Musgrove Minerals Corp.

Management Discussion And Analysis For the Nine Months Ending August 31, 2011

The following Management Discussion and Analysis ("MD&A") of Musgrove Minerals Corp. (the "Company") is intended to supplement and complement the accompanying consolidated financial statements and notes for the period ended August 31, 2011. All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The information provided herein should be read in conjunction with the interim consolidated financial statements for the year ended November 30, 2010. The following discussion may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on factors and variables beyond management control.

This document has been reviewed by the Board and is effective up to and including October 28, 2011.

Additional information relating to the Company is available on the SEDAR website at www.sedar.com.

OVERVIEW

Musgrove Minerals Corp. is a mineral-exploration resource company trading on the TSX Venture Exchange (Symbol: **MGS**) and OTC market's highest tier, OTCQX (Symbol: **MGSGF).**

The Company is presently in the business of the acquisition and exploration of mineral properties. The Company is currently exploring four advanced exploration-stage projects; the Vianey Mine Silver Property, the Musgrove Creek Gold Property, the Charay Gold Property and the Empire Mine Property.

On April 11, 2005, the Company acquired 100% of Minerales Jazz, the beneficial holder of the Vianey Mine concession. In fiscal 2007, Wits Basin earned a 50% joint venture interest in the Vianey Mine Silver Property, in Guerrero State, Mexico, with remaining 50% interest owned by the Company for the exploration and development of the property. The Vianey Property is comprised of two blocks totaling 5,022 hectares and has a silver-lead-zinc mineralization production history. The Company is the operator of the project.

On June 7, 2011, the Company signed an option agreement to sell its 50% interest in Vianey mine to Grand Peak Capital Corp.

On June 13, 2007, the Company fulfilled it obligations under an amended option agreement and acquired a 100% right, title and interest in the Musgrove Creek Gold Property, Idaho, USA. The Musgrove Property is a prospect for a disseminated gold bulk-tonnage surface project similar to the Beartrack Mine, a nearby former gold producer.

On October 15, 2008, the Company entered into an option agreement to acquire a 100% interest in and to certain mining claims comprising the Charay Gold Property, located in Sinaloa, Mexico. The Charay Property is comprised of three concessions totaling 380 hectares. On May 17, 2011, the Company entered into a letter of intent with Westridge Resources Inc. to option 80% interest in the Chary property.

The Company has entered into exploration and lease agreements with two arm's length parties to earn a 100% operating interest in certain mining claims at the Empire Mine Property in Idaho, U.S.A.

RESULTS OF OPERATIONS

	November 30, 2009	Additions	November 30, 2010	Additions	Aug 31, 2011
	$	$	$	$	$
Musgrove, U.S.A.					
Acquisition and Lease Costs	544,827	50,388	595,215	-	595,215
Exploration Expenditures					
Administrative	70,169	15,250	85,419	16,386	101,805
Assay	79,244	-	79,244	-	79,244
Drilling	433,931	-	433,931	21,688	455,619
Field and Exploration	54,287	1,035	55,322	10,749	66,071
Geochemical Survey	201,249	-	201,249	-	201,249
Geological	160,044	16,067	176,111	8,185	184,296
Staking and Maintenance Fees	54,205	27,662	81,867	13,102	94,969
	1,597,956	110,402	1,708,358	70,110	1,778,468
Vianey, Mexico					
Acquisition Costs	223,818	-	223,818	14,756	238,574
Exploration Expenditures					
Administrative	16,530	6,282	22,812	6,000	28,812
Engineering	15,000	-	15,000	-	15,000
Fees and Permits	11,731	11,091	22,822	7,278	30,100
Field and Exploration	118,354	620	118,974	6,713	125,687
Geological	47,494	-	47,494	2,550	50,044
	432,927	17,993	450,920	37,298	488,218
Charay, Mexico					
Acquisition Costs	269,352	577,842	847,194	50,765	897,959
Exploration Expenditures					
Assays	-	13,140	13,140	-	13,140
Engineering	25,000	266,061	291,061	750	291,811
Fees and Permits	12,072	7,115	19,187	961	20,148
Field and Exploration	5,968	18,363	24,331	11,371	35,702
Geological	10,182	17,225	27,407	23,314	50,722
Staking and Maintenance Fees	-	-	-	2,400	2,400
	322,574	899,746	1,222,320	89,561	1,311,881
Empire Mine Property, U.S.A.					
Acquisition Costs	-	-	-	183,225	183,225
Exploration Expenditures					
Administrative	-	-	-	3,954	3,954
Assay				155	155
Drilling	-	-	-	107,885	107,885
Field and exploration				237,634	237,634
Geological	-	-	-	129,481	129,481
Staking and Maintenance Fees	-	-	-	2,011	2,011
	-	-	-	660,390	660,390
			3,381,598	857,359	4,238,956

Musgrove Creek Gold Property ("Musgrove Property"), U.S.A.

On June 13, 2007, the Company fulfilled all of its obligations under an option agreement with Roxgold Inc. and Wave Mining Inc. by making $225,000 in cash payments and issuing 375,000 common shares, and acquired all rights, title and interest to the Musgrove Property. The property consists of 47 unpatented claims situated in the Cobalt Mining District, Lemhi County, Idaho, USA. The Company staked and recorded an additional 40 claims in 2006.

The Company deposited a reclamation bond of US$5,800 (CDN$6,818) with the United States Department of

Agriculture Forest Service in April 2006 for future mineral claim site reclamation costs.

The results from The Company's two previous drill programs, have indicated a tangible target for ore grade mineralization (named the "Johny Northwest target area"), located midway between those two groups of drill holes. Ten reverse circulation holes totaling 625 meters (2050 feet) were drilled from an existing access road to test the target area. Significant gold mineralization was drilled in eight of these holes. The widths of the intercepts are along the drill hole; the true widths of the mineralized zones are not known at this time. It is worth noting that hole MG-09-64 ended at 250 feet in mineralization.

The Company has staked an additional 20 claims, expanding the property to the south and south-west in an area previously held by other claimants. The claim package now includes 107 unpatented lode mining claims. The Company is undertaking a comprehensive GIS compilation of all available data from the project area, which will greatly aid interpretation and targeting for future drilling. Numerous additional target areas exist at the property, which will be further developed by the GIS compilation, and then drill tested. To date the Company has completed approximately 3,000 feet of the 7,500 foot drill program. In addition to the drilling, other work will include soil sampling and detailed geological mapping of the Joe claims and, at a minimum, a thorough reconnaissance of the area known as the "Ludwig Basin" that lies southwest of Johny's Point and above the adit on Musgrove Creek. This area seems to have received little attention in the past, probably due to the steep slopes, extensive talus cover and proximity to Musgrove Creek. However, given its location between the Smith – Gahan area and Johny's Point, this makes it an area of substantial interest.

The 2011 work program includes reopening a total of approximately 3,360 feet of previously constructed and then reclaimed drill roads to Johny's Point, and the construction of a total of 395 feet of new road. It has been recommended that we drill up to 18 holes for a total of 14,000 feet.

The overall management of the program is being provided by the Company's consulting geologist, Robert M. Hatch, Licensed Geologist, the Qualified Person, as defined by NI 43-101, on the Musgrove Creek Project. The Musgrove Property is an advanced-stage exploration project, of which the Company controls a 100% operating interest, subject to an underlying royalty. In February of 2004, a new NI 43-101 mineral resource calculation was estimated (Gruenwald and Makepeace, 2004).

Vianey Mine Silver Property ("Vianey Property"), Mexico – Joint Venture

On April 11, 2005, the Company acquired 100% of Minerales Jazz S.A. de C.V., the beneficial holder of the Vianey Mine Concession. The Vianey Property is held pursuant to an exploitation concession issued on May 5, 1979 by the government of Mexico, which will expire in 2029, unless renewed. The property consists of concessions totaling 5,022 hectares in Guerrero State, 250 kilometers south of Mexico City, Mexico. The property has a silver-lead-zinc mineralization history and includes a mine with a history of intermittent production.

The Vianey Property is operated on a joint venture basis with the Company holding a 50% interest in the joint venture and acting as the operator of the project. The Company accounts for the joint venture using the proportionate consolidation method.

In September 2006 the Company commenced a work program on the Vianey Project. A drilling contract covering 3,200 meters of HQ core drilling was awarded to CanMex Diamond Drill S.A. de C.V. of Sinaloa, Mexico. Diamond core drilling and associated surface and underground exploration was conducted during 2006 and early 2007. A total of 2,042 meters of core drilling was accomplished in 10 drill holes, plus 2 re-drilled holes. Drilling failed to reach the Vianey vein target in any drill hole; thus the objective of testing mineralization below the -75 metre level was not achieved. Drilling intercepted new zones of mineralization in the rocks southwest of the Vianey vein that were not previously known. Underground sampling returned good grade values for the Vianey vein and disclosed near-ore-grade metal values in intrusive rocks at the -75 metre level. The objective of testing mineralization below the -75 metre level remains a viable objective for expanding the resource potential of the Vianey vein.

Laboratory analysis was provided by ALS Chemex, Guadalajara, Jalisco, Mexico. The design and overall management of the program was provided by the Company's geologist Rodney Blakestad, the Qualified Person on the Vianey project.

In 2008, a review and evaluation of data, compilation of the recently acquired underground survey, data basing of available geo-chem, standardizing into a digital bundle, creating topographical maps, finishing the underground survey layout, and adding the geology and geo-chem to the survey data. An underground drilling program is being contemplated.

The recommended work program includes drilling from underground sites, continuation of surface and underground mapping and sampling, permitting for surface disturbance operations are to be completed, and negotiations are to be commenced to secure expanded rights for exploration and land use in the region surrounding the Vianey Mine concessions. The Company, and its subsidiary Minerales Jazz S.A. de C.V. (Jazz), is continuing with its planned metallurgical, pilot-mining and drilling program announced in its February 3, 2010 release. The pilot-mining will entail a mining operation involving an initial 35,000 tonnes of material that lies at surface.

The Vianey Mine Project, will be evaluated and a 2011 work program will be developed, with a priority to develop a 43-101 compliant report for the purposes of justifying commercial development of the Vianey Mine based on historic and recent drilling.

On June 7, 2011, the Company signed an option agreement with Grand Peak Capital Corp. to acquire a 100% interest in the Vianey mine concessions. Under the terms of the agreements, Grand Peak has the option to purchase Vianey from the Company by paying a total of $325,000. Grand Peak will pay Musgrove $125,000 upon legal transfer of the concessions and two subsequent payments of $100,000 each on the anniversary date of transfer.

Charay Gold Property (“Charay Property”), Mexico

On October 15, 2008, the Company through its wholly owned Mexican subsidiary entered into a mineral claim option agreement with Tektite Financial Inc. (“Tektite”) and Minera Bacoachi, S.A de C.V., to acquire a 100% interest in and to certain mining claims comprising the Charay Property, located in Sinaloa, Mexico.

The Property is comprised of three concessions covering 380 hectares, located in northern Sinaloa, Mexico, approximately one hour by road from the city of Los Mochis. In 2005, Vane Minerals Group drilled 27 shallow holes on the Property, totaling 1,576 meters. Eight drill holes targeted large zones of intense alteration in search of large-tonnage, low-grade disseminated mineralization. Nineteen drill holes targeted and intersected mineralized quartz vein/structure along a strike length of approximately 240 meters.

In June 2010, the Company acquired an additional 11,800 hectares of mineral concessions contiguous to the Charay property.

The option will retain a 2% net smelter royalty in the event of commercial production of the property.

The main exploration target on the Charay property is the El Padre vein, a high-grade gold-silver epithermal quartz vein. Two bulk samples taken from the El Padre vein in January 2010 were shipped to Laboratorio Tecnologico de Metalurgia in Hermosillo, Sonora for metallurgical testing. Head assays from the bulk samples were announced in Musgroves' February 3, 2010 news release. The Company has now received results from preliminary gravity and bottle-roll leach metallurgical tests for both samples.

Six cyanide leach tests on three different grind sizes show excellent gold recoveries of 69% to 94%, with all samples using - 60 and - 100 mesh showing gold recoveries in excess of 90%. Each bottle-roll test was for 72 hours. These tests suggest that the mineralization at Charay may be amenable to agitated leaching methods. Advantages of agitated leaching over heap leaching include, amongst other things: i) drastically shorter leach times (hours vs months), ii) higher overall gold recoveries (>90% vs <75%), and iii) smaller aerial footprint for the leaching facilities.

Musgrove is awaiting preliminary flotation test results. Additional metallurgical testing is planned in order to determine optimal grind-size, leach duration and flotation parameters for maximum gold-silver recoveries.

A 43-101 Technical Report dated March 31, 2010 was filed by the Company and is available on SEDAR and the company website (www.musgroveminerals.com). The qualified person for the project is Phil Van Angeren, P.Geol. The report's recommendation on the Charay Property is for drilling, in conjunction with additional metallurgical testing, followed by detailed mine planning for an underground mining program involving material from the El Padre vein. Current work on the property will continue, which involves dewatering underground workings and removal of near surface material.

Geologically, Charay is classified as a low sulphidation, epithermal, gold-silver quartz vein with low base metal content. The pertinent points regarding this property from the 43-101 are as follows:

- High-grade, near-vertical, epithermal gold/silver vein system within an andesitic volcanic complex (El Padre vein): oxidized, hematitic, low-sulphide, banded quartz-vein and silicified breccia with a prominent silica cap (typical low-sulphidation epithermal features),
- Vein width in the order of 1.0 to 2.0m; length in excess of 400m, extending to 50m depths, and open in all directions
- Existence of several mineralized and/or silicified structures indicated by workings and geology
- Potential for buried bonanza mineralization (indicated by drilling) as well as additional mineralization on strike
- Little or no comprehensive historical exploration. Surprisingly under-explored given the high gold grades. No workings reach deeper than 35m, no drilling below ~50m depths
- A 27-hole drill program in 2005 intersected a 250 m long mineralized section within 50m of surface on the El Padre vein, at a weighted average of 18.75 gm/T Au and 120.2 gm/T Ag over a true width of 1.14m, recalculated in 2010 at 20.3 gm/T Au and 123.7 gm/T Ag across 1.29m g. Location in an area with established mining logistics (eg, access to local mills, mining expertise, railway, powerline, and tidewater port).

It has been recommended to initiate feasibility studies on this property in 2010/11, with the goal of ultimately bringing it to full scale production. Feasibility studies will entail a substantial amount of drilling, in conjunction with metallurgical testing, followed by detailed mine planning, if warranted. The currently-defined "bonanza" portion of the El Padre vein will be the prime focus of close-spaced drilling for the initial phases of exploration. In the first phase, fourteen (14) core holes are expected to be drilled on a 50m by 50m grid, to a depth of 100m, in conjunction with preliminary bulk sampling (for metallurgy), at a projected cost of C$500,000.00. Following this, a second phase of drilling is proposed for the higher priority targets defined in the first phase. It too can be completed at a cost of C$ 500,000.00. This first phase preliminary program will initiate a longer-term exploration program directed at:

- detailed in-fill drilling of the El Padre vein system,
- exploration for the extensions to the El Padre vein and for other mineralized veins, and
- feasibility studies and mine planning.

In conjunction with the first phase of exploration, Musgrove intends to initiate an underground pilot-mining program involving 35,000 tonnes of material from the El Padre vein.

In April 2010 the Company has contracted RJR Mineral Services for evaluation and establishment of a mining operation on the Charay deposit. The principal of RJR Mineral Services is Robert Rodger, professional mining engineer, with over thirty years diversified experience as a company executive, in mining operations, mine development, engineering, mineral economics and mine reclamation in Canada and abroad. The priority of the contract is to develop a plan of operation for the mining of the bulk sample (+/- 35,000 tonnes). This will provide an assessment to the grade and mineral processing characteristics of the deposit.

RJR Mineral Services is preparing a plan of operation for test mining of a bulk sample (+/- 35,000 tonnes). Mining of this bulk sample will follow preparation of a resource estimate after the next phase of exploration.

Preliminary results of the process testing program, achieved gold and silver recoveries of 89% and 60% respectively in a flotation concentrate from the Charay vein. The best results were obtained by grinding samples at 80% passing 200 mesh. Gold and silver recoveries of 86% and 65% respectively were obtained from flotation of the near surface vein mineralization, where there is some oxidization of the vein material. A finer grind at 80% passing 325 mesh was required for this material. The results are particularly encouraging, suggesting that the mineralization at Charay could be processed in existing mills in the area.

Additional testing will be undertaken, using flotation as well as conventional gold processing methods.

The first phase of the exploration program includes trenching along the projected extensions of the vein and approximately 14 core holes to be drilled on a 50m by 50m grid to a 100m depth. The second phase drill targets will be prioritized based on results from the first phase trenching and drilling. Results from the 2010 work program will assist in the preparation of a resource estimate, feasibility studies and mine planning.

The Company has acquired over 11,000 hectares of mineral concessions contiguous to the Charay property, mostly along the strike projections of the epithermal vein system found at Charay. The company is planning infill, step out and exploration drilling aimed at increasing the resource. While this phase of the exploration is underway, work to extract a bulk sample, will also commence. The initial program will consist of mining of a 30 - 40,000 tonne bulk sample from the upper part of the vein. The mining of this bulk sample should provide information on the geology and structure of the vein, mining conditions, etc. The underground work will be undertaken on a two shift per day basis with the objective of producing 100 tonnes per day.

On May 17, 2011, the Company entered into a letter of intent with Westridge Resources Inc. (“Westridge”) to option Westridge 80% interest in the Chary property. Under the terms of the letter of intent, the Westridge has the exclusive right and option to earn an 80% interest in the Charay Project by: (i) paying to the Company an aggregate of $708,000, with $258,000 payable upon the date that the TSX Venture Exchange approves a definitive agreement with respect to the Option (the “Effective Date”), with $225,000 payable on or before the date which is 12 months from the Effective Date, and with $225,000 payable on or before the date which is 24 months from the Effective Date; and (ii) issuing to the Company an aggregate of 1,200,000 common shares in the capital of Westridge, with 400,000 shares to be issued on the Effective Date, 400,000 common shares to be issued within 12 months of the Effective Date and 400,000 common shares to be issued within 24 months of the Effective Date.

After earning this 80% interest in the Charay Project, the Company’s 20% interest will be carried to the earlier of commercial production, or the exercise by Westridge of an option to acquire the remaining 20% interest. Westridge will have the right at any time up to 60 months from the Effective Date, to purchase the remaining 20% interest from the Company for a single $5,000,000 lump sum payment.

Under the terms of the letter of intent, the Westridge has also agreed to complete a work program of not less than USD$500,000 before December 31, 2011, and to assume all property payments to September 1, 2013. Westridge retains the right to terminate the Option on 30 days notice at any time following completion of the USD$500,000 work program. At all times, Westridge will be the operator for all exploration and development activities on the Charay Project.

The completion of the Option is subject to a number of conditions, including but not limited to the execution of a definitive agreement, satisfactory due diligence, the approval of the definitive agreement by the Board of Directors of the Company and the approval by the TSX Venture Exchange. There can be no assurance that the Option will be completed as proposed or at all.

Empire Mine Property, U.S.A.

In December 2010 and January 31, 2011, the Company entered into exploration and lease agreements with two arm’s length parties to earn a 100% operating interest in certain mining claims at the Empire Mine Property in Idaho, U.S.A. The terms of the agreements require the Company to pay a total of US$1,072,500 in cash or shares commencing from July 31, 2011 up to the completion of a permit to operate the property. Upon commencement of commercial property, the property is subject to a 2.5 % net smelter returns royalty which may be reduced to 1.5% for US$2,400,000. The Company paid a fee of US$60,000 on signing of the agreements.

The past producing Empire Mine Project is a polymetallic skarn deposit containing copper, zinc, gold and silver located in the Alder Creek Mining District in Custer County, Idaho. The Property is on the eastfacing slope of the White Knob Mountains approximately three miles west of Mackay, Idaho. It consists of 26 patented mining claims, six mill-site claims and 21 unpatented mining claims.

Historic production records indicate the Empire Mine produced 765,000 tons grading 3.64% copper, 0.048 oz/t gold and 1.57 oz/t silver from underground workings in the period 1901 to 1942 (694,000 Tonnes grading 3.64% Cu, 1.64 gm/T Au, and 53.8 gm/T Ag). Geologically, the mineralization is classified as a polymetallic copper-skarn. Mineralization has been encountered over a strike length of 1,200m, thickness of 6m to 73m, and a depth of more than 300m.

In 1997, Cambior Exploration USA Inc. reported a drill-indicated, near-surface, oxide copper resource of 18,230,000 tons grading 0.49% Cu, 0.19% Zn, 0.44 oz/t Ag (15.1 gm/t) and 0.014 oz/t Au (0.48 gm/t), with an additional 9,650,000 tons of material grading 0.29% Cu and 0.31% Zn (Cambior, 1997). A qualified person has not done sufficient work to classify the historical estimate as a current mineral resource; this issuer is not treating the historical estimate as a current mineral resource, and the historical estimate should not be relied upon.
The Company commenced 2011 drill program, on the Empire Mine Project. The Company has completed the first four drill holes ranging from 550 ft (168 meters) to greater than 900 ft (275 meters) of the 35 hole infill drill program. The four holes were completed in the northern portion of the property, with drilling currently on the 5th drill hole. All samples are being sent to ALS Chemex in Elko Nevada and the Company is awaiting the results for the completed holes.

Drilling crews have completed 24 of the 32 planned In-fill RC-drill hole program with over 13,000 feet (4300 meters) drilled to date on the 100% owned Empire Mine Project located in the Alder Creek Mining District in Custer County, Idaho.

Results for the first 14 holes have been received from ALS Minerals Group. These holes were drilled in the northern half of the mineralized zone. Highlights include: EM11-08 20ft of 1.24% Cu including 10ft of 34.90gm/T Ag, EM11-09 120ft of 0.60% Cu including 100ft of 26.63gm/T Ag and .0.64% Zn, EM11-02 90ft of 0.62% Cu.

The 32 hole drill program completes the original 65 hole drill program outlined in the Company's 43-101technical report. In 2006 the Company drilled 33 holes (13,240ft), consisting of 5 NQ core and 28 RC at an incline of -45 degrees. The holes focused on the AP Pit area in the southern half of the mineralized body. The holes in the current infill drill program are -50 degrees which is approximately 85-87 degrees from the presumed attitude of the mineralization but the attitude of the mineralized zone is inconsistent and variable. True widths of the mineralized zones are variable and unknown.

Selected Annual Financial Information

	2010 **$**	**2009** **$**	**2008** **$**
Revenues	-	-	-
Net Loss for the Year	(1,994,415)	(1,324,097)	(4,566,270)
Net Loss per Common Share – Basic and Diluted	(0.15)	(0.02)	(0.12)
Total Assets	3,503,406	3,566,873	3,306,774
Total Long Term Debt	-	-	-
Shareholders' Equity	1,187,207	1,137,926	879,610
Working Capital (Deficiency)	(2,047,789)	(2,223,387)	(2,173,043)

Summary of Quarterly Results

	Aug 31/11	May 31/11	Feb 28/11	Nov 30/10	Aug 31/10	May 31/10	Feb/10	Nov 30/09
	$	$	$	$	$	$	$	$
Total Revenues	-	-	-	-	-	-	-	-
Net Loss	(216,941)	(866,591)	(720,394)	(1,151,345)	(247,325)	(313,432)	(282,313)	(366,430)
Loss Per Share	(0.01)	(0.03)	(0.03)	(0.14)	(0.00)	(0.01)	(0.00)	(0.01)

Note: The Net Loss recorded for several quarters are out of the ordinary in relation to prior results. The quarters ending May and Feb 2011respectively absorbed $750,000 and $150,000 of SBC. The 4th quarter in 2010 included a $770,000 loss on the sale of a subsidiary.

Operating Activities

For the nine months ended Aug 31, 2011 compared with the nine months ended Aug 31, 2010:

During the period ending Aug 31, 2011, the Company's net loss totaled $1,989,231 compared to a net loss of $843,070 in the same period of 2010. The basic and diluted loss per share was $0.06 in the nine months ended Aug 31, 2011 and $0.01 in the nine months ended Aug 31, 2011.

General and Administrative ("G&A")
G&A expenses for the first three quarters of fiscal 2011 increase by $1,082,835 and totaled $1,948,851 compared to $906,396 in 2010. An increase in G&A expenses was mainly due to increased non-cash stock-based compensation expenses by $714,633 incurred for the stock option granted to the officers and consultants of the Company when no options was granted in 2010; consulting fees by $391,392, office expenses by $132,407 and audit fees by $47,269. The company cut down its investor relations expenditures to $146,598 from $171,234 in the nine months ended Aug 31, 2011.

As of November 30, 2010, the Company recorded a loss provision of $186,260 of receivable from Joint Venture partner on Vianey property due to the uncertainty of collection.

During the period ended Aug 31, 2011, the Company charged $60,000 (2010 – $30,000) management fees for administrative support provided to a company with a director and an officer in common.

Interest and Financing Charges
During the nine months ended Aug 31, 2010, the Company repaid over a million of varios short-term loans and incurred a total of $129,152 in interest expense on these loans (2010 - $205,308) (see "Short-tem loans").

For the three months ended Aug 31, 2011 compared with the three months ended Aug 31, 2010:

The Company's loss for the three months ended Aug 31, 2011 totaled $216,941 compared to $247,345 in 2010. In the three months ended Aug 31, 2011, the Company's major expenses were $87,269 (2010-$65,683) in investor relation expenses, $50,139 (2010-$31,801) in consulting fees, $35,315 (2010-$8,750), and $43,200 (2010-$19,831) in accounting and audit. Interest expense on short term loans totaled $5,082 versus $87,025 in comparable period of 2010 as the Company repaid over a million of various short-term loans in the first quarter of fiscal 2011.

During the quarter ended Aug 31, 2011, the Company charged $30,000 (2010 – $Nil) management fees for administrative support provided to a company with a director and an officer in common.

The earnings per share in the three months ended Aug 31, 2011 were $(0.01) (2010-$0.00).

SHORT TERM LOANS

a) On June 30, 2008, the Company entered into a loan agreement for $1,000,000 by way of a promissory note. The loan was payable on demand and bears interest at a rate of 3% per month until May 31, 2010, and 15% per year on the balance then outstanding. The loan was secured by a pledge of 722,000 common shares of the Company held by the President of the Company and a general security agreement against all assets of the Company. The loan was also guaranteed by the President of the Company.

In the period ended Aug 31, 2011, the Company recorded interest expense totalling $105,800 (2010 - $54,922). In December 2010, the loan was assigned to an arm's length party pursuant to a third party agreement, and repaid by the Company in full.

b) On September 11, 2010, the Company entered into a loan agreement for $150,000 by way of a promissory note with the optionors of the Charay Property (Note 5(c)). The Company was in default of option payments totalling $30,000 required on July 15, 2010 and September 1, 2010, and failed to incur the minimum exploration expenditure requirement of US$50,000 by September 1, 2010. The optionors agreed not to terminate the option agreement by accepting a promissory note of $150,000 issued in favour of the optionors. The non-interest bearing and unsecured loan was due on or before December 31, 2010. The Company repaid the loan in full in February 2011.

c) On September 29, 2010, the Company entered into a loan agreement for $258,000 by way of a promissory note in connection with the proposed sale of Minerales Jazz (Note 3(b)). The loan is payable on demand, bears interest at a rate of 8% per annum, and is secured by all outstanding shares of Minerales Jazz held by the Company. The Company recorded interest expense of $10,320 (2010 – $3,500) which remained outstanding as at Aug 31, 2011.

On May 3, 2011, the Company entered into a loan agreement for $250,000 by way of a promissory note. The loan is payable on demand, bears interest at a rate of 1.5% per month. The Company recorded interest expense of $3,750 which has been repaid in full as at Aug 31, 2011.
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d) These loans are unsecured and have no specified terms of repayment. The Company recorded interest and financing fees totaling $3,675 (2010- $19,901) as agreed with the various lenders.

FINANCIAL DISCLOSURE CONTROLS AND PROCEDURES

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52- 109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost effective basis.

LIQUIDITY

Working Capital
The Company's working capital deficiency was $489,480 as at Aug 31, 2011 and $2,047,789 as at November 30, 2010. Cash totaled $68,871 as at Aug 31, 2011, an increase of $66,453 from $2,418 as at November 30, 2010.

Sources and Uses of Cash
On January 21, 2011, the Company completed a private placement of 17,992,332 units at a price of $0.15 per unit raising gross proceeds of $2,698,850. The Company incurred finders' fees of $185,935 and $17,279 in connection with these private placements.

$857,359 of the company's capital was used on exploration expenditures in the period ended Aug 31, 2011 and $1,948,851was utilized in operating activities of (see "Results of Operations").

In the first quarter of 2011, the Company paid off a total of $1.1 million. of various short-term loans, and $305,970 were repaid to related parties and a new $250,000 short-term loan received, which has been paid off .

The Company's financial condition is contingent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of these properties. The Company has historically relied upon equity financings to satisfy its capital requirements, and will continue to depend upon equity and/or debt financings to raise sufficient funds for its exploration activities. On July 5, 2011, the Company closed a non-brokered private placement of 7,999,999 units at a price of $0.15 per unit for gross proceeds of $1,200,000.

There can be no assurance the Company will be able to obtain the equity and/or debt financings required in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects.

Although the Company has been successful in the past in financing its activities through the sale of equity securities there can be no assurance that it will be able to obtain sufficient financing in the future to carry out exploration and development work on the Properties. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

CAPITAL RESOURCES

Share Capital
The Company's authorized share capital consists of an unlimited number of common shares without par value. As at Aug 31, 2011, the Company had 40,583,962 (November 30, 2010 – 14,591,631) common shares issued and outstanding. Effective December 17, 2010, the Company consolidated its common shares on the basis of eight old common shares for one new common share. All share and per share amounts have been retroactively restated to reflect this stock consolidation.

On January 27, 2011, the Company completed a private placement of 17,992,332 units at a price of $0.15 per unit raising gross proceeds of $2,698,850. Each unit consists of one common share and a one-half share purchase warrant exercisable into one common share at a price of $0.20 for a term of one year. The Company incurred finders' fees of $185,935 and issued 619,783 finders' warrants which have the same terms as the private placement warrants.

On July 5, 2011, the Company closed a non-brokered private placement of 7,999,999 units at a price of $0.15 per unit for gross proceeds of $1,200,000. Each unit comprised of one common share and one-half share purchase warrant exercisable into one common share at a price of $0.20 in the first year and $0.30 per share in the second year, subject to accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.40 per share for ten consecutive trading days. This private placement is subject to regulatory approvals. The Company paid 89,197 of finder's fees in cash and 749,983 of share purchase warrants exercisable at $0.20 for one year.

Stock Options
As at Aug 31, 2011, the Company had 3,275,500 (November 30, 2010 – 287,500) stock options outstanding with a weighted average exercised price of $0.29 and expiry dates from Aug 31, 2011 to May 5, 2016.

During the period, the Company granted 1,800,000 stock options to directors, officers, and consultants of the Company at a price of $0.20 expiring on February 15, 2016 and 1,200,000 stock options at a price of $0.25 expiring on May 5, 2016. 12,500 options at a price $2.40 expired.

Share Purchase Warrants
As at Aug 31, 2011, the Company had a total of 19,292,262 (November 30, 2010 – 7,911,792) warrants outstanding with a weighted average exercise price of $0.55 and expiry dates from Aug 31 2011 to January 21, 2012.

During the period ended Aug 31, 2011, 2,715,475 warrants at an exercise price of $0.80 expired and a total of 14,095,933 warrants at an exercised price of $0.20 were issued..

OUTSTANDING SHARE DATA

As of October 28, 2011, the Company had the following common shares, stock options, share purchase warrants, and agent units outstanding:

Common Shares	40,583,962
Stock Options	3,275,000
Share Purchase Warrants	19,292,262

OFF BALANCE SHEET ARRANGEMENTS

As at August 31, 2011 and 2010, the Company had not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

In addition to those transactions disclosed elsewhere in these consolidated financial statements, the Company had the following transactions with related parties:

a) Balances due from and to related parties are unsecured and have no specified terms for repayment. They are non-interest bearing unless otherwise noted. The following related party balances were outstanding:

	Aug 31, 2011	November 30, 2010
Due to a company with a director in common for advances made, bearing interest at 10% per annum effective January 01, 2009. The Company recorded interest expense totalling $4,052 (2009 – $6,646).	-	68,287
Due to an Officer (also a Director) of the Company for net advances made to the Company.	46,919	290,528
Due to Related Parties	46,919	358,815

b) During the period ended Aug 31, 2011, the Company paid management fees of $63,000 (2010 – $63,000) to companies controlled by the Officers (also Directors) of the Company for management and consulting services.

c) During the period ended Aug 31, 2011, the Company paid management fees of $9,000 (2010 – $Nil) to a company controlled by the Officers (also Directors) of the Company.

d) During the period ended Aug 31, 2011, the Company charged fees totalling $60,000 (2010 – $30,000) for administrative support provided to a company with a director and an officer in common.

e) During the period ended Aug 31, 2011, the Company charged fees totalling $6,100 (2010 – $18,200) for rent and administrative support provided to a company controlled by a person related to an Officer (also a Director) of the Company. These fees have been recorded against rent expense.

f) During period ended Aug 31, 2011, the Company paid management fees of $42,250 (2010 – $Nil) to a company controlled by an Officer and Director of the Company.

All related party transactions were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

COMMITMENTS

In addition to the mineral property option agreement commitments, the Company entered into a five-year lease agreement for office premises effective April 1, 2008. The Company is also committed to pay operating costs and property taxes of approximately $3,000 per month. Minimum annual payments for basic rent, operating costs and property taxes are as follows:

	$
2011 (4 months)	30,812
2012	94,725
2013	31,829
	157,366

SUBSEQUENT EVENTS

32 - Hole Drill Program Completed

On September 21st, 2011 the Company has completed 24 of the 32 planned In-fill RC-drill hole program with over 13,000 feet (4300 meters) drilled to date on the 100% owned Empire Mine Project located in the Alder Creek Mining District in Custer County, Idaho.

Results for the first 14 holes have been received from ALS Minerals Group. These holes were drilled in the northern half of the mineralized zone. Highlights include: EM11-08 20ft of 1.24% Cu including 10ft of 34.90gm/T Ag, EM11-09 120ft of 0.60% Cu including 100ft of 26.63gm/T Ag and .0.64% Zn, EM11-02 90ft of 0.62% Cu.

The 32 hole drill program completes the original 65 hole drill program outlined in the Company's 43-101 technical report. In 2006 the Company drilled 33 holes (13,240ft), consisting of 5 NQ core and 28 RC at an incline of -45 degrees. The holes focused on the AP Pit area in the southern half of the mineralized body. The holes in the current infill drill program are -50 degrees which is approximately 85-87 degrees from the presumed attitude of the mineralization but the attitude of the mineralized zone is inconsistent and variable. True widths of the mineralized zones are variable and unknown.

New Appointments

Director Rana Vig has been appointed the Interim President and Chief Executive Officer of the Company.

Mr. Vig is an entrepreneur who has 28 years of business experience during which time he has helped to launch five business ventures in private industry. He was also the Executive Vice President at RTN Stealth Software Inc. - now Quantitative Alpha Trading (QAT) - a publicly traded company that is an industry leader of proprietary algorithmic securities trading systems.

Mr. Thomas R. Tough B.Sc., P.Eng and Mr. Normand Brewster P. Geo have been appointed to the board of Directors and Jamie Lewin as the Chief Financial Officer of the Company.

Mr. Tough has held directorships and officer positions in numerous public and private companies, including the role of President/CEO and a Director of Desert Sun Mining Corp. for 18 years. In April 2006, Yamana Gold Inc. purchased the Company and its producing gold mine in Brazil for approx. $667 million.

Mr. Brewster, has been the President and Chief Executive Officer of Cadillac Ventures
Inc. since October 2007. Mr. Brewster has raised equity funds for several junior mining companies and has created acquisition and exploration strategies for such companies. Currently he is also a director of Galantas Gold Corporation and International Millennium Mining Corporation.

Mr. Lewin is a professional accountant. Most recent he was CFO and Director of Abenteuer Resources Corp. He also holds a (MBA), with specialization in financial management and a Certification in Public Company administration from SFU.

Resignations

Mr. Jatinder (Jack) Bal has resigned from the position of President and CEO and will stay with the Company as Chairman of the Board of Directors.

The Company also wishes to announce the resignation of Mr. Lorne Torhjelm, Andrew Tunningley and Benjamin Herring from the board of the Company. The Company thanks Mr. Lorne Torhjelm, Mr. Tunningley and Mr.Herring for their valuable service to the company.

CRITICAL ACCOUNTING ESTIMATES

The Company has made no assumptions about matters that are highly uncertain, except for those disclosed in Note 2 of the consolidated financial statements forthe period ended May 31, 2011. Critical accounting estimates are those that materially affect the consolidated financial statements and involve a significant level of judgment by the Company. Significant areas requiring the use of management estimates include the assessment of recoverability of mineral properties and property and equipment, the determination of the amortization period of property and equipment, the estimated amount of accrued liabilities and asset retirement obligations, the realization of future tax assets, and the determination of the fair value of stock based compensation. Actual results may differ from these estimates.

RISKS AND UNCERTAINTIES

The exploration for mineral deposits is highly speculative activities and is subject to significant risks. The Company's ability to realize its investments in exploration projects is dependent upon the discovery or acquisition of mineral resources and mineral reserves, and the economic viability of developing its properties. The market price of minerals and/or metals is volatile and cannot be controlled. There is no assurance that the Company's mineral exploration activities will be successful. The exploration of mineral resources and mineral reserves involves many risks in which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company has no source of financing other than those identified in the previous sections.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter ended February 28, 2012, for which the current and comparative information will be prepared under IFRS.

The Company has commenced its IFRS conversion project in 2008. The Company's IFRS project consists of three phases – scoping, evaluation and design, and implementation and review. The Company has commenced the scoping phase of the project, which consists of project initiation and awareness, identification of high-level differences between Canadian GAAP and IFRS and project planning and resourcing. The Company has completed a high level scoping exercise and has prepared a preliminary comparison of financial statement areas that will be impacted by the conversion.

A detailed assessment of the impact of adopting IFRS on the Company's consolidated financial statements, accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, and the various covenants and capital requirements and business activities has not been completed. The impact on such elements will depend on the particular circumstances prevailing at the adoption date and the IFRS accounting policy choices made by the Company. The Company does not anticipate that IFRS will have a significant impact on its financial reporting..

DISCLAIMER

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, including but not limited to investors and prospective investors, 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.

FORWARD LOOKING STATEMENTS

This discussion and analysis contains forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations. For a thorough discussion and analysis of the risks and uncertainties affecting the Company we refer you to the Annual Information Form (available on Sedar at www.sedar.com). All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur.

Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when, and if, a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.