

ACREX VENTURES LTD.
(“Company”)

SECOND QUARTER MANAGEMENT DISCUSSION AND ANALYSIS
DATED AUGUST 21, 2012

This quarterly MD & A covers the Company’s second fiscal quarter – the period between March 31, 2012 and June 30, 2012 - and the subsequent period to August 21, 2012. It is to be read in conjunction with the Company’s audited financial statements, prepared to December 31, 2011 and the quarterly unaudited financial statement of the Company prepared for the quarter ending June 30, 2012. The period between April 1, 2012 and June 30, 2012 is hereinafter referred to as the “Quarter”.

1. **Overall Performance**

(a) **Exploration and Business Activities**

The Company conducted no work on any of its properties – nor did it have any business activities – during the Quarter. Its focus, during the Quarter and in the subsequent period, was negotiating the Agreements described in sub-clause 1(c).

With the funding that the Company is receiving pursuant to the transaction described in sub-clause (c) below, the Company will initiate further exploration work on its wholly owned Rainbow Canyon, Nevada, USA property. Before initiating the further work on the Rainbow Canyon property the Company will have its consulting geologist on the property review and update his recommendations with respect to the property taking into account the results of the surface sampling that the Company did in 2011.

(b) **Financing**

The Company did not do any financing during the period covered by this MD&A.

(c) **Sale of Spanish Mountain claims**

Pursuant to an agreement dated July 25, 2012 the Company sold its Spanish Mountain mineral claims to Spanish Mountain Gold Ltd. (“SMG”). The sale was of 11 claims covering a total of 1,526 hectares (“Claims”). The consideration received by the Company from the sale of the Claims was:

- (i) a cash payment of \$500,000;
- (ii) 2,000,000 shares of SMG. The 2,000,000 shares of SMG have been issued to the Company subject to a non-trading restriction which will expire December 22, 2012.

In the Sale Agreement there was reserved for the Company the right to receive a 4.0% net smelter return royalty which will be payable from and after the commencement of production from the Claims. SMG has the right to buy down the royalty from 4.0% to 2.0% by paying a total of \$2,000,000 – of which \$1,000,000 will be paid to the Company and \$1,000,000 will be paid to a former owner of a portion of the Claims who reserved a 3.0% net smelter return royalty in the Agreement by which he sold 10 of the Claims to the Company subject to a buy-down of his royalty to 1.0% by the payment of \$1,000,000. If SMG pays the \$2,000,000 there will be effectively reserved to the Company a 1.0% net smelter return royalty and to the former owner of the Claims a 1.0% net smelter return royalty. The closing of the Agreement occurred August 21, 2012.

(d) Rainbow Canyon, Nevada, property

With the funding that the Company has received pursuant to the sale described in sub-clause (c) above, it will now focus on further exploration of the Rainbow Canyon property. The initial step will be to have its geological consultants recommend specific further work, taking into account the results of the small work programme the Company did on the property in 2011.

(e) Investor relations activities

The Company has no existing investor relations agreements. Currently, whatever investor relations activities are done by the Company are being done from its office.

2. Summary of Quarterly Results

The following information is provided for each of the 8 most recently completed quarters of the Company: The figures presented for the last six quarters were calculated pursuant to IFRS. The figures presented in the columns for the first three quarters were calculated pursuant to Canadian GAAP. There are no material differences between the figures presented under previous Canadian GAAP and IFRS.

	June 31/12	March 31/12	Dec. 31/11	Sept. 30/11	June 30/11	Mar. 31/11	Dec. 31/10	Sept. 30/10
(a) Net sales or total revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(b) Loss before extraordinary items								
- total	83,529	67,449	98,990	114,954	95,481	80,775	158,624	135,271
- per share undiluted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- per share diluted*								
(c) Net loss (gain)								
- total	83,529	67,449	96,702	114,954	95,481	75,920	250,199	135,271
- per share undiluted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- per share diluted*								

*As the effect of any dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

The differences in the figures between the various quarters are due principally to the varied amount of activity by the Company in each quarter - and to the fact that certain expenses which are not incurred monthly are posted in various quarters. The actual expenses for the Quarter were \$84,483 (2011 - \$98,687) – but because the Company received interest on its bank account of \$941, and booked an unrealized gain on marketable securities held of \$13, it posted a net loss of \$83,529 (2011 - \$95,481).

3. Liquidity

At the end of the Quarter – June 30, 2012 - the Company had cash on hand of \$327,476 (2011 - \$649,687) and net working capital of \$330,356 (2011 - \$643,917). The Company has no financial commitments other than to pay its monthly general and administrative expenses and monthly management and directors' fees. At August 20, 2012 the Company had cash on hand of approximately \$750,000 – which includes the \$500,000 received pursuant to the sale transaction described in Clause 1(c). With the funds on hand and the funds being received pursuant to the sale described in Clause 1(c), the Company will have sufficient funds to maintain itself and pay its expected exploration costs for at least the next year.

4. Transactions with Related Parties

There have been no transactions with related parties in the past fiscal year – except that:

- (a) the Company pays \$9,000 per month to a company which is wholly owned by the President Mr. Malcolm Powell – in payment for Mr. Powell’s management of the Company. The same expense for the Quarter - \$27,000 – was paid in the second quarter of 2011.
- (b) Carl Jonsson, a director, is a principal in the law firm which acts as the Company’s Solicitors – and accordingly receives a benefit from the fees paid to the law firm for services rendered – which are rendered almost exclusively by Mr. Jonsson. In the Quarter the legal fees were \$7,800 (2011 - \$10,350).
- (c) Jason Powell, a Director who primarily looks after investor and shareholder relations for the Company, is paid a salary of \$6,000 per month – total for the Quarter \$18,000 (2011 - \$18,000).

5. Other MD & A Requirements

- (a) Additional information relating to the Company – including the quarterly financial statements and MD&A’s for the fiscal year ended December 31, 2011 - have been filed on SEDAR and are available at www.sedar.com. Information about the Company may also be seen on its website at www.acrexventures.com.
- (b) As the Company has not had any revenue from operations in its last two financial years the following additional information is provided:
 - (A) The Company incurred no exploration costs during the period between January 1, 2012 and June 30, 2012. The Company incurred exploration costs during the first half year of 2011 of \$15,129.
 - (B) General and administration expenses.

Breakdown of general and administration expenses for the 3-month periods ending June 30, 2012 and June 30, 2011:

	Quarter ending June 30/12 \$	Quarter ending June 30/11 \$
Management fees	27,000	27,000
Investor relations	15,899	15,508
Legal	7,800	10,350
Accounting and audit fees	6,500	10,000
Office and general	7,014	8,524
Promotion and travel	5,845	7,323
Consulting	-	1,500
Advertising	1,532	7,412
Filing fees	5,255	6,489
Rent	3,810	3,810
Transfer agent fees	3,828	571
Insurance	-	200
TOTALS:	84,483	98,687

- (c) Outstanding share data – as at August 21, 2012:
- (i) The Company has 40,760,447 common shares issued. The shares are all voting shares and rank equally with each other.
 - (ii) The Company has 2,750,000 fully vested share purchase options outstanding entitling the purchase of:
 - 1,200,000 shares exercisable at \$0.16 per share before December 17, 2012
 - 465,000 shares exercisable at \$0.10 per share before December 11, 2013
 - 410,000 shares exercisable at \$0.10 per share before July 19, 2015
 - 675,000 share exercisable at \$0.10 per share before August 9, 2016
 - (iii) The Company has no share purchase warrants outstanding.

6. **Financial and Other Instruments**

As at June 30, 2012, the Company's financial instruments consisted of cash, cash equivalents and marketable securities and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

7. **Controls and Procedures**

- (a) As the Company is a venture issuer it is not required to certify the design and evaluation of its Disclosure Controls and Procedures and Internal Controls on Financial Reporting - and has not completed such an evaluation; and
- (b) Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis Disclosure Controls & Procedures and Internal Controls over Financial Reporting, for the Company, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

8. **Change in Accounting Policies**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2012, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective January 1, 2012

Amendments to IFRS 7 *Financial Instruments: Disclosures* - In October 2010, the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The adoption of this amendment did not have a significant impact on its consolidated financial statements.

IAS 12 *Income taxes* - In December 2010, the IASB issued an amendment to IAS 12 that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The adoption of this amendment did not have a significant impact on its consolidated financial statements.

New accounting standards effective January 1, 2013

IFRS 10 Consolidated Financial Statements - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 Joint Arrangements - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 Disclosure of Interests in Other Entities - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 Fair Value Measurement - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Amendments to IAS 1 Presentation of Financial Statements - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 *Inventories*, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

New accounting standards effective January 1, 2015

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

9. **Risks and Uncertainties**

Resources exploration is a speculative business and involves a high degree of risk which even a combination of professional evaluation and management experience may not eliminate. There is no certainty that expenditures made by the Company on the exploration of properties will result in discoveries of commercial quantities of minerals. Significant expenditures are required to locate and estimate reserves, and further the development of a property. Capital expenditures to bring a property to commercial production are also significant. There is no assurance that the Company will be able to arrange sufficient financing to bring a property 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 or Aboriginals to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

10. **Environmental Risk Disclosure**

Conducting mineral exploration activities give rise to a risk that environmental damage could be done - which, for the Company, would be principally:

- (a) inadvertently causing a fire - which could become a forest fire - in the area of the exploration activities;
and

- (b) fuel or chemicals - or equipment containing fuel or chemicals - could spill or fall into a stream which could result in downstream damage to fish or fish habitat.

The Company, in engaging contractors to carry out exploration activities on its behalf, requires that the contractors commit to using industry-best practices to ensure that the work that they perform on behalf of the Company does not result in any environmental damage, and that they are equipped, in case environmental damage should occur, to immediately eliminate the risk or mitigate the damage. Nevertheless, as the work being done is under the control of independent contractors and not under full or constant supervision by representatives of the Company, activities could be undertaken by the contractors or their employees which would be considered environmentally hazardous or which could cause environmental damage.

The Company, through reports from its independent contractors and geologists that it has periodically on the site of work being done by the Company, is satisfied that the Company and the contractors engaged in the past have not caused any material environmental damage and that if the contractors have caused any non-material environmental damage it has been remediated promptly and effectively.

To the best of the knowledge of the Company's Management and Directors the Company is not subject to any potential existing environmental liabilities. The Company has therefore not set up in its financial statements any reserve against potential liability for environmental damage.