuul and Black Hole properties in Mongolia. The Company granted 757,000 (2008 - Nil) incentive stock options.

During the year ended December 31, 2008 the Company has been unable to complete the acquisition of the Erdenetsogt coal license agreement, in Mongolia, as the other party involved in the agreement has refused to comply with the terms of the signed agreement. The Company has initiated the arbitration process available to it in the agreement to resolve the dispute. In addition the Company has begun civil proceedings in Mongolia an attempt to assert its rights to the property. As a result of the uncertainty with respect to Company’s ability to gain a favorable result in the arbitration and the civil case the Company, during the year, has written-off the mineral property and related deferred exploration costs, totaling $369,512 (2007 - $1,168,768) and incurred costs of $220,550 in connection with the litigation. The Company had exploration expenditures of $162,166 (2007 - $111,424) on its Undurt and Khenti Mongolian mineral properties. The Company abandoned the Undurt and Khenti Mongolian mineral properties and wrote off related expenditures of $560,991.

Results of Operations for the period ended September 30, 2011 and year ended December 31, 2010.

This review of the Results of Operations should be read in conjunction with the interim consolidated financial statements of the Company for the quarter ended September 30, 2011.

Quarter ended September 30, 2011 Financial Results

<u>Overview</u>

For the period ended September 30, 2011 the Company incurred a loss of $502,465 compared to a loss of $374,998 for the period ended September 30, 2010. The Company expects to continue losses for Fiscal 2011 as it develops its properties.

Expenses

General and administrative expenses totaled $489,262 for the period ended September 30, 2011 compared to $369,904 for the period ended September 30, 2010. Details of the largest general and administrative are as follows:

Investor relations of $22,000 (2010 - $46,000) consisting of $22,000 (2010 - $45,000) for an investor relations agreement, $Nil (2010 - $1,000) for the Company's website, and $Nil (2010 - $Nil) for other.

Administration fees of $33,000 (2010 -$72,000) for administration of the affairs of the Company. The Company expects to spend the same amount next quarter.

Consulting fees of $80,025 (2010 - $105,669) consisted of $17,500 (2010 – $27,000) to an officer of the Company for accounting and administrative services, $17,500 (2010 - $27,000) for office administration, $25,500 (2010 - $27,000) for marketing and business development, $6,000 (2010 – $24,669) for property research and consulting in Mongolia and $13,525 (2010- $Nil) for other services.

Professional fees of $102,336 (2010 - $73,231) were attributed to $53,296 (2010 - $29,899) for legal fees as a result of the activities of the Company, such as the share purchase agreement and audit/accounting of $49,040 (2010 - $17,000).

Stock based compensation of $168,965 (2010 - $Nil).

2010 Financial Results

<u>Overview</u>

For the year ended December 31, 2010 the Company incurred a loss of $4,829,989 compared to a loss of $1,664,977 for the year ended December 31, 2009. The Company expects to continue losses for Fiscal 2011 as it develops its properties.

Expenses

Operating expenses totaled $463,110 for the year ended December 31, 2010 compared to $1,310,773 for the year ended December 31, 2009. Details of the most significant are as follows:

Business Development and Investor relations of $67,115 (2009 - $294,842) consisting of $50,000 (2009 - $72,257) for an investor relations agreement, $1,000 (2009 - $9,180) for the Company's website, $Nil (2009 – $160,200) for marketing and business development in Europe and $16,115 (2009 - $53,205) for other.
Administration fees of $86,000 (2009 -$61,000) for administration of the affairs of the Company. The Company expects to spend the same amount next year.

Consulting fees of $143,407 (2009 - $192,592) consisting of $33,000 (2009 – $36,000) to an officer of the Company for accounting and administrative services, $31,000 (2009 - $36,000) for office administration, $9,059 (2009 - $74,009) for financial and public relations in Europe, $33,750 (2009 – $46,583) for property research and consulting in Mongolia and $36,598 (2009 - $Nil) for other.

Professional fees of $93,561 (2009 - $143,773) were attributed to $55,874 (2009 - $105,221) for legal fees as a result of the activities of the Company and audit/accounting of $37,687 (2009 - $38,552).

Stock based compensation of $Nil (2009 - $442,095).

Other

All related property and deferred exploration costs in the amount of $4,896,340 has been written off due to uncertainty in advancing the Onjuul, Black Hole, Buleen Hundii and Brown Valley properties.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data have been prepared in accordance with IFRS unless otherwise noted and should be read in conjunction with the Company's interim consolidated financial statements. The following is a summary of selected financial data for the Company for its eight completed financial quarters ended June 30, 2011. Each quarter of each financial year is shown on a quarterly basis.

Quarter Ended Amounts in 000's	**IFRS Sept. 30, 2011**	**IFRS June 30, 2011**	**IFRS Mar 31, 2011**	**IFRS Dec 31, 2010**	**IFRS Sept 30, 2010**	**IFRS June 30, 2010**	**IFRS Mar 31, 2010**	**Canadian GAAP Dec 31, 2009**
Loss before extraordinary items	(171)	(112)	(219)	(4,456)	(104)	(104)	(166)	(788)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(0.12)	(0.00)	(0.00)	(0.00)	(0.02)
Net loss	(171)	(112)	(219)	(4,456)	(104)	(104)	(166)	(788)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(0.12)	(0.00)	(0.00)	(0.01)	(0.02)

In the quarter ended September 30, 2011 the Company completed a non-brokered private placement and issued 2,200,000 flow through units and 9,800,000 non-flow through units a price of $0.05 per unit, for gross proceeds of $600,000. Each flow through unit consisted of one common share and one whole share purchase warrant exercisable at a price of $0.15 per share expiring on September 30, 2013. Each non-flow through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on September 30, 2013. The Company paid a $44,250 finder's fee in connection with the private placement. The Company signed option agreements to acquire the Pacific Rim project in Alaska, the Rannie Lake project in Newfoundland and the Roberts Lake project in Quebec.

In the quarter ended June 30, 2011 the Company completed a non-brokered private placement and issued 3,100,000 flow through units and 5,140,000 non-flow through units a price of $0.10 per unit, for gross proceeds of $824,000. Each flow through unit consisted of one common share and one half share purchase warrant exercisable at a price of $0.15 per share expiring on April 13, 2012. Each non-flow through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on April 13, 2012. The Company paid a $61,680 finder's fee in connection with the private placement. The Company introduced a third party to the vendors of the Onjuul Coal Property. The Company relinquished all title to the property and released all previous project technical information to the third party in exchange for $325,000 of which $25,000 was paid upon execution of the agreement and $300,000 upon the third party acquiring 80% of the Onjuul Coal Property.

In the quarter ended March 31, 2011 the Company completed a 100% acquisition of certain gold claims referred to as the Northern Treasure group, located in the Atlin Mining Division in British Columbia, Canada. In order to acquire the interest in the project, the Company must make cash payments totaling $30,000 ($10,000 paid upon signing the agreement), incur $225,000 in work over three years and issue 400,000 common shares (200,000 common shares issued and an additional 200,000 common shares to be issued after three years), and complete the work commitments. In addition, the Company has agreed to issue a further 400,000 common shares on the property going into commercial production. The vendor retains a 1% net smelter return royalty ("NSR") which the company may purchase for $1,000,000. The Company completed a 100% acquisition of certain claims referred to as the Bryer Group, located in the Atlin Mining Division in British Columbia, Canada. In order to acquire a 100% interest in the project, the Company must make cash payments totaling $15,000 ($5,000 paid upon signing the agreement), incur $225,000 in work over three years and issue 300,000 common shares of the Company, (100,000 common shares issued and an additional 200,000 common shares to be issued after three years and completion of the work commitments). In addition, the Company has agreed to issue a further 400,000 common shares upon the property going into commercial production. The vendor retains a 1% NSR. Granted 2,200,000 incentive stock options at $0.10 per option for a period of five years to various directors, officers, employees and consultants.

In the quarter ended December 31, 2010 the Company's general and administration was consistent with prior periods. All related property and deferred exploration costs in the amount of $4,896,340 have been written off due to uncertainty in advancing the Onjuul, Black Hole, Buleen Hundii and Brown Valley properties.

In the quarter ended September 30, 2010 the Company's general and administration was consistent with prior periods. The Company had exploration expenditures of $36,695 on the Black Hole and Onjuul property and acquisition expenditures of $21,921 on the Buleen Hundii and Brown Valley property.

In the quarter ended June 30, 2010 the Company's general and administration was consistent with prior periods. The Company had exploration expenditures of $nil on the Black Hole and Onjuul property.

In the quarter ended March 31, 2010 the Company's general and administration was consistent with prior periods. The Company had exploration expenditures of $63,718 on the Black Hole and Onjuul property.

In the quarter ended December 31, 2009 the quarterly loss was higher than the previous quarter mainly due to stock based compensation of $295,338 on options issued in the quarter. The Company completed a private placement of 2,857,143 units at $1.05 per unit for gross proceeds of $3,000,000. A finder's fee of $205,068 was paid in connection with the private placement. The Company had $679,252 in exploration expenditures on the Onjuul and Black Hole properties in Mongolia. The Company won its civil proceedings and has received shares representing 5% of ECM, the Mongolian company which owns the exploration License to Erdenetsogt. The transfer has been by way of Court Order and an amendment to the FIFTA Certificate.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2011 the Company has working capital (deficit) of $569,359 (December 31, 2010 – ($217,024); January 1, 2010 – ($132,573)).

On April 13, 2011 the Company completed a non-brokered private placement and issued 3,100,000 flow - through units and 5,140,000 non-flow through units a price of $0.10 per unit, for gross proceeds of $824,000. Each flow through unit consisted of one common share and one half share purchase warrant exercisable at a price of $0.15 per share expiring on April 13, 2012. Each non-flow through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on April 13, 2012. The Company paid a $61,680 finder's fee in connection with the private placement.

On September 30, 2011 the Company completed a non-brokered private placement and issued 2,200,000 flow through units and 9,800,000 non-flow through units a price of $0.05 per unit, for gross proceeds of $600,000. Each flow through unit consisted of one common share and one whole share purchase warrant exercisable at a price of $0.15 per share expiring on September 30, 2013. Each non-flow through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on September 30, 2013. The Company paid a $44,250 finder's fee in connection with the private placement.

As a result of economic conditions, globally, there is uncertainty in capital markets and the Company anticipates that it and others in the mineral resource sector will have limited access to capital. Although the business and assets of the Company have not changed, investors have increased their risk premium and their overall equity investment has diminished. The Company continually monitors its financing alternatives and expects to finance its Fiscal 2011 operating overhead and acquisition and exploration expenditures through a private placement.

The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. There can be no assurance that such funds will be available on favorable terms, or at all.

The Company has a loan agreement dated March 17, 2009 in the amount of US$75,000. Per the terms of the agreement a loan bonus of 10% of the principal is payable on the maturity date, March 17, 2010. As of the date of the MD&A the principal and loan bonus has been repaid.

The Company has no long-term debt obligations.

SHARE CAPITAL

(a) As of the date of the MD&A the Company has 60,621,369 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.

(b) As at the date of the MD&A the Company has 3,550,000 incentive stock options outstanding which if exercised, would provide additional capital of $1,549,400.

(c) As at the date of the MD&A the Company has 18,690,000 outstanding share purchase warrants which if exercised, would provide additional capital of $2,803,500.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Paid administration and consulting fees of $50,500 (2010 - $99,000) to companies controlled by an officer and a director. Robert Card, President, received $33,000 (2010 – $72,000) and Blaine Bailey, CFO, received $17,500(2010 - $27,000).

Included in accounts payable is $Nil (December 31, 2010 - $24,695; January 1, 2010 - $1,595) owed to companies controlled by an officer and a director.

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

INVESTOR RELATIONS

The Company has entered into an Investor Relations agreement with Advanture Capital Partners Inc. ("Advanture") to provide investor relations services to the company. The term of the contract is for 12 months at a monthly fee of $5,500. The Company terminated the agreement with Advanture effective June 30, 2011

RECOVERY FROM PROPERTY SETTLEMENT

See Mongolian – Erdenetsogt Coal (page 6) and Overview (page 8) for a complete description.

The Company incurred costs during the period of $Nil (2010 - $5,094) in connection with the litigation and all such costs have been expensed.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises were required to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company has transitioned from GAAP reporting and commenced reporting under IFRS effective this quarter, with restatement of comparative information presented. The conversion to IFRS from GAAP has not affected the Company's internal control over financial reporting and disclosure controls and procedures, but has affected and the Company's accounting policies, the Company's opening statement of financial position at the Transition Date, the statement of financial position as at December 31, 2010, and the statement of comprehensive loss for the nine month period ended September 30, 2011.

In preparing the Interim Financial Statements, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with Pre-changeover GAAP. An explanation of how the transition from Pre-changeover GAAP to IFRS has affected the Company's financial position is set out in the following tables for the opening statement of financial position at the Transition Date, the statement of financial position as at December 31, 2010, and the statement of comprehensive loss for the nine month period ended September 30, 2011.

The guidance for the first time adoption of IFRS is set out in IFRS 1 which provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date;
- to apply the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as at the Transition Date. The Company re-measured all provisions, and estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose. This was done using best estimates of the historical risk-adjusted discount rates, and recalculated the accumulated depreciation, depletion, and amortization under IFRS up to the Transition Date; and
- to apply the requirements of IAS 23, Borrowing Costs, as of the Transition Date.

The Company has determined that no adjustments from the transition from Canadian GAAP to IFRS were required.

The Company's conversion plan to IFRS consisted of four primary stages including planning, assessment, design and implementation with periodic meetings with the Audit Committee to report progress and findings. The Company has completed the conversion plan and will be reporting in accordance with IFRS going forward. This will include ongoing monitoring of changes in IFRS, the potential or probable effects of which will be evaluated and disclosed as applicable.

Please see notes 2 and 3 of the financial statements for further details.

RISKS AND UNCERTAINTIES

The Company's principal activity is resource property exploration and development. Companies in this industry are subject to many and varied kinds of risks, but not limited to, environmental, oil and gas and mineral prices, political and economical.

The Company will take steps to verify the title to any properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures do not guarantee the Company's title. Property titles may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant sources of operating cash flow and no revenue from operations. Additional capital will be required to fund the Company's exploration program. The sources of funds available to the Company are the sale of equity capital or the offering of an interest in its project to another party. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

The property interests to be owned by the Company or in which it may acquire an option to earn an interest are in the exploration stages only, are without known bodies of commercial minerals and have no ongoing operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into production. If the Company's efforts do not result in any discovery of commercial minerals, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties in which it previously had no interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liabilities to the Company.

As the Company is conducting operations in Mongolia, the Company is subject to different considerations and other risks not typically associated with companies in North America. These include risks such as the political, economic and legal environments and foreign currency exchange. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Mongolia, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of receivables, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions, as well as in a lawyers trust accounts in Mongolia.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of September 30, 2011 the Company had cash balance of $787,000 (December 31, 2010 - $133,335; January 1, 2010 - $214,117) to settle current liabilities of, as of September 30, 2011, $243,251 (December 31, 2010 - $357,427; January 1, 2010 - $352,615). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars (US). Amounts exposed to foreign currency risk include cash of US$46,025 as of September 30, 2011(December 31, 2010 - $129,486; January 1, 2010 - $222).

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The

Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

FORWARD LOOKING STATEMENTS

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company's intentions, plans, expectations and belief, and are subject to risk, uncertainties, and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.

APPROVAL

The Board of Directors of The Company has approved the disclosures in this MDA.

Additional information on the Company available through the following source: www.sedar.com.