

BLUE COVE CAPITAL CORP.

AMENDED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED NOVEMBER 30, 2010

Background

This discussion and analysis of financial position and results of operation is prepared as at February 24, 2011 and should be read in conjunction with the audited annual financial statements and the accompanying notes for the years ended November 30, 2010 and 2009, of Blue Cove Capital Corp. (the "Company"). The annual financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Statements contained in this MD&A that are not historical facts constitute "forward-looking statements" and are based on expectations, estimates and projections as of the date of this MD&A. Forward-looking statements include, without limitation, possible events, statements with respect to possible events, the future price of gold and silver, the realization of mineral resource estimates and success of exploration activities. The words "is expected" or "estimates" or variations of such words and phrases or statements that certain actions, events or results "may" or "could" occur and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained in this MD&A which may prove to be incorrect, include, but are not limited to, (1) the discovery and expansion of mineral resources on the Company's property being consistent with the Company's current expectations; (2) the implementation of Colombia's mining law and related regulations and policies being consistent with the Company's current expectations; (3) certain price assumptions for gold and silver.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the spot and forward price of gold or certain other commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or other countries in which the Company does business or may carry on business in the future; business opportunities that may be presented to, or pursued by, the Company; operating or technical difficulties in connection with mining activities; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Although the Company believes that the expectations in the forward-looking statements are reasonable, actual results may vary, and future results, levels of activity, performance or achievements cannot be guaranteed. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Company Overview and Proposed Qualifying Transaction

The Company was incorporated under the laws of the Province of British Columbia on October 23, 2007. On February 29, 2008 the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On March 31, 2008 the Company completed its initial public offering (the "Offering") to raise \$200,000 and on April 1, 2008 the Company listed its common shares on the TSX Venture Exchange (the "TSXV") as

a capital pool company. The Company has not commenced operations and has no significant assets. The Company's objective is to continue to identify and evaluate potential assets or businesses with a view to completing a Qualifying Transaction.

In October 2009 the Company entered into a mineral property purchase agreement (the "Purchase Agreement") to acquire an interest in certain mineral exploration properties located in the Battle Mountain and Cortez Trends of North Central Nevada. Closing of the Purchase Agreement was to occur on or before February 19, 2010. The Company was unable to obtain the necessary financing to complete the transaction by February 19, 2010 and, in March 2010, the vendor terminated the Purchase Agreement. The Company had also incorporated a wholly-owned subsidiary, BM Nevada Mining Corp. ("BM Nevada"), in anticipation of completion of the Purchase Agreement. BM Nevada has been inactive since its incorporation and the Company has determined to proceed with dissolution of BM Nevada.

On April 7, 2010 trading of the Company's common shares on the TSXV were suspended for failure to complete a Qualifying Transaction within the prescribed time. Effective July 6, 2010 the Company's listing was transferred to the NEX Board of the TSXV and its common shares resumed trading under the symbol "BCV.H". In conjunction with the transfer of the listing to NEX, seed shareholders, in accordance with stipulated policies and procedures, have agreed to the cancellation of 1,100,000 escrow shares.

During December 2010 the Company entered into agreements to acquire 100% interests in two mineral projects located in Colombia, as follows:

- (i) an option to acquire a 100% interest in three mineral concessions covering approximately 6,640.7 hectares (the "Baranco de Loba Project") located in the Department of Sur de Bolivar, Colombia. To earn the interest in the Baranco de Loba Project the Company has paid US \$25,000 on signing and is required to pay a further US \$575,000 and issue 1,000,000 common shares of the Company as follows:

Date	Cash Payments US \$	Share Issuances
Upon closing	100,000	1,000,000
90 days after closing	225,000	-
6 months after closing	250,000	-
	<u>575,000</u>	<u>1,000,000</u>

The Company will also be required to pay US \$53,000 for outstanding concession payments upon closing.

The Company will also pay the vendors an additional payment of US \$500,000 and issue 500,000 common shares if the Barranco de Loba Project contains a measured resource of greater than 500,000 ounces of gold but less than 1,000,000 ounces of gold. In the event the measured gold resource is 1,000,000 ounces or greater, then the Company will pay US \$1,000,000 and issue 1,000,000 common shares for every 1,000,000 ounces of gold, up to a maximum of US \$10,000,000 and 10,000,000 common shares.

Closing of the option on the Barranco de Loba Project is conditional upon completion of due diligence, execution of a definitive agreement and receipt of TSXV approval. This agreement will not form part of the Company's Qualifying Transaction; and

- (ii) an option to acquire a 100% undivided interest in two mining concessions covering approximately 1,287.5 hectares (the "Santa Elena Project") located in the Antioquia District, Colombia. To earn the interest in the Santa Elena Project the Company paid US \$25,000 on signing and is required to pay a further US \$3,000,000 and conduct US \$3,000,000 exploration expenditures, as follows:

Date	Cash Payments US \$	Work Expenditures US \$
Upon closing	250,000	-
3 months after closing	250,000	-
12 months after closing	-	500,000
14 months after closing	500,000	-
24 months after closing	-	1,000,000
26 months after closing	1,000,000	-
36 months after closing	-	1,500,000
38 months after closing	<u>1,000,000</u>	<u>-</u>
	<u>3,000,000</u>	<u>3,000,000</u>

The Company will also pay US \$1,000,000 if the Santa Elena Project contains a measured resource of at least 300,000 tonnes of copper. The vendor will also retain a net smelter return royalty of between 2.0% - 3.0%.

On February 1, 2011, as amended, the Company entered into an agreement with Canaccord whereby Canaccord has agreed to act as agent for an equity financing comprising of a short form offering of up to 2,000,000 common shares of the Company, at a price of \$1.00 per share, and a brokered private placement of up to 3,500,000 units, at a price of \$1.00 per unit. Each unit will comprise one common share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of \$1.30 for a period of two years.

Canaccord will receive a commission of 7% of the gross proceeds raised under the short form offering brokered private placement, in cash or units at the option of Canaccord. In addition the Company will issue to Canaccord that number of warrants ("Agent's Warrants") equal to 7% of the shares and units raised and a further 125,000 units ("Corporate Finance Units") as a corporate finance fee. Each Agent's Warrant will be exercisable to purchase an additional common share at a price of \$1.00 for a period of two years. The Corporate Finance Units will have the same terms as the units issued under the private placement.

The Company also intends to conduct a non-brokered private placement of 4,500,000 units at \$1.00 per unit with the same terms as the brokered private placement

The Company believes that the transactions contemplated in the option on the Santa Elena Project and the proposed equity financings will constitute the Company's Qualifying Transaction. There is no assurance that the Company will be able to obtain TSXV approval to complete the transactions.

Corporate Update

At the Company's Annual General Meeting held June 14, 2010 Robert Sedgemore, David Doherty, Craig Taylor, Nick DeMare and Maureen Friesen were elected as directors.

At a directors meeting held subsequent to the shareholders meeting, the directors appointed Mr. Sedgemore as the President and Chief Executive Officer, and Mr. DeMare as the Chief Financial Officer and Corporate Secretary of the Company.

Effective July 21, 2010 Mrs. Friesen resigned as a director of the Company to pursue other opportunities.

Effective July 22, 2010 at the request of the Company, Deloitte and Touche LLP resigned as the Company's auditor and Davidson & Co. LLP was appointed as the successor auditor for the Company.

Exploration Projects

Santa Elena Copper and Gold Project

The Santa Elena Project consists of 2 licenses HGLE-02 and HJIG-02 containing a total of 1,287.5 hectares in the Antioquia district, Colombia. The property lies approximately 140 kilometers north east of Medellin, which is

accessible by a paved highway and by air from all major cities in Colombia. Infrastructure around the Santa Elena project is well developed, including paved road access, two hydroelectric plants within 5 km, abundant water supply, with nearby pueblos and supportive population.

The project is near the north end of the Antioquia batholiths, in sequence of Cretaceous marine sediments and basaltic volcanic. The area has historically not supported any large-scale mining operations.

A surface geophysical Transient Electromagnetic Survey (“TEM”) at fifty meter intervals was conducted on a selected area of the property with outcropping mineralization by Val D’Or Geophysics for Noranda Mining and Exploration Inc. The results demonstrated four strong conductors with good vertical extent which remains open to the north.

The immediate work program will include geological mapping and systematic sampling over the entire area and a continuation of the geophysical survey to the north where it remains open so as to define the extent of the exhalite horizon. Although the Azufral and Arroyo zones are drill ready it is the Company’s intent to clearly identify all the anomalies and full potential of the property before commencing an extensive diamond drill program.

Barranco de Loba Gold & Silver Project

The Barranco de Loba Project consists of 3 licenses IEV-15551, IEV-16061 and KLM-11471 containing a total of approximately 6,640.7 hectares in the San Lucas gold district, Colombia. The property lies 220 kilometers northwest of Bucaramanga, the capital city of the department of Santander, and 35 kilometers southwest of the city of El Banco, which is accessible by a paved highway and by air from all major cities in Colombia.

The San Lucas gold district is believed to be one of the most prolific in Colombia and has been artisanally mined for over 200 years. There are currently more than 5,000 small scale miners working in the San Lucas district however very little modern or systematic exploration work has been carried out. AngloGold Ashanti, and Mineros S.A., the largest mining company in Colombia, have conducted regional studies in the area and have reported bonanza grades for both gold and silver. The implementation of modern exploration methods has the potential to truly unlock the full potential of the San Lucas gold district.

In the 1990’s the national and local governments, with the support of the geological surveys INGEOMINAS and MINERALCO, carried out several studies in the Sur de Bolivar region and determined that the gold and silver mineralization is mostly hydrothermal with vein thicknesses of up to 6m and in some case disseminated associated with igneous rocks either intruded into the volcanic cover rocks or within the Norosí Batholith.

Selected Financial Data

The following selected financial information is derived from the audited financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended November 30,		
	2010	2009	2008
	\$	\$	\$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(674,858)	(242,372)	(53,320)
Net loss	(674,858)	(242,372)	(53,320)
Loss per share - basic and diluted	(0.12)	(0.06)	(0.01)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital (deficiency)	564,228	(48,709)	178,657
Total assets	834,711	57,669	193,896
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited interim financial statements of the Company prepared in accordance with Canadian GAAP.

Three Months Ended	Fiscal 2010				Fiscal 2009			
	Nov. 30, 2010 \$	Aug. 31, 2010 \$	May 31, 2010 \$	Feb. 28, 2010 \$	Nov. 30, 2009 \$	Aug. 31, 2009 \$	May 31, 2009 \$	Feb. 28, 2009 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(548,375)	(887)	(29,444)	(96,152)	(206,096)	(6,548)	(25,976)	(3,752)
Net income (loss)	(548,375)	(887)	(29,444)	(96,152)	(206,096)	(6,548)	(25,976)	(3,752)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet								
Working capital (deficiency)	564,228	(171,439)	(170,552)	(141,109)	(48,709)	57,424	156,433	178,657
Total assets	834,711	26,998	29,798	37,984	57,669	178,768	160,738	187,930
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended November 30, 2010 Compared to Three Months Ended November 30, 2009

During the three months ended November 30, 2010 (the “2010 Quarter”) the Company reported a net loss of \$548,375 compared to a net loss of \$206,096 for the three months ended November 30, 2009 (the “2009 Quarter”), an increase of \$342,279. The primary factors for the increase in loss were: (i) \$57,428 increase in due diligence costs. During the 2010 Quarter the Company incurred \$57,428 due diligence costs for identifying and evaluating potential acquisitions to complete a Qualifying Transaction; (ii) \$16,007 increase in legal costs. During the 2010 Quarter the Company incurred \$16,007 legal costs for services provided for changing of auditors and corporate management, preparing assignment of debt agreements and cancellation of 1,100,000 escrow shares; and (iii) \$477,799 increase in stock-based compensation. The increase in loss was partially offset by a \$224,309 decrease in qualifying transaction expenses.

Year Ended November 30, 2010 Compared to the Year Ended November 30, 2009

For the year ended November 30, 2010 (“fiscal 2010”) the Company reported a net loss of \$674,858 compared to a net loss of \$242,372 for the year ended November 30, 2009 (“fiscal 2009”) an increase of \$432,486. The increase in loss was primarily attributed to a \$470,296 increase in stock-based compensation expense. During fiscal 2010 the Company recorded \$481,550 stock-based compensation expense on 1,171,752 stock options granted and \$3,752 on the vesting of stock options which were granted in fiscal 2008. During fiscal 2009 the Company recorded \$15,006 on the vesting of stock options which were granted in fiscal 2008. The Company did not grant any stock options during fiscal 2009.

General and administrative expenses, excluding stock-based compensation expenses, decreased by \$37,810 from \$227,366 during fiscal 2009 to \$189,556 during fiscal 2010. The primary factor attributed to the decrease was a \$130,930 decrease in qualifying transaction expenses. The decrease in loss was partially offset by the following:

- a \$1,690 increase in accounting and administrative fees. During fiscal 2010 the Company was billed \$1,690 for accounting and administrative services provided by a private company owned by a director of the Company;
- a \$57,428 increase in due diligence costs. During fiscal 2010 the Company incurred \$57,428 due diligence costs for identifying and evaluating potential acquisitions to complete a Qualifying Transaction;
- a \$19,407 increase in legal fees. During fiscal 2010 the Company incurred \$19,407 for legal services provided for changing of auditors and corporate management, preparing assignment of debt agreements and cancellation of 1,100,000 escrow shares; and
- a \$6,899 increase in telephone and \$5,204 increase in travel.

Financial Condition / Capital Resources

Since inception the Company's capital resources have been limited to amounts raised from the sale of common shares in the Company. From inception to November 30, 2010 the Company has raised \$1,141,966 gross proceeds from the sale of its common shares. As at November 30, 2010 the Company had accumulated losses of \$981,472 and working capital of \$564,228.

In order to finance the Santa Elena and the Barranco de Loba acquisitions, the recommended work programs, costs associated with the Qualifying Transaction and for general working capital of the resulting issuer, the Company intends to complete financing transactions with a view to raising aggregate gross proceeds of up to \$10,000,000. Concurrent with the closing of the acquisitions, the Company intends to complete financings consisting of a short form offering of up to 2,000,000 common shares of the Company at a price of \$1.00 per share and a brokered and non-brokered private placement of up to a total of 8,000,000 units at a price of \$1.00 per unit.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has entered into agreements to acquire the Santa Elena and Barannco de Loba Projects and complete financings to raise aggregate proceeds of up to \$10,000,000. The Company anticipates that completion of the option on the Santa Elena and the equity financing transactions will constitute as the Company's Qualifying Transaction. However, there can be no assurances that the Company will get TSXV approvals or complete such financings. See also "Company Overview and Proposed Qualifying Transaction".

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the November 30, 2010 audited financial statements. See also "Changes in Accounting Policies".

Changes in Accounting Policies

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not expect the adoption of these accounting standards to have an impact on its financial statements.

International Financial Reporting Standards

In February 2008, the Canadian AcSB confirmed that publicly accountable enterprises will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company will convert to IFRS effective December 1, 2011 and intends to issue its first interim financial statements under IFRS for the three month period ended February 28, 2012 and a complete set of financial statements under IFRS for the year ended November 30, 2012. The Company is currently working on its conversion plan and is in the process of identifying and analyzing the impacts of differences between Canadian GAAP and IFRS relevant to the Company, and any required changes to the system and business processes. Management plans for conversion also including internal training, external consulting on complex issues, Board and Audit Committee involvement and oversight.

With the completion of the Qualifying Transaction the Company will be in the business of acquiring, exploring and if warranted, developing mineral prospects.

In a number of cases, the Company will be adopting IFRS as an initial policy, rather than a change from existing policies to IFRS. The current analysis indicates that there will be very little effect on financial reporting as a result of the adoption of the IFRS.

Some of the specific areas reviewed and considered to date are:

Exploration and Development Costs - IFRS permits the capitalization of exploration costs. The Company capitalizes all costs related to investments in mineral property interest on a property-by property basis. Such costs include mineral property interest acquisition costs and exploration development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, sold or the Company's mineral rights are allowed to lapse.

Financial Instruments - The Company's current financial instruments are simple and require no analysis.

Income Taxes - Analysis of IFRS requirements will be done when the new standards become available. With no current revenue or taxable income, and with no anticipated contentious issues regarding the tax value of assets or non-capital losses carried forward, no complications are anticipated.

Financial Disclosure - Based on publications to date, none of the requirements to comply with reporting under IFRS presents any foreseeable difficulty.

Transactions with Related Parties

During fiscal 2010:

- (i) the Company incurred \$43,860 (2009 - \$148,938) for legal services provided by a law firm of which a former officer of the Company is a partner. As at November 30, 2009, \$114,217 was owing and included in accounts payable and accrued liabilities. During fiscal 2010 the law firm assigned the remaining unpaid balance of \$166,052 to a party at arm's length to the Company. This balance remained outstanding at November 30, 2010 and was included in accounts payable and accrued liabilities; and
- (ii) the Company incurred \$1,690 for accounting and administrative services provided by a private company owned by a director of the Company. As at November 30, 2010, \$1,690 remained outstanding and was included in accounts payable and accrued liabilities.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Risks and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

- (i) the Company has not commenced commercial operations, and has no assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;
- (ii) until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions; and

- (iii) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at February 24, 2010 there were 11,803,159 issued and outstanding common shares and 1,213,752 stock options outstanding at exercise prices ranging from \$0.10 to \$0.52 per share and 63,835 warrants outstanding at an exercise price of \$0.25 per share.