STOCKPORT EXPLORATION INC.
(Formerly “Linear Metals Corporation)
Management Discussion and Analysis
For the Year Ended October 31, 2012

This Management Discussion and Analysis of Stockport Exploration Inc. (the “Company” or “Stockport”) provides analysis of the Company’s financial results for the year ended October 31, 2012. The following information should be read in conjunction with the audited financial statements and the notes to the audited financial statements for the year ended October 31, 2012, which are prepared in accordance with International Financial Reporting Standards. 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. The Company does not update or revise forward-looking information even if new information becomes available unless legislation requires us to do so. Investors should not place undue reliance on forward-looking statements. 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 January 22, 2013 Annual Information Form 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 22, 2013.

1.2 Nature of Business and Overall Performance

Stockport is a junior exploration company listed on the Toronto Stock Exchange. In 2011, Stockport initiated a shift in its strategic focus when the Company completed an agreement with East African Pure Gold Limited (“EAPG”) and B&M Mining Company Limited (“B&M”) to earn an interest in three mineral exploration licenses in Kenya. Stockport has since expanded its Kenya property portfolio to cover an area of approximately 2,000 square kilometres, under license or application, located within the Lake Victoria greenstone belt of southwestern Kenya (the “Nyanza and Sotik Projects”). The Nyanza project has been the Company’s primary focus since 2011, and Kenya continues to be the Company’s main area of focus going forward.

As of the date of this report and in addition to the Kenyan concessions, 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 is considered to be 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) (National Instrument 43-101 (“NI 43-101”) compliant).

During the year ended October 31, 2012, the Company incurred a net loss before income taxes of $5.3 million, an increase of approximately $4.6 million over the year ended October 31, 2011. The increase in the loss was primarily the result of an impairment write-down of $4.4 million related to the Company’s interest in the KM61 property. Other significant changes from the prior year’s results included management salaries and services, which increased approximately $219,000 due to increased staffing levels compared to the prior year. Travel costs decreased approximately $64,000, as the Company was pursuing a number of mineral resource opportunities in 2011, prior to its agreement to acquire the Kenyan concessions. Net income after taxes was impacted by a deferred income tax recovery of $504,000 during the year ended October 31, 2012; the magnitude of deferred income tax recovery was a direct result of the impairment write-down of the KM61 property. 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 continued 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 June 15, 2012, the Company completed a non-brokered private placement financing of 11 million common shares at $0.10 per share, for total gross proceeds of $1.1 million. In connection with the financing, 350,000 common shares of the Company were issued as finders' fees, valued at $35,000. Additional share issuance costs to complete the financing were $9,969 and consisted of professional fees and regulatory costs. Officers and directors of the Company subscribed for 1.75 million common shares pursuant to the private placement. All securities issued in connection with this financing were subject to a four-month hold period. Proceeds of the financing are being used to fund the exploration of the Nyanza and Sotik Projects and for working capital purposes.

During the current year, a director of the Company provided debt financing in the amount of $75,000 to the Company in the form of a demand loan, bearing interest at an annual rate of 10%. The loan was settled in full, including interest of $715, during the year.

During fiscal 2011, the Company completed two private placement financings. On October 28, 2011, the Company completed a non-brokered private placement financing of 6 million 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 were used to fund exploration work on the Nyanza Project 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.

1.3 Selected Annual Information

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

Fiscal Year	2012 $	2011 $	2010 * $
Net loss	4,844	618	674
Basic & diluted net loss per share	0.072	0.011	0.013
Total assets	9,022	12,827	10,260
Cash dividends per common share	N/A	N/A	N/A

The financial data for the fiscal years 2011 and 2012 has been prepared in accordance with International Financial Reporting Standards, and all figures are stated in Canadian dollars.

**The financial data for the fiscal year 2010 was prepared in accordance with Canadian Generally Accepted Accounting Principles and has not been restated to International Financial Reporting Standards, as the Company's date of transition was November 1, 2010.*

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 impairment write-downs or abandonments of any resource properties. During the year ended October 31, 2012, the Company recognized an impairment write-down of $4.4 million related to the Company's interest in the KM61 property.

The Company holds a 100% interest in the KM61 property, which is a molybdenum-copper-silver prospect, located in northwestern Ontario, contiguous with the Seymour Lake project. The majority of the KM61 property, including the mineralized zone, is subject to a 0.5% net smelter royalty. Of the remaining claims on the KM61 property, certain portions are subject to a 3% net smelter royalty and the balances are not subject to any royalties. The Company can repurchase 50% of the 0.5% net smelter royalty for $250,000 and/or 50% of the 3% net smelter royalty for $1 million.

During the year ended October 31, 2012, the Company identified various indicators of impairment of the property, including declines in the prices of molybdenum, copper and silver, a lack of recent exploration work with no significant exploration work planned in the foreseeable future, as well as a strategic shift in the Company's exploration focus towards its Kenyan operations. The Company also experienced a significant decline in market capitalization, with its share price decreasing from $0.25 per share to $0.10 per share during the year.

Given the stage of exploration of the property, the estimated fair value of $4 million was determined based on a review of comparable sale transactions of resource properties. The resulting impairment charge of $4.4 million was charged to expenses. This write-down was approximately 50% of the carrying value prior to the recorded impairment. As at October 31, 2012, if it were determined that the estimated fair value should have been 10% higher or lower, this would result in an increase or decrease of the impairment charge by approximately $400,000.

The manner and amount of the ultimate realization of the KM61 property remains subject to significant uncertainty. 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

During the year ended October 31, 2012, the Company incurred a net loss of $4.8 million. The Company's operating expenses during the year were $5.4 million, an increase of approximately $4.6 million compared to the prior year. The previously-mentioned non-cash impairment write-down of the Company's KM61 property accounted for $4.4 million of the increase in operating expenses. Remaining operating expenses increased approximately $165,000, or 21%, over the prior year. The increase was primarily the result of an increase in management salaries and services expense due to higher staffing levels at the Company in the current year. Management salaries and services expense also includes costs related to 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. Professional service fees of approximately $114,000 were a significant operating expense and included approximately $55,000 for the investigation of certain mineral property opportunities in Mexico and Kenyan and $59,000 for other professional services, including costs associated with the Company's transition to IFRS reporting.

The Company also incurred $174,817 in non-cash share-based compensation expense, attributable to the estimated fair value of stock options earned during the year, net of forfeitures and expiry of certain stock options. The Company also recorded non-cash amortization expense of $9,088. The Company capitalized $38,438 of share-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 $4,112 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 $940 relating to the sale of certain capital equipment in Mexico in the third quarter of the year, offset by the write-off of certain equipment in Mexico in the first quarter. The Company also recognized a deferred income tax recovery of $504,000 during the year, which arose primarily from the previously-mentioned KM61 impairment write-down.

The Company recorded other income of $26,000 related to the receipt of option payments of $20,000 and the receipt of certain marketable securities valued at $12,000, which exceeded the book value of the related resource properties (see section 1.14 for additional details).

The Company incurred a currency exchange loss of $13,705 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 2012				Fiscal 2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Oct-12	Jul-12	Apr-12	Jan-12	Oct-11	Jul-11	Apr-11	Jan-11
Net loss	$ (186)	$ (169)	$ (284)	$ (4,205)	$ (171)	$ (172)	$ (127)	$ (148)
Basic & diluted net loss per share	$ 0.003	$ 0.002	$ 0.004	$ 0.067	$ 0.003	$ 0.003	$ 0.002	$ 0.003
Total assets	$ 9,022	$ 9,149	$ 8,491	$ 8,400	$ 12,827	$ 11,057	$ 11,015	$ 10,418

The financial data for the fiscal years 2011 and 2012 has been prepared in accordance with International Financial Reporting Standards, and all figures are stated in Canadian dollars.

During the fourth quarter of the year, operating expenditures totaled approximately $187,000 and consisted primarily of management salaries, management services, professional fees, travel costs, and non-cash share-based compensation expense. The Company's focus during the fourth quarter of the year was on the Nyanza and Sotik Projects in Kenya.

1.6 Liquidity, Capital Resources and Going Concern

As of October 31, 2012, the Company had negative working capital of $0.5 million, compared to working capital of $0.3 million at October 31, 2011, a decrease of $0.8 million. During the year ended October 31, 2012, the Company used cash of $0.7 million to fund operating activities and cash of $1.3 million on its resource property expenditures, primarily on the Company's Kenyan concessions (see section 1.14). The Company collected previously outstanding subscriptions receivable of $0.1 million during the year. During the fourth quarter of the year, the Company used cash of approximately $128,000 on its operating activities and incurred cash expenditures of approximately $165,000 to fund exploration activities.

During the current year, the Company completed a non-brokered private placement financing of 11 million common shares at $0.10 per share, for total gross proceeds of $1.1 million. The funds are being used to fund the Kenyan project and for working capital purposes.

On October 28, 2011, the Company completed a private placement financing of 6 million 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 were used to fund the Kenyan project, strategic property acquisitions and for working capital purposes. Funds were also used to maintain the Company's 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. 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 Kenyan concessions are an asset of strategic significance and is conducting ongoing exploration activities on the Nyanza and Sotik Projects and anticipates increasing exploration activities on this large land package in the future. The Company is continuing its exploration programs but acknowledges that a land package of this significance will require additional funding to explore. 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, 2012, the Company had no 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

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed by the Company to ensure that financial information disclosed by the Company in the MD&A, the consolidated financial statements and the related annual filings of the Company is properly recorded, processed, summarized and reported to its Officers and the Board of Directors. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") believe such controls and procedures as at October 31, 2012 are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Internal Control over Financial Reporting

The Company's management, with the participation of its CEO and CFO, has designed, established and is maintaining a system of internal control over financial reporting. Under the supervision of the CFO as at October 31, 2012, the Company's internal control over financial reporting is a process designed to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner and in accordance with IFRS. The Company's controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements.

There were no changes in the Company's internal control over financial reporting during the past two fiscal years that materially affected or are reasonably likely to materially affect its internal control over financial reporting.

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

1.9 Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. 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 share-based compensation and the valuation of deferred 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.

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

The factors affecting share-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 share-based instrument holders.

Deferred 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. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

1.10 Transactions with Related Parties

During the year ended October 31, 2012, officers and directors of the Company subscribed for 1.75 million common shares issued in connection with the private placement completed June 15, 2012, and a director of the Company provided debt financing in the amount of $75,000 to the Company in the form of a demand loan, bearing interest at an annual rate of 10%. All amounts were repaid to the director, with interest of $715, during the year.

During the year ended October 31, 2011, 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 350,000 of the units pursuant to the private placement completed on October 28, 2011. In addition, two directors 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.

1.11 Conversion to International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced that accounting standards in Canada are to converge with International Financial Reporting Standards and companies will begin reporting, with comparative data, under IFRS for fiscal years beginning on or after January 1, 2011. The Company's transition date of November 1, 2010 (the "Transition Date") required restatement to IFRS for comparative purposes of amounts previously reported under Canadian GAAP by the Company for the year ended October 31, 2011, including a revised opening balance sheet as at November 1, 2010.

IFRS is based on a conceptual framework that is similar to Canadian GAAP; however, significant differences exist in certain areas of presentation, recognition, measurement, and disclosure. While the adoption of IFRS did not have a material impact on reported cash flows, it did have an impact on the balance sheets and statements of operations and comprehensive loss.

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's balance sheet, financial performance and cash flows is set out in the following tables and accompanying notes.

IFRS 1, *First-time Adoption of International Financial Reporting Standards*, sets forth guidance for an entity's initial adoption of IFRS. IFRS 1 gives entities adopting IFRS for the first time a number of optional and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The following are the optional exemptions available under IFRS 1 that the Company has elected to apply to its opening IFRS balance sheet dated November 1, 2010:

Share-based payments
The election allows the application of IFRS 2, *Share-Based Payments*, only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date.

The Company elected not to apply the remaining optional exemptions available at the time of transition from Canadian GAAP to IFRS.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS consolidated balance sheet as at the Transition Date are consistent with those made under Canadian GAAP.

IFRS 1 requires an entity to reconcile equity and comprehensive income for certain prior periods. The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods for comprehensive income and equity.

Comprehensive income

The following is a summary of transition adjustments to the Company's comprehensive income from Canadian GAAP to IFRS:

		Year ended October 31, 2011
		$
Comprehensive loss - Canadian GAAP		(695,965)
IFRS adjustments		
Share-based compensation	(a)	78,221
Comprehensive loss - IFRS		(617,744)

Equity

The following is a summary of transition adjustments to the Company's shareholders' equity from Canadian GAAP to IFRS:

		October 31, 2011	**November 1, 2010**
		$	**$**
Equity - Canadian GAAP		11,353,080	9,377,212
IFRS adjustments			
Share-based compensation	(a)	23,747	30,735
Equity - IFRS		11,376,827	9,407,947

The transition from Canadian GAAP to IFRS resulted in changes to certain accounting policies to be consistent with IFRS. The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

a) Share-based compensation

Under IFRS, each tranche of a share-based award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value was amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period they were estimated, and revised for actual forfeitures in subsequent periods.

Under Canadian GAAP, the fair value of share-based awards with graded vesting was calculated as a single grant and the resulting fair value was recognized over the vesting period for the grant. Forfeitures were recognized as they occurred. As a result of the conversion to IFRS, resource properties, contributed surplus, loss, and deficit balances were adjusted in the included schedules. Resource properties, contributed surplus and the deficit increased by $30,735, $130,985 and $100,250, respectively, at the Transition Date. Additionally, share-based compensation expense decreased by $78,221 and equity increased by $23,747 for the year-ended October 31, 2011.

b) Flow-through shares

Under IFRS, the proceeds received from the issuance of flow-through shares must be allocated between share capital and the obligation to deliver the tax deduction. This allocation is based on the difference between the quoted price of the Company's non-flow-through shares and the amount the investor pays for the flow-through shares.

Under Canadian GAAP, share capital is reduced by the amount of the estimated tax benefit transferred to investors. The renunciation of expenditures associated with all flow-through shares issued by the Company was completed and recognized in accordance with Canadian GAAP prior to the Transition Date. As a result, both share capital and the Company's deficit increased by $565,000 at the Transition Date.

1.12 Risks and Uncertainties

The Company's financial instruments consist of cash, marketable securities, sales taxes recoverable, 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 significant 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, with the exception of the marketable securities, 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 mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of a mineral 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 mineral 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 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 mineral 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 or local equity requirements 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, 2012 and January 22, 2013, the Company had issued and outstanding 74,781,934 common shares with a recorded value of $21,802,576.

During the year ended October 31, 2012, the Company completed a non-brokered private placement financing of 11 million common shares at $0.10 per share, for total gross proceeds of $1.1 million. Also during the year ended October 31, 2012, the Company received subscriptions receivable related to 411,950 common shares and issued 949,658 common shares to African Queen Mines Limited ("African Queen") 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 African Queen for US$500,000, of which US$200,000 was settled through the issuance of 949,658 common shares of the Company.

b) Warrants

- At October 31, 2012 and January 22, 2013, the Company had issued and outstanding 3,074,375 warrants with a recorded value of $318,508. 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.

c) Stock Options

- At October 31, 2012, the Company had 5,425,000 stock options outstanding, exercisable into common shares of the Company at an average exercise price of $0.27 per share, expiring between January 31, 2013 and September 30, 2017.

- At January 22, 2013, the Company had 6,695,000 stock options outstanding after the granting of 1,270,000 options subsequent to year-end. The options at January 22, 2013 are exercisable into common shares of the Company at an average exercise price of $0.24 per share, expiring between January 31, 2013 and January 21, 2018.

1.14 Deferred Resource Property Expenditures

Details of the Company's deferred resource property expenditures during the year ended October 31, 2012 are included in Schedule "A".

During the year ended October 31, 2012, the Company incurred deferred exploration expenditures of $1,457,957, of which $1,409,327, or 97%, was incurred on the Kenyan concessions, including $508,820 (US$500,000) for the acquisition of options to certain mineral properties and technical information acquired from African Queen. Minimal costs were incurred on the Company's La Morena, Seymour Lake and KM61 properties during the year, as the focus of the Company's exploration efforts was on the Nyanza and Sotik Projects. During the fourth quarter of the year, $125,012 was incurred by the Company on exploration expenditures, primarily all in Kenya.

Kenya

The company has an agreement with EAPG and B&M to earn an interest in three mineral exploration concessions located in Kenya (SPL 214, SPL 258 and SPL 231) ("Nyanza Project"). Under the terms of the agreement, the Company has:

- A first option to earn a 70% interest on completing exploration expenditures of US$600,000 and making cash payments of US$300,000 to EAPG and B&M.

- A second option to earn an 80% interest by exercising the first option and incurring cumulative exploration expenditures of US $4 million.

- Within 90 days of completion of the second option, EAPG and B&M can deliver a one-time joint election to fund its 20% share of exploration costs, or EAPG and B&M can grant the Company a further option to acquire an additional 10% interest by funding additional exploration expenditures of US $10 million.

- Within 90 days of completion of a positive feasibility study and receipt of a production notice from the Company for each project, EAPG and B&M can deliver a one-time joint election to fund its 10% share of the construction costs, or EAPG and B&M can grant the Company a further option to acquire an additional 5% interest by funding additional costs of US $10 million.

Stockport has also received preliminary approval for the Sotik License, located approximately 40 kilometres east of the Company's Nyanza Project and outside of the area of interest ("AOI"), where final approval is pending for a license covering approximately 661 km^2. Upon receipt of the final license approval, Stockport 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.

Nyanza Project

SPL 214

During the year ended October 31, 2012, Stockport finalized its acquisition of its option to certain mineral claims within the Nyanza Project. Special License ("SPL") 214 covers an area of approximately 15 km^2 in the Rongo area, Migori District, Kenya. SPL 214 is subject to 1% net smelter royalties, which were granted to each of African Queen and African Queen's partner, Abba Mining Company Limited, as part of an agreement announced by the Company on November 28, 2011. In connection with the agreement, Stockport acquired an option to certain mineral properties and technical information pertaining to SPL 214 and has reimbursed African Queen US$500,000, including US$200,000 paid in December 2011 through the issuance of 949,658 common shares of Stockport.

Stockport's initial exploration program on the Nyanza Project began in 2011 and continued during the first three quarters of 2012. The initial program included soil sampling, geophysics and an initial drill program of 3,000 metres of diamond drilling, including approximately 1,200 metres of drilling completed in nine drill holes during Q1 2012. The results of the drilling on SPL 214 intersected a vein system over a strike length of approximately 140 metres, and initially indicate what is interpreted as a stacked quartz vein system over a total of width of approximately 50 metres.

Early in 2012, the Company completed approximately 30 line kilometres of induced polarization ("IP") geophysical surveying and collected 88 samples of quartz pebble lag over the SPL 214 area. The IP survey was successful in delineating four discrete resistivity high anomalies in the central and western part of the grid, and partly detecting several anomalous areas on the east side of the grid. These resistivity highs are thought to be caused by intense quartz veining or silicification associated with gold mineralizing systems. The IP survey also detected a strong chargeability high located approximately 50 metres west of the drilling completed at SPL 214, suggesting that the intercepted veins may actually occur on the flank of the mineralizing system and that the core is located further west. The preliminary interpretation of gradient IP data for SPL 214 shows a series of northwest-trending lineations that correlate with several previously-mapped vein trends. Previously-reported anomalous rock samples and artisanal workings also show a direct correlation with these vein trends and IP lineations. Exploration and detailed mapping is currently underway to fully evaluate the coincidence of these features.

Geologists have completed a systematic sampling program of artisanal workings and exposed quartz veins within SPL 214. These include both bedrock and grab samples at numerous shaft locations and of the 35 samples collected, 15 samples returned gold values that ranged from 1.37 g/t to 31.97 g/t. These significant quartz vein sample results show a direct correlation between the dominant northwest-trending vein and IP lineations, and define a zone that is approximately 4 km long by 2 km wide. A detailed interpretation of the IP data is currently underway, and this information will be merged with detailed mapping and sampling results to identify new drill targets on SPL 214 in the near future.

SPL 258 and SPL 231

Reconnaissance work began in Kenya during the fourth quarter of 2012 and continued subsequent to year-end. The objective of the program was to develop additional priority targets on SPL 258 and SPL 231. The following three early-stage targets have been identified as of this report date.

258 Central

Reconnaissance mapping and sampling outlined new artisanal workings within the central part of SPL 258, approximately 1 to 3 km northwest of previous drilling at Nyahera West. Three zones have been identified in the area of 258 Central, one of which is represented by a 2.5 km x 700 metre structural corridor that is defined by a strong resistivity response from the gradient array IP survey. The structural corridor occurs within dacitic rocks along a contact with diorite porphyry and quartz porphyry. Quartz vein structural measurements show a primary vein orientation trend of 120 to 140 degrees and a secondary cross vein trend of between 20 to 40 degrees. Primary vein dips are 40 to 70 degrees to the west, and secondary veins primarily dip 60 to 70 degrees to the northwest. The structural corridor outlined by the resistivity anomaly also correlates with a gold-in-soil anomaly.

A recent sampling program by the Company produced assay results demonstrating all samples were anomalous in gold, with 30 of the 34 samples returning over 1.0 gram per tonne (g/t) gold, including nine samples returning over 12 g/t gold. Samples were taken from either float, chipped across quartz vein widths exposed at surface, or obtained from material uncovered by artisanal workings. Initial sampling was performed over a 2.0 km x 550 metre area along a dominant northwest strike (“Zone 1”), with a second sampling performed approximately 800 metres to the southwest of Zone 1 over an area of 2.0 km x 500 metres (“Zone 2”). The thickness of vein samples over both zones ranged from 0.05 to 1.0 metres and is thought to represent true thickness of the individual veins sampled. The Company is continuing to map and sample the full structure with an intention to identify drill targets and undertake a small core drilling program and an RC drilling program.

258 West

The reconnaissance program has also identified a new target in the western part of SPL 258, and initial grab samples in the area of artisanal workings have returned significant results, including 10.7 g/t gold, 10.0 g/t gold, 9.9 g/t gold, and 3.4 g/t gold. The target lies within a previously-mapped anomalous gold area of approximately 1.2 km x 1.0 km. Veins are approximately 1 metre in width, stacked approximately 10 metres apart, and have been mapped at surface over a strike of approximately 13 metres. The Company intends to expand mapping and sampling activities to outline target areas suitable for an RC drilling program.

231 Central

Located within concession SPL 231, a banded iron formation has been identified at 231 Central, and an initial eight samples taken over an area of approximately 100 metres x 150 metres returned iron percentages ranging from 26% - 40% iron. Minor quartz veining was also observed, and more work is needed to fully evaluate this occurrence. The Company intends to enlarge the mapping and sampling area, as well as follow up on the quartz veins and expand the assay process with iron specific methods.

KM61

The Company holds a 100% interest in the KM61 molybdenum-copper-silver project, located near Armstrong, Ontario. An independent NI 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% net smelter royalty ("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. As a result and in light of market conditions, during the year ended October 31, 2012, the Company recognized an impairment write-down of $4.4 million related to its interest in the KM61 property.

Seymour Lake

The Company holds a 100% interest in the Seymour Lake lithium-tantalum-beryllium property, located near Armstrong, Ontario. 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 had previously entered an agreement with a private company, pursuant to which the Company granted an option to earn an 80% interest in the Seymour Lake Property. During the year ended October 31, 2012, the optionee did not make certain payments required pursuant to the option agreement, and the agreement has been cancelled.

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.

During the year ended October 31, 2012, the Company signed a formal agreement with Greencastle Resources Ltd. ("Greencastle"), whereby the Company signed all right, title, and interest in and to the option of these two early-stage exploration properties. Consideration by Greencastle for the assignment of the option agreements consisted of an initial payment of $20,000 and issuance to the Company of 100,000 common shares of Greencastle, valued at $12,000. On the first anniversary of the agreement, Greencastle may elect to continue the options and make a final payment to the Company of $20,000 and an additional 100,000 common shares of Greencastle. The properties are subject to a 2% NSR. Greencastle has the option to purchase half of each royalty for $1,000,000 and has granted the Company the right to purchase 25% of this purchased royalty for $500,000.

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 carried out an exploration program on the La Morena project that included the re-establishment of a historical grid in the La Diana area and the establishment of a new grid in the unexplored El Refugio area to the north. Approximately 20 kilometres of IP surveying were completed on the La Diana grid and 12 kilometres were completed on the El Refugio grid. An approximate 1,500 metre drill program was completed to test anomalies identified through the IP survey as well as mineralized horizons and structures identified in some of the old artisanal mine workings on the El Refugio grid. The drill program returned encouraging results 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 remains untested on the La Diana grid, where two flanking holes returned significant Cu-Ag intersections in a 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, and the Company is seeking joint venture or strategic partners to advance this project.

1.15 Management Changes

In April 2012, the Company announced the appointment of Mr. Jim Megann as President and Chief Executive Officer. Mr. Megann replaced Mr. Brian MacEachen, who remains on the Board of the Company.

In July 2012, Mr. Rob Randall was appointed Chief Financial Officer of the Company. Mr. Randall replaced Mr. Keith Abriel, who left the Company due to other obligations.

In January 2013, Mr. Robert McKay was appointed to the Board of Directors of the Company.

1.17 Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.stockportexploration.com.

STOCKPORT EXPLORATION INC.

Schedule "A"

Schedule of Resource Properties
For the year ended October 31, 2012

Details of Resource Properties

	Kenya	KM61	Seymour Lake	Canada Other	La Morena	October 31	October 31
						2012	2011
Mineral Properties							
Balance, beginning of the year	$ 17,045	$ 23,205	$ 70,937	$ 5,000	6,041	$ 122,228	$ 99,116
Expenditures during the year	309,065	-	-	-	16,311	325,376	23,112
Balance, end of the year	326,110	23,205	70,937	5,000	22,352	447,604	122,228
Deferred Exploration expenditures							
Drilling	340,858	-	-	-	-	340,858	657,797
Geochemistry	168	-	-	-	-	168	17,022
Geology	688,945	12,400	8,187	1,000	10,732	721,264	562,409
Geophysics	70,291	-	-	-	-	70,291	248,243
Supervision	-	-	-	-	-	-	153,250
	1,100,262	12,400	8,187	1,000	10,732	1,132,581	1,638,721
Balance, beginning of the year	1,227,565	8,377,968	1,048,594	-	720,488	11,374,615	9,785,894
Balance, end of the year	2,327,827	8,390,368	1,056,781	1,000	731,220	12,507,196	11,424,615
	2,653,937	8,413,573	1,127,718	6,000	753,572	12,954,800	11,546,843
Option payments received	-	-	-	(6,000)	-	(6,000)	(50,000)
Impairment write-down	-	(4,405,173)	-	-	-	(4,405,173)	-
Mineral properties and deferred exploration expenditures	$ 2,653,937	$ 4,008,400	$ 1,127,718	$ -	$ 753,572	$ 8,543,627	$ 11,496,843