November 29, 2012

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Weststar Resources Corp. (the "Company") and should be read in conjunction with the Company's condensed interim financial statements and the accompanying notes for the nine months ended September 30, 2012 and the audited financial statements and the accompanying notes for the year ended December 31, 2011, copies of which are filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on October 27, 2004. The Company's common shares were listed for trading on the TSX Venture Exchange ("TSX") as a junior mineral exploration company on September 22, 2006.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company has not yet determined whether any of its properties contains reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof.

EXPLORATION PROJECT – La Paloma

On March 17, 2011, and as amended June 30, 2011, the Company entered into a letter of intent with Lekona Minerals Incorporated ("Lekona") to acquire the rights, title and interest in and to the La Paloma concessions, including the 20% undivided interest held by Lekona, and Lekona's rights under the underlying option agreement between Lekona and Minera Sierra de Oro S.A. de C.V. ("Minera"). The La Paloma property concession is located in the state of Jalisco, Mexico and comprises 155 hectares of mineral rights. The Company was assigned an option to acquire an 80% interest in the La Paloma concessions from Minera under an option agreement dated September 15, 2010 and amended April 30, 2011, between Lekona and Minera. Lekona had previously exercised a portion of the option granted under the option agreement, and accordingly the Company now owns a 20% undivided interest in the La Paloma concessions. The Company completed the transaction on August 9, 2011.

The terms of the agreement and the amounts owing are as follows:

- $700,000 to Lekona (paid);

- Issuance of 4,000,000 common shares of the Company to Lekona's shareholders; (fair value of $2,521,592)
- Issuance of 1,650,000 common shares of the Company to Minera (fair value of $1,007,157); and
    - Issuance of 1,500,000 share purchase warrants to Lekona (issued at a fair value of $449,751), each such warrant being exercisable into one common share of the Company at a price of $1.50 per common share for a period expiring August 9, 2012. The warrants are only exercisable in the event that:
        i. The Company completes Phase I of the work program contained in the NI 43-101 report dated June 26, 2011 on the project and delivers a new NI 43-101 compliant report describing the results of the Phase I work, and accommodation to proceed to Phase 2; and
        ii. The Company completes a follow on financing of not less than $1,000,000 to fund the Phase 2 program.

Once the follow on financing is complete (the “Completion Date”), the following additional payments would be required:

- Issuance of 2,000,000 common shares of the Company to Lekona's shareholders within 10 business days of the Completion Date; and
- $1,100,000 on or before August 9, 2012 to or to the direction of Lekona.

The Company would also be required to assume the unfulfilled obligations of Lekona under Lekona’s previous option agreement, including the payments of cash and shares due to Minera. Lekona would retain a 2% NSR.

The Option Agreement between Lekona and Minera provided for the following payments.

In order for Lekona to acquire an undivided 20% interest in La Paloma:

- $50,000 non-refundable deposit (paid by Lekona);
- $300,000 (paid by Lekona); and
- Issuance of 2,000,000 common shares of Lekona (issued).

As a result, Lekona acquired an undivided 20% interest in La Paloma.

In order for Lekona to acquire a further 20% interest in La Paloma (for an aggregate of 40%):

- $300,000 on or before April 30, 2011 (paid by Lekona);
- Upon closing of the transaction between the Company and Lekona, the issuance of 1,650,000 common shares (issued at a fair value of $1,007,157) in the capital stock of the Company and the expenditure on or before October 30, 2011 of $200,000 (incurred) on or in respect of the property. In consideration for the foregoing, the Company shall acquire a further 20% interest in the La Paloma concessions, for an aggregate 40% interest;
- On or before October 30, 2011, a further payment of $400,000 (paid) and the issuance of 1,000,000 common shares (issued at a fair value of $470,000) of the Company. In addition, a further $250,000 is to be expended on or in respect of the property and a National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) level report is to be generated. In consideration of the foregoing, the Company shall acquire a further 20% interest in the Project, for an aggregate 60% interest in the property; and
- On or before October 30, 2012, a final payment of $2,000,000, the issuance of an additional 2,000,000 shares in the capital stock of the Company and the expenditure of a further $750,000 on or in respect of

the property. In consideration of the foregoing, the Company shall acquire a further 20% interest in the property, for an aggregate 80% interest.

In addition to the foregoing, in the event that the Company receives a NI 43-101 compliant report, acceptable to both parties, indicating that there are resources of gold and silver in the project exceeding 4,000,000 ounces and 150,000,000 ounces, respectively, the Company shall deliver to or to the order of Minera 5,000,000 common shares of the Company. The NI 43-101 shall be undertaken and paid for by the Company on or prior to October 31, 2014, or within 12 months following the Company acquiring the 80% undivided interest in the project, which ever event occurs first.

The Company is currently working to renegotiate the payment terms and work commitments on the agreements.

Snowden Industry Mining Consultants Ltd. ("Snowden") was contracted to do a site visit and take samples to support the opinion of mineral occurrence. This report was written to be compliant with the requirements of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") for the purposes of this acquisition.

Snowden, during its site visit, collected 10 samples from outcrops and structures found during their site visit. The samples were representative of the area being evaluated and channel samples were taken across structures with a conscious effort made to include sample from the full width of the structure of interest as shown below in Table 1. The Company was excited to receive the sample assays which returned gold values of up to 49.20 grams / tonne ("g/t") gold. Silver values were as high as 385 g/t. Eight (8) of the ten (10) samples returned very good to excellent grades. These eight (8) samples were taken from inside the old mine workings. The other two (2) samples were taken at the tunnel entrances outside the old mine. As expected these two (2) samples taken from outside the mine in wall rock (chip sample numbers 1 & 7) at the tunnel entrances returned lower values of gold. The samples were sent to ALS Chemex Laboratories in North Vancouver, B.C. and in the report Snowden has confirmed presence of gold and silver mineralization. In addition it concludes that the La Paloma concessions host epithermal style mineralization and is a property of merit.

Table 1: Gold and Silver Assays from Samples

Sample Number	Gold g/t	Silver g/t	Sample Type	Notes
1	0.01	1.60	Chip	Tunnel 3 Entrance
2	8.77	222.00	Chip	Outcrop near peak
3	4.44	385.00	Chip	Entrance of Tunnel 1
4	0.39	87.40	Chip	Inside Tunnel 1
5	1.90	211.00	Chip	Artisanal Workings
6	1.41	131.00	Chip	Artisanal Workings
7	0.16	4.40	Chip	Tunnel 5 Entrance
8	10.10	26.60	Chip	5m inside Tunnel 5
9	49.20	119.00	Chip	Extension of Tunnel 1
10	0.87	15.60	Chip	Artisanal Workings

Snowden recommends that Weststar undertake a phased exploration program of mapping, geophysics and drilling and estimate the cost to be in the order of $1.4 million.

On February 7, 2012 the Company completed an Induced Polarization/Resistivity ("IP/Resistivity") survey and has begun planning for a diamond drill program. The IP/Resistivity survey at the La Paloma property consisted of a total of 5.8 line-kilometres (line-km) which were surveyed along a series of seven lines targeting an 800 metre strike extent of the Main "Piedra Bola" Vein structure. The IP survey represents the final stage in Phase 1 of the exploration program that included property wide geologic mapping, the collection of 194 rock grab and rock channel samples, 656 soil samples and 174 stream sediment samples. In addition, a total of 20.8 line-km of ground magnetic survey was completed.

<u>About the Drill Targets at La Paloma</u>

Main "Piedra Bola" Vein

Geological mapping within the La Paloma Property has defined a steeply southwest dipping vein structure (Main "Piedra Bola" Vein) over a 1-kilometre strike length. Rock channel sampling across the Piedra Bola Vein assayed up to 0.84 grams-per-tonne (g/t) gold, and 64 g/t silver over 6 metres (Channel 2). Individual mineralized rock samples of outcropping quartz veins returned assays of up to 7.81 g/t gold and 311 g/t silver (sample 11DMP135). The Piedra Bola Vein is coincident with a broad 400 x 1,000 metre greater than 10 parts-per-billion (ppb) gold in soil anomaly that encompasses the nearby Ridge Showing. Individual soil samples within the Piedra Bola Vein soil anomaly have returned assays of up to 3.69 g/t gold.

Ridge Showing

The Ridge showing mentioned above is situated about 300 metres to the southwest of the Piedra Bola Vein. The Ridge Showing covers an area of approximately 100 by 30 metres. This area hosts centimeter-scale branching quartz veinlets and quartz vein breccias. The Ridge Showing is coincident with a 300 x 300 metre, multi-line, greater than 10 ppb gold in soil anomaly that extends over a 200 metre vertical elevation range. Individual soil samples within the Ridge Showing anomaly have retuned assays of up to 557 ppb gold.

East Vein

A second Eastern vein structure ("East Vein") located 195 metres to the northeast of the Piedra Bola Vein has been traced for approximately 200 metres so far. The Company aspires to increase this strike length with further work. Rock channel sampling of this highly altered northwest trending topographic low lineament has returned assays of 8.6 g/t silver over 4 metres (Channel 6).

<u>History of the La Paloma Property</u>

The Property was, at one time, owned by Penoles who relinquished it in 1980. In 1983 and 1984 the Consejo de Recursos Minerales ("CRM"), a government agency, drained and entered the northern end of the main tunnel of the Veta Ancha workings and sampled an exploration drift approximately 100 metres from the 1928 planned mining to the northwest. Based on this work CRM reported a "potential reserve" of 750,000 tonnes grading 4.19 g/t Au and 123 g/t Ag from the CRM. This estimate must be considered a historical resource and does not meet the National Instrument 43-101 definitions for a resource or reserve as stated in sections 1.2 and 1.3. There has been no opportunity to verify either the grade or size of the reported "reserve" and therefore the estimate cannot be considered to comply with NI 43-101. At this time, Snowden has not completed sufficient work to classify the historical reserve estimate as either a current mineral resource or mineral reserve. The Company is not treating the historical estimate as a current mineral resource or mineral reserve as defined in NI 43-101, and therefore the historical estimate should not be relied upon.

The exploration history on the area and concession is described as dating back many hundreds of years. Natives of the area mined and worked silver prior to the arrival of the Spanish. The first known record of mining in the area was described in 1543 by Juan Fernandez de Hijar who identified the mines in the Guachinango, Etzatlan and Guajacatlan districts (C. Rene de Leon Meza). The Property was, at one time, owned by Industrias Peñoles, S.A.B. de C.V. who relinquished it in 1980. Mexican corporations are not required to file reports on their activities, so programs up to this date are unknown.

In 1983 and 1984 the Consejo de Recursos Minerales (CRM), a government agency, drained and entered the northern end of the main tunnel of the Veta Ancha workings and sampled an exploration drift approximately 100 metres from the 1928 planned mining to the northwest. Based on this work CRM reported a "potential reserve" of 750,000 tonnes grading 4.19 g/t Au and 123 g/t Ag from the CRM. This estimate must be considered an historical resource as it does not meet the NI 43-101 definitions for a resource or reserve as stated in sections 1.2 and 1.3. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the issuer is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.

In 2006, a small leach plant was constructed on the old foundations to process material collected during the clean-up of tunnel #1. Sampling of the tunnels was also carried out. Further exploration was carried out in 2008 which outlined new targets of interest and additional tunnels, not identified in the 1928 reports.

La Paloma Property - Production History

The Piedra Bola mine hosts gold and silver mineralization and was the target of historical mining. On the La Paloma concessions, the mineralized zone extends approximately 1,500m southeast to northwest and it was exploited until a 1928 workers strike terminated mining operations. Documentation from 1927 and 1928 offers detailed accounts of the mining operation. The 1927 Report of Production indicates that 41,090 tonnes were mined at an average grade of 5.87 gpt gold and 507 gpt silver. Plans for 1928 proposed that 44,300 tonnes were to be excavated at an estimated grade of 6.64 gpt gold and 500 gpt silver. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the issuer is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon. The main travel and communication tunnel at 1,563ms elevation runs 1500 meters northwest to southeast with entrances to the northwest and a cross-cut tunnel 140 metres to the northeast. Previous exploitation occurred above the 1563 level in the mine to the northwest along 300m of strike length. Plans for 1928 were to develop below the 1563 level. Exploration shafts and tunnels were being developed as the mine shut down.

EXPLORATION PROJECT – Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66% but amended by mutual consent) in the Axe claims comprised of 119 units situated in the Similkameen Mining District, Province of B.C. As consideration for the property, the Company paid $5,000, issued 300,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims the Company paid $15,000. The claims are subject to a 2% net smelter royalty and under the terms of the agreement the Company has the right to purchase the net smelter royalty in stages for up to $3,000,000.

On March 21, 2012 the Company entered into an option agreement with Xstrata Copper Canada ("Xstrata") and Bearclaw Capital Corp. ("Bearclaw"). Under the terms of the option agreement, the Company and Bearclaw have agreed to grant Xstrata an option to earn a 51% interest where Xstrata will have the sole and exclusive right to carry out exploration activities on and evaluate the Axe Property. In order to exercise the option, during the earn-in period, Xstrata must incur $3,000,000 of expenditures in exploration activities on the Axe Property.

During the earn-in period, Xstrata must pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $25,000 immediately (received);
- $25,000 on March 31, 2013;
- $30,000 on March 31, 2014;
- $40,000 on March 31, 2015; and
- $60,000 on March 31, 2016.

If Xstrata exercises the option, the Company, Bearclaw and Xstrata will enter into a formal joint venture agreement. Xstrata will be the initial operator holding a 51% participating interest and the Company and Bearclaw a 34.3% and 14.7% participating interest respectively.

Upon exercise of the option, Xstrata will have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by either completing a feasibility study on the Axe Property or incurring no less than $15,000,000 in feasibility study expenditures on the Axe Property and providing the Company and Bearclaw with evidence of such expenditures. In the event Xstrata exercises the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw will have a 17.5% and 7.5% participating interest respectively.

Under the option agreement the Company and Bearclaw have also granted Xstrata a right of first refusal ("ROFR") over any direct or indirect sale or transfer by the Company and/or Bearclaw of any of their respective interest in the Axe Property. The ROFR will terminate at the end of the earn-in period if Xstrata has not exercised the option.

On September 16, 2008 the Company completed an updated National Instrument 43-101 compliant report prepared by John R. Kerr P.Eng, a Qualified Person on the previously drilled Axe Copper gold property which is located approximately 70 kilometers from the Teck Cominco Highland Valley copper mine near Princeton, British Columbia.

Mr. Kerr has recommended the Company complete further drilling in the South Zone and engage an engineering firm to complete a Resource Calculation from all work to date.

The following table summarizes all drilling done by Weststar in 2006 and 2007.

2006/2007 DRILL RESULTS
Table, Summarizing 2006 and 2007 Drill Results

Hole number	From		To		Core length		Cu content	Au content	
A06 - 01							anomalous - no significant values		
A06 - 02	15	m	37.5	m	22.5	meters	0.21%	0.14	g/t
	78	m	87	m	9	meters	0.27%	0.07	g/t
	91.5	m	108	m	17.5	meters	0.18%	0.10	g/t
	126	m	171	m	45	meters	0.53%	0.15	g/t
	177	m	186	m	9	meters	0.18%	anomalous	
	202.5	m	215	m	12.5	meters	0.65%	0.22	g/t
A06 - 03	18	m	124.5	m	106.5	meters	0.20%	0.15	g/t
A06 - 04								no significant values	
A06 - 05	11	m	25.5	m	14.5	meters	0.36%	0.29	g/t
	25.5	m	75	m	49.5	meters	anomalous	1.29	g/t

	including 61.5	m	64.5	m	3	meters	0.31%	9.64	g/t
	91.5	m	102	m	10.5	meters	anomalous	0.27	g/t
A07 - 06	16.5	m	304.5	m	288	meters	0.27%	0.15	g/t
	including 45	m	60	m	15	meters	0.41%	0.24	g/t
	and 85.5	m	97.5	m	12	meters	0.53%	0.28	g/t
	and 190.5	m	205.5	m	15	meters	0.47%	0.19	g/t
	322.5	m	334.5	m	12	meters	0.21%	0.17	g/t
	358.5	m	370.5	m	12	meters	0.19%	anomalous	
A07 - 07	94.5	m	120	m	25.5	meters	-	1.09	g/t
	including 114	m	117	m	3	meters	-	6.06	g/t
	144	m	150	m	6	meters	-	0.37	g/t
	205.5	m	210	m	4.5	meters	-	0.19	g/t
A07 - 08	42	m	66	m	24	meters	0.16%	0.20	g/t
	121.5	m	246	m	124.5	meters	0.38%	0.22	g/t
	including 234	m	244.5	m	10.5	meters	0.0155%	0.94	g/t
	261	m	307.5	m	46.5	meters	0.18%	0.23	g/t
	331.5	m	340.5	m	9	meters	anomalous	0.90	g/t
A07 - 09	48	m	51	m	3	meters	-	1.06	g/t
	129	m	135	m	6	meters	-	0.20	g/t
	148.5	m	162	m	13.5	meters	anomalous	0.21	g/t
A07 - 10	45	m	51	m	6	meters	0.17%	-	
	91.5	m	106.5	m	15	meters	0.24%	0.14	g/t
	141	m	160.5	m	19.5	meters	0.16%	-	
	181.5	m	187.5	m	6	meters	0.17%	0.14	g/t
	256.5	m	264	m	7.5	meters	0.29%	0.15	g/t
A07 - 11	96	m	109.5	m	13.5	meters	0.17%	0.27	g/t
	121.5	m	124.5	m	3	meters	0.56%	0.57	g/t
	199.5	m	273	m	73.5	meters	0.12%	-	
A07 - 12							no significant assays		
A07 - 13	4.5	m	102	m	97.5	meters	0.17%*	-	
A07 - 14	94.5	m	109.5	m	15	meters	0.17%	0.16	g/t
	151.5	m	162	m	10.5	meters	0.16%	0.15	g/t
	175.5	m	181.5	m	6	meters	0.41%	0.14	g/t

- Composite based on 65 samples (each 1.5 meters), 30 assays reported as % copper and 35 multi-spectrometer analyses reported as ppm copper

On October 20, 2009 the Company announced the commencement of further drilling operations on the Axe project. More Core Diamond Drilling Services Ltd. was drilling HQ size diamond drill holes aimed at both potentially updating a resource estimate for the South Zone; as well stepping out from the gold mineralization previously encountered in the West Zone during the Company's 2006-2007 drilling program.

On December 2, 2009 the Company announced analytical results from drilling operations on the Axe project, an advanced stage project with a known porphyry copper resource. The property consists of 21 mineral claims (119 claim units), located 20 km north of Princeton, British Columbia.

Within the West Zone, three drill holes were drilled to test a gold anomaly located in 2006 drill hole A06-05, which returned 49.5 meters grading 1.29g/t Au, including 3 meters grading 9.64g/t Au. Analytical results for the West Zone drilling are now available and selected results are listed below. Drill hole A09-01 was intended to undercut A06-05, but was abandoned short of its target due to tightening. Drill hole A09-03 was drilled 50m south of A09-06 and intersected significant gold mineralization associated with pyrite. Drill hole A09-04 was collared north of A06-05, and drilled at an azimuth of 065degrees. This hole intersected a thick calc-silicate unit, but may not have intersected the mineralized West Zone fault structure, which appears to be a north, northeast structure.

Drill Hole	Zone	Dip (deg)	Azm (deg)	Footage (m)	Interval (m)	Cu %	Au g/t	Notes
A09-01	West	-50	270	52.5-54.0	1.5	0.054	0.509	
				54.0-56.0	2.0	0.022	0.03	
				56.0-57.9	1.9	0.061	1.115	
				57.9-59.0	1.1	0.117	0.085	
A09-02	South	-90						
A09-03	West	-71	090	44.5-46.0	1.5	0.001	0.234	
				46.0-47.24	1.24	0.001	0.211	
				47.24-50.3	3.06	0.001	**9.25**	Poor recovery; pyrite
				50.3-53.35	3.05	**2.0**	**4.39**	Cpy with quartz
				53.35-54.4	1.05	0.21	0.33	
A09-04	West	-70	065	65.53-67.36	1.83	0.105	0.042	
				67.36-68.65	1.29	**0.829**	0.208	in calc-silicate

The 2009 drill results based mainly on drill hole A09-03 suggest a steeply dipping, westerly structure with gold and associated pyrite. As surface drilling has proven to be very difficult with historical poor recoveries within the Axe property, trenching should be an effective method to evaluate the gold-bearing target.

EXPLORATION PROJECT - Golden Fox Group

Golden Fox Claims

On July 7, 2009 and amended on December 22, 2010, relating to the work commitment described below, the Company entered into an agreement to acquire an undivided 100% interest in the “Golden Fox Claims”, located in the Yukon Territories, Canada. The Golden Fox Claims consist of 50 claim units totalling approximately 2,500 hectares

The terms of the agreement were as follows:

- $75,000 due on signing of the agreement; (paid)
- $75,000 ($50,000 paid) and the issuance of 2,500,000 common shares of the Company (issued at a fair value of $225,000); and
- Issuance of 500,000 common shares of the Company in lieu of a $500,000 exploration expenditure work commitment originally to be incurred by September 1, 2010 (issued at a fair value of $200,000).

The vendor retained a 3% Net Smelter Royalty (“NSR”), of which one-third (1%) could have been purchased by the Company for $1,000,000.

Sunrise Claims

On January 20, 2011 the Company entered into an option agreement to acquire a 100% interest in 27 quartz claims totalling approximately 121.5 hectares in the Dawson Mining District in the Yukon Territory ("the Sunrise Property"). The Golden Fox Claims are situated 20km to the southeast.

The terms of the agreement were as follows:

- $35,000 due within five days of approval by the Exchange (paid);
- Issuance of 1,000,000 common shares of the Company (issued at a fair value of $360,000);
- Issuance of 1,000,000 common shares of the Company within six months after approval by the Exchange (issued at a fair value of $700,000).
- Incur exploration expenditures of $10,000 or pay $100 per claim on or before June 18, 2011 (incurred);
- Incur exploration expenditures of $25,000 on or before September 1, 2011; and
- Incur exploration expenditures of $100,000 on or before September 1, 2012.

The vendor retained a 3% NSR, of which one-third (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue the Golden Fox Group and impaired acquisition and exploration costs of $1,744,474.

EXPLORATION PROJECT - McKinnon Group

McKinnon Claims

On July 20, 2009 the Company entered into an agreement to acquire a 100% interest in the McKinnon Property, located in Yukon Territory. The property consists of 66 pending quartz claims encompassing approximately 3,400 acres (1380 hectares).

The terms of the agreement were as follows:

- $84,100 due on signing of the agreement (paid);
- $50,000 (paid); and
- Issuance of 2,500,000 common shares of the Company (issued at a fair value of $275,000).

The vendor retained a 3% NSR, of which one-third (1%) could have been purchased by the Company for $1,000,000.

Morgan Property

On May 12, 2010, the Company entered into an option agreement to acquire a 100% interest in the Morgan Claim Group. The claims are north of the McKinnon Claims in the Yukon

The terms of the agreement were as follows:

- Upon approval of the agreement by the Exchange, $5,000 (paid) and issuance of 500,000 common shares (issued at a fair value of $15,000);
- $5,000 and 500,000 common shares on or before June 15, 2011; and
- $5,000 and 500,000 common shares on or before June 15, 2012.

The vendor retained a 2% NSR, of which one-half (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue both the McKinnon Claims and the Morgan Property and wrote off the acquisition and exploration costs of $460,519.

EXPLORATION PROJECT – Sifton Property

On July 6, 2010 the Company entered into an acquisition agreement to acquire a 100% interest in the Sifton block of claims. The claims are north of Richardson Township, which is approximately fifty kilometres northwest of Fort Frances in western Ontario. The Company paid a finder's fee of $4,500.

Payments under the terms of the agreement were as follows:

- $25,000 on or before October 6, 2010 (paid);
- Issuance of 3,000,000 shares within 10 days of Exchange approval (issued at a fair value of $90,000);
- $30,000 on or before July 6, 2011;
- $35,000 on or before July 6, 2012;
- $40,000 on or before July 6, 2013; and
- $45,000 on or before July 6, 2014.

The vendor retained a 2% NSR, of which one-half (1%) could have been purchased by the Company for $1,000,000.

During the year ended December 31, 2011, the Company decided not to pursue this property and impaired acquisition and exploration costs of $119,500.

INVESTMENTS

The Company received 500,000 common shares of Canada Coal Inc. ("CCK") after the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released on February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months. As at September 30, 2012, 375,000 common shares were held in escrow (December 31, 2011 – 500,000).

During the nine months ended September 30, 2012, the Company sold 50,000 common shares of CCK for proceeds of $3,410. At September 30, 2012, the fair value of the remaining 450,000 common shares of CCK held was $18,000, and the unrealized loss of $137,659 was recorded in other comprehensive loss for the nine months ended September 30, 2012.

During the nine months ended September 30, 2011, there were no common shares of CCK sold. As at December 31, 2011, the fair value of the 500,000 CCK shares held was estimated to be $155,659. The Company recorded the investment as available-for-sale. As a result, an unrealized gain of $155,659 was recorded in other comprehensive income for the year ended December 31, 2011.

RESULTS OF OPERATIONS

During the nine months ended September 30, 2012 the Company reported a net loss of $499,797 compared to the nine months ended September 30, 2011 of $889,294. The Company has reduced its number of exploration and evaluation assets down to two properties. Having entered into the option arrangement with Xstrata Copper Canada, the Company has one exploration and evaluation asset in Mexico to focus its attention on.

The Company's expenses consisted of amortization expense of $3,545 (2011 - $6,106), shareholder communications of $10,413 (2011 - $86,191), consulting fees of $121,750 (2011 - $149,070), professional fees of $68,811 (2011 - $157,754), management and director's fees of $91,379 (2011 - $90,000), office and general expenses of $30,566 (2011 - $85,355), rent of $23,830 (2011 - $33,422), share-based payments of $146,699 (2011 - $Nil), transfer agent and filing fees of $13,000 (2011 - $78,135) and travel of $1,085 (2011 - $61,561). During the nine months ended September 30, 2012, the Company also had gain on sale of equipment of $8,588 (2011 - $Nil), and the gain on sale of investments of $3,410 (2011 - $Nil).

The expenses of the Company have been decreasing as the Company's exploration expenditures and operational activities decrease.

Shareholder communications of $10,413 (2011 - $86,191) consists of expenses relating to activities promoting the Company and its projects and investigating new and potential projects for the Company. The major components were advertising and promotion expenses of $6,400 (2011 - $62,017), and shareholder information expenses of $3,138 (2011 - $20,739). The decrease over the same period of the previous year is related to management's effort to reduce advertising and other promotion expenses.

Consulting fees of $121,750 (2011 - $149,070) relates to fees paid to consultants on the Company's current and prospective projects. The decrease over the same period of the previous year is due to the reduced activities of daily operation.

Professional fees of $68,811 (2011 - $157,754) relates primarily to accounting services for the operations of the Company. The decrease from the same period last year is mainly from a reduction in accounting fees.

Management and director's fees of $91,379 (2011 - $90,000) relates to fees paid to officers of the Company for management of the Company's operations and projects (see Transactions with Related Parties).

Office and general expenses of $30,566 (2011 - $85,355) relates to expenses paid for administration and support. The decrease over the same period of the previous year is due to the reduced activities of daily operation.

The Company also recognized share-based payment of $146,699 (2011 - $Nil) by using the Black-Scholes model. The significant increase in share-based payment is due to 2,000,000 options being granted during the nine months ended September 30, 2012.

In addition to operations, the Company has reported an unrealized loss of $137,659 on the fair value of the common shares held in Canada Coal Inc.

<u>Cash Flows</u>

During the nine months ended September 30, 2012, the Company spent $146,664 on operating activities, compared to $808,574 for the same period in the previous year. The preceding discussion of operations explains the reasons for the decrease.

During the nine months ended September 30, 2012, the Company spent $122,384 on investing activities, compared to $815,161 for the same period in the previous year. The Company spent approximately $155,793 more on exploration expenditures and acquisition of exploration and evaluation assets in the current period. This was offset by proceeds from the disposal of investments and equipment.

During the nine months ended September 30, 2012, the Company did not receive any funds from financing, compared to $2,494,398 for the same period in the previous year. In the previous year, warrants were exercised and share subscriptions were also received.

SUMMARY OF QUARTERLY FINANCIAL RESULTS ($000's except earnings per share)

Results for the eight most recently completed quarters are summarized as follows:

Supplemental Quarterly Information

	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
			IFRS	
Revenues	-	-	-	-
Net loss - continued operations ($)	(229)	(171)	(237)	(2,424)
Per share - basic ($/share)	(0.01)	(0.01)	(0.01)	(0.17)

	September 30, 2011	June 31, 2011	March 31, 2011	December 31, 2010
			IFRS	
Revenues	-	-	-	-
Net loss - continued operations ($)	(215)	(451)	(223)	(1,016)
Per share - basic ($/share)	(0.01)	(0.03)	(0.03)	(0.16)

LIQUIDITY AND CAPITAL RESOUCES

At September 30, 2012 the Company had cash deficiency of $15,256 and working capital deficiency of $164,115 as compared to December 31, 2011 when the Company had $253,792 cash on hand and working capital of $319,820.

<u>For the nine months ended September 30, 2012</u>

During the nine months ended September 30, 2012, there were no share capital transactions.

On July 10, 2012, the Company granted 2,000,000 share options to its directors and consultants exercisable until July 9, 2017 at a price of $0.15 per common share.

<u>For the nine months ended September 30, 2011</u>

During the nine month ended September 30, 2011, the following share capital transactions occurred:

(a) 500,000 common shares valued at $200,000 were issued for in lieu of a $500,000 work commitment on the Golden Fox Property;

(b) 2,000,000 common shares valued at $1,040,000 were issued as acquisition on the Sunrise Claims;

(c) 5,650,000 common shares valued at $3,898,500 were issued as acquisition on the La Paloma Claims;

(d) 2,010,000 warrants were exercised at prices of $0.18 to $0.25 per warrant for total proceeds of $613,882. The weighted average share price at the dates of exercise was $0.23 per share; and

(e) 2,464,400 units were issued in a non-brokered private placement at a price of $0.90 per unit. Each unit consists of one common share and one-half of one transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $1.50 until July 5, 2012. The fair value of the share purchase warrants was $462,374 and was allocated to reserves. The Company paid finder's fees comprising of $174,556 and 193,952 finder's warrants. Each finder's warrant entitles the holder to acquire an additional common share of the Company at a price of $1.50 until July 5, 2012. The fair value of the finders's warrants was $83,778 and was included in reverses. Additional share issuances costs paid on the private placement were $11,306.

OUTSTANDING SHARES

As at nine months ended September 30, 2012, the Company had the following outstanding:

- 24,133,492 common shares
- 2,031,250 share options
- 2,847,200 warrants issued with private placements

As of the date this report, the Company had the following outstanding:

- 24,133,492 common shares
- 2,031,250 share options
- 1,232,200 warrants

TRANSACTIONS WITH RELATED PARTIES

The following expenses were incurred with directors and officers of the Company for the nine months ended September 30, 2012 and 2011:

		2012		2011
Management fees - William Rascan, President and director	$	36,129	$	-
Management fees - Joseph Meagher, CFO and director		5,250		-
Management fees - Mitch Adam, former director		50,000		90,000
Consulting fees - Nav Dhaliwal, former director		50,000		54,000
Deferred exploration - Thomas Clarke, director		25,000		39,000
Accounting fees - Casey Forward, former director		37,500		40,000
Group medical expenses for management		7,804		-
Total Key Management Compensation	$	211,683	$	223,000
Rent recovery		(20,750)		-
Total related party transactions	$	190,933	$	223,000

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and in certain cases, by signed agreements. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

As at September 30, 2012 accounts payable and accrued liabilities included $120,946 (December 31, 2011 - $590) due to companies controlled by directors. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

Due to related parties

	September 30, 2012	September 30, 2011
Amount due to Mitch Adam (former director) for managment fees	$ 22,400	$ 590
Amount due to Nav Dhaliwal (former director) for consulting fees	22,400	-
Amount due to Thomas Clarke, director, for deferred exploration fees	13,440	-
Amount due to Casey Forward (former director) for accounting fees	25,200	-
Amount due to a company with directors in common	37,506	-
	$ 120,946	$ 590

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company had no proposed transactions.

COMMITMENT

The Company has entered into management services and consulting agreements expiring on various dates from May 16, 2012 to June 15, 2013 with a total monthly commitment of $19,500. All the management services and consulting agreements can be terminated with 90 days notice.

FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash, amounts receivable, investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 – Input for assets or liabilities that are not based on observable market data.

The Company's financial assets and liabilities are measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified entirely based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's cash, amounts receivable and accounts payable and accrued liabilities approximates the carrying amounts due to the short term nature of these instruments.

As at September 30, 2012 and December 31, 2011, the Company's financial instruments measured at fair value using the hierarchy are as follows:

	September 30, 2012				December 31, 2011			
Assets	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments	$ 18,000	-	-	$ 18,000	$ 155,659	-	-	$ 155,659

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates made in the preparation of these financial statements include the recoverability of the carrying value of exploration and evaluation assets, accrued liabilities, assumptions for the determination of fair value of share-based payments, and for the recoverability of deferred tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

CHANGES IN ACCOUNTING POLICES INCLUDING INITAL ADOPTION

New Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standards and interpretations have been issued but are not yet effective:

IFRS 9 ***Financial Instruments*** - IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 ***Consolidated Financial Statements*** **-** IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 11 ***Joint Arrangements*** - describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 ***Disclosure of Interests in Other Entities*** **-** IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 ***Fair Value Measurement*** **-** IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard is effective for annual periods beginning on or after January 1, 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the

market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.
Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the properties.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.
Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to the mineral properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

The Company may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the properties. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The properties in which the Company holds an interest are considered to be early exploration stage properties; however, no mineral reserve or mineral resource estimates have been prepared in respect of the properties. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the properties, could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompletion of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the financial statements of the Company for the nine months ended September 30, 2012.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

On May 16, 2012, the Company appointed William Rascan as President and a director and Steven Feldman as a director. Mitchell Adam resigned as President and a director and Navjit Dhaliwal resigned as a director.

On June 16, 2012, the Company appointed Joseph Meagher as Chief Financial Officer and a director and Keith Anderson as a director. Casey Forward resigned as Chief Financial Officer and a director, and Patrick Morris resigned as a director.

Current directors and officers of the Company are as follows:

William Rascan, President and Director
Joseph Meagher, CFO and Director
Keith Anderson, Director
Steven Feldman, Director
Thomas Clarke, Director

OUTLOOK

The Company's primary focus for the foreseeable future will be on reviewing its financial position, continuing exploration and development activities on its exploration and evaluation assets.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.