

LA IMPERIAL RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS

**For the Period ended
May 31, 2012**

Introduction

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of La Imperial Resources Inc. ("the Company") as at May 31, 2012 and for the nine month period then ended in comparison to the same period in 2011.

This MD&A should be read in conjunction with the condensed financial statements for the nine months ended May 31, 2012 and supporting notes. These condensed consolidated financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting. A reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS is set out in Note 19 to these condensed financial statements

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is July 27, 2012.

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

FORWARD-LOOKING INFORMATION

This MD&A together with the Company's financial statements for the period ended May 31, 2012 contain certain statements that may be deemed "forward-looking statements". Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "continue", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic condition, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are

cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Description of Business

La Imperial Resources Inc. (the "Company") was incorporated on October 4, 2004 under the Canada Business Corporations Act and its principal activity is the acquisition and exploration of mineral properties located in Mexico.

The Company is a reporting issuer in British Columbia, Alberta and Ontario and its shares are listed on the CNQ Stock Exchange under the symbol LAI.

The Company has its corporate and administrative office in Vancouver and a field office in, Chihuahua, Mexico.

Subsidiary

The Company acquired on November 8, 2006 a 99.9% interest in La Kathrina de Mexico, S.A de CV ("La Kathrina"), a Mexican company, by issuing six million common shares valued at \$300,000, subject to an escrow restriction, to the La Kathrina shareholders, which included two company directors and certain family members. La Kathrina's sole asset and undertaking are the Uruachi concessions located in the state of Chihuahua, Mexico.

The acquisition was accounted for by the purchase method, with the Company identified as the acquirer, for consideration comprised of 6,000,000 shares valued at \$300,000, the amount was based on the estimated expenditures incurred on the property by La Kathrine prior to the acquisition. The purchase price was allocated entirely to mineral property acquisition costs.

Mineral Project

Uruachi Concessions - Chihuahua, Mexico

State of Chihuahua, Mexico

The Company entered into an agreement on November 30, 2005, subject to the expenditure of \$200,000 on exploration and also for due diligence, and on November 8, 2006 acquired 99.9% of the outstanding common shares of La Kathrina in consideration for the issue of six million Company common shares (issued) at \$0.05 per share, for a total payment of \$300,000. La Kathrina has a 70% interest in seven mining concessions covering 13,209 hectares.

The Property is located at approximately 27° 50' North Latitude, 108° 30' West Longitude in the Municipality of Uruachi, at 170km S56° W of Cuauhtemoc, 255km S 75° W of Chihuahua and 45km east of the boundary of the State of Sonora.

The Geologic Mining Monograph for the State of Chihuahua, (1994) describes the location of Cerro Verde mineral showing (not on the Property but contained within the Tojiachic Concessions) as a copper/gold/silver skarn occurrence and the S. Vase Del Pinal (also outside the Company's concessions but within the Pinal 4 concession surrounded by the Company's area of interest) as a gold/silver vein.

Past ownership of the property is not known. Work done by the vendor, Mr. Ernesto Santillan Pinon, has been minimal. The Company has completed no work on its own account, aside from site visits to the mineral occurrences. The current active period of exploration was initiated in 1996 by David Ross with sampling and analysis of material from the Pamachic showings.

David Ross now with the Company, visited the area in 1996 collecting samples from the Pamachic and Cerro Verde showings. Sampling and geological reconnaissance were undertaken during 2002 by Mr. Ross and a property visit was completed by Peter Tegart, P. Geo., during July 2002. Rock samples were collected by D. Ross but were not described in detail. Petrographic undertaken by Lloyd Clark, P.Eng on two rock specimens from Pamachic: Ross #1 and Ross #2 in August 1996, with Sample #1 being described as a porphyritic felsic volcanic or fine grained dyke rock and sample #2 described as a clay carbonate-oxide rock interpreted as a volcanic exhalite.

Craig Leitch, Ph.D, P.Eng on March 31, 2002 also described a specimen from Pamachic as a garnet-clinopyroxene-quartz skarn partly retrograded to chlorite/hydrobiotite and containing copper oxides and carbonates.

In 2003 Calypso Acquisition Corp. completed rock and drainage geochemistry on the property. Rock samples collected as chip samples by one of the Report Authors during March 2003.1

The samples collected by the Author in 2003 were delivered to ALS Chemex in North Vancouver for analysis for thirty-five elements by Aqua Regia solution and analysis by Induction Coupled Plasma ("I.C.P.") methods. Sample preparation included fine crushing to 70% - 2mm, splitting and pulverizing to 85% - 75um. Gold was analyzed using Au - AA23 (Au 30g FA - AA finish), silver Ag - AA46 - (aqua regia AA), Cu/Zn - AA46 aqua regia/AA. The samples were retained in the Author's possession until delivery to the laboratory.

The Company plans to complete the exploration programs recommended in the Report. The Company plans to complete further exploration and development on the concessions based on the results of these programs.

Risks and Uncertainties

The Company's principal activity of mineral exploration is considered to be very high risk. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic, with some of the most significant risks being:

1. Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small;

2. The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them;
3. Although the Company has taken steps to verify title to the mineral properties it has an interest in or is earning into, there is no guarantee that the property will not be subject to title disputes or undetected defects; and
4. The global economy experienced a significant downturn which has negatively impacted commodity prices and credit availability which in turn has significantly reduced valuations of most companies in the resource sector. As such, the markets where the Company has traditionally raised equity capital have been significantly curtailed. As such, it will most likely be more difficult and costly, in terms of dilution, to raise equity capital over the short and medium term.

Results of Operation

Nine Month Period Ending May 31, 2012

During the period ended May 31, 2012 the Company recorded a loss of \$231,873 or \$0.02 diluted loss per share, compared to loss of \$239,845 or \$0.02 diluted per share for the same period last year. The decrease in the loss reported is primarily due to the decreased in consulting fees.

- Administration fee of \$22,500 (2011-\$23,310) were paid to a private company for secretarial and general administrative services.
- Interest expenses of \$117,464 (2011-\$82,954) accrued from the shareholders of the Company. The loans are unsecured and bears interest of 12% per annum, with no fixed terms of repayment.
- Consulting fees of \$33,000 (2011-\$90,837) is paid for general management and consulting fee.

Also, during the period ended May 31, 2012 the Company also incurred office expenses of \$12,161 (2011- \$11,721), professional fees of \$31,078 (2011-\$23,570), travel of \$10,232 (2011-\$2,002) and transfer and filing fees of \$5,134 (2011-\$4,920)

Three Month Period Ending May 31, 2012

During the period ended May 31, 2012 the Company recorded a loss of \$80,964 or \$0.01 diluted loss per share, compared to loss of \$75,625 or \$0.01 diluted per share for the same period last year. The increase in the loss reported is due to increase in consulting fee and interest expenses.

- Administration fee of \$7,500 (2011-\$7,500) were paid to a private company for secretarial and general administrative services.

- Interest expenses of \$42,304 (2011-\$40,681) accrued from the shareholders of the Company. The loans are unsecured and bears interest of 12% per annum, with no fixed terms of repayment.
- Consulting fees of \$13,800 (2011-\$8,500) is paid for general management and consulting fees.

Also, during the period ended May 31, 2012 the Company also incurred office expenses of \$4,352 (2011- \$3,750), professional fees of \$8,578 (2011-\$13,570), travel of \$2,479 (2011-\$Nil) and transfer and filing fees of \$1,849 (2011-\$1,496).

Summary of Quarterly Results

The selected information set out below has been gathered from quarterly consolidated financial statements:

| | Three Months Period Ended | | | |
|-----------------------------|---------------------------|----------------------------|----------------------------|--------------------------|
| | May 31, 2012 \$ | February 28, 2012 \$ | November 30, 2011 \$ | August 31, 2011 \$ |
| Interest Income | 54 | Nil | Nil | Nil |
| Net Gain (Loss) | (80,910) | (71,004) | (79,959) | (55,790) |
| Basic and diluted per share | (0.00) | (0.00) | (0.00) | (0.00) |

| | Three Months Period Ended | | | |
|-----------------------------|---------------------------|----------------------------|----------------------------|--------------------------|
| | May 31, 2011 \$ | February 28, 2011 \$ | November 30, 2010 \$ | August 31, 2010 \$ |
| Interest Income | 52 | Nil | Nil | Nil |
| Net Gain (Loss) | (75,573) | (120,393) | (43,827) | 216,138 |
| Basic and diluted per share | (0.01) | (0.01) | (0.00) | 0.02 |

The above table includes adjustments to net income (loss) totals and per share values after implementation of IFRS adjustments. The following schedule reconciles net income (loss) and per share income (loss) for the four quarters ended August 31, 2011. No adjustments were made to fiscal 2009 figures.

| | As original Reported \$ | IFRS adjustment \$ | Balance under IFRS \$ | Per share Under IFRS |
|-------------------|-------------------------------|--------------------------|-----------------------------|----------------------------|
| August 31, 2011 | (55,790) | - | (55,790) | (0.00) |
| May 31, 2011 | (75,573) | - | (75,573) | (0.01) |
| February 28, 2011 | (120,393) | - | (120,393) | (0.01) |
| November 30, 2010 | (43,827) | - | (43,827) | (0.00) |

The Company's loss remained at consistent levels through the eight quarters. During the fourth quarter of fiscal 2010 net loss was decreased due to the debt forgiveness of \$240,000 and legal fee recovery of \$18,082.

Liquidity and Capital Resources

The Company has \$822 in cash on hand. The Company has a working capital deficiency of \$1,897,859 as at May 31, 2012 and deficit of \$2,033,642. The Company continues to be able to generate sufficient cash resources in private placement financings. The Company's continued existence as a going concern is dependent upon the continued support of related parties and its ability to raise adequate long-term financing.

The Company will continue to require funds and as a result, will have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any commitments for material capital expenditures over either the near or long term and none are presently contemplated other than as disclosed above or over normal operating requirements.

Commitments and Significant Contracts

The Company has entered into management, administrative and rental agreements with certain private companies for \$7,250 per month.

Critical Accounting Policies and Estimates

The details of La Imperial's accounting policies are presented in Note 3 of the condensed interim financial statements ended May 31, 2012. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

Adoption of Accounting Standards and Pronouncements under IFRS

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with earlier application permitted.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS condensed interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be

presented in accordance with IFRS for the year ending August 31, 2012. Previously, the Company prepared its annual and interim financial statements in accordance with GAAP.

Transition to IFRS

The accounting policies in Note 4 of the condensed financial statements have been applied as follows:

- in preparing the condensed interim financial statements for the nine months ended May 31, 2012;
- the comparative information for the nine months ended May 31, 2012;
- the statement of financial position as at August 31, 2011; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, September 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the three and nine months ended May 31, 2011 and the financial statements for the year ended August 31, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP ("CAGAAP").

First-Time Adoption of International Financial Reporting Standards ("IFRS")

The Company's financial statements for the year-ending August 31, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result the first date at which the Company has applied IFRS was September 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be August 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Canadian GAAP.

Initial elections upon adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

Business Combinations

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Compound Financial Instruments

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

Hedge Accounting

Hedge accounting can only be applied prospectively from September 1, 2010 to transactions that satisfy the hedge accounting criteria in IAS 39 at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created retrospectively. There was no material transition impact under this exception.

Estimates

IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Group previously made under Canadian GAAP have not been revised for application of IFRS.

Reconciliations of Canadian GAAP Equity and Comprehensive Income to IFRS

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the statements of financial position and statements of comprehensive income have resulted in reclassifications of various amounts on the consolidated statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

Management Financial Risks

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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:

- a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- c. Level 3 – inputs that are not based on observable market data.

| | Financial assets at fair value | | | May 31, 2012 |
|--------------------------------------|--------------------------------|---------|---------|--------------|
| | Level 1 | Level 2 | Level 3 | |
| Held-for-trading financial asset | | | | |
| Cash | \$ 822 | | | \$ 822 |
| Restricted cash | 5,750 | | | 5,750 |
| Total financial assets at fair value | \$ 6,572 | | | \$ 6,572 |

| | Financial assets at fair value | | | August 31, 2011 |
|--------------------------------------|--------------------------------|---------|---------|-----------------|
| | Level 1 | Level 2 | Level 3 | |
| Held-for-trading financial asset | | | | |
| Cash | \$ 6 | | | \$ 6 |
| Restricted cash | 5,750 | | | 5,750 |
| Total financial assets at fair value | \$ 5,756 | | | \$ 5,756 |

The fair values of the Company's accounts receivable, amount due to related parties and accounts payable and accrued expenses approximate their carrying values due to their short term nature.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company currently does not have sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in bank accounts which are available on demand.

Market Risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

The Company has some advances which bear interest at a fixed rate and, thus, do not expose the Company to interest rate risk.

Capital Risk Management

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide adequate return to shareholders by maintaining a sufficient level of funds, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out property acquisitions and exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential, and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Management's Report on Internal Control Over Financing Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Outstanding Shares

As at July 27, 2012, the Company had the following securities issued and outstanding:

- a) Authorized: Unlimited number of common shares without par value.
- b) Issued and outstanding shares: 12,085,970