Dated: January 25, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This Management's Discussion and Analysis ("MD&A") covers the financial statements of Tanzania Minerals Corp. (the "Company") for the nine months ended November 30, 2012 compared with the nine months ended November 30, 2011. This MD&A should be read in conjunction with the audited annual financial statements and notes thereto for the year ended February 29, 2012 and in conjunction with the unaudited financial statements and notes thereto for the period ended November 30, 2012 (the "Financial Statements"). The information contained in this report is current to January 25, 2013, and has been reviewed by the Company's auditors.

The accompanying interim financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the Financial Statements and MD&A fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as the date hereof.

The Board of Directors approves the Financial Statements and MD&A, and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which reviews and approves all financial reports prior to filing.

FORWARD-LOOKING STATEMENT

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

CORPORATE OVERVIEW

The Company is in the business of exploration and evaluation of mineral properties in Tanzania, Africa through its wholly owned subsidiary, Tansmin Resources (Tanzania) Limited ("Tansmin"). The Company was incorporated under the laws of British Columbia on June 29, 2007. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves which are economically recoverable.

The Company is actively engaged in the exploration of the Mrangi mining project. The Company, through Tansmin holds the Mrangi prospecting licence (PL 4439/07) located in the Musoma – Mara Greenstone Belt. This belt hosts significant gold mining operations. It is located 50 kilometres south west of Musoma, 40 kilometres west south west of the Kiabakari mine and 67 kilometres west of the Buhemba mine and hosts both oxide and sulphide gold mineralization in structurally complex zones. The Company has rights to 14 prospecting licenses covering 1,184 square kilometres in the Lake Victoria Goldfield.

SUMMARY

On July 22, 2010, the Company closed a transaction with a private company, 0886490 BC Ltd. (previously named Tanzania Minerals Corp.) ("Privco"), whereby the Company acquired all of the issued and outstanding shares of Privco by issuing one common share from treasury in exchange for each of the Privco shares outstanding. As a result of this share exchange, the former shareholders of Privco acquired control of the Company. Privco was incorporated under the Business Corporations Act (British Columbia) on October 26, 2006.

On July 22, 2010, the Company obtained final Exchange approval with respect to the reverse takeover, and the Company's common shares resumed trading as of July 28, 2010 under the symbol "TZM".

On March 1, 2012, the Company announced the addition of three new gold licenses to its property portfolio. The new licenses are located in the Musoma-Mara, Serengeti, and Siga-Mabale greenstone belts in the Lake Victoria area of northern Tanzania, and are all located in areas of known gold mineralization.

On March 21, 2012, the Company announced an operational update with respect to exploration at its Mrangi project in the Lake Victoria Goldfields area of Tanzania. The table below summarizes the laboratory assay data for fourteen reverse circulation drill holes (MRRC27-32, 46, 48-51, and 55-56), and resulted in a total of 339 gold and base metal assays. All the holes were logged, mineralized intervals recorded, and hand-held portable XRF analysis performed. Intervals that were mineralized or showed signs of As, Cu, Pb or Zn enrichments were sent for preparation at ALS Mwanza, Tanzania, prior to being shipped and analysed at OMAC Laboratories, in Ireland, and the results are tabulated in Table 1. No intervals from drillholes MRRC52, 53, 57 or 58 were sent for analysis owning to the lack of apparent mineralization or base metal anomalism. Drillholes MRRC28, 31, 32, 46, 48, 50 and 56 contained only trace (<70 ppb) concentrations of gold.

Table 1. Notable intercepts recorded to date during the current drilling programme:

Hole	From (m)	To (m)	Interval (m)	Au Grade (g/t)	Ag Grade (g/t)	Cu Grade (%)	Zn Grade (%)	Mineralization
MRRC27	125	126	1	0.56	-	-	-	1 m @ 0.561 g/t Au
MRRC29	139	142	3	0.17	-	0.28	-	3 m @ 0.17 g/t Au and 0.28% Cu
MRRC30	142	143	1	-	-	-	-	1 m @ 0.43% As
MRRC49	78	85	7	-	-	0.15	-	7 m @ 0.15% Cu, no other metal enrichment
MRRC51	39	40	1	0.36	-	-	-	1 m @ 0.36 g/t Au
MRRC54	105	106	1	0.31	-	-	-	1 m @ 0.31 g/t Au
MRRC55	140	147	7	0.53	9.78	0.04	0.15	7 m @ 0.53 g/t Au, 9.78 g/t Ag and 0.15% Zn
including	140	141	1	2.68	51.6	0.19	0.17	1 m @ 2.68 g/t Au and 51.6 g/t Ag

The gold concentration of 91 samples of the 339 assays performed were typically at or below the analytical detection limit of 0.002 ppm, and 233 samples containing less than 0.10 ppm gold. The remaining 15 samples ranged from 0.10 ppm to 2.68 ppm (g/t) gold over intervals of one metre. The elevated gold concentrations correspond to drill intercepts where variable proportions of disseminated pyrite and stringer chalcopyrite are present, often with thin quartz-carbonate veins and veinlets, proximal to major ENE-trending interpreted faults (MRRC27, 29 and 30). The highest gold concentrations were noted from drillhole MRRC55 which intersected 0.53 g/t Au and 9.78 g/t Ag over 7 m in a Zn-rich (0.15% Zn) altered rhyolite: including a 1 m interval containing 2.68 g/t Au and 51.6 g/t Ag at a depth of 140 m.

Initial gold exploration on the Company's Mrangi East, Mrangi South and four licenses in the Kagera Region is on-going. Shallow soil sampling and lithogeochemical prospecting is underway in each of the licenses, and the Company has commissioned Murphy Geological Services to undertake a remote sensing study on the Kagera license block. The remote sensing study will be used to refine structural and alteration-based gold targets.

On May 1, 2012, the Company announced the appointment of Mr. Ryan Walchuck as Vice-President Business Development.

On August 21, 2012, the Company announced that it has entered into a Property Option Agreement (the "Agreement"), dated August 9, 2012, with Karoo Exploration Corp. ("Karoo") whereby Karoo can acquire a 100% interest in certain mineral claims located in the Songea and Lindi regions of southern Tanzania (the "Property"). Karoo is a privately held mining company, incorporated under the laws of British Columbia.

Pursuant to the Agreement, Tanzania will grant to Karoo the option to acquire a 100% interest in the Property (the "Option"), by issuing 2,000,000 common shares to Tanzania, and incurring exploration expenditures on the Property totalling $750,000, all over a three year period. Upon exercise of the

Option, Karoo will grant to Tanzania a 2.0% NSR on the proceeds of any commercial production from the Property. One-half of the NSR and a right of first refusal on the other half can be purchased by Karoo for a cash payment of $2,000,000. The other half of the NSR can be purchased by Karoo for a cash payment of $5,000,000.

During the term of the Option, the Company will have the right to nominate two individuals to the board of Karoo. It is anticipated that prior to exercise of the Option, Karoo will list its shares on a public stock exchange, or complete a transaction with an existing publically traded company.

Also on August 21, 2012, the Company announced that it had granted incentive stock options to an officer of the Company to purchase up to 100,000 common shares of the Company at a price of $0.19 per share, exercisable for a period of five years.

RESULTS OF OPERATIONS

For the three months ended November 30, 2012

The following analysis of the Company's operating results in the three months ended November 30, 2012, includes a comparison against the previously completed three months ended November 30, 2011.

Revenue:

The company has no revenue, as there are no active business operations.

Expenses:

Consulting fees for the three months ended November 30, 2012 were $112,744 compared to $138,254 for the three months ended November 30, 2011. The increased costs in the previous period are reflective of the Company's addition of a business development consultant which is not being used in the current period.

General and administration costs for the three months ended November 30, 2012 were $166,647 compared to $104,981 for the three months ended November 30, 2011. The increased costs are reflective of the Company's increased payroll expenses, medical insurance and travel for Tanzania workers.

Professional fees for the three months ended November 30, 2012 were $39,564 compared to $68,546 for the three months ended November 30, 2011. The increased costs in the previous year are reflective of the Company's audit fees for IFRS transition and reduction in corporate secretary fees.

Property examination for the three months ended November 30, 2012 was $105,699 compared to $34,109 for the three months ended November 30, 2011. The increased costs are reflective of the Company's increased security in the field workers and related expenses in addition to expenditures on property licenses.

Travel and promotion for the three months ended November 30, 2012 were $54,200 compared to $51,088 for the three months ended November 30, 2011.

Loss for the period
The net loss for the three months ended November 30, 2012 was $470,114 as compared to a net loss of $364,817, for the three months ended November 30, 2011. This represents an increase of net loss of $105,297 and is primarily due to the items discussed above.

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

The following analysis of the Company's operating results in the nine months ended November 30, 2012, includes a comparison against the previously completed nine months ended November 30, 2011.

Revenue:

The company has no revenue, as there are no active business operations.

Expenses:

Consulting fees for the nine months ended November 30, 2012 were $445,663 compared to $296,254 for the nine months ended November 30, 2011. The increased costs are reflective of the Company's addition of a V.P. of Business Development, a bonus for the CEO and additional technical consultants for analysis of property portfolio.

General and administration costs for the nine months ended November 30, 2012 were $349,440 compared to $276,140 for the nine months ended November 30, 2011. The increased costs are reflective of the Company's increased payroll expenses, medical insurance and travel for Tanzania workers in addition to renovations in the Tanzanian office and increased rent for the Canadian office.

Professional fees for the nine months ended November 30, 2012 were $169,894 compared to $235,129 for the nine months ended November 30, 2011. The increased costs in the previous year are reflective of the Company's audit fees for IFRS transition, settlement with former corporate secretary and reduction in secretary and corporate secretary fees.

Property examination for the nine months ended November 30, 2012 was $126,364 compared to $106,066 for the nine months ended November 30, 2011. The increased costs are reflective of the Company's increased security in the field workers and related expenses in addition to expenditures on property licenses.

Share-based compensation for the nine months ended November 30, 2012 was $11,630 compared to $1,604,494 for the nine months ended November 30, 2011. The current year had an option grant of 100,000 options as compared to the same period last fiscal year where 2,900,000 options were granted.

Travel and promotion for the nine months ended November 30, 2012 were $170,972 compared to $125,274 for the nine months ended November 30, 2011. The increased costs are reflective of increased travel by the CEO and V.P. of Business Development in addition to a trip to Canada from the Tanzanian management.

Loss for the period

The net loss for the nine months ended November 30, 2012 was $1,245,991 as compared to a net loss of $2,620,023, for the nine months ended November 30, 2011. This represents a decrease of net loss of $1,374,032 and is primarily due to the share-based compensation costs related to the grant of 2,900,000 options in the same period last fiscal year.

SUMMARY OF QUARTERLY RESULTS

	3rd Quarter Ended November 30, 2012	2nd Quarter Ended August 31, 2012	1st Quarter Ended May 31, 2012	4th Quarter Ended February 29, 2012
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net loss for period	$(470,114)	$(502,793)	$(273,084)	$(667,848)
(c) Net loss per share[1]	$(0.007)	$(0.007)	$(0.004)	$(0.01)
(d) Total assets	$7,121,994	$7,645,735	$8,160,396	$8,424,207
(e) Total liabilities	$133,473	$137,795	$114,032	$158,350
	3rd Quarter Ended November 30, 2011	**2nd Quarter Ended August 31, 2011**	**1st Quarter Ended May 31, 2011**	**4th Quarter Ended February 28, 2011**
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net loss for period	$(364,817)	$(263,661)	$(1,991,545)	$(581,745)
(c) Net loss per share[1]	$(0.005)	$(0.004)	$(0.036)	$(0.01)
(d) Total assets	$8,905,287	$9,236,627	$9,727,310	$9,979,443
(e) Total liabilities	$6,612	$34,353	$261,575	$133,581

[1] Numbers have been rounded to the next decimal for presentation purposes.

The quarterly results are reported in accordance with IFRS.

The Company is in the business of exploration and evaluation of mineral properties, and therefore has had no revenue to report since inception. The Company's operating costs consist primarily of corporate consulting, professional fees and travel costs.

LIQUIDITY

The Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The

Financial Statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate, adjustments may be necessary to the carrying amounts and/or classification of assets and/or liabilities and the reported expenses in these condensed consolidated interim financial statements. Such adjustments could be material.

As at November 30, 2012, the Company has accumulated losses of $9,064,080 since its inception, and expects to incur further losses in pursuit of its mineral exploration opportunities. The Company has cash and cash equivalents of $3,837,753 as at November 30, 2012, and its working capital of $3,729,791 is considered to be sufficient to meet its short term business requirements.

The Company's ability to continue as a going concern in the long term is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company is a junior exploration company without operating revenues and therefore, the Company must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing exploration program, or to fund any further development activities. See "Risk Factors" of this MD&A.

As at the date of this report, the Company's cash position is sufficient to cover initial exploration initiatives and administrative expenses for the next fiscal year, however, the Company will require additional financing in order to continue its exploration, and if warranted development, of the Company's mining endeavors. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. Consequently, the Company may seek future financing by means of private placements or debt financing in order to fund its exploration activities. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. No assurance can be given that the Company will be successful in raising the funds required to realize on the Company's exploration programs. These factors all cast doubt about the liquidity of the Company and its ability to continue as a going concern.

CAPITAL RESOURCES

The Company defines capital as consisting of shareholders' equity, being comprised of issued capital stock, other equity reserve, deficit and accumulated other comprehensive income (loss). The Company's objectives when managing capital are primarily to support the creation of shareholder value, but also to ensure that the Company is able to meet its financial obligations as they become due. The Company has not declared or paid any dividends on its common shares.

The mineral exploration opportunities in which the Company currently has interests are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through periodic meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, receivables, due from relate party, and accounts payable and accrued liabilities. The fair value of the Company's receivables, due from related party, and accounts payable and accrued liabilities approximate the carrying value, which is the amount on the consolidated statements of financial position dates due to their short-term maturities or ability of prompt liquidation. The Company's other financial instrument, cash and cash equivalents, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

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 as the majority of its cash is held at a large Canadian bank.

The Company's receivables consist mainly of input tax credits receivable from the Government of Canada, and amounts due from related parties, and as a result the Company does not believe it is subject to significant 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 at November 30, 2012, the Company had cash and cash equivalents of $3,837,753 to settle current liabilities of $133,473. Management believes the Company has sufficient funds to meet its obligations as they become due.

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.

a) Interest rate risk

   The Company has cash and cash equivalents balances and no interest bearing debt. The interest earned on cash and cash equivalents is insignificant, and the Company does not rely on interest received to fund its operations. As a result, the Company is not at a significant risk to fluctuating interest rates.

b) Currency risk

The Company's operations are in Canada and Tanzania. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible".

As at November 30, 2012, the Company's net US dollar financial liabilities were $US 39,414. Thus a 10% change in the Canadian dollar versus the US dollar exchange rate would give rise to a $3,910 change in other comprehensive income. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

c) 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 gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

SHARE CAPITAL

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

Issued and Outstanding:

The Company has the following common shares issued and outstanding:

Security Description	**November 30, 2012**	**January 25, 2013**
Common shares	72,153,197	72,153,197
Stock Options	4,350,000	4,350,000
Warrants	9,327,480	8,182,000

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Nine months ended	
	November 30, 2012	**November 30, 2011**
Share-based compensation	$ 11,630	$ 1,051,220
Short-term benefits*	426,220	440,702
	$ 437,850	$ 1,491,922

*include base salaries, pursuant to contractual employment or consultancy arrangements

Other related parties

Other related parties include Encanto Potash Corp., a company with a common director and May Lake Consulting Corp., where the CFO of the Company is the owner and Karoo Exploration Corp. which has a director and officer in common with the Company.

Transactions entered into with related parties other than key management personnel include the following:

a) Paid or accrued office rent and administrative fees of $9,408 (November 30, 2011 - $11,941) to Encanto Potash Corp.

b) As of November 30, 2012, $5,175 (February 29, 2012, $5,175) was included in accounts payable due to Christal Pendleton, the Corporate Secretary of the Company and May Lake Consulting Corp.

c) As of November 30, 2012, $24,334 (February 29, 2012, $Nil) was included in due from related parties and is due from Karoo Exploration Corp.

The amounts due to and from related parties are non-interest bearing with no fixed terms of repayment.

COMMITMENTS

As at the date of this report, there are no outstanding commitments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

No subsequent events to report in this period.

ACCOUNTING POLICIES

For a summary of the Company's significant accounting policies, see Note 4 to the annual audited financial statements for the year ended February 29, 2012.

New accounting pronouncements

Amendments to IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7") are effective for annual periods beginning on or after January 1, 2013 and introduce enhanced disclosure around transfer of financial assets and associated risks. These amendments are not anticipated to impact the disclosures made by the Company.

In November 2009 and October 2010, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9"), which represents the completion of the first part of a three-part project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, with a new standard. Per the new standard, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to the derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2015, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), which builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of a parent company. IFRS 10 also provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In May 2011, the IASB issued IFRS 11, *Joint Arrangements* ("IFRS 11"), which enhances accounting for joint arrangements, particularly by focusing on the rights and obligations of the arrangement, rather than the arrangement's legal form. IFRS 11 also addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities and prohibits proportionate consolidation. IFRS 11 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In May 2011, the IASB issued IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"), which is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. IFRS 12 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In May 2011, the IASB issued IFRS 13, *Fair Value Measurement* ("IFRS 13"), which defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). IFRS 13 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In June 2011, the IASB amended IAS 1, *Presentation of Financial Statements* ("IAS 1"), to change the disclosure of items presented in other comprehensive income into two groups, based on whether those items may be recycled to profit or loss in the future. The amendments to IAS 1 apply to financial statements for annual periods beginning after July 1, 2012, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 -13. These amendments are in effect for annual periods beginning on or after January 1, 2013. The Company is currently evaluating any impact that these amendments may have on its consolidated financial statements.

Amendments to IAS 32, *Financial Instruments: Presentation,* are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities. These amendments are not anticipated to impact the disclosures made by the Company.

RISKS AND UNCERTAINTIES

Resource exploration and evaluation is characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Exploration and Evaluation Efforts May Not Be Successful
There is no certainty that the expenditures to be made by the Company in the exploration of its properties as described herein will result in the discovery of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Cash Flow
None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. The Company has paid no dividends on its shares since inception and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Proven Reserves
The properties in which the Company has an interest or the right to earn an interest are in the exploratory stage only and are without a known body of ore in commercial production.

No Guarantee of Clear Title to Mineral Properties
While the Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Uncertainty of Obtaining Additional Funding Requirements
Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment of the shareholders of the Company. The recuperation value of mining properties indicated in the statement of financial position depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs.

The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit
The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

Competition
The mining industry is intensively competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations
The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Provincial, Federal and State governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Environmental Impact

The Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when full scale development commences. As the Company's project is still in the exploration and evaluation stage and no significant environmental impact has occurred to date, the Company does not currently consider that expenditures required meeting any ongoing environmental obligations at the projects material to its results or to financial condition to the Company at this time. However, these costs may become material in the future and will be reported in the Company's filings at that time.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metal prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Operating Hazards and Risks Associated with the Mining Industry
Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

The Ability to Manage Growth
Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of Dividend Policy
The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders
The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence on Key Personnel
The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest
Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties.

Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading
The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price
Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the financial statements and the accompanying notes, the MD&A, and other information contained in this report.

Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the financial statements. The preparation of the financial statements in accordance with IFRS is also the responsibility of management.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com