Musgrove Minerals Corp.

Management Discussion And Analysis For the Three And Six Month Periods Ended May 31, 2012

The following Management Discussion and Analysis ("MD&A") of Musgrove Minerals Corp. (the "Company") is intended to supplement and complement the accompanying interim consolidated financial statements and notes for the three and six month periods ended, May 31 2012. All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise stated. The information provided herein should be read in conjunction with the annual consolidated financial statements for the year ended November 30, 2011 and the Company's interim financial statements for the three months ended February 28, 2012, which is the Company's first interim financial statements prepared in accordance with IFRS. 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 July 25, 2012.

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 on the OTC market (Symbol: MGSGF) and Frankfurt (Symbol JL4M). The Company's Head Office is located at Suite 407 – 808 Nelson St. Vancouver, BC V6Z 2H2 and the Records Office is at Suite 200, 8338 - 120th Street Surrey, British Columbia V3W 3N4.

The Company is presently in the business of the acquisition and exploration of mineral properties. The Company is currently exploring an advanced exploration-stage project; Musgrove Creek Gold Property. In addition, it has optioned its, Empire Mine Property, Charay Gold Property and has disposed of its Vianey Mine Silver Property.

On April 11, 2005, the Company acquired 100% of Minerales Jazz, the beneficial holder of the Vianey Mine concession Mexico. 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 was the operator of the project.

On June 7, 2011, the Company signed an option agreement to sell its 50% interest in the Vianey mine to Grand Peak Capital Corp. The first payment of $125,000 was received from Grand Peak on December 01, 2011.

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 Creek 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 August 08,, 2011, the Company entered into an option agreement with Westridge Resources Inc. to option 80% interest in the Chary property. For the six months period ending May 31st, 2012; $424,606 cash has been received from the optionee; in addition to $260,000 in shares. The optionee also assumed $258,000 of debt from the Company.

On May 10, 2012 the Company announced that the TSX-V had approved an agreement with Konnex Resources Inc., whereby Konnex has been granted an option to acquire the Company's interest in its Empire Mine located in Idaho, USA.

RESULTS OF OPERATIONS

	November 30, 2010 $	Additions $	November 30, 2011 $	Additions $	May 31, 2012 $
Musgrove Creek Property, USA					
Acquisition and lease costs	595,215	49,450	644,665	-	644,665
Exploration expenditures	1,113,143	61,012	1,174,155	-	1,174,155
	1,708,358	110,462	1,818,820	-	1,818,820
Empire Mine Property, USA					
Acquisition and base costs	-	147,475	147,475	44,750	192,225
Option payments received	-	-	-	(264,250)	(264,250)
Exploration expenditures	-	1,106,651	1,106,651	29,386	1,136,037
	-	1,254,126	1,254,126	(190,114)	1,064,012
Charay Property, Mexico					
Acquisition costs	866,381	335,652	1,202,033	-	1,202,033
Penalties (shares and cash)	-	-	-	67,000	67,000
Exploration expenditures	355,939	166,625	522,564	318,898	869,181
Option payments received	-	(476,609)	(476,609)	(424,281)	(900,890)
Debt assumed				(258,000)	
Westridge shares issued	-	-	-	(260,000)	(260,000)
	1,222,320	25,668	1,247,988	(556,383)	882,604
Vianey Property, Mexico					
Acquisition costs	246,640	10,295	256,935	-	-
Exploration expenditures	204,280	19,227	223,507	-	-
Disposition	-	(480,442)	(480,442)	-	-
	450,920	(450,920)	-	-	-
Silver Mountain Property, Peru					
Acquisition costs	733,632	-	-	-	-
Exploration expenditures	38,446	-	-	-	-
Disposal of subsidiary (Note 3)	(772,078)	-	-	-	-
	-	-	-	-	-
Mineral properties	3,143,282	238,316	4,320,934	(746,497)	3,574,437

Musgrove Creek Gold 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.

In 2010 the Company 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 undertook a comprehensive GIS compilation of all available data from the project area, which will greatly aid interpretation and targeting for future drilling. . To date the Company completed approximately 3,000 feet of the 7,500 foot drill program. In addition to the drilling, other work included soil sampling and detailed geological mapping.

The overall management of the program was 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. In February of 2004, a new NI 43-101 mineral resource calculation was estimated (Grunewald and Makepeace, 2004).

The Company is considering its options with regards to this property for the balance of 2012.

The Musgrove Creek Property is an advanced-stage exploration project, of which the Company controls a 100% operating interest, subject to an underlying royalty. The property is a prospect for a disseminated gold bulk-tonnage surface project similar to the Beartrack Mine, a nearby former gold producer.

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$1,002,500 in cash or shares commencing from July 31, 2011 up to the completion of a permit to operate the property. Upon commencement of commercial production, 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 east facing 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.

In 2011 the Company commenced its new drill program, on the Empire Mine Project.

Drilling crews completed 24 of the 32 planned In-fill RC-drill hole program with over 13,000 feet (4300 meters) drilled to date on the Empire Mine Project located in the Alder Creek Mining District in Custer County, Idaho. Highlights include: EM11-08 10ft of 1.32% Cu and 10ft of 34.90gm/T Ag, EM11-09 120ft of 0.60% Cu and 15 ft. of 26.6 gm./T Ag and 100 ft. of.0.64% Zn, EM11-02 90ft of 0.62% Cu.

This 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.

On May 10, 2012 the Company announced that the TSX-V had approved an agreement with Konnex Resources Inc., whereby Konnex has been granted an option to acquire the Company's interest in its Empire Mine located in Idaho, USA.

Konnex has the exclusive right and option to acquire the Company's rights to the Empire Mine project by: (i) paying to the company a total of $1,490,000 (Cdn) cash plus (ii) $350,000 of Konnex stock. Production from the Empire Mine project will remain subject to a 2.5% net smelter return royalty ("NSR") to the underlying owners as well as a 2% NSR to the Company:

Certain other specific terms of the Agreement include:
1) To earn an initial 95%:

- $ 40,000 (paid)
- $ 200,000 payable upon the date the Exchange accepts for filing a definitive agreement (the "Effective Date") (paid)
- $ 50,000 60 days after the Effective Date
- $ 250,000 on the earlier of the date that Konnex completes an initial public offering or 180 days after the Effective Date
- $ 725,000 on the earlier of the date that Konnex completes an initial public offering or 365 days after the Effective Date

2) Having earned the initial 95% interest, Konnex can earn the Company's remaining 5% carried interest by paying $225,000 to the Company on or before 18 months after the Effective Date.

The Company will retain a 2% NSR which can be purchased at any time up to 60 months from the Effective date for $ 5,000,000. Also, under the terms of the LOI, the Optionee will assume all further property payments and commitments on the Empire Mine Property commencing May 1, 2012 and agreed to complete a work program of not less than $1,000,000 within 12 months of completing its initial public offering date

Charay Gold 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 results from preliminary gravity and bottle-roll leach metallurgical tests for both samples are as follows.

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.

A 43-101 Technical Report dated March 31, 2010 was filed by the Company and is available on SEDAR. The qualified person for the project is Phil Van Angeren, P.Geo. 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.

Preliminary results of the process testing program in 2010, 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.

In addition, in 2010 the Company 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.

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, Westridge has the exclusive right and option to earn an 80% interest in the Charay Project by: (i) assuming the Company's $258,000 loan payable commencing the date that the TSX Venture Exchange approves a definitive agreement with respect to the Option (the "Effective Date"), (ii) making cash payments in the aggregate of US$2,227,500 plus applicable IVA and $140,000 to the Company over the next two years commencing September 1, 2011 representing payments to be made by the Company to the underlying owners, (iii) making cash payments of an aggregate of $450,000 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 agreement, Westridge has also agreed to complete a work program of not less than USD$500,000 before February 28, 2012, 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 was subject to a number of conditions. There can be no assurance that the Option will be completed as proposed or at all. As at May 31, 2012 the optionee has advanced payments of $900,890 in cash and $260,000 of its shares, in addition to assuming $258,000 of debt.

Vianey Silver Property Mexico
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 was 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 was 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 accounted 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 included drilling from underground sites, continuation of surface and underground mapping and sampling and permitting for surface disturbance operations were to be completed, and negotiations were to be commenced to secure expanded rights for exploration and land use in the region surrounding the Vianey Mine concessions.

On June 7, 2011, the Company signed an option agreement with related company Grand Peak Capital Corp., where by Grand Peak Capital Corp. acquired a 100% interest in the Vianey mine concessions. The Company and Grand Peak have the same CFO. Under the terms of the agreement, Grand Peak has optioned to purchase Vianey from the Company by paying a total of $325,000. Grand Peak would pay Musgrove $125,000 upon legal transfer of the concessions and would make two subsequent payments of $100,000 each on the anniversary date of transfer. The first payment of $125,000 was received December 01, 2011.

Selected Annual Financial Information

	2011 IFRS	2010 IFRS	2009 **CGAAP**
	$	**$**	**$**
Revenues	-	-	-
Net Loss for the Year	(1,612,379)	(1,994,415)	(1,324,097)
Net Loss per Common Share – Basic and Diluted	(0.25)	(0.75)	(0.10)
Total Assets	4,706,093	3,503,406	3,566,873
Total non-current liabilities	-	-	-
Shareholders' Equity	3,607,942	1,187,207	1,137,926
Working Capital Deficiency	(893,158)	(2,047,789)	(2,223,387)

Summary of Quarterly Results

	May 31/12 IFRS	**Feb 29/12** IFRS	**Nov 30/11** IFRS	**Aug 31/11** IFRS	**May 31/11** IFRS	**Feb 28/11** IFRS	**Nov 30/10** CGAAP	**Aug 31/10** CGAAP
	$	$	$	$	$	$	$	$
Total Revenues	-	-	-	-	-	-	-	-
Net Income (Loss)	(191,480)	(12,444)	191,547	(216,941)	(866,591)	(720,394)	(1,151,345)	(247,325)
Loss Per Share, basic and diluted	(0.02)	(0.00)	0.05	(0.05)	(0.15)	(0.15)	(0.70)	(0.00)

Operating Activities

For the three months ended May 31, 2012 compared with the three months ended May 31, 2011:

The Company's loss for the three months ended May 31, 2012 totaled $191,480 compared to a loss of $757,253 during the same period in 2011. During the three months ended May 31, 2012, the Company's major expenses were $13,664 (2011-$85,763) for consulting expenses, $27,500 (2011-$25,500) for management fees, $2,715 (2011-$27,303) for travel, and $38,742 (2011-$24,276) for rent. During the period, the Company recorded $27,000 of rent revenue.

The loss per share in the three months ended May 31, 2012 was ($0.02).

For the six months ended May 31, 2012 compared with the six months ended May 31, 2011:

The Company's loss for the six months ended May 31, 2012 totaled $179,037 compared to a loss of $1,322,701 during the same period in 2011. During the six months ended May 31, 2012, the Company's major expenses were $18,664 (2011-$356,079) for consulting expenses, $37,500 (2011-$51,000) for management fees, $4,726 (2011-$39,408) for travel, and $52,198 (2011-$54,751) for rent. During the period, the Company recorded $27,000 of rent revenue.

The loss per share in the six months ended May 31, 2012 was ($0.02).

SHORT TERM LOANS

On September 29, 2010, the Company issued a note payable for $258,000. The note payable bore interest at 8%, was secured by 100% of the outstanding shares of the Company's subsidiary, Minerales Jazz, and was due on demand. The Company recorded interest expense of $13,296 (2010 – $3,500) which remained outstanding as at November 30, 2011 but was paid subsequent to year end. On January 26, 2012, the Company assigned the note payable to Westridge Resources.

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 was $384,151 as at May 31, 2012 comparing to a working capital deficiency of $714,788 as at May 31, 2011. Cash totaled $133,306 as at May 31, 2012, an increase of $111,317 over November 30, 2011.

Sources and Uses of Cash

On January 25, 2012, the Company entered into a loan agreement to for $150,000. The loan accrued interest at 12% per annum and was due July 30, 2012. The loan was secured by the Company's interest in the Musgrove Creek Property. Loan plus accrued interest were paid during the quarter ending May 31, 2012.

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.

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

On April 16, 2012, the Company received shareholder approval to consolidate its shares on a 5 to 1 basis. This resulted in the outstanding shares of the company being consolidated from 45,321,868 to 9,064,374. All references to common shares, share purchase warrants, stock options, and per share amounts for all periods have been adjusted on a retrospective basis to reflect the common share consolidation

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at May 31, 2012, the Company had 15,564,374 (November 30, 2011 – 8,116,792) common shares issued and outstanding. As at the report date, the company had 15,564,374 shares outstanding.

Stock Options
As at May 31, 2012, the Company had 403,750 (November 30, 2011 – 407,500) stock options outstanding with a weighted average exercised price of $1.46 and weighted average remaining life of 3.5 years. As at the report date, the Company had 403,750 options outstanding.

During the period, 3,750 options expired.

Grant Date	Number	Exercise Price	Expiry Date
November 13, 2007	2,500	$12.00	November 13, 2012
February 01, 2008	3,750	$12.80	February 01, 2013
April 02, 2009	20,000	$4.00	April 02, 2014
June 01, 2009	17,500	$4.00	June 01, 2014
February 15, 2011	360,000	$1.00	February 15, 2016
Total	403,750		

Share Purchase Warrants
During the period ended May 31, 2012, 2,966,455 warrants expired and $2,327,241was transferred to Capital.

At May 30, 2012 6,500,000 share purchase warrants were issued attached to units in a private placement. As at May 31, 2012, the Company had a total of 7,446,607 (November 30, 2011 – 3,912,531) warrants outstanding with a weighted average exercise price of $0.23 and weighted average remaining life of 1.88 years. At the report date there were 7,446,607 warrants outstanding.

OFF BALANCE SHEET ARRANGEMENTS

As at May 31, 2012 and May 31, 2011, the Company had not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties not discussed elsewhere in this MD&A are as follows:

As at May 31, 2012 and November 31, 2011, the Company owed $nil and $15,000 to directors or former directors, or companies controlled by directors or former directors, of the Company.

During the three month period ended May 31, 2012, the Company paid management and consulting fees of $33,960 (2011 – $25,000) to companies controlled by the Company's CFO and CEO (also a director of the Company).

Balances due from and to related parties are unsecured, have no specified terms of repayment and are non-interest bearing.

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

PROPOSED TRANSACTIONS

The Company does not have proposed transactions that may have material impacts to the Company.

CRITICAL ACCOUNTING ESTIMATES

Refer to Note 3 to the Company's unaudited condensed interim consolidated financial statements for the three and six months ended May 31, 2012.

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. Minimum annual payments for basic rent, operating costs and property taxes are as follows: 2012 - $47,263, 2013 - $31,829.

SUBSEQUENT EVENTS

Subsequent to May 31, 2012 the Company received $345,274, which was subscription receivable on the private placement closed May 30, 2012.

CRITICAL ACCOUNTING ESTIMATES

The Company has made no assumptions about matters that are highly uncertain, except for those disclosed in Note 3 of the consolidated financial statements for the year ended November 30, 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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Refer to Note 2, 3, 13 of the Company's unaudited condensed interim consolidated financial statements for the three and six months ended May 31, 2012 for the details of the adoption of the IFRS commencing December 1, 2011, and also for the new accounting standards yet to be implemented.

FINANCIAL INSTRUMENTS

Refer to Note 3 and 12 of the Company's unaudited condensed interim consolidated financial statements for the three months ended February 28, 2012 for the details of the Company's financial instruments and the Company's approaches of managing of risk relating to the Company's financial instruments.

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.

Officers and Directors:

Rana Vig, President, CEO and Director
Jamie Lewin, CFO
T. Greg Hawkins, Director
Martin Bernholtz, Director
Norman Brewster, Director

Contact Person:
Laine Trudeau
8338 – 120th Street
Surrey, BC
V3W 3N4
Tel: 604-592-6881