LINEAR METALS CORPORATION
Management Discussion and Analysis
For the Year Ended - October 31, 2011

This Management Discussion and Analysis of Linear Metals Corporation (the "Company" or "Linear") provides analysis of the Company's financial results for the year ended October 31, 2011. The following information should be read in conjunction with the audited financial statements and the notes to the audited financial statements, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in Canadian dollars unless otherwise noted.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address anticipated operating costs, possible future resource property expenditures, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are considered forward-looking because we have used what we know and expect today to make a statement about the future. 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 or developments may differ materially from those in the forward-looking statements. Forward-looking statements usually include words such as may, expect, plan, anticipate, budget, believe or other similar words. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Additional details of the specific risks associated with the operations of the Company and such forward-looking statements are set out below under "Risks and Uncertainties" and in the Company's Annual Information Form dated January 27, 2012 under "Risk Factors". 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.

1.1 Date of Report

This report is prepared as of January 27, 2012.

1.2 Nature of Business and Overall Performance

Linear is a junior exploration company listed on the Toronto Stock Exchange. Linear initiated a shift in its strategic focus in February 2011 when the Company completed an agreement with East African Pure Gold Limited ("EAPG") and B&M Mining Company Limited ("B&M") to earn up to an initial 80% interest in an initial three mineral exploration licenses in Kenya. Linear has since expanded its Kenya property portfolio to cover an area of approximately 2,000 square kilometres (km^2), under license or application, located along the Migori greenstone belt of southwestern Kenya (the "Nyanza Project"). The Nyanza Project was the Company's primary focus during fiscal 2011 and is expected to be the Company's main area of focus going forward.

As of the date of this report, the Company also owns or controls an interest in three other properties, including the KM61 and Seymour Lake properties in Canada and the La Morena property in Mexico, and has not yet determined whether these properties contain ore reserves that are economically recoverable. The KM61 molybdenum-copper-silver project is the most advanced project and an important long-term asset to the Company. KM61 is host to an indicated molybdenum resource of 66.6 million tonnes at 0.053% Mo, 0.09% Cu, and 2.6 g/t Ag (0.063% molybdenum equivalent) and an inferred resource of 38.9 million tonnes at 0.054% Mo, 0.09% Cu, and 2.7 g/t Ag (0.065% molybdenum equivalent) (43-101 compliant).

On March 31, 2011, the Company entered into a Letter of Intent ("LOI") with Super Metals Mining Inc. ("Super Metals") (formerly Canadian Copper Core Inc.), pursuant to which the Company granted Super Metals the option to earn an initial 70% interest in the Company's Seymour Lake property. Subsequent to year-end, in January 2012, certain terms of the agreement with Super Metals were amended as described in section 1.14.

During the year ended October 31, 2011, the Company incurred a net loss before income taxes of $0.9 million, an increase of approximately $77,000 over the year ended October 31, 2010. Significant changes from the prior year included travel expenses and professional fees, which increased approximately $77,000 and $41,000, respectively, as part of the Company's

efforts to secure additional mineral exploration projects, culminating with the previously referenced agreement to acquire an interest in the Nyanza Project in Kenya. Net income after taxes was impacted by a future income tax recovery of $162,000 during the year. The Company continues to have no revenue-producing operations and is dependent on future equity financings and/or project financing alternatives to fund future operations and continue exploration programs.

In light of the Company's financial constraints, management maintains a number of cost management strategies to minimize the Company's day to day cash operating costs. The Company's priority is to advance exploration activities and/or acquire new mineral projects while maintaining legal title to its key mineral properties. The Company continues to seek opportunities to raise additional project or equity financing and to identify and evaluate other strategic opportunities. Despite these efforts, there is no guarantee that the Company will be able to raise capital in the future and continue as a going concern.

On October 28, 2011, the Company completed a non-brokered private placement financing of 6,000,000 units at a price of $0.25 per unit, for aggregate gross proceeds of $1.5 million. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to one common share at a price of $0.35 until October 28, 2013. On February 24, 2011, the Company completed a $1.0 million non-brokered private placement of 3,333,333 common shares priced at $0.30 per share. Proceeds of both private placements are being used to fund the Nyanza Project, strategic property acquisitions and for working capital purposes.

During the year ended October 31, 2011, two directors of the Company provided debt financing of $300,000 in the form of demand loans, bearing interest at a rate of prime plus 2%. The loans were settled in full, including interest of $2,258, prior to October 31, 2011.

The Company's only source of recurring income is interest earned on the Company's cash balance; accordingly, the Company expects to continue to incur operating losses for the foreseeable future. The Company will continue to fund operating losses and exploration expenditures out of existing working capital and the proceeds from future equity offerings.

1.3 Selected Annual Information

Expressed in thousands of Canadian dollars, except per share amounts:

Fiscal Year	**2011**		**2010**		**2009**	
Net loss	$	696	$	674	$	8,336
Basic & diluted net loss per share	$	0.01	$	0.01	$	0.20
Total assets	$	12,804	$	10,260	$	10,699
Cash dividends per common share	N/A		N/A		N/A	

This financial data has been prepared in accordance with Canadian generally accepted accounting principles, and all figures are stated in Canadian dollars.

The Company expects to record losses until such time as an economic resource is identified, developed and exploited on one or more of the Company's properties. The Company's net losses in the future will be significantly impacted by any write-downs or abandonments of any resource properties. The Company recorded write-downs of its resource properties in fiscal years ended 2010 and 2009 of $15,514 and $7.8 million, respectively. The Company will continue to review its portfolio of resource properties and write-down the carrying costs of any properties considered to be impaired.

1.4 Results of Operations

The Company has no operating revenues and is dependent on equity financings and/or project financing alternatives to fund its operations.

During the year ended October 31, 2011, the Company incurred a net loss of $0.7 million. The Company's operating expenses during the period were $0.9 million, an increase of approximately $0.1 million, or 13%, compared to the prior year. Significant operating expenses included $219,173 in management salaries and services, including director insurance premiums, accrued director fees, and a total of $30,000 pursuant to a Management Services Agreement with Brigus Gold

Corp., which provides certain accounting and administrative services to the Company. The Company also incurred professional service fees of $95,250 and travel costs of $114,769, representing an increase of $41,045 and $76,716, respectively, resulting from the Company's new operations in Kenya and its pursuit of mineral exploration opportunities. General and administrative costs of $67,436 were consistent with the prior year and consisted primarily of premises and communication expenses. The Company recorded non-cash stock-based compensation expense of $290,767, attributable to the estimated fair value of stock options earned during the year and non-cash amortization expense of $11,822, representing amortization of the Company's capital assets. The Company capitalized $39,676 of non-cash stock-based compensation expense during the current year to resource properties, attributable to the estimated fair value of stock options earned by the Company's exploration personnel and also capitalized $6,718 of amortization expense relating to capital assets used in exploration activities. During the year, the Company recognized a gain on the disposal of capital assets of $8,169. The Company also recognized a future income tax recovery of $162,000 during the year.

The Company incurred a currency exchange gain of $3,228 relating to its foreign currency transactions. The Company expects to continue incurring foreign exchange gains and losses arising from fluctuations in the value of the United States, Kenyan and Mexican currencies relative to the Canadian dollar.

1.5 Summary of Quarterly Results and Significant Fourth Quarter Events

Expressed in thousands of Canadian dollars, except per share amounts:

	Fiscal 2011				Fiscal 2010			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
	Oct-11	Jul-11	Apr-11	Jan-11	Oct-10	Jul-10	Apr-10	Jan-10
Net loss	$ (159)	$ (210)	$ (158)	$ (169)	$ (162)	$ (143)	$ (175)	$ (194)
Basic & diluted net loss per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Total assets	$ 12,804	$ 11,033	$ 10,988	$ 10,389	$ 10,260	$ 10,263	$ 10,353	$ 10,535

This financial data has been prepared in accordance with Canadian generally accepted accounting principles, and all figures are stated in Canadian dollars.

During the fourth quarter of the year, operating expenditures totaled $0.2 million and consisted primarily of management salaries, management services, professional fees, travel, and non-cash stock-based compensation expense. The Company's focus during the fourth quarter was on the Nyanza Project in Kenya.

1.6 Liquidity, Capital Resources and Going Concern

As of October 31, 2011, the Company had working capital of $0.3 million, compared to working capital of $0.1 million at October 31, 2010, an increase of $0.2 million. During the year ended October 31, 2011, the Company used cash of $0.4 million to fund operating activities and $1.1 million to fund resource property expenditures, primarily on the Company's Nyanza and La Morena properties (see section 1.14).

During the fourth quarter of the year, the Company incurred cash resource expenditures of $0.3 million, primarily on the Nyanza Project in Kenya (see section 1.14).

On October 28, 2011, the Company completed a private placement financing of 6,000,000 units at a price of $0.25 per unit, for aggregate gross proceeds of $1.5 million. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.35 until October 28, 2013. The expiry of the warrants may be accelerated by the Company if the Company's shares trade above $0.50 for twenty consecutive trading days. Total costs associated with the private placement were $81,150, including cash paid for commissions of $37,187, legal and regulatory fees of $6,775 and 148,750 units issued as finder's fees valued at $37,188. Officers and directors of the Company subscribed for 350,000 of the units pursuant to the private placement.

On February 24, 2011, the Company completed a non-brokered private placement of 3,333,333 common shares priced at $0.30 per share, for aggregate gross proceeds of $1.0 million. Share issuance costs to complete the financing were $11,660. Officers and directors of the Company subscribed for 1,666,666 common shares pursuant to the private placement.

Proceeds of the private placements are being used to fund the Nyanza Project, strategic property acquisitions and for working capital purposes. The funds are also being used to maintain the Company's other properties in good standing.

The Company's objective is to maintain legal title to its key mineral properties and to advance exploration activities and/or acquire new mineral projects of strategic significance. The Company's financial statements and management's discussion and analysis do not reflect adjustments to the carrying values of assets and liabilities that would be necessary were the going concern assumption inappropriate, and these adjustments could be material. Failure to continue to operate as a going concern could result in the loss of its interest in its resource properties and/or the indefinite suspension of its exploration activities. The Company's financial statements and management's discussion and analysis do not reflect the adjustments to the carrying values of assets that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

The Company believes that the recently-acquired Nyanza Project in Kenya is an asset of strategic significance and has initiated an exploration program with plans to increase exploration activities on this large land package in the future. The Company will require additional funding to continue its exploration programs beyond a Phase 1 program consisting of soil sampling, geophysics and drilling programs. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

1.7 Off-Balance Sheet Arrangements

At October 31, 2011, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.8 Disclosure Controls and Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure and to provide reasonable assurance that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation is recorded, processed, summarized, and reported within the time period specified in those rules. The Chief Executive Officer and Chief Financial Officer have also evaluated, or caused an evaluation under their direct supervision, the design and operating effectiveness of the Company's disclosure controls and procedures (as defined in *National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings*) as at October 31, 2011 and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

The Chief Executive Officer and the Chief Financial Officer have also designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. The Company's Chief Executive Officer and the Chief Financial Officer have also assessed, or caused an assessment under their direct supervision, the design and operating effectiveness of the Company's internal controls over financial reporting (as defined in *National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings*) as at October 31, 2011 using the Committee of Sponsoring Organizations Internal Control – Integrated Framework. Based on that assessment, it was determined that Company's internal controls over financial reporting were appropriately designed and were operating effectively.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected.

There were no changes in internal controls over financial reporting during the year ended October 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

1.9 Critical Accounting Estimates

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures, the value of stock-based compensation and the valuation of future income tax assets and liabilities. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors, including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and the financial objectives of the stock-based instrument holders.

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

The Company accounts for contingencies in accordance with CICA Handbook Section 3290, *Contingencies*. Estimated loss contingencies are accrued when the information available to the Company indicates that it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and that the amount of the contingent loss can be reasonably estimated.

1.10 Transactions with Related Parties

As previously noted, officers and directors of the Company subscribed for 1,666,666 common shares pursuant to the private placement that was completed on February 24, 2011 and for 350,000 units pursuant to the private placement completed on October 28, 2011.

During the current year, two directors of the Company provided debt financing of $300,000 in the form of demand loans, bearing interest at prime plus 2%. The loans were settled in full by the Company, with interest of $2,258, prior to October 31, 2011.

1.11 Future Accounting Changes and Internal Financial Reporting Standards Transition Plan

In February 2008, the Canadian Accounting Standards Board announced that accounting standards in Canada are to converge with International Financial Reporting Standards ("IFRS") and companies will begin reporting, with comparative data, under IFRS for fiscal years beginning on or after January 1, 2011. While IFRS is based on a conceptual framework similar to Canadian GAAP, there are significant differences with respect to recognition, measurement and disclosure. The Company will commence reporting under the new standards on November 1, 2011. The transition will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. The Company will implement these standards commencing in the first quarter of the fiscal year ending October 31, 2012.

In order to prepare for the transition to IFRS on November 1, 2011, the Company followed a three-phase transition plan: initial review and assessment; in-depth analysis; and implementation.

The Company has completed an initial review and assessment of the expected impact of IFRS and is analyzing the key areas where changes to current accounting policies may be required. The initial key areas analyzed included:

- IFRS 1 – First-time adoption of IFRS,
- Exploration and development expenditures,
- Property, plant and equipment,
- Impairment of non-financial assets,
- Stock-based compensation, and
- Accounting for income taxes (specifically flow-through shares).

IFRS 1 – First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for a company's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment. Prior to reporting its first interim financial statements in accordance with IFRS for the period ended January 31, 2012, the Company may decide to apply certain optional exemptions contained in IFRS 1.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS may require a change in accounting policies; it is meant to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS.

- Exploration and Evaluation Expenditures

  Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment costs related to the exploration for and evaluation of mineral properties.

  The Company does not expect material changes to its accounting policies related to exploration and evaluation expenditures that would result in a significant change to line items within its financial statements.

- Property, plant and equipment

  IFRS contains different guidance related to the recognition and measurement of property, plant and equipment than currently provided by Canadian GAAP.

  The Company does not expect any changes to its accounting policies related to property, plant and equipment that would result in a significant change to line items within its financial statements.

- Impairment of non-financial assets

  IFRS requires a write-down of assets if the higher of the fair market value and the value in use of the group of assets is less than its carrying value. In addition to other differences, value in use is determined using discounted estimated future cash flows, while current Canadian GAAP requires a write-down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

  The Company's accounting policies related to impairment of non-financial assets will be changed to reflect these differences. The Company will perform an impairment assessment in accordance with IFRS at the transition date.

- Stock-based compensation

  In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than currently required under Canadian GAAP.

  The Company will complete a detailed analysis of its stock-based compensation to determine if the differences result in a significant change in line items within its financial statements.

- Income taxes

  In certain circumstances, IFRS contains different requirements related to the recognition and measurement of future income taxes, particularly with respect to the treatment of flow-through shares.

  The Company will complete a detailed analysis of these differences to determine if they will result in a significant change to line items within its financial statements.

As the Company concludes the in-depth analysis and moves into the implementation phase and based on the work completed to date, it believes that the changes required to its information systems, internal controls over financial reporting and disclosure controls and procedures will be minimal.

The Company will cease to prepare its financial statements in accordance with Canadian generally accepted accounting principles as set out in Part V of the CICA Handbook beginning on November 1, 2011, when it will start to apply, as its primary basis of accounting, IFRS as published by the International Accounting Standards Board and set out in Part I of the CICA Handbook. Consequently, future accounting changes to Canadian generally accepted accounting principles are not discussed here, as they will normally never be applied by the Company.

1.12 Risks and Uncertainties

The Company's financial instruments consist of cash, accounts receivable, a convertible debenture, and accounts payable. Management does not believe these financial instruments expose the Company to any significant credit risks, with the exception of the fact that a significant portion of the Company's cash and cash equivalents are on deposit with a major Canadian chartered bank, and all of the sales taxes recoverable are with either the government of Mexico or Canada. A portion of the Company's transactions occur in United States, Kenyan and Mexican currencies. Accordingly, the related financial assets and liabilities are subject to fluctuations in the respective exchange rates. The Company has cash and cash equivalents and no interest-bearing debt; accordingly, the Company's interest income is susceptible to fluctuations in interest rates. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

The Company's activities are primarily directed towards the exploration for and the development of mineral deposits. The exploration for, and the development of, precious metal deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of a precious metal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a precious metal deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical and unpredictable; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of precious metals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or abandoning or delaying the development of a mineral project. There is no certainty that the expenditures made by the Company towards the search for and evaluation of precious metal deposits will result in discoveries of commercial quantities of such metals.

In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access. The Company's non-Canadian property interests are located in Kenya and Mexico, countries with social, political and economic policies that differ from Canada's. Although the Company believes the current conditions in these countries are stable and conducive to conducting business, there is no assurance that such conditions will continue to prevail. Government policies may change to discourage foreign investment or mining; nationalization of mining industries may occur; and other unforeseen limitations, restrictions or requirements may be implemented. There can be no assurance that the Company's assets will not be subject to nationalization, expropriation, requisition or confiscation, whether legitimate or not, by any authority or body. There can also be no assurance that adverse developments such as terrorism, military repression, civil unrest, crime, extreme fluctuations in currency exchange rates, or high inflation will not occur.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. The Company relies on equity financing for its long-term working capital requirements

and to fund its exploration programs. The Company does not have sufficient funds to put any of its resource interests into production from its own financial resources. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

1.13 Outstanding Share Data

a) Common Shares

The Company has authorized an unlimited number of common shares without par value.

- At October 31, 2011, the Company had issued and outstanding 62,070,326 common shares with a recorded value of $19,863,607.
- At January 27, 2012, the Company had issued and outstanding 63,431,934 common shares due to the receipt of the subscriptions receivable related to 411,950 common shares subsequent to year-end and the issuance of 949,658 common shares to African Queen Mines (see section 1.15).

On October 28, 2011, the Company completed a private placement financing of 6,000,000 units at a price of $0.25 per unit, for aggregate gross proceeds of $1.5 million. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.35 until October 28, 2013. The expiry of the warrants may be accelerated by the Company if the Company's shares trade above $0.50 for twenty consecutive trading days. The value allocated to the common shares issued was $1,171,875, and the value allocated to the warrants was $328,125. Total costs associated with the private placement were $81,150, including cash paid for commissions of $37,187, legal and regulatory fees of $6,775 and 148,750 units issued as finder's fees valued at $37,188. The Company allocated $63,398 to the costs of issuing the common shares, including $29,053 of the value of the units issued as finder's fee, and $17,752 to the costs of issuing the warrants. Officers and directors of the Company subscribed for 350,000 of the units pursuant to the private placement. All subscriptions receivable were received subsequent to year-end.

On February 24, 2011, the Company completed a non-brokered private placement of 3,333,333 common shares at a price of $0.30 per share, for aggregate gross proceeds of $1.0 million. Share issuance costs to complete the financing were $11,660. Officers and directors of the Company subscribed for 1,666,666 common shares pursuant to the private placement.

b) Warrants

- At October 31, 2011, the Company had issued and outstanding 2,868,400 warrants with a recorded value of $295,978. The warrants are exercisable at $0.35 until October 28, 2013. The expiry of the warrants may be accelerated by the Company if the Company's shares trade above $0.50 for twenty consecutive trading days.
- At January 27, 2012, the Company had issued and outstanding 3,074,375 warrants with a recorded value of $318,508 due to the receipt of unit subscription funds related to 205,975 warrants subsequent to year-end.

c) Stock Options

- At October 31, 2011, the Company had 4,600,000 stock options outstanding, exercisable into common shares of the Company at an average exercise price of $0.31 per share, expiring between January 31, 2013 and August 3, 2016.
- At January 27, 2012, the Company had 5,850,000 stock options outstanding, exercisable into common shares of the Company at an average exercise price of $0.30 per share, expiring between January 31, 2013 and January 9, 2017.

1.14 Deferred Resource Property Expenditures

Details of the Company's deferred resource property expenditures during the year ended October 31, 2011 are included in Schedule "A".

During the year ended October 31, 2011, the Company incurred deferred exploration expenditures of $1,668,821, of which $1,250,055, or 75%, were incurred on the Nyanza Project in Kenya and $398,667, or 24%, was incurred on the La Morena project in Mexico. Drilling expenditures at the La Morena project totaled $211,951 and were incurred during the first

quarter of the year. During the second quarter of the year, the Company initiated its exploration activity on the Nyanza Project, where primarily all of the Company's exploration expenditures were incurred during the second, third and fourth quarters of the year. During the year ended October 31, 2011, the Company incurred minimal costs on its Seymour Lake and KM61 properties, as the focus of the Company's exploration efforts was on the La Morena and Nyanza projects.

During the final quarter of the year ended October 31, 2011, the Company incurred deferred exploration expenditures of $733,894, of which $712,631, or 97%, were incurred on the Nyanza Project, primarily on the Company's drilling program during the quarter.

Nyanza Project (Kenya)

On February 9, 2011, the Company reached an agreement with EAPG and B&M to earn an interest in an initial three mineral exploration licenses located in southwest Kenya. Together with license applications which have received preliminary approval within an agreed area of interest ("AOI"), Linear can earn an 80% interest in licenses covering approximately 1,288 square kilometres (the "Nyanza Project") by incurring exploration expenditures of US$4.0 million and making cash payments to its partners totaling US$300,000. Linear can increase its interest in these licenses to up to 95% should its partners, two privately-owned companies, choose for Linear to fund certain expenditures beyond Linear's initial US$4.0 million earn-in.

During 2011, Linear also received preliminary approval for the Sotik License, located approximately 40 kilometres east of the Company's Nyanza Project and outside of the AOI, where final approval is pending for a license covering 658 square kilometres. Upon receipt of the final license approval, Linear will own a 100% interest in the Sotik license, where preliminary reconnaissance has discovered at least six artisanal and colonial workings in the central part of the license alone. Together with additional license applications pending within the AOI, the Sotik license covers what are believed to be the last "open" portions of the Nyanza-Migori greenstone belt in south-western Kenya.

Linear's Phase 1 exploration program on the Nyanza Project was initiated in early Q2 2011. The initial program included soil sampling, geophysics and an initial drill program to be carried out over a period of six months at an estimated cost of $500,000. The program was subsequently expanded in scope to include additional soil sampling and trenching and was continued throughout the balance of the year. Additional expenditures were incurred due to unanticipated start-up costs and to allow for exploration over numerous new targets generated during the initial phases of the work program (e.g. Kwoyo, Mithui, Dede, Ombassa). In general, exploration costs in Kenya have been significantly more expensive than expected, with costs running up to 100% over forecast.

The Phase 1 program was initiated within the SPL258 concession, mainly focused on the Awuoro-Kanga and Kwoyo grid areas, where the Company's JV partner, EAPG, had previously outlined several multi-kilometric gold-in-soil anomalies. At Kanga-Awuoro, the anomalies extend over a seven kilometre-long trend, and correspond to areas with numerous colonial and artisanal workings, as well as numerous high-grade rock and chip samples of up to 37.8 g/t Au and 29 g/t Ag. During the year ended October 31, 2011, the Company completed six shallow trenches totaling 700 metres, along with approximately 70 line kilometres of Gradient induced polarization ("IP"), 15 kilometres of pole dipole ("PDP") IP lines, as well as 85 line kilometres of total field magnetics on the Awuoro-Kanga and Kwoyo grids. During the fourth quarter of 2011, several additional follow-up lines of PDP (approximately five kilometres) were completed in the area of the Ruga Discovery on the Kanga grid.

Earlier in the year, to the northwest of Awuoro, on the Kwoyo grid, the Company completed a large recce soil survey (and subsequent fill-in lines) over another area of artisanal workings, which has outlined a large area of anomalous gold-in-soils over approximately 3.3 kilometres x 0.6 kilometres, with coincident arsenic-antimony-copper-zinc and cobalt anomalies. A Gradient IP survey with follow-up PDP lines was completed in Q4 2011, which outlined a three kilometre-long chargeability anomaly that appears to correlate to a large folded iron formation that underlies the anomalous soils. Final interpretation of the IP data is currently underway. The strong Cu-Zn-Co geochemistry on the grid may also indicate a possible volcanogenic massive sulphide target ("VMS") similar to the past-producing Macalder Mine located approximately 60 kilometres to the south in the Migori sector of the belt. VMS mineralization in this greenstone belt is usually hosted within iron formation sequences, and is significantly enriched in cobalt (Co). This target will be drill-tested in the future, following additional ground-truthing.

During the fourth quarter of 2011, the Company also completed numerous new soil grids over priority gold prospects elsewhere within the Nyanza Project, such as Dede, Ombassa, and Kerina, while several large grids are being sampled over priority AEM conductors (from 1977 UN survey) that also appear to have good potential for VMS deposits, such as at

Wasare Hills, Kibota, and Mithui. To date, the Company has collected over 6,000 soil samples, including 1,500 samples during the fourth quarter, although most assay results are pending.

The Company commenced drilling within the Awuoro-Kanga areas of the project in July 2011. Drilling to date in this area comprised approximately 2,500 metres in 14 drill-holes, spread over four main target areas: Awuoro, Ruga, Nyabola and Nyahera West, and at least six targets remain to be drill tested. Approximately 1,500 metres of drilling in eight drill holes was completed in Q4 2011. The drill program was successful in returning high-grade gold assays from the Ruga gold-in-soil trend. The Ruga trend appears to be a large structural system extending over two kilometres in strike length with only a small portion (<5%) tested by the 2011 drill program.

The Company is currently drilling on SPL214, in the Kamwango area. Following the resolution of a land tenure issue in November 2011, the Company completed five shallow holes on two different targets (Kashido and "Farm 2") within the Kamwango area during December 2011. Assays are pending for all five drill holes as the date of this report.

Linear plans to continue its drill program throughout 2012, with a focus on the Kamwango area. The overall scope and scale of the 2012 exploration program will be determined based on on-going drill results and the overall financing environment.

KM61

The Company holds a 100% interest in the KM61 molybdenum-copper-silver project, located near Armstrong, Ontario. An independent 43-101 Mineral Resource Estimate for the Main Zone at KM61 was completed in December 2008, with an indicated resource of 66.6 million tonnes at 0.053% Mo, 0.09% Cu, and 2.6 g/t Ag (0.063% molybdenum equivalent) and an inferred resource of 38.9 million tonnes at 0.054% Mo, 0.09% Cu, and 2.7 g/t Ag (0.065% molybdenum equivalent). Please refer to the Company's NI 43-101 Technical Report filed on SEDAR on January 22, 2009 for further details.

The property is subject to a 0.5% NSR over five claims, including the mineralized zone. The majority of two additional claims are also subject to the 0.5% NSR, with relatively small portions subject to a 3% NSR. The remaining KM61 claims are not subject to any royalty. The Company can repurchase 50% of the 0.5% NSR for $250,000 and/or 50% of the 3% NSR for $1,000,000.

While the Company believes that the long-term prospects for molybdenum prices and the KM61 project remain positive, the Company is not planning any additional work on the project at this time. The Company will continue to maintain the KM61 property in good standing.

Seymour Lake

The Company holds a 100% interest in the Seymour Lake lithium-tantalum-beryllium property, located near Armstrong, Ontario, subject to an option to Super Metals described herein. Certain portions of the Seymour Lake property are subject to a 3% NSR, of which 1.5% can be repurchased by the Company for $1,000,000.

The Company has entered an agreement with Super Metals granting Super Metals the right to earn an initial 70% interest in the Seymour Lake Property, subject to a 4% net smelter royalty, 1% of which is payable to the Company. Pursuant to the terms of the agreement, amended in January 2012, in order to earn its 70% interest, Super Metals is required to incur exploration expenditures of CDN $3,000,000, make cash payments to the Company of $1,523,425 and issue the Company common shares of Super Metals valued at CDN $750,000 (or equivalent cash payments if Super Metals shares are not trading on a Canadian exchange when the share issuances, valued at $250,000 and $500,000, are required to be made on May 2, 2013 and May 2, 2014, respectively) over a three-year period ending May 2, 2014. The Company can also require Super Metals to deliver a bankable feasibility study to earn an additional 10% interest in the Seymour Lake Property. The agreement obligates Super Metals to incur $500,000 of eligible exploration expenditures on the property by May 2, 2012 and to make payments to the Company aggregating $773,425 by July 2012, including an initial payment of $375,000 due by January 30, 2012.

In August 2009, the Company reactivated exploration activities on the Seymour Lake property and commenced a 2,400 metre diamond drill program in 19 holes, which was completed during the first quarter of the current year. The drill program focused on the North Aubry Zone, where 12 of the 19 holes were drilled, and the South Aubry Zone, where six of the 19 holes were drilled. One drill hole tested the Pye Showing of the Seymour Lake property. The results of the drilling, especially at the North Aubrey Zone, were very encouraging, outlining up to four stacked, mineralized pegmatite horizons over an area of approximately 250 metres x 200 metres (open). Pegmatite intersections in the Main horizon of the North

Aubry Zone averaged 1.47% Li_2O over a sample composite thickness of 11.52 metres. Please refer to the Company's NI 43-101 Technical Report filed on SEDAR on April 14, 2010 (amended and re-filed on September 17, 2010) for further details.

Canada Other

On November 4, 2010, the Company entered into two separate option agreements to acquire up to a 100% interest, subject to certain net smelter royalties, in two early-stage exploration properties in Ontario, Canada by making payments and incurring exploration expenditures over a two-year period. The Company incurred costs of $5,000 pursuant to these option agreements. The Company is in discussions with parties potentially interested in acquiring these property interests and is not planning any additional work on these properties pending the outcome of these discussions.

La Morena

The Company holds a 100% interest in the La Morena copper-silver property located in the state of Coahuila, Mexico. During 2010, the Company received the necessary permits and initiated an exploration program on the La Morena project. The exploration program included the re-establishment of the historical grid in the La Diana area and a new grid in the unexplored El Refugio area to the north. During fiscal 2010, approximately 20 kilometres of Induced Polarization ("IP") surveying were completed on the La Diana grid and 12 kilometres were completed on the El Refugio grid. During the second quarter, a drilling program of approximately 1,500 metres was completed to test anomalies identified through the IP survey and mineralized horizons and structures identified in some of the old artisanal mine workings on the Refugio Grid.

The results of the drill program were encouraging, with several high grade but narrow intersections (e.g. 0.3 metres @ 397 g/t Ag, 11.9% Pb, and 12.1% Zn; 2.45 metres @ 179 g/t Ag, 3.6% Pb) within larger zones of low-grade Ag-Pb-Zn mineralization that warrant follow-up drilling. Additionally, a deep IP target on the Diana Grid remains untested, and as there are two flanking holes that returned significant Cu-Ag intersections from the 2005-2006 drill program (21.2 metres @ 1.4% Cu, 140.4 g/t Ag, and 218 g/t Ag over 23 metres), the target is also a high priority for additional drilling. Future exploration plans at La Morena are on hold while the Company focuses its exploration efforts in Kenya.

1.15 Subsequent Events

Subsequent to the end of the year, the Company granted 1,250,000 incentive stock options to certain employees and consultants of the Company.

Also, the Company issued 949,658 common shares to African Queen Mines Limited ("AQ") in connection with a settlement agreement announced on November 28, 2011. The settlement agreement related to a dispute over certain mineral claims within the Nyanza Project and included the acquisition of certain project-related data by the Company from AQ for US$500,000, of which US$200,000 was paid through the issuance of 949,658 common shares of the Company. In December 2011, the Company paid US$150,000 to AQ, and the remaining US$150,000 is due in December 2012.

On January 19, 2012, the Company amended the terms of an option agreement relating to the Seymour Lake Project as described in section 1.14.

1.16 Management Changes

In April 2011, during the Company's Annual General and Special Meeting, Mr. Mark Welton was elected to the Board of Directors. Mr. Welton is the President, IMAX Theatres, IMAX Corporation. He is also a member of the Canadian Institute of Chartered Accountants and has a Bachelor of Laws and a Bachelor of Business Administration from the University of New Brunswick.

Dr. Michael Gross did not stand for re-election to the Company's Board of Directors at the Company's Annual General and Special Meeting in April 2011.

1.17 Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com.

LINEAR METALS CORPORATION
Schedule of Resource Properties
For the year ended October 31, 2011

Schedule "A"

Details of Resource Properties

	Kenya	KM61	Seymour Lake	Canada Other	La Morena	Total 2011	Total 2010
Mineral Properties							
Balance, beginning of year	-	$ 23,205	$ 70,937	$ -	4,974	$ 99,116	$ 93,377
Expenditures during year	17,045	-	-	5,000	1,067	23,112	21,253
Balance, end of year	17,045	23,205	70,937	5,000	6,041	122,228	114,630
Deferred Exploration expenditures							
Drilling	445,846	-	-	-	211,951	657,797	37,698
Geochemistry	11,375	-	-	-	5,647	17,022	14,363
Geology	399,351	7,412	7,687	-	154,947	569,397	181,293
Geophysics	248,188	-	-	-	55	248,243	205,021
Supervision	128,250	-	-	-	25,000	153,250	31,609
	1,233,010	7,412	7,687	-	397,600	1,645,709	469,984
Balance, beginning of year	-	8,344,287	1,089,086	-	321,786	9,755,159	9,285,175
Balance, end of year	1,233,010	8,351,699	1,096,773	-	719,386	11,400,868	9,755,159
	1,250,055	8,374,904	1,167,710	5,000	725,427	11,523,096	9,869,789
Proceeds from option payments	-	-	(50,000)	-	-	(50,000)	-
Costs written off	-	-	-	-	-	-	(15,514)
Mineral properties and deferred exploration expenditures	1,250,055	8,374,904	1,117,710	5,000	725,427	11,473,096	9,854,275