ARMADILLO RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2012

GENERAL

This Management Discussion and Analysis (the “MD&A”) provides relevant information on the consolidated operations and financial condition of Armadillo Resources Ltd (the “Company”) for the year ended May 31, 2012. This MD&A has been prepared as of October 25, 2012.

The MD&A should be read in conjunction with the accompanying audited consolidated financial statements for the year ended May 31, 2012 and the Company’s audited consolidated financial statements and notes thereto for the year ended May 31, 2011 which can be found on SEDAR at www.sedar.com.

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts in this MD&A and in the consolidated financial statements are expressed in Canadian dollars, unless otherwise stated.

The consolidated financial information in this MD&A is derived from the Company’s audited consolidated financial statements prepared by Management 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.

The Company is a reporting issuer in each of the Provinces of British Columbia, Alberta and Ontario. Its head and principal office is located at 411 - 470 Granville Street Vancouver, British Columbia, V6C 1V5.

On February 8, 2011, the Company officially began trading on the Canadian National Stock Exchange (“CNSX”). The trading symbol is CNSX: ARO.

In October 2012, the Company received a cease trade order from the Ontario Securities Commission for failure to file the audited annual consolidated financial statements for the year ended May 31, 2012 in a timely manner.

OVERALL PERFORMANCE

In order to better understand the Company’s financial results, it is important to gain an appreciation for the significant events, transactions and activities on mineral properties which have occurred to the date of this MD&A.

Waverley–Tangier Property

The Company held an option to earn a 60% interest in the Waverley-Tangier gold/silver/lead/zinc property located in east-central British Columbia. The option agreement is not in good standing as significant payments were not made during 2012. Accordingly the property has been fully written off.

LD Property

Property Description

The LD property is located 12 km southeast of Atlin, British Columbia, at approximate latitude 59° 31' N, longitude 133° 28' E. Access to the property is via Surprise Lake Road for 5 km and then Spruce Creek Road for 5 km. An all terrain road runs parallel to Dominion Creek and provides easy access to the property. The town of Atlin lies on the eastern shore of Atlin Lake, the largest natural lake in British Columbia, at an elevation of 670 m.

The claims comprise 12 two-post claims totaling 300 ha, straddling the headwaters of the McKee and Dominion Creeks, major placer gold producing creeks in the area. Dominion Creek is one of the main tributaries to Spruce Creek, a prolific placer gold producer. The main placer gold deposits on Spruce Creek lie immediately below its confluence with Dominion Creek at the site of the historic Nolan Mine in the Atlin Mining District.

Relief in the area is moderately rugged with slopes of up to 30° rising from the Pine Creek Valley at an elevation of 915 m to peaks well over 1800 m. The topography is characterized by wide U-shaped, glacial valleys. The valley bottoms are covered

by thick accumulations of glacial till, which gives way to felsenmeer and outcrop at higher elevations. Treeline is at an approximate elevation of 1400m.

A Canadian Government website (climate.weatheroffice.gc.ca) reports that for the period 1971 to 2000 in Atlin, the highest daily average temperatures occurred during the month of July, with a maximum of 18.6°C. The lowest average winter temperature was -19.3°C during the month of January. Total annual precipitation averaged 347.3 mm.

The LD Property is in good standing until February 4, 2017. This gives the Company tine to review all aspects of the property without have to spend funds until we have funds available specifically for the project. The Company has discussed the property with the Geologist (Ms. Linda Dandy) who wrote the report prior to acquisition and we are in discussion as to what she believes is the priority program.

Exploration History

Gold was first discovered in the Atlin area in 1897 during the Dawson Creek Gold Rush. The first workings were on Pine Creek and by the end of 1898 more than 3,000 people were camped in the Atlin area.

Placer mining has been the economic mainstay for the town of Atlin. Reported placer gold production between 1898 and 1946 (the last year for which government records were kept) from creeks in the Atlin area totaled 634,147 ounces (19,722 kilograms) (Holland, 1950).

A number of the larger placer deposits, including those on Otter, Wright, Boulder, Birch, Ruby, Spruce and Pine Creeks, continued to produce significant quantities of gold into the late 1980s. Although the total placer gold production from the area to date is not available, it probably exceeds one million ounces (Ash, 2001).

From 1983 to 1986, Standard Gold Mines Ltd. worked the western portion of the LD property and the eastern portion of the property was worked by Claymore Resources Ltd. Both companies conducted soil geochemical, geophysical surveys, followed by small trenching and diamond drilling programs. In 1987, Placer Dome Inc. optioned the area containing the LD property but no work was conducted in the vicinity of the LD claims. No additional exploration work has been done on the property from 1987 until now.

Assessment reports filed with B.C. Ministry of Energy, Mines and Petroleum Resources (EMR) state that from 1983 to 1986 Standard Gold Mines Ltd. (Standard) and Claymore Resources Ltd. (Claymore) worked the west and east portions of the LD gold property, respectively. Both Claymore and Standard reported very high gold grades over relatively narrow zones of quartz veining in trenches, grab samples, and diamond drill core. On the western portion of the LD claims, Standard reported high grade gold values from numerous quartz veins in trenches along a shear structure. (EMR Assessment 11511). Several samples returned values in excess of 50 g/t gold including assays of 330.3 g/t gold (9.635 oz/T) and 426.5 g/t gold (15.116 oz/T) from 15kg bulk samples collected from the trenching.

Gold mineralization previously reported by Claymore was found in a trench grab sample of quartz veining in felsic rocks, which assayed 9.39 g/t gold. The best drill intersection was from Hole 1 and returned 0.274 gram gold over 3.05 m.

Property Tenure

Armadillo Resources agreed to purchase a 100% interest in the LD gold property from a privately held group. The Company has to make payments totalling $500,000, which have been paid. There will be a 3% NSR and the Company has the option of purchasing 1% of the NSR for $1,000,000.

Geology & Mineralization

The Atlin region is located in the northwestern corner of the northern Cache Creek (Atlin) Terrane. It contains a fault-bounded package of late Paleozoic and early Mesozoic dismembered oceanic lithosphere, intruded by post-collisional Middle Jurassic, Cretaceous and Tertiary felsic plutonic rocks. Mixed graphitic argillite and pelagic sedimentary rocks that contain minor pods and slivers of metabasalt and limestone dominate the terrane. Remnants of oceanic crust and upper mantle lithologies are concentrated along the western margin. Dismembered ophiolitic assemblages have been described at three localities along this margin: from north to south they are the Atlin, Nahlin and King Mountain assemblages. Each area contains imbricated mantle harzburgite, crustal plutonic ultramafic cumulates, gabbros and diorite, together with hypabyssal and extrusive basaltic volcanic rocks. Thick sections of late Paleozoic shallow-water limestone dominate the western margin of the terrane and are associated with alkali basalts. These are interpreted to be carbonate banks constructed on ancient ocean islands within the former Cache Creek ocean basin. (reproduced from Ash, 2001)

Gold and silver mineralization occurs as quartz stockworks and quartz-filled tension gashes along with minor pyrite, chalcopyrite, galena, and sphalerite. Visible free gold is disseminated throughout the quartz veins, and often occurring with limonite as a dusting or coating on drusy quartz. Auriferous quartz veins are erratically distributed within ultramafic host rocks, principally as fracture-fillings. Vein widths range in the order of four to 90 cm in width.

Amazon Basin Property – Brazil

On November 28, 2011, the Company closed its acquisition agreement to acquire 99% of the outstanding shares of Amazonia for cumulative cash payments of $2,210,790 and issued 37,500,000 shares as consideration. An additional 2,250,000 shares of the Company were issued as finder's fees. As part of the acquisition, the Company is to issue a promissory note for $1,420,000US to Brazil Gold Corp. As at November 28, 2011 and May 31, 2012, an accrued liability of $1,466,434 ($1,420,000US) was recorded as the promissory note has yet to be issued. As at May 31, 2011, the Company recorded deferred acquisition costs of $8,817,885 which has been included as part of the acquisition cost on November 28, 2011. The balances in acquisition costs for the mineral properties represent the estimated fair value of these properties at the time of the acquisition.

The following is a summary of the acquisition cost allocation at the date of purchase based upon the estimated fair values of the assets acquired and liabilities assumed:

Cash payments	$ 2,210,790
Shares issued as consideration	6,375,000
Shares issued for finders' fees	382,500
Borrowing costs	197,018
Acquisition cost	$ 9,165,308
Acquisition cost allocation:	
Equipment	$ 59,245
Mineral properties in Brazil	10,665,076
Accrued liabilities	(1,466,434)
Net assets	$ 9,257,887
Non-controlling interest	(92,579)
	$ 9,165,308

The Amazon Basin property, a gold project located in Brazil was acquired through the November 2011 acquisition. This property is located south of the city of Manaus and encompasses mineral claims in the states of Amazonas, Mato Grosso and Rondonia.

If at any time the Company acquires mining permits in respect to the Amazon Basin Property and commences production, such production is subject to a 2.5% net smelter return royalty to the vendor of Amazonia on precious and semi-precious metals produced from the property and a 2.5% gross over-riding royalty on diamonds and all non-smelter products produced from the property.

Property obligations, approximately $44,000.00Cdn., were due September 21, 2012. If these obligations are not paid by mid November, a heavy fine may be levied on Amazonia Capital, Armadillo's Brazilian subsidiary and may put the concessions in default.

RESULT OF OPERATIONS

The Company has not earned any revenues since inception.

The Fourth Quarter, Three Months Ended May 31, 2012 Compared to Three Months ended May 31, 2011

Our operating results for the three months ended May 31, 2012, for the three months ended May 31, 2011 and the changes between those periods for the respective items are summarized as follows:

	Three Months Ended May 31, 2012	Three Months Ended May 31, 2011	Change between Three Months Ended May 31, 2012 and 2011
Total revenue	Nil	Nil	Nil
Accounting and audit fees	6,000	6,000	-
Consulting fees	20,150	13,510	6,640
Depreciation expenses	8,233	3,307	4,926
Filing and transfer agent fees	2,209	(3,560)	5,769
Investor relations	405	107,115	(106,710)
Legal	11,301	13,103	(1,802)
Management fees	79,500	19,500	60,000
Office	31,853	10,347	21,506
Property investigation	-	45,937	(45,937)
Rent	10,157	8,381	1,776
Stock-based payments	110,041	211,407	(101,366)
Sponsorship fees	-	15,000	(15,000)
Travel	13,648	17,673	(4,025)
Wages and benefits	7,906	13,560	(5,654)
Loss for foreign exchange	6,092	19,156	(13,064)
Impairment of mineral property	788,686	250,150	538,536
Interest expense (income)	(94)	(601)	507
Net loss & comprehensive loss	(1,096,086)	(749,985)	(346,102)

During the fourth quarter, the Company incurred a net loss of $1,096,086 for the three months ended May 31, 2012 compared to a net loss of $749,985 for the three months ended May 31, 2011. Our losses have increased primarily as a result of an increase of $346,102 in consulting fees, depreciation expenses, filing and transfer agent fees, management fees, office expenses and impairment of mineral property and exploration costs. All other expenses are in the normal course of doing business.

There are no other significant events or items that affect the Company's financial condition, cash flow or results of operation.

The Year Ended May 31, 2012 Compared to the Year Ended May 31, 2011

The Company's operating results for the years ended May 31, 2012 and 2011, and the changes between those periods for the respective items are summarized as follows:

	Year Ended May 31, 2012	Year Ended May 31, 2011	Change between Year Ended May 31, 2012 and 2011
Total revenue	Nil	Nil	Nil
Accounting and audit fees	39,000	19,900	19,100
Consulting fees	96,315	150,060	(53,745)
Depreciation expenses	13,676	4,421	9,255
Filing and transfer agent fees	15,122	39,305	(24,183)
Investor relations	51,642	208,543	(156,901)
Legal	21,537	28,243	(6,706)
Management fees	138,000	78,000	60,000
Office	55,827	33,355	22,472
Property investigation	-	45,937	(45,937)
Rent	36,467	32,638	3,829
Stock-based payments	267,420	238,562	28,858
Sponsorship fees	-	15,000	(15,000)
Travel	38,442	20,931	17,511
Wages and benefits	38,571	41,359	(2,788)
Impairment of mineral property and exploration costs	788,686	250,150	538,536
Loss for foreign exchange	6,216	32,786	(26,570)
Interest expense (income)	(318)	(601)	283
Net loss & comprehensive loss	(1,606,603)	(1,238,589)	(368,014)

The Company incurred a net loss & comprehensive loss of $1,606,603 for the year ended May 31, 2012 compared to a net loss & comprehensive loss of $1,238,589 for the year ended May 31, 2011. Our losses have increased primarily as a result of an increase of $368,014 in accounting and audit fees, depreciation expenses, legal fees, office expenses, travel expenses for the mineral property acquisition, stock-based payments due to options granted to consultants for service provided and impairment of mineral property and exploration costs.

There are no other significant events or items that affect the Company's financial condition, cash flow or results of operation.

SUMMARY OF QUARTERLY RESULTS

	Quarter ended May. 31/12 $	Quarter ended Feb. 29/12 $	Quarter ended Nov. 30/11 $	Quarter ended Aug. 31/11 $	Quarter ended May 31/11 $	Quarter ended Feb. 28/11 $	Quarter ended Nov. 30/10 $	Quarter ended Aug. 31/10 $
(a) net sales or total revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Gain (Loss) before Extraordinary items	(1,096,087)	(112,827)	(122,887)	(274,802)	(749,985)	(291,626)	(104,402)	(92,576)
(c) net Loss - total - Per share diluted	(0.01)	(0.00)	(0.00)	(0.01)	(0.03)	(0.02)	(0.01)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Years Ended	
	May 31, 2012	May 31, 2011
Net cash used in operating activities	$ (282,566)	$ (754,487)
Net cash provided from financing activities	801,000	3,439,342
Net cash used in investing activities	(619,186)	(2,590,528)
Cash increase (decrease) in cash during the Period	$ (100,752)	$ 94,327

As of May 31, 2012, the Company's current assets were $16,551 and total current liabilities were $185,606. The Company had a working capital deficit of $2,169,643 (May 31, 2011 - $291,414 deficit). The Company had a net loss and comprehensive loss of $1,606,603 for the year ended May 31, 2012 and a net loss and comprehensive loss of $3,557,374 since inception. The Company has limited financial resources and has financed its operations primarily through the sale of its common shares. For the foreseeable future, the Company will need to rely on the sale of such securities for sufficient working capital and to finance its mineral property acquisition and exploration activities, and /or enter into joint venture agreements with third parties. As the Company does not generate any revenue from operations, the long-term profitability of the Company will be directly related to the success of its mineral property acquisition and exploration activities.

As at May 31, 2012, the Company's total current liabilities increased to $2,186,194 from $477,020 as at May 31, 2011. This increase of $1,709,174 primarily resulted from the assumption of accrued liabilities from the Amazonia acquisition and increase of accounts payable and accrued liabilities, promissory notes payable, accrued interests and due to related parties.

The Company's cash flow used by operating activities is $282,566 and $754,487 for the years ended at May 31, 2012 and 2011, respectively. The decrease was primarily attributed to the decrease of expenses and increase of accounts payable and accrued liabilities and due to related parties.

The decrease in the Company's cash flow provided by financing activities from $3,439,342 for the year ended May 31, 2011 to $801,000 for the year ended May 31, 2012 was through to the increase in proceeds from share issued for cash, share subscription and purchase warrants exercised and proceeds from promissory notes (see note 9, financial statements) for the year ended May 31, 2011.

The decrease in the Company's cash flow used in investing activities from $2,590,528 for the year ended May 31, 2011 to $619,186 for the year ended May 31, 2012 was primarily due to record larger amounts of the acquisition and exploration of mineral properties deposits and advances and purchase of acquisition and exploration of mineral properties in 2011.

The Company has limited capital resources and will have to rely upon the issuance of common stock to fund our planned operations. Cash and cash equivalents from inception to date have been sufficient to cover expenses involved in starting the business. The Company will require additional funds to continue to implement its business plan during the next twelve months. The Company has no long-term debt obligations.

SHARE CAPITAL

Capital stock

As of the date of this MD&A, the Company has issued and outstanding common shares as follows. The authorized share capital is unlimited no par value common shares:

Balance, May 31, 2010	10,525,500	$ 1,353,050
Mineral property option payments (Note 5)	150,000	16,500
Private placements, net of share issuance costs	23,796,421	2,835,751
Shares issued for deferred acquisition (Note 4)	39,750,000	6,757,500
Warrants exercised	1,933,000	272,620
Shares issued for consulting services	268,000	67,200
Balance, May 31, 2011 and May 31, 2012	76,422,921	11,302,621
Balance, October 25, 2012	94,162,921	$ 12,195,571

On August 3, 2012, the Company closed a private placement and issued 17,740,000 units at $0.05 per unit for gross proceeds of $887,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire additional common share at $0.10 for a period of one year from closing. A finder's fee of 119,000 common shares was issued with fair valued of $5,950 in connection with this private placement.

As of May 31, 2012 and the filing of this MD&A, there is 76,422,921 and 94,162,921 common shares issued outstanding, respectively.

Escrow shares

As at May 31, 2012, 247,500 (May 31, 2011 – 495,000) shares were held in escrow. Under the escrow agreement, 10% of the shares were released (165,000) on the issuance of the Final Exchange Bulletin on March 24, 2009, and an additional 15% (247,500) will be released every nine months thereafter for a period of 36 months. As at October 25, 2012, the filing date of this MD&A, no share has been held in escrow.

Stock Options

As of the date of this MD&A the Company had the following incentive stock options outstanding:

Expiry Date	Exercise Price	Outstanding May 31, 2012	Outstanding October 25, 2012
March 31, 2014	$0.20	780,000	780,000
September 11, 2014	$0.20	50,000	50,000
July 9, 2015	$0.10	480,000	480,000
March 4, 2016	$0.17	1,450,000	1,450,000
June 9, 2016	$0.15	100,000	100,000
June 9, 2016	$0.13	50,000	50,000
August 18, 2012	$0.10	50,000	-
		2,960,000	2,910,000

Warrants

As of the filing date of this MD&A, the Company had the following share purchase warrants, enabling the holder to acquire further common shares as follows:

Expiry Date	Exercise Price	Outstanding May 31, 2012	Issued (Expired)	Outstanding October 25, 2012
June 28, 2012	$0.14	2,100,000	(2,100,000)	-
October 24, 2012	$0.15	6,358,000	(6,358,000)	-
March 29, 2013	$0.20	13,525,997	-	13,525,997
May 31, 2012		**21,983,997**	**-**	**-**
August 3, 2013	$0.10	-	17,740,000	17,740,000
October 25, 2012		**-**	**-**	**31,265,997**

RELATED PARTY TRANSACTIONS

The Company has identified its Directors and certain officers as its key management personnel. The compensation costs for key management personnel for years ended May 31, 2012 and 2011 as follows:

		May 31, 2012		May 31, 2011
Management and consulting fees	$	112,615	$	96,070
Share-based payments		-		192,151
Total	$	112,615	$	288,221

During the year ended May 31, 2012, the Company incurred $76,000 and $34,615 (2011 - $78,000 and $18,070) in management and consulting fees for Officers of the Company and a company owned by an Officer of the Company.

During the year ended May 31, 2012, the Company paid consulting fees of $Nil (2011 - $14,000) to a company controlled by a former Director and Officer of the Company.

As of May 31, 2012, the amount due to related parties consists of $46,018 (May 31, 2011 - $nil; and June 1, 2010 - 20,973) owing to Officers and Directors and companies controlled by Officers and a Director. All amounts are due on demand, non-interest bearing and are unsecured.

A management consulting agreement was entered on May 27, 2011, whereby in exchange for management services, the Company agreed to pay $10,000 per month for a period of two years ending on February 28, 2013. The agreement can be terminated upon written notice.

The Company paid management fees of $120,000 (2011 - $80,000) to shareholder with significant influence, in which $60,000 (2011 - $80,000) was capitalized as mineral property. As at May 31, 2012, the amount due to related parties consist of $55,000 (May 31, 2011-$nil and June 1, 2011-$nil) owing to this party. All amounts are due on demand, non-interest bearing and are unsecured.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

As at May 31, 2012, the Company's financial instruments consist of $1,937 in cash, $6,924 in amounts receivable, $1,654,678 in accounts payable and accrued liabilities, $101,018 in due to related parties and $428,160 in promissory notes.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.
The Company's financial instruments measured at fair value on a recurring basis consist of: cash and equivalents and restricted investment.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's concentration of credit risk is primarily attributable to cash. The Company places its cash with high credit quality financial institutions to minimize credit risk.

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 of May 31, 2012 the Company had cash balance of $1,937 (May 31, 2011 - $102,689) to settle current liabilities of $2,186,194 (May 31, 2011 - $477,020). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages its capital to meet its financial obligations, however the Company requires significantly more cash.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices, which are described below.

Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term investments issued by its banking institutions. The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by major Canadian financial institutions.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars ("US$"). A 5% strengthening (weakening) of US$ will increase (decrease) total liability by approximate $73,000 Canadian dollars respectively. The Company currently does not use any foreign exchange contract to hedge this currency risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of mineral resources, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

Risk management is the responsibility of the corporate finance function. Material risks are identified and monitored and are discussed by senior management and with the audit committee of the Board of Directors.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. 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 considers capital to consist of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient 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.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

New Standards, Amendments and Interpretations Not Yet Effective

Accounting standards effective June 1, 2012

Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

Income taxes
In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Accounting standards anticipated to be effective June 1, 2013

Joint ventures
The IASB issued IFRS 11 – Joint Arrangements on May 12, 2011. IFRS 11 eliminates the Company's choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method and proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The Company is currently evaluating the impact IFRS 11 is expected to have on its consolidated financial statements.

Consolidation
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. IFRS 10 replaces sic-12 Consolidation – Special Purpose Entities and part of IAS 27 Consolidated and Separate Financial Statements. The Company is currently evaluating the impact of IFRS 13 is expected to have on its consolidated financial statements.

Fair-value measurement
IFRS 13, Fair Value Measurement: effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. The Company is currently evaluating the impact IFRS 13 is expected to have on its consolidated financial statements.

Accounting standards anticipated to be effective June 1, 2015

Financial instruments
IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. The Company is currently evaluating the impact IFRS 9 is expected to have on its consolidated financial statements.

ADOPTION OF IFRS

Effective June 1, 2011, the Company prepares its consolidated financial statements in accordance with IFRS. The comparative financial information of 2011 in the MD&A should also been restated to conform with IFRS. This MD&A should be read in conjunction with Note 3 "Adoption of IFRS" of the Company's audited consolidated financial statements for the year ended May 31, 2012.

MATERIAL EVENTS

On December 1, 2011, the Company held an Annual General Meeting (the "AGM") and appointed Anthony Pickett, a businessman residing in Australia to the Board of Directors of the Company.

SUBSEQUENT EVENT

On August 3, 2012, the Company closed a private placement and issued 17,740,000 units at $0.05 per unit for gross proceeds of $887,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire additional common share at $0.10 for a period of one year from closing. A finder's fee of 119,000 common shares was issued with fair valued of $5,950 in connection with this private placement.

OFF-BALANCE SHEET ARRANGMENT

The Company has no off-balance sheet arrangement.

APPROVAL

The Board of Directors of Armadillo Resources Ltd. has approved the disclosures in this MD&A.

FORWARD LOOKING STATEMENTS

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company's intentions, plans, expectations and belief, and are subject to risk, uncertainties, and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise. Additional information on the Company available through the following source: www.sedar.com.