Dated: October 29, 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 six months ended August 31, 2013 compared with the six months ended August 31, 2012. This MD&A should be read in conjunction with the audited annual financial statements and notes thereto for the year ended February 28, 2013 (the "Financial Statements"). The information contained in this report is current to October 29, 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 March 1, 2013, the Company announced that it had engaged Trident Financial Corp. as its investor relations provider.

On April 5, 2013, the Company announced that John Knowles resigned from the board of directors, effective April 4, 2013.

On August 13, 2013, the Company announced an update on the 2013 exploration program. The Company has been conducting field work over the majority of its exploration portfolio and encouraged by preliminary field results at the Nyamwaga project, the Company intends to commence a 3D induced polarization study to better delineate the outline target structure at depth. Shallow soil sampling at Siga, within the Siga-Mabale Greenstone Belt, appears to have identified a broad copper anomaly that the Company hopes exhibits coincident gold mineralization; the results of this survey are pending. In 2013, the Company has conducted field exploration on eight of its gold licenses.

RESULTS OF OPERATIONS

For the three months ended August 31, 2013

The following analysis of the Company's operating results in the three months ended August 31, 2013, includes a comparison against the previously completed three months ended August 31, 2012.

Revenue:

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

Expenses:

Consulting fees for the three months ended August 31, 2013 were $93,005 compared to $223,500 for the three months ended August 31, 2012. The decrease in costs is reflective of the Company's addition of technical consultants in Tanzania in the previous period.

General and administration costs for the three months ended August 31, 2013 were $92,243 compared to $96,250 for the three months ended August 31, 2012. The slight decrease in costs is reflective of the

Company's payment of payroll liabilities for Tanzania workers in addition to renovations in the Tanzanian office in the previous period.

Professional fees for the three months ended August 31, 2013 were $65,349 compared to $100,536 for the three months ended August 31, 2012. The decrease in costs is reflective of the Company's audit fees for IFRS transition and legal fees associated with the AGM in the previous period.

Property examination for the three months ended August 31, 2013 was $97,651 compared to $9,040 for the three months ended August 31, 2012. The increase in costs is reflective of the Company's increased field workers and related expenses in Tanzania.

Share-based compensation for the three months ended August 31, 2013 was $Nil compared to $11,630 for the three months ended August 31, 2012. There was an option grant of 100,000 options in the same quarter last fiscal year.

Travel and promotion for the three months ended August 31, 2013 were $7,014 compared to $68,941 for the three months ended August 31, 2012. The decrease in costs is reflective of reduced travel and related expenses by the CEO and business development consultants for the period.

Loss for the period

The net loss for the three months ended August 31, 2013 was $351,536 as compared to a net loss of $502,793, for the three months ended August 31, 2012. This represents a decrease of net loss of $151,257 and is primarily due to the items discussed above.

For the six months ended August 31, 2013

The following analysis of the Company's operating results in the six months ended August 31, 2013, includes a comparison against the previously completed six months ended August 31, 2012.

Revenue:

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

Expenses:

Consulting fees for the six months ended August 31, 2013 were $186,311 compared to $332,919 for the six months ended August 31, 2012. The increased costs in the previous period are reflective of the Company's addition of a V.P. of Business Development, and a bonus for the CEO.

General and administration costs for the six months ended August 31, 2013 were $169,779 compared to $182,793 for the six months ended August 31, 2012. The slight increased costs in the same quarter last year are reflective of the Company's increased payroll expenses, medical insurance and travel for Tanzania workers in addition to renovations in the Tanzanian office.

Professional fees for the six months ended August 31, 2013 were $85,879 compared to $130,330 for the six months ended August 31, 2012. 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 six months ended August 31, 2013 was $165,399 compared to $20,665 for the six months ended August 31, 2012. The increased costs are reflective of the Company's increased field workers and related expenses.

Share-based compensation for the six months ended August 31, 2013 was $Nil compared to $11,630 for the six months ended August 31, 2012. The same period last fiscal year had an option grant of 100,000 options.

Travel and promotion for the six months ended August 31, 2013 were $12,332 compared to $116,772 for the six months ended August 31, 2012. The increased costs in the previous period 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 six months ended August 31, 2013 was $611,224 as compared to a net loss of $775,877, for the six months ended August 31, 2012. This represents a decrease of net loss of $164,653 and is primarily due to the items discussed above.

SELECTED ANNUAL INFORMATION

	Year ended February 28, 2013	Year ended February 29, 2012	Year ended February 28, 2011
Interest income	$52,563	$91,707	$2,598
Net loss	$(1,571,297)	$(3,287,871)	$(1,944,434)
Basic & diluted loss per share	$(0.02)	$(0.05)	$(0.04)
Total assets	$6,957,220	$8,424,207	$9,979,443
Total long-term liabilities	$-	$-	$-
Cash dividends	$-	$-	$-

SUMMARY OF QUARTERLY RESULTS

	2nd Quarter Ended August 31, 2013	**1st Quarter Ended May 31, 2013**	**4th Quarter Ended February 28, 2013**	**3rd Quarter Ended November 30, 2012**
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net loss for period	$(351,536)	$(259,689)	$(325,306)	$(470,114)
(c) Net loss per share[1]	$(0.005)	$(0.004)	$(0.005)	$(0.007)
(d) Total assets	$6,581,182	$6,643,334	$6,957,220	$7,121,994
(e) Total liabilities	$244,692	$96,387	$152,045	$133,473
	2nd Quarter Ended August 31, 2012	**1st Quarter Ended May 31, 2012**	**4th Quarter Ended February 29, 2012**	**3rd Quarter Ended November 30, 2011**
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net loss for period	$(502,793)	$(273,084)	$(667,848)	$(364,817)
(c) Net loss per share[1]	$(0.007)	$(0.004)	$(0.01)	$(0.005)
(d) Total assets	$7,645,735	$8,160,396	$8,424,207	$8,905,287
(e) Total liabilities	$137,795	$114,032	$158,350	$6,612

[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 consolidated financial statements. Such adjustments could be material.

As at August 31, 2013, the Company has accumulated losses of $10,000,611 since its inception, and expects to incur further losses in pursuit of its mineral exploration opportunities. The Company has cash and cash equivalents of $2,682,002 as at August 31, 2013, and its working capital of $2,485,091 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 equity, being comprised of issued capital stock, reserves, deficit and accumulated other comprehensive income. 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 related 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 August 31, 2013, the Company had cash and cash equivalents of $2,682,002 to settle current liabilities of $244,692. 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 August 31, 2013, the Company's net US dollar financial liabilities were $US 51,182. Thus a 10% change in the Canadian dollar versus the US dollar exchange rate would give rise to a $5,391 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	August 31, 2013	October 29, 2013
Common shares	72,153,197	72,153,197
Stock Options	3,900,000	3,900,000
Warrants	8,182,000	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:

	Six months ended	
	August 31, 2013	**August 31, 2012**
Short-term benefits*	$ 150,000	$ 324,070
Share-based compensation	-	11,630
	$ 150,000	$ 335,700

*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 $7,200 (August 31, 2012 - $5,376) to Encanto Potash Corp.

b) As of August 31, 2013, $5,000 (February 28, 2013, $5,617) was included in accounts payable due to Christal Pendleton, the Corporate Secretary of the Company and May Lake Consulting Corp.

c) As of August 31, 2013, $164,708 (February 28, 2013, $78,102) 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, unsecured and have 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

On September 4, 2013, the Company provided an update to exploration activities on their Siga and Kiagata licenses in the Lake Victoria Goldfield. At Siga, gold assays from shallow soil sampling have indicated an 1100 by 1000 metre anomaly. At Kiagata, XRF shallow soil data has identified the presence of two concealed mafic volcanoclastic sequences with linear arsenic soil anomalism. The soil samples have been sent to the assay laboratory for analysis.

On September 16, 2013, the Company provided an update on the Misungwi property. The Company has conducted shallow soil (XRF) geochemistry and geological mapping. Gold pathfinder element concentrations were not significant enough to warrant the additional planned work. The Company is looking at strategic alternatives with regard to the Misungwi property.

On October 15, 2013, the Company announced it has entered into a Letter of Intent with MDN Inc. ("MDN") to jointly explore and develop the Ikungu gold project (the "Property") in Tanzania. The Company can acquire up to a 50% interest in MDN's interest in the Property.

MDN will grant an option to the Company to acquire an undivided ownership interest in the Property equal to 50% of the undivided interest held by MDN by incurring up to an aggregate of $12,000,000 in exploration work expenditures on or in respect of the Property, over four years commencing on the date on which the Definitive Agreement is entered into, as follows in tranches:
(All figures in US dollars)

- A minimum amount of $3,000,000 during the first year to earn 12.5% (the "First Tranche");
- Provided that the First Tranche has been exercised, an additional amount of $3,000,000 during the second year to earn an additional 12.5% (the "Second Tranche");
- Provided that the Second Tranche has been exercised, an additional amount to $3,000,000 during the third year to earn an additional 12.5% (the "Third Tranche"); and
- Provided that the Third Tranche has been exercised, an additional amount to $3,000,000 during the fourth year to earn an additional 12.5%.

A joint venture will be deemed to have been established once the Company has acquired 50% of the interest held by MDN in the Property.

The Company and MDN shall have a due diligence period commencing upon the execution of the Letter of Intent and expiring on November 30, 2013. Subject to the satisfactory conclusion of due diligence by the Company and, the receipt of all necessary corporate and regulatory approvals, a formal agreement (the "Definitive Agreement") shall be prepared by MDN for review by the Company and shall contain the terms of the Letter of Intent together with all such other terms and conditions customary to mining transactions of this nature or otherwise necessary or appropriate to implement the terms of the Letter of Intent and as are acceptable to the parties. The Company and MDN shall use their best efforts to complete and execute the Definitive Agreement on or before November 30, 2013, unless otherwise mutually agreed upon.

On October 11, 2013, the Company announced that the Vice-President of Business Development Mr. Ryan Walchuck has been added to the Board of Directors and Audit Committee. Mr. Kal Matharu, President and CEO, will be stepping down from the Audit Committee.

Also, on October 11, 2013, the Company announced the extension of the current investor relations contract with provider Trident Financial. It is effective September 1, 2013 and ending February 28, 2014 at a rate of $3,500 per month.

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 28, 2013.

New accounting pronouncements

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.

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