MINERVA MINERALS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the years ended September 30, 2011 and 2010

MINERVA MINERALS CORPORATION
MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
FORM 51-102F FOR THE YEAR ENDED SEPTEMBER 30, 2011

INDEX

INTRODUCTION

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Minerva Minerals Limited ("Minerva," the "Company") should be read in conjunction with the audited financial statements of the Company and the related notes thereof for the years ended September 30, 2011 and 2010. In this discussion and analysis, unless the context otherwise dictates, a reference to the Company refers to Minerva Minerals Limited. Additional information relating to the Company is available for viewing under the Company's profile on the SEDAR website at www.sedar.com.

This discussion and analysis contains forward-looking statements. Please refer to the cautionary language on page 17.

DATE OF REPORT

This MD&A is prepared as of January 27, 2012. All amounts in the financial statements and this MD&A are expressed in Canadian dollars unless otherwise indicated.

OVERVIEW

Minerva was incorporated on June 5, 2006 under the Canada Business Company's Act. The shares of the Company were listed on the Canadian National Stock Exchange ("the CNSX"), (formerly the Canadian Trading and Quotation System Inc. Stock Exchange), commencing trading on August 13, 2007. The Company is in the business of location, acquisition, exploration and development of mineral properties.

The Company's exploration efforts are focused on the exploration and development of its properties in Canada. The Company is in the process of exploring its resource properties and has not yet determined whether the properties contain minerals or mineral reserves that are economically recoverable.

These audited financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. All monetary amounts are in Canadian dollars unless otherwise noted.

The general business strategy of the Company is to acquire mineral properties either directly or through the acquisition of operating entities. The continued operations of the Company and the recoverability of mineral property costs and any related deferred costs is dependent upon the existence of economically recoverable mineral reserves, confirmation of the Company's interest in the underlying mineral claim, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production from the property or proceeds from the disposition thereof. The amounts shown as mineral property costs on the Balance Sheet represent costs to date and do not necessarily represent present or future values. The Company has incurred recurring operating losses since inception, has not generated any operating revenues to date. The Company requires additional funds to meet its obligations and maintain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are to raise equity financing through private or public equity investment in order to support existing operations and expand its business. There is no assurance that such additional funds will be available to the Company when required or on terms acceptable to the Company. The September 30, 2011 audited financial statements do not include any adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities that might result from this uncertainty.

On October 29, 2010, the Company completed a non-brokered private placement consisting of 400,000 common shares of the Company at a price of $0.15 per Share to raise gross proceeds of $60,000. The net proceeds from the Private Placement were used for general working capital purposes.

On June 21, 2011, the Company closed a non-brokered private placement of 4,000,000 units (the "Units") at a price of $0.07 per Unit for proceeds of $280,000 (the "Private Placement"). Each Unit consists of one common share and one-half of one share purchase warrant (the "Warrants"); each whole Warrant entitles the holder to purchase one additional common share at a price of $0.10 per common share until June 21, 2012.

The Company paid finder fees totaling $42,480 and issued an aggregate 320,000 finder's warrants (the "Finder's Warrants") to finders who assisted with this placement, in accordance with regulatory policies. Each Finder's Warrant will entitle the holder to purchase one common share at a price of $0.10 per common share until June 21, 2012. The net proceeds from the Private Placement will be used for general working capital purposes.

SELECTED ANNUAL INFORMATION

The following information has been extracted from the Company's annual financial statements for each of the three most recently completed financial years:

		As at and for the financial year ended September 30		
		2011	**2010**	**2009**
(i)	Net sales or total revenue ($000s)	**$Nil**	**$Nil**	**$Nil**
(ii)	Net loss:			
	(i) in total	**$ (113,812)**	**$ (64,716)**	**$ (55,958)**
	(ii) per share [1]	**($0.02)**	**($0.01)**	**($0.01)**
(iii)	Total assets	**$ 222,768**	**$ 19,306**	**$ 28,409**
(iv)	Total long-term financial liabilities	**$Nil**	$Nil	$Nil
(v)	Cash dividends declared per share	**n/a**	n/a	**n/a**

(1) Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive.
(2) The Company was incorporated on June 5, 2006.

SUMMARY OF QUARTERLY RESULTS

The following tables summarize information derived from the Company's financial statements for each of the eight most recently completed quarters:

	Quarter Ended:	September 30	June 30	Mar 31	Dec 31	Sep 30	June 30	Mar 31	Dec 31
	Year:	2011	2011	2011	2010	2010	2010	2010	2009
		$	$	$	$	$	$	$	$
(i)	Net sales or total revenue ($000s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii)	Income (loss) from: continuing operations								
	(i) in total	(8,972)	(78,032)	(10,166)	(16,642)	(5,344)	(39,705)	(7,582)	(12,085)
	(ii) per share[1]	(0.02)	(0.02)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)
(iii)	Net income or (loss):								
	(i) in total	(8,972)	(78,032)	(10,166)	(16,642)	(5,344)	(39,705)	(7,582)	(12,085)
	(ii) per share[1]	(0.02)	(0.02)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)

(1) Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive.

Net loss has remained relatively consistent over the past eight quarters.

RESULTS OF OPERATIONS

Three month period ended September 30, 2011

Our general and administrative expenses consist primarily of personnel costs, legal costs, shareholder/investor relations costs, stock based compensation costs, accounting costs and other professional and administrative costs. For the three months ended September 30, 2011 the Company recorded a net loss of $8,972 (2010 – $5,344) or $(0.02) per share (2010 - $0.00). The increase is mainly due to accounting, audit and legal of $6,372 (2010 - $3,468).

Year ended September 30, 2011

Our general and administrative expenses consist primarily of personnel costs, legal costs, shareholder/investor relations costs, stock based compensation costs, accounting costs and other professional and administrative costs. For the year ended September 30, 2011 the Company recorded a net loss of $113,812 (2010 – $64,714) or $(0.02) per share (2010 - $0.01). This amount includes professional fees – accounting, audit and legal $19,266 (2010 - $45,671). The increase is mainly due to consulting fees of $75,600 (2010 - $nil), offset by a decrease in accounting, audit and legal of $26,405 to $19,266 from $45,671 in 2010.

Exploration Activities

Resource Properties	Balance September 30 2010 $	Additions 2010/2011 $	Write-down 2010/2011 $	Balance September 30 2011 $
Canada:				
Ashcroft 1 Claim	1	-	-	1
Lone Tree Showing Claims	15,420	4,156	-	19,576
	15,421	4,156	-	19,577

The Company's exploration properties are in the exploration stage, have not commenced commercial production and consequently the Company has no history of operating earnings or cash flow from operations. The success of exploration programs and other property transactions can have a significant impact on spending requirements. Minerva currently finances its activities primarily by the private placement of securities. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. There are many conditions beyond the Company's control which have a direct bearing on the level of investor interest in the purchase of Company securities. The Company may also attempt to generate additional working capital through the operation, development, sale or possible joint venture development of its properties, however, there is no assurance that any such activity will generate funds that will be available for operations.

Effective June 6, 2006 the Company acquired a 100% mineral interest in the Ashcroft 1 Claim, a 491 hectare property located near Cache Creek in the Kamloops Mining Division, British Columbia for cash consideration of $100.

The claim is currently in good standing until June 14, 2012. Exploration expenditures of $8 per hectare, or payment in lieu of such expenditures, will be required to renew the claim beyond that date. For the year ended September 30, 2011, the Company incurred exploration expenses of $4,124 (year ended September 30, 2010 - $4,124).

Effective December 3, 2007 the Company acquired a 100% interest in the Lone Tree Showing claims for cash consideration of $12,000. The four mineral claims, totaling 409.077 hectares are located directly to the west of our Ashcroft property and are near Cache Creek in the Kamloops Mining Division, British Columbia.

The claims are in good standing with renewal dates ranging from August 8, 2012 to November 17, 2012. Exploration expenditures of $4 per hectare, or payment in lieu of such expenditures, are required to renew the claim beyond the initial claim register dates (August 8, 2007 to November 17, 2007) for each of the second and third anniversary years, and $8 per hectare for each subsequent anniversary year. During the year ended September 30, 2011, the Company incurred payment in lieu of exploration expenditures totalling $4,156 (year ended September 30, 2010 - $1,800), which were recorded as capitalized mineral property costs.

LIQUIDITY AND CAPITAL RESOURCES

The Company's exploration properties are in the exploration stage, have not commenced commercial production and consequently the Company has no history of earnings or cash flow from its operations. As a result, the Company is reviewing its 2012 exploration and capital spending requirements in light of the current and anticipated, global economic environment.

The Company currently finances its activities primarily by the private placement of securities. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. There are many conditions beyond the Company's control which have a direct bearing on the level of investor interest in the purchase of Company securities. The Company may also attempt to generate additional working capital through the operation, development, sale or possible joint venture development of its properties; however, there is no assurance that any such activity will generate funds that will be available for operations. Debt financing has not been used to fund the Company's property acquisitions and exploration activities and the Company has no current plans to use debt financing. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives. The Company has no agreements or understandings with any person as to additional financing.

At September 30, 2011, the Company had cash of $201,585 (September 30, 2010 - $1,552), working capital of $198,962 (September 30, 2010 – working capital deficiency $56,190) and an accumulated deficit of $503,863 (September 30, 2010 - $390,051) and shareholders' equity of $218,539 (September 30, 2010 - shareholders' deficiency of $40,769). As at September 30, 2011, the Company had sufficient cash to meet its obligations for accounts payable and accrued liabilities. Cash outflow from operations for year ended September 30, 2011, was up in comparison with the same period in 2010 as a result of management fees and increased legal costs. The movement in working capital in 2011 resulted from the planned expenditures and investments on exploration, project development, corporate costs and other operating activities. The Company has no long-term debt or capital commitments and current liabilities at September 30, 2011 were $4,229 (September 30, 2010 - $60,075).

Cash Flow

Operating activities: The Company's cash outflow from operating activities was $168,931 (September 30, 2010 – used cash of $11,436) through the year ended September 30, 2011. Changes in receivables resulted in a decrease of $727 compared to an increase of $2,333 in 2010. There was a decrease in accounts payable and accrued expenses of $38,286 compared to an increase of $38,053 in 2010.

Investing Activities: During the year ended September 30, 2011, investing activities consisted of expenditures on mineral properties of $4,156 (September 30, 2010 - $1,800).

Financing Activities: The Company intends to finance its activities by raising capital through the equity markets. On October 29, 2010, the Company completed a non-brokered private placement consisting of 400,000 common shares of the Company at a price of $0.15 per Share to raise gross proceeds of $60,000. On June 21, 2011, the Company closed a non-brokered private placement of 4,000,000 Units at a price of $0.07 per Unit for proceeds of $280,000.The Company paid finder's and legal fees relating to the private placement totaling $42,480 (see Note 5 (b) in the notes to the September 30, 2011 audited financial statements). The net proceeds from the Private Placement will be used for general working capital purposes.

Dividends

The Company has neither declared nor paid any dividends on its Common stock. The Company intends to retain it's earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common shares in the foreseeable future.

Financial Instruments

The Company's financial instruments as at September 30, 2011 include cash, receivables, and accounts payable and accrued liabilities. The Company has designated its cash as held-for-trading, which is measured at fair value. Cash and is determined based on transaction value and is categorized as Level 1 measurement. Fair value of accounts payable and accrued liabilities is determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

The Company places its cash with high credit quality financial institutions. The Company had funds deposited in banks beyond the insured limits at September 30, 2011 but not at September 30, 2010.

SHARE CAPITAL

At January 27, 2012, the Company had:

- Authorized capital stock consists of an unlimited number of common shares with no par value.

- 9,151,000 common shares issued and outstanding (September 30, 2011 - 9,151,000 common shares) or 11,471,000 on a fully diluted basis. If the holders were to acquire all 2,320,000 shares issuable upon the exercise of the warrants outstanding, the Company would receive an additional $232,000.

- 2,320,000 warrants outstanding. The warrants entitle the holder to purchase one common share of the Company at a price of $0.10 per common share until June 21, 2012.

OUTLOOK

The information below is in addition to the disclosure concerning specific operations included in the Review of Operations section of this MD&A.

General Economic Conditions

Volatility of exchange traded commodity prices in recent months, including precious and base metal prices has been unusually high. It is difficult in these conditions to forecast metal prices and demand trends for products that we would produce if we had current mining operations. Credit market conditions have also increased the cost of obtaining capital and limited the availability of funds. Accordingly, management is reviewing the effects of the current conditions on our business.

It is anticipated that for the foreseeable future, the Company will rely on the equities markets to meet its financing need. The Company will also consider entering into joint venture arrangements to advance its projects.

Capital and Exploration Expenditures

We are reviewing our capital and exploration spending in light of current market conditions. As a result of our review, the Company may curtail a portion of its capital and exploration expenditures during 2012.

We are currently concentrating our exploration activities in Canada and examining data relating to the potential acquisition or joint venturing of additional mineral properties in either the exploration or development stage.

OFF-BALANCE SHEET ARRANGEMENTS

During the year ended September 30, 2011 and 2010, the Company was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

CONTRACTUAL OBLIGATIONS

As at September 30, 2011, there were no significant contractual obligations and commercial commitments.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year ended September 30, 2011.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with Canadian GAAP requires the Company to establish accounting policies and to make estimates that affect both the amount and the timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain. The Company's accounting policies are described in note 2 to its annual financial statements.

Mineral Properties

Mineral properties can represent the most significant assets of the Company. All direct costs, net of preproduction revenue relative to the acquisition of mineral rights and concessions, exploration for and development of the Company's exploration properties are capitalized. Costs associated with resource properties and/or property, plant and equipment also include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to earnings. Exploration activities conducted jointly with others are reflected at the Company's proportionate interest in such activities. The values of the mineral resource properties are primarily driven by the nature and amount of the mineral interests believed to be contained or potentially contained, in properties to which they relate. The Company reviews and evaluates its capitalized resource property costs and property plant and equipment costs for impairment annually or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if the total estimated future undiscounted cash flows are less that the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

Depreciation and depletion is determined based on carrying values of mineral properties, if any. Depreciation is based on the estimated useful lives of the assets and is computed using the straight-line method. Once commercial production has commenced, the net deferred costs of the applicable property are charged to operations. Depletion is calculated using the unit-of-production method based on estimated proven and probable recoverable reserves. Mineral resources or reserves are an estimate of the quantity of economically recoverable ore and/or mineralization and will change from time to time as a result of additional geological information, actual grade or recoveries different from original estimates or commodity price changes.

The net costs related to abandoned properties or where mineral rights expire is charged to operations. Costs related to site restoration programs are accrued over the life of the project.

As at September 30, 2011 and 2010, the Company's mineral exploration properties did not have proven reserves.

Stock Option and Warrant Valuation

The determination of the fair value of incentive stock options and warrants issued requires management to estimate future stock volatility, expected life, and a risk-free rate of return. The Company uses the fair-value method of accounting for stock-based compensation related to incentive stock options and warrants granted modified or settled. Under this method, compensation cost attributed to options granted is measured at the fair value at the grant date and expensed over the vesting period with the corresponding increase charged to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the stock-based compensation being less than or greater than the amount recorded. During the year ended September 30, 2011, the Company recorded stock-based compensation costs of $Nil (September 30, 2010 - $Nil).

Income and Mining Taxes

The Company uses the liability method of accounting for income taxes. Under the liability method, future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, using the substantively enacted income tax rates at each balance sheet date. Future income tax assets also result from unused loss carryforwards and other deductions. The value of future income tax assets is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated net realizable amount.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (the "IFRS")

The Canadian Accounting Standards Board ("AcSB") has confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ending December 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment included:

- Exploration and development expenditures;
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progressed, other elements of the Company's IFRS implementation plan were also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing and progress of these activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Completed
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Completed
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Completed
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Completed
Management and employee education and training	Completed
Quantification of the Financial Statement impact of changes in accounting policies	In progress

The Company continues to monitor the deliberations and progress on plans to converge to IFRS by accounting standard setting bodies and securities regulators in Canada.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but is intended to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time, however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below:

1) Exploration and Evaluation Expenditures

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties. Exploration and evaluation costs are those expenditures for an area or project for which technical feasibility and commercial viability have not yet been determined. Under IFRS, Minerva will expense these costs as Exploration and Evaluation costs on the income statement. The initial adoption of this standard will result in a decrease in mineral properties and related deferred costs of $19,577 as at September 30, 2011. The charge of $15,421 will be made to retained earnings and $4,156 will be charged to Exploration and Evaluation costs on the income statement, and under the restated year ended September 30, 2011 income statement under IFRS. When the area or project is determined to be technically feasible and commercially viable, the costs will be transferred to PP&E. Development costs will include those expenditures for areas or projects where technical feasibility and commercial viability have been determined. Under IFRS, Minerva will capitalize these costs within PP&E on the balance sheet. The costs will be depleted on a unit-of-production basis.

2) Impairment of (Non-financial) Assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets will be changed to reflect these differences. However, the Company does not expect that this change will have an immediate impact on the carrying value of its assets. The Company will perform impairment assessments in accordance with IFRS at the transition date.

3) Share-based Payments

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

The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change in line items within its financial statements.

4) Asset Retirement Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences. However, the Company does not expect this change will have an immediate impact on the carrying value of its assets.

5) Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future income taxes than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

6) Foreign Currency

IFRS requires that the functional currency of the Company be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to foreign currency that would result in a significant change to line items within its financial statements at the transition date.

Subsequent Disclosures

Future disclosers of the IFRS transition process are expected as follows:

- The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending December 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending December 31, 2011, will also include the comparative period adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (at September 30, 2011).

RISKS AND UNCERTAINTIES

The Company faces a number of uncertainties, including the ability to raise sufficient capital to fund exploration activities and ongoing administrative expenses. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of its properties or even a loss of property interests. The business of the Company, mineral exploration and development, involves a high degree of risk. The exploration, development, mining and processing of minerals from the Company's properties will require substantial additional financing. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Nor is there any assurance that if such properties contain such ore bodies that the Company will be able to discover and develop them. The extraction of metals and minerals from ore involves complicated metallurgical processes and recovery rates and costs can vary; there is no assurance that ore bodies, if discovered, will be able to be mined economically or successfully.

(a) Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruption of activities or scheduled work programs, due to weather conditions, barriers to property access, whether natural (such as floods or road damage) or man-made (such as blockades), depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

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 its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company not receiving an adequate return on invested capital.

(b) Commodity Price Risk

The price of the common shares in the capital the Company, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold, copper, nickel, platinum or any other minerals discovered prices fluctuate widely and are affected by numerous factors beyond the Company’s control, such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company’s revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests in properties related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company’s exploration projects, cannot accurately be predicted.

(c) Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

(d) Financing Risks

The Company has limited financial resources and no current revenues. There is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

(e) Permits and Licences

The operations of the Company may require licences and permits from various governmental authorities. The Company believes that it presently holds all necessary licences and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such laws and regulations. However, such laws and regulations are subject to change. There can be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations at its projects.

(f) No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned. Some of the Company's properties may be subject to claims from aboriginal peoples which may affect exploration activities and costs.

(g) Environmental Regulations

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploration and mining operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement; fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

(h) Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interest of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* to disclose the conflict of interest and to abstain from voting on the matter.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

(i) Dependence on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations.

(j) Political Risk

All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in that country. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

(k) Interest Rate Risk

The Company invests cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

(l) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2011, the Company had current assets of $203,191 (2010 - $3,885) to settle current liabilities of $4,229 (2010 - $60,075). The ability of the Company to continue to pursue its exploration activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2011, the Company had working capital of $198,962 (2010 – working capital deficiency of $56,190).

(m) Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

(n) Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

RELATED-PARTY TRANSACTIONS

Our proposed business raises potential conflicts of interests between certain of our officers and directors and us. Certain of our directors are directors of other mineral resource companies and, to the extent that such other companies may participate in ventures in which we may participate, our directors may have a conflict of interest in negotiating and concluding terms regarding the extent of such participation. In the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, we will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, involvement in a greater number of programs and reduction of the financial exposure with respect to any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

In determining whether we will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to us, the degree of risk to which we may be exposed and its financial position at that time. Other than as indicated, we have no other procedures or mechanisms to deal with conflicts of interest. We are not aware of the existence of any conflict of interest as described herein.

Other than as disclosed below, during the year ended September 30, 2011 and 2010, none of our current directors, officers or principal shareholders, nor any family member of the foregoing, nor, to the best of our information and belief, any of our former directors, senior officers or principal shareholders, nor any family member of such former directors, officers or principal shareholders, has or had any material interest, direct or indirect, in any transaction, or in any proposed transaction which has materially affected or will materially affect us.

There have been no transactions or proposed transactions with officers and directors during the last twelve months to which we are a party except as follows:

During the year ended September 30, 2011, the Company incurred management fees of $75,600 (year ended September 30, 2010 - $Nil) with directors. The transactions were recorded at the exchange amount, being the value established and agreed to by the related parties.

FORWARD-LOOKING STATEMENTS

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

APPROVAL

The Board of Directors of Minerva Minerals Limited has approved the disclosure contained in this management discussion and analysis and is effective as of January 27, 2012.