**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**MARCH 31, 2012**

*Management's discussion and analysis (MD&A) is current to May 29, 2012 and is management's assessment of the operations and the financial results together with future prospects of Southeast Asia Mining Corp. ("Southeast Asia" or the "Company"). This MD&A should be read in conjunction with our unaudited interim consolidated financial statements for the three month periods ended March 31, 2012 and 2011 and notes thereto, and our audited consolidated financial statements for the years ended December 31, 2011 and 2010 and notes thereto, prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise. Please note that as at March 31, 2012, the Canadian dollar exchange rate with the Thailand Baht ("BAHT") was 1 Canadian dollar for every 30.8452 BAHT. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Southeast Asia's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. Additional information relevant to Southeast Asia's activities, including Southeast Asia's Press Releases can be found on SEDAR at www.sedar.com.*

## Overview of the Business and Overall Performance

The Company was incorporated in August 2006 under the Canada Business Corporations Act to explore for minerals in Southeast Asia. The focus of the Company consists of mineral exploration in Thailand where it conducts business through its wholly-controlled subsidiary, Southeast Asia Exploration and Mining Company Limited (formerly Geotai Exploration and Mining Ltd.) ("SEAM) a company incorporated pursuant to the laws of Thailand.

On November 27, 2006, SEAM on behalf of the Company entered into an agreement with Kanchanaburi Exploration and Mining Co. ("Kemco") and Boh Yai Mining Company Limited ("Boh Yai"), both companies incorporated and operating pursuant to the laws of Thailand, whereby SEAM obtained an exclusive right to acquire an 80 percent equity interest in Kemco and Boh Yai upon commencement of commercial production. Under the terms of the agreement, SEAM paid US$1,000,000 and committed to provide Kemco and Boh Yai with the expertise and funds necessary to rehabilitate and commence the ore stockpile production at the historical mine site.

Under the terms of the November 27, 2006 agreement, SEAM was required to pay Kemco upon the commencement of commercial production the greater of US$2 million or 20 percent of the net profits annually for the first five years and 20% of the net profits annually thereafter.

Following a period of inactivity from April 2009 to December 2010 and upon the Company reacquiring control of SEAM in December 2010, negotiations were entered into with Kemco and Boh Yai to reconfirm SEAM's interest in the Kemco project. On March 1, 2011 a new Agreement was entered into which essentially confirmed all of the terms and conditions of the November 27, 2006 agreement except for the following additional provisions:

- SEAM agreed to compensate Kemco and Boh Yai a total of $6.4 million BAHT as compensation for their terminated employees. $4.0 million BAHT was paid upon execution of the agreement and $2.6 million BAHT on June 1, 2011,

- SEAM agreed to pay $200,000 BAHT monthly as compensation for Kemco and Boh Yai salaried employees commencing January 1, 2011,

- SEAM agreed to pay for an Environmental and Health Impact Assessment which is required to be filed with the Thai government as part of the mine permitting process,

- The Company agreed to raise a minimum US$2.0 million, and

- Kemco acknowledged that SEAM's commitment to refurbish the Song Toh floatation plant and complete the processing of an ore stockpile was satisfied;

Kemco and Boh Yai are the historical operators of two silver, lead, zinc underground mines and a floatation plant which operated from 1969 to 2002 and processed approximately 5.4 million tonnes of ore producing 364,000 tonnes of lead concentrate (60 – 65% Pb and 4-6% Zn) and 156,000 tonnes of zinc concentrate (4-6% Pb and 40-45% Zn). The mines we managed by Metalgesellschaft ("MG") under a joint venture agreement with Kemco from 1969 to 1991 and by MG staff on behalf of Kemco from 1991 to 2002. Reported historical grades of ore at the Boh Yai mine were approximately 3.5-4.5% Pb, 4-6% Zn, 70g/t silver and 6-9% Pb, 1-6% Zn, and 72g/t silver at the Song Toh mine. The silver grades were not recorded historically and are based on the Company's estimate using available historical assay information. The historical mining operation consisted of total development of approximately 44,000 metres in waste rock and 337,000 meters in ore using overhead open stoping and room and pillar mining techniques. The two mines are located approximately 19 km from each other in the Province of Kanchanaburi, which is approximately 300 km northwest of Bangkok. Access and infrastructure in the area is excellent.

The discussion above contains information that is considered historical in nature and is based on prior data and reports prepared by previous operators. The historical estimates should not be relied upon. Commercial production has not been achieved as a result of the required renewal of the outstanding mining license permits. In October 2011, SEAM commenced the necessary work in order to renew the mining lease permits pursuant to the Thailand Mineral Act 1967. The work currently underway with respect to the permitting renewal is as follows:

- In October 2011 planning, preparation and scheduling began for the permitting process. Staff were hired with significant experience and expertise in mine permitting in Thailand.

- In October 2011 work commenced on the Environmental and Health Impact Assessment. The study is being completed by International Environment Management Co., Ltd. which is a leading environmental consulting company active throughout Asia and the Middle East (iem-thai.com).

- In December 2011 work commenced on updating the NI 43-101 technical report filed by the Company on March 28, 2008. The revision will include an updated historical resource using modern resource modeling techniques and historical drill core assays. The 43-101 revision is being completed by ACA Howe an international geological and mining organisation that provides consulting, management and contracting services to the mining industry (www.acahowe.co.uk).

- In January 2012 work commenced on the preparation of a mine plan for submission to the Thailand government for the renewal of the mining lease permits. The mine plan is being completed by ACA Howe with the assistance of the former mine manager of the KEMCO and Boh Yai mines. The former mine manager has over 30 years of direct experience managing the historical mining operations.

- In February 2012 work commenced on the preparation of a tailings management plan, waste and ground water management study, and geotechnical study. The work is being completed by Golder Associates which is a global company providing consulting, design, and construction services in earth, environment, and related areas of energy (www.golder.ca).

SEAM has four Special Prospecting Licenses ("SPLs") which were granted in 2009 and located adjacent to the Kemco and Boh Yai properties in Kanchanaburi and which cover an area of approximately 1,832 hectares. SEAM also submitted applications in March 2012 for seven additional SPLs which are also located adjacent to the Kemco and Boh Yai mines The seven SPL applications cover an area of approximately 4,395 hectares with the majority of the ground located along strike to the northwest and southeast of the historical Song Toh mine. In 2007, SEAM submitted two SPL applications for properties located in the Province of Lopburi (1,582 hectares) and the province of Nakon Sawan (1,296 hectares). These properties are located in the Loei-Phetchabun gold belt and are considered excellent copper-gold exploration targets. Subsequent to regaining control of SEAM, management has reinitiated communication with the Department of Primary Industries and Mines in order to revive the application process.

SEAM is currently conducting an exploration program on the four SPLs located adjacent to the Kemco and Boh Yai mines sites. Work has included surface geological mapping, geochemical soil survey and an IP survey. The results of the soil survey and the IP survey were encouraging and management is now planning the next phase of follow up exploration in order to identify future drill targets.

Mr. Felix Lee, BSc, MBA, PGeo, President and Senior Geologist ACA Howe and a qualified person as defined by NI 43-101 has reviewed the contents of this MD&A.

## Operational Discussion

The following is management's discussion and analysis of the results of operations and liquidity and financial condition of the Company for the three months ended March 31, 2012. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three month periods ended March 31, 2012 and 2011 and audited consolidated financial statements and related notes for the years ended December 31, 2011 and 2010.

The following MD&A provides a summary of the unaudited financial information of the Company contained elsewhere herein. This discussion contains forward looking statements that involve certain risks and uncertainties. See "*Forward Looking Information*".

## Results of Operations and Selected Annual Information

The following table sets forth financial information for the Company which has been summarized from the Company's consolidated financial statements for the three months ended March 31, 2012 and the years ended December 31, 2011 and 2010. The three months ended March 31, 2012 and year ended December 31, 2011 includes the consolidation of SEAM, while the 2010 figures do not include SEAM operations for the full year. Due to the Company's loss of control of SEAM in 2009, the Company's interests in the assets of SEAM were written down to a nominal amount and later recognized as a gain once control was re-acquired in 2010. This summary information should be read in conjunction with the Company's audited financial statements for the periods indicated, including the notes thereto.

| **Statement of Operations Data** | **Three months ended March 31, 2012** | **Year ended December 31, 2011** | **Year ended December 31, 2010** |
|---|---|---|---|
| Expenses excluding foreign exchange | $ 493,437 | $ 1,811,772 | $ 1,692,742 |
| Foreign exchange gain | (6) | (12) | (3,514) |
| Gain on re-acquisition of control | - | - | (961,357) |
| Net Loss | (493,431) | (1,811,760) | (727,871) |
| Net Loss per Share – Basic and diluted | $(0.02) | $(0.13) | $(0.08) |
| **Balance Sheet Data** | | | |
| Total Assets | 1,190,923 | 1,644,326 | 772,560 |
| Working Capital (Deficiency) | 533,047 | 1,031,961 | (370,509) |
| Long Term Liabilities | - | - | - |
| Shareholders' Equity (Deficiency) | 549,155 | 1,039,832 | (370,509) |

**Results for the eight most recent three month periods ended:**

| | March 31, 2012 | December 31, 2011 | September 30, 2011 | June 30, 2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Total revenue | - | - | - | - |
| Net Loss | 493,431 | 841,658 | 264,981 | 290,018 |
| Loss per share | 0.02 | 0.03 | 0.03 | 0.03 |

| | March 31, 2011 | December 31, 2010 | September 30, 2010 | June 30, 2010 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Total revenue | - | - | - | - |
| Loss before extraordinary item | - | 667,102 | 387,611 | 382,377 |
| Net (income) loss | 415,103 | (294,255) | 387,611 | 382,377 |
| Loss (income) per share | 0.04 | (0.04) | 0.04 | 0.04 |

## Three Months Ended March 31, 2012 vs 2011

Southeast Asia incurred a net loss of $493,431 or $0.02 per share for the three month period ended March 31, 2012 compared to $415,103 or $0.04 per share for the three month period ended March 31, 2011. This difference is mainly attributed to increased exploration expenditures on the Company's property after re-acquisition of control and the Company having the necessary funds to operate.

Professional fees for the three month period ended March 31, 2012 were $67,225 compared to $84,807 in the same period in 2011. The decrease in professional fees is attributable to the higher fees the Company incurred in 2011 related to the Company's transition to IFRS.

During the three month period ended March 31, 2012 management, salaries and consulting fees decreased by $189,282 to $57,000 compared to $246,282 in the same period in 2011. The decrease in management, salaries and consulting fees is attributable to the reduction in consultants used by the Company.

During the three month period ended March 31, 2012, exploration and evaluation expenses increased to $319,534 compared to $10,396 during the same period in 2011. The increase is due to the fact that the Company had just reacquired control of the property during late 2010 and did not have funds available to incur significant exploration and evaluation expenditures on the property.

During the three month period ended March 31, 2012, office and general expenses decreased by $22,599 to $39,371 compared to $61,970 in the same period in 2011. The decrease in office and general is attributable to the Company's attempt to minimize general expenditures.

## *Capital Resources and Liquidity*

The Company's working capital at March 31, 2012 was $533,047 compared with a working capital of $1,031,961 at December 31, 2011. Substantially all of these funds have been used in Thailand to further progress the mine permit application process and for exploration expenditures on the prospecting licenses.

Over the period from August 11, 2011 to October 11, 2011 the Company closed several tranches of a non-brokered private placement which generated gross proceeds of $2,511,137 in cash in addition to the conversion of $897,480 in outstanding accounts payable. The financing consisted of 137,344,697 units (17,043,082 post consolidation units), of which 25,642,286 units (3,205,286 post consolidation units), were issued on conversion of outstanding accounts payable. Each unit was issued at $0.025 and was comprised one common share and one half of one common share purchase warrant for a total of 68,172,348 pre consolidation warrants (8,521,544 post consolidation warrants) being issued with each full warrant exercisable at $0.035 ($0.28 post consolidation) for a period of 36 months.

In connection with the financing, the Company has paid eligible persons a cash finder's fee of $171,796 and has issued 6,849,185 finder's warrants (856,147 post consolidation warrants). Each finder's warrant entitles the holder to subscribe for one unit made up of one common share and one half common share purchase warrant at a price of $0.025 ($0.20 post consolidation) per unit for a period of 36 months. The underlying broker warrant is exercisable at $0.035 ($0.28 post consolidation) for a period of 36 months.

The Company currently does not have a source of operating cash flow. Additional funds will be required to explore and develop the Company's properties and, if successful, to place them into commercial production. In addition the Company intends to cautiously pursue the acquisition of other mineral properties in the South East Asia region which will also require funding. The only sources of future funds presently available to the Company are through the sale of equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in obtaining any additional required funding necessary to develop exploration properties. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in its properties, and also render the Company unable to pursue other mineral property opportunities.

## Disclosure of Outstanding Share Data as of May 29, 2012

| | Authorized | Outstanding |
|---|---|---|
| Voting or equity securities issued and outstanding | Unlimited Common Shares | 26,528,615 Common Shares |
| Securities convertible or exercisable into voting or equity shares | | a) Options to acquire up to nil common shares<br>b) 9,805,765 Warrants exercisable to acquire common shares of the Company |

See note 12 to the unaudited interim consolidated financial statements for the three months ended March 31, 2012 for more detailed disclosure of outstanding shares data.

## Off-Statement of Financial Position Arrangements

The Company has no off-statement of financial position arrangements.

## Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables, convertible debt and the conversion component of convertible debt. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

### Dividends

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

### Assessment of Recoverability of Future Income Tax Assets

In preparing the consolidated financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the future income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered "more likely than not," a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the consolidated income statement.

### Estimate of Stock Based Compensation and Associated Assumptions

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This valuation required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 14 of the March 31, 2012 unaudited interim consolidated financial statements for a full disclosure.

### Assessment of Recoverability of Receivables Including VAT

The carrying amount of accounts receivables, and Value Added Tax are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded. The Company signed an agreement with the Peruvian Minister of Energy and Mines by which the Company will get reimbursed for any VAT incurred in exploration activities.

## Related Party Transactions and Key Management Compensation

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

| | | March 31, 2012 | | March 31, 2011 |
|---|---|---|---|---|
| **Balances:** | | | | |
| Short-term employee benefits | **$** | **81,000** | $ | 50,000 |
| Share based payments - options | | **-** | | - |
| **Total compensation to key management** | **$** | **81,000** | $ | 50,000 |

At March 31, 2012, included in trade and other payables is $133,000 (December 31, 2011 - $119,000) due to these key management personnel.

## Additional Disclosure for Venture Issuers without Significant Revenue

| | March 31, 2012 | December 31, 2011 |
|---|---|---|
| Corporate expenses | **493,431** | 1,811,760 |
| Total assets | **1,190,923** | 1,644,326 |
| | | |
| **Corporate expenses** | | |
| Professional fees | **$ 67,225** | $ 254,175 |
| Management, salaries and consulting fees | **57,000** | 591,743 |
| Travel | **5,498** | 152,567 |
| Exploration and evaluation expenditures | **319,534** | 447,186 |
| Shareholder information and regulatory costs | **4,809** | 27,230 |
| Office and general | **39,371** | 338,871 |
| Foreign exchange | **(6)** | (12) |
| | **$ 493,431** | $ 1,811,760 |

## Critical Accounting Policies

**Basis of consolidation**
The consolidated financial statements include the financial statements of the Company and its wholly controlled subsidiary, Southeast Asia Exploration and Mining Company Limited (formerly Geotai Exploration and Mining Ltd.) a company based in Thailand. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

**Mineral properties**
All acquisition and exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized to mineral properties or property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base. Consideration received under option agreements is recorded as other income.

**Property, plant and equipment**
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the straight line method over the following expected useful lives:

| | |
|---|---|
| • Office equipment | 5 years |
| • Furniture and fixtures | 5 years |
| • Leasehold improvements | 5 years |
| • Computer equipment | 3-5 years |

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An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

**Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

**Share-based payments**

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings or loss per share.

**Taxation**

Income tax expense represents the sum of tax currently payable and deferred income tax.

***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

***Deferred income tax***

Deferred income tax is provided using the liability method on temporary differences at the date of the consolidated statement of financial position between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each consolidated statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

**Loss per share**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the three month periods ended March 31, 2012 and 2011, all the outstanding stock options and warrants were anti-dilutive.

**Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through net loss. The Company's cash and cash equivalents and other financial assets are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. The Company's value-added taxes receivable are classified as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company's investments are classified as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

**Financial liabilities**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period. The Company's trade and other payables are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At March 31, 2012, the Company has not classified any financial liabilities as FVTPL.

**Impairment of financial assets**

The Company assesses at each consolidated statement of financial position date whether a financial asset is impaired.

***Assets carried at amortized cost***
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in net income or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in net income or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in net income or loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

***Available-for-sale***
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in net income or loss, is transferred from equity to net income or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

**Impairment of non-financial assets**

At each consolidated statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

### Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

### Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

### Foreign currency transactions

***Functional and presentation currency***
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Canadian dollar and the functional currency of the Company's subsidiary is the Mexican peso. The consolidated financial statements are presented in Canadian dollars which is the group's presentation currency.

***Transactions and balances***
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of loss.

***Group companies***
The results and financial position of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each consolidated statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction), and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of loss as part of the gain or loss on sale.

**Significant accounting judgments and estimates**

The preparation of these consolidated financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to: plant and equipment, recoverability of value-added taxes receivable, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgements relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

## Financial Risk Factors

**Fair value**

The Company has designated its cash and cash equivalents as FVTPL, which are measured at fair value. The Company's other financial assets have been classified for accounting purposes as available-for-sale, which are measured at fair value. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Trade and other payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair values of trade and other receivables and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of other financial assets are based on Level 1 measurements and the remaining financial instruments are based on Level 2 measurements.

As at March 31, 2012, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

***i)*** **Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the balance sheet.

a. **Cash and cash equivalents** – Cash and cash equivalents are held with major Canadian and Thai banks and therefore the risk of loss is minimal.

b. **Accounts receivables** – The Company is not exposed to significant credit risk as this amount is due from the Canadian and Thai governments.

**ii) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2012, the Company had working capital of $533,047 (December 31, 2011 – $1,031,961). There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Southeast Asia may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

**iii) Interest rate risk**

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

**iv) Currency risk**

The Company is exposed to significant currency rate price risk as the majority of its assets are located in Thailand and the majority of its operating expenditures are incurred in Thai baht.

**Internal Control over Financial Reporting**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During three month period ended March 31, 2012, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Proposed Transactions**

The Company does not anticipate any major proposed asset or business acquisitions or dispositions as of the date hereof.

**Net Fair Value of Financial Assets and Liabilities**

The Company's financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

Cash and cash equivalents have been designated as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and are classified as other financial liabilities, which are measured at amortized cost. The Company has no available for sale instruments.

## Operational Risk Factors

The risk factors outlined below may not be a definitive list of all risk factors associated with the Company's operations.

***Non-compliance with or non-satisfaction of the terms of the Kemco Option Agreement***

The Company does not currently own the Kemco Property, but rather holds an option through SEAM to acquire an 80% ownership interest in Kemco and Boh Yai and the Kemco Property. Any non-compliance with or non satisfaction of the terms of the Kemco Option by SEAM could affect its ability to exercise the Kemco option and earn its interest in the mining concessions and assets relating to the Kemco Property. In the event that SEAM does not satisfy all of its requirements, or commits a breach of the Kemco option the current owners may cancel the option, resulting in the loss of SEAM's rights to acquire its interest.

Furthermore, any non-compliance with or non-satisfaction of the terms of the Kemco Option on the part of either Kemco or Boh Yai, as it relates to the transfer or issuance of voting securities representing an 80% interest in those companies upon the due earn-in by SEAM of the Kemco Option, would have a material adverse effect on the Company's operations.

The Company has recently renewed the Kemco agreement following the operational disruption. The Company has met its requirements to acquire an 80% ownership interest in terms of funding the refurbishment of the Song Toh plant.

***The Company currently depends on the Kemco Property***

The Company only has a material interest in the Kemco property and also holds seven special prospecting licences. As a result, unless the company acquires additional properties or projects, any adverse development affecting the Kemco properties could have a material adverse effect on the Company and would materially and adversely affect the Company's potential mineral resource production, profitability, financial performance and results of operations.

***Title Risks***

Although the Company has exercised legal due diligence with respect to determining title to properties in which SEAM may have a material interest through its Kemco Option, there is no guarantee that title to such properties will not be challenged or impugned, particularly as they are located in a foreign jurisdiction, namely Thailand. Mineral property interests may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

***Licensing Risks***

The Company cannot be assured that SEAM, Kemco and Boh Yai will receive the necessary permits to develop the Kemco Property and recommence commercial production at the mine. The failure to obtain such permits could adversely affect the Company's operations. The Company, through SEAM, commenced the licensing approval procedure beginning with Environmental/Health Impact Assessments. The Company has obtained four special prospecting licences adjacent to the Kemco property in order to mitigate these risks.

***Government regulations and lack of mineral rights licences may adversely affect the Company's operations***

The Company's mining operations and exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, mine development, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits and agreements applicable to the Company, its subsidiaries or its properties, which could have a material adverse impact on exploration programs and future development projects.

***The Company's operations are subject to risks and hazards inherent in the mining industry***
Operations in which the Company currently has an interest and those in which the Company may have an interest in the future will be subject to all of the hazards and risks normally incidental to exploring, developing and exploiting natural resources. These risks and hazards include, but are not limited to, environmental hazards, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and metal recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions, and other unfavourable operating conditions and losses. Should any of these risks and hazards affect the Company's mining operations or its exploration activities, it may cause the cost of production to increase to a point where it would no longer be economic to produce mineral resources from the Company's reserve.

***Local Conditions in Thailand may adversely affect the Company's operations***
Changes in political, social, business and economic conditions in Thailand could have a material effect on the business of the Company. The Company's operations and assets are concentrated in Thailand and therefore political, social, business and economic conditions in Thailand will have significant effect on the business of the Company. Also currency fluctuations, exchange controls, restriction on foreign investment, changes to laws which affect the properties, changes to tax regimes or political action could impair the value of the Company's investment, and may adversely affect its financial position and the results of its operations. The Company has made extensive use of local expertise to minimize such exposures.

The Company may be adversely affected by fluctuations in foreign exchange rates. The Company's future capital expenditure and product revenue are largely expected to be denominated in U.S. dollars, while operating expenses are largely expected to be incurred in Thai baht.

***Legal System in Thailand may adversely affect the Company's operations***
The Company no longer has any active legal actions in Thailand. However, the Company's operations and assets are concentrated in that country, therefore conditions of the Thai legal system could have a significant effect on the business of the Company. The Company has made extensive use of local legal expertise to minimize exposure to any legal action.

***Enforcement of Civil Liabilities***
As all of the assets of the Company and its subsidiary are located outside of Canada, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company and its subsidiaries.

***Operating History***
The Company has no history of earnings. The properties in which the Company is earning an interest through the Kemco Option have not been in operation since 2002. While management has limited experience in placing resource properties into production, its ability to do so is somewhat dependent upon using the services of appropriately experienced personnel or entering into agreements with other resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production. The Company is currently mitigating such risk through employment of, or relationships with, local expertise in Thailand and the region.

***Failure to obtain additional financing***
The Company does not currently have the financial resources necessary to undertake all of its currently planned activities. In order to proceed with obtaining mining licenses, commencing commercial production and carrying out work on its prospecting licenses additional funding will be required. However, there can be no assurance that the Company will be successful in obtaining the necessary funding. Failure to obtain financing on a timely basis could cause the Company to forfeit its interest in its properties.

***Exploration and Development***
Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, 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 that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, potentially importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

Development of the Company's mineral properties will proceed only if favourable exploration results are obtained.

***Environmental Regulations***
The Company's operations will be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to comply fully with all environmental regulations commencing with an Environmental and Health impact assessment on the Kemco properties. To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

***Insurance and Uninsured Risks***
The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although the Company intends to put in place insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with a mining company's operations.

***Competition***
There are a number of large established mining companies with substantial capabilities and greater financial and technical resources than those of the Company with which the Company will have to compete to capture markets for its products around the world. There is no established commodity exchange or forward market for base metals and the Company will have to compete in terms of price, product quality and quantity, service and reliability with these established companies to capture its market share.

***Management***
The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse affect on the Company and its prospects.

***Commodity Prices***
Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the Company's operations cannot be predicted.

## Critical Accounting Estimates

The preparation of financial statements requires the Company to estimate the effect of various matters that are inherently uncertain as of the date of the financial statements. Each of these required estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Estimates are deemed critical when the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. Critical estimates inherent in these accounting policies are discussed in the following paragraphs.

## Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## Nature of Operations

The Company is a junior exploration and development company. The Company will explore on the mineral exploration licences it holds in Thailand, and the Company cannot yet determine whether these properties will contain reserves that are economically recoverable.

The Company will try to maximize its exposure to promising exploration opportunities, to manage the risks inherent in exploration and make appropriate use of financial management resources. Following recovery of the SEAM assets the Company will rely on the employees of Kemco and Boh Yai who are currently working on the Kemco Property, and who are familiar with the workings and historic infrastructure of the Kemco Property. These persons are already familiar with the historic mine data and government reports that identify some of the positive attributes of the Kemco Property. This experience and knowledge base will help mitigate the risk associated with otherwise unknown properties.

## Outlook and Funding Requirements

As discussed above, the Company's mineral properties involved are in the exploration or development stage and provide no immediate source of operating cash flow. The refurbishment of the Song Toh Plant is however substantially complete and the commencement of processing of ore could provide a source of revenue to the Company. The Company also intends to pursue other mineral properties in the South East Asia region.

The Company currently does not have adequate working capital to commence any significant exploration and development activities and will be required to raise additional funds to continue operations. There can be no assurance that the Company will be successful in obtaining the required funding necessary to conduct additional exploration, if warranted, or to develop mineral resources on its mineral properties, if commercial quantities of such resources are located thereon.

## Forward-Looking Information

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to the Company's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements.

Readers are therefore cautioned that risks, uncertainties and other factors included in this document are not exhaustive, and should refer to the detailed risk factors which are discussed in the Company's non-offering prospectus. Any forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

## Management's Responsibility

Management is responsible for all information contained in this report. The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

External auditors, appointed by the shareholders, have not examined and reported on the interim consolidated financial statements for the three month periods ended March 31, 2012 and 2011.

The Audit Committee has reviewed the interim consolidated financial statements with management. The Board of Directors has approved the interim consolidated financial statements on the recommendation of the Audit Committee.

May 29, 2012

(Signed) "Brian Jennings"
Brian Jennings
Chief Executive Officer

(Signed) "Johnny Oliveirs
Johnny Oliveira
Chief Financial Officer