KOKANEE MINERALS INC.
Management's Discussion and Analysis of Results of
Operations and Financial Condition of Kokanne Minerals Inc.
For the Year ended September 30, 2010
(Expressed In Canadian Dollars)

This management discussion and analysis has been prepared as of March 25, 2011 should be read in conjunction with the financial statements of the Company for the Year ended September 30, 2010. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Description of Business:

The Company commenced operations in May 1, 2006 and is in the business of acquisition and exploration of mineral properties. From the Company's incorporation on August 25, 2005 until the commencement of operations, the Company was inactive.

The company intends to obtain and explore additional mineral properties of merit as and when the opportunities arise.

The Company's geological consultant, Kokanee Placer Ltd. ("Placer") was instructed to further investigate the potential gold prospects it had uncovered in the United Republic of Tanzania, for possible acquisition. This was in light of the tremendous success of other junior companies in that country, the favorable political climate and the initial discovery of amounts of free gold that that company had seen in its consulting work in the region.

During the past few months, Placer has made significant progress identifying a high grade gold property in the same belt of rocks that hosts Barrick's 400,000 ounce per year Bulyanghulu mine and south of Anglo Ashanti's 380,000 ounce per year Geita Mine in the Victoria Lake gold belts in northern Tanzania. The company is commissioning a technical report and will evaluate the prospect of acquiring the property.

Diamond Peak Property, Eureka Area, Nevada:

In January 2007, the Company entered into an option agreement ("the Option Agreement") with Max Resource, Inc. ("Optionor"). Through the Option Agreement, the Company is granted an option ("the Option") to acquire 51% of the right, title and interest in Max Resource, Inc.'s option to purchase the Diamond Peak Property and mineral property claims from the owner, the Wendt Family Trust. The Optionor is not a related party to the Company and the Option

Agreement was an arm’s length transaction between the Company and the Optionor.

The mine is located near the central northeast corner of Eureka County, Nevada, on the extreme NW margin of the Diamond Range, one mile south of Railroad Pass. The property is accessible from driving over 50 miles of improved dirt road and partial pavement north from Eureka, Nevada, and south from Elko - 40 miles of pavement and 22 miles of dirt road.

As of September 30, 2010, management decided to discontinue the exploration on the property as the assay results on the samples were of no commercial value. The Company has recorded a write-off of $859,934 for the year ended September 30, 2010.

Jackson Gold Project, Bulyanhulu-Geita area of Tanzania:

On September 7, 2010, the Company entered into an Option agreement with Jackson Mpemba Nkwabi**.** The Optionor granted the Company the sole and exclusive option (the “**Option**”) which may be exercised at the sole discretion of the Company to acquire an undivided **51%** legal and beneficial interest in the Property free and clear of all encumbrances, for the full price and consideration of payment to the Optionor of the sum of **US$375,000** (the “**Payment**”). Upon the completion of the Payment, the Company may exercise the Option by delivering to the Optionor written notice of the Company's intention to exercise the Option.

The Payment shall be made to the Optionor as follows:

(a) **US$75,000** on or before the execution of this Agreement (Amount paid);

(b) A further payment of **US$100,000** on or before the 90th day after written approval by the TSX Venture Exchange (“**Exchange Approval**”); and

(c) A further payment of **US$200,000** on or before the 180th day after Exchange Approval.

The Optionor further grants the Company an option to purchase up to an additional **29%** interest in the Property (the “**Second Option**”) exercisable for a period of 2 years after Exchange Approval and upon the Company to earning a 51% interest in the Property. The Second Option may be exercised by the Company by paying **US$400,000** and issuing **3,000,000 common shares** (the “**Shares**”) to the Optionor and delivering to the Optionor written notice of the Company's intention to exercise the Second Option.

Provided the Option and the Second Option have been completely exercised, the Optionor further grants the Company an option to purchase an additional 5% interests in the following order:

(1) A payment of **US$750,000** for an additional 5% interest in the Property (cumulative 85%);
(2) A further payment of **US$1,000,000** for an additional 5% interest in the Property (cumulative 90%); and
(3) A further payment of **US$1,250,000** for an additional 5% (cumulative 95%).

Joint Venture:

Upon the Company acquiring a 51% interest in the Property, the Optionor and the Company shall be deemed to have entered into a joint venture (the "**Joint Venture**") for the further exploration and development of the Property and any operation of the Property as a mine. Until the commencement of commercial production, the Optionor's interest in the Joint Venture shall be fully carried and the Company shall be responsible for paying all Joint Venture costs including those of the Optionor. The Company shall not be entitled to recover or recoup the costs incurred by it during the existence of the Joint Venture. For the purposes of this Agreement, the "commencement of commercial production" if a mill is located on the Property, the first day the mill processes ore from the Property and, if no mill is located on the Property, the first day during which ore has been shipped from the Property on a reasonably regular basis for the purposes of earning revenues.

As of September 30, 2010, the Company has paid $75,000 US for the execution of this agreement as noted in payment (a) above.

Overall Performance

- Capitalized mineral property costs incurred for the year ended September 30, 2010 totaled $752,966 (2009 - $15,226). For details please refer to "result of operations".
- General and administrative expenses for the year ended September 30, 2010 totaled $1,228,877 (2009 - $47,027) which included $859,934 and $181,523 of resource property written off and stock based compensation, respectively.
- The Company raised $1,200,000 (2009 - $nil) in cash through its first public offering. Cash used in operations was $286,379 (2009 -$52,680) and cash used in investing activities was $764,601 (2009 -$15,226). The Company maintains a positive cash position and is expected to be able to continue operations for the coming year and beyond.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Market Trends

In 2011 the price of gold continues to fluctuate. The price of gold was $1,402 on March 16, 2011 and $920 on March 16, 2010.

Selected Annual Information

The following selected financial data should be read in conjunction with the company's financial statements:

	Year Ended Sep. 30, 2010	**Year Ended Sep. 30, 2009**	**Year Ended Sep. 30, 2008**
Financial Results			
Other expenses	$ 875,743	$ (16,065)	$ 6,026
Operating Expenses	$353,134	$63,092	$261,457
Net Loss	$1,228,877	$47,027	$267,483
Loss per Share	$(0.075)	$(0.004)	$(0.021)
Weighted average number of outstanding shares	16,410,473	10,470,588	12,495,923
Total Assets	$697,152	$544,268	$475,480
Working Deficiency	$500,595	$264,089	$466,881
Mineral Properties	$428,565	$490,533	$475,306
Long-Term Liabilities	$ -	$ 318,618	$ -
Total Liabilities	$757,547	$582,870	$467,055
Share Capital	$1,449,018	$510,003	$510,003
Deficit	$1,777,482	$548,605	$501,578

Results of Operations

General Administration costs:

The Company's net loss for the year ended September 30, 2010 was $1,228,877. The major portion of expenses were related to the resource property that was written off - $859,934 and the stock based compensation of $181,523.

The Company incurred approximately $56,000 (2009 - $33,000) in accounting fees during the year ended September 30, 2010.

Following the public offering, the Company initiated an investor relations program to ensure that the investors received total transparency on the Company operations. The Company paid $32,250 to Abby Farrage to perform the Investor Relations function. Mr. Farrage also incurred travel expenses of $19,419 for conducting a tour and promoting the company's properties to potential investors.

The Company incurred securities filing costs of $18,938 for regular maintenance of the shares issuances.

Capitalized mineral property costs:

Capitalized mineral property costs incurred during year ended September 30, 2010 totaled $752,966 (2009 – $15,226). On January 15, 2010, a total of 300,000 shares were issued at 0.15 per share as the deemed value of $45,000 to acquire the Diamond Peak Property claims located in Eureka County Nevada.

The following table shows accumulated deferred mining costs as of September 30, 2010

Cost of Mining Property		Diamond Peak Property		Tanzania Jackson Gold Project
Acquisition costs				
Balance, September 30, 2009	$	65,094	$	-
Additional costs:		45,000		93,591
Balance, September 30, 2010		110,094		93,591
Exploration costs				
Balance, September 30, 2009		425,439		-
Additional costs:				
Consulting fees		24,400		33,000
Drilling & Exploration fees		184,720		102,180
Insurance & Permits		23,344		-
Option & lease		55,565		75,000
Maintenance		21,233		-
Supplies & Miscellaneous		-		99,801
Travel & Accommodation		15,139		24,993
		324,401		334,974
Balance, September 30, 2010		749,840		334,974
Total costs, September 30, 2010		859,934		428,565
Less: Write-off (note 5(a))		(859,934)		-
Resource property interest as of September 30, 2010	**$**	**-**	**$**	**428,565**

Diamond Peak Property, Eureka County Nevada, United States:

As of September 30, 2010, management decided to discontinue the exploration on the property as the assay results on the samples showed that there was no commercial value. The Company has recorded a write-off of $859,934 for the year ended September 30, 2010.

Jackson Gold Project, Bulyanhulu-Geita area of Tanzania

As of September 30, 2010, the Company has paid $75,000 US as the first payment for the execution of this agreement.

Selected Quarterly Results

The following financial information is derived from various audited and interim financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). While these statements follow the same accounting policies and methods of application as the September 30, 2010. The unauditeded interim financial statements do not contain all the information presented in the annual audited financial statements and should, therefore, be read in conjunction with same.

	2010 Sep 30 Unaudited	2010 Jun 30 Unaudited	2010 Mar 31 Unaudited	2009 Dec 31 Unaudited	2009 Sep 30 Unaudited	2009 Jun 30 Unaudited	2009 Mar 31 Unaudited	2008 Dec 31 Unaudited
Sales/Interest Revenue								
Income / (Loss) For Period	($782,895)	($19,768)	($414,911)	($11,303)	($38,171)	($23,851)	27,849	(12,854)
Basic and Fully Diluted Income (Loss) Per Share	($0.047)	($0.001)	($0.001)	($0.004)	($0.002)	$0.003	($0.001)	($0.011)

The Issuer does not derive revenue from its operations. Its primary focus is in the acquisition and exploration of resource properties.

The Income /(Loss) for the period has fluctuated widely, depending on the Issuer's activity level and periodic items that may or may not be incurred in each period, including stock based compensation and legal expenses to prepare the preliminary prospectus.

On January 1st, 2009, the Company entered into a rescission agreement (the "Placer Rescission Agreement") with Placer to agree that the Placer Consulting Agreement is deemed to be void. Therefore, a total of $39,109 of management services properly recorded and unpaid were written off from the book and recorded in the other expenses as gain on forgiveness of debt.

In the 2nd quarter of 2010, the Company further investigated the potential gold prospects it had uncovered in the United Republic of Tanzania, for possible acquisition. The Company incurred a preliminary research study in Tanzania, and located several junior mines that may offer potential for acquisition. This research cost the Company about $307,524 for the initial discovery and some consulting work in the region, and this amount was capitalized in the 4th quarter of 2010.

In the 4th quarter of 2010, the major increase in net loss was due to write-down costs in the amount of $859,934 for the Diamond Peak Property and the incurred stock based compensation of $181,523.

Liquidity and Capital Resources

The Issuer has had no revenue; in addition, the Issuer had a working capital deficiency of $500,595 as at September 30, 2010 (September 2009 - $264,089).

The Issuer generates cash primarily through financing activities. The Issuer will require additional financing in order to continue operations.

On January 15, 2010, the Company received the approval from the British Columbia and Alberta Securities Commissions in respect of an Initial Public Offering (the "Offering"). According to the approved preliminary prospectus (the "Prospectus"), the Company issued 8,000,000 units of the Company at a price of $0.15 per unit for gross proceeds of $1,200,000. Each unit will consist of one common share and one additional share purchase warrant to purchase one additional common share for a period of 5 years from the date of closing of the Offering for an exercise price of $0.20 per share during the first two years of the term and at $0.25 per share during the last three years of the term. The Company paid the underwriter PI Financial Corp $104,501 in cash and 103,325 in units, each unit consists one common shares at the price of $0.15 per share and one purchase warrant, each warrant entitles to purchase one common share at price of $0.20 per share for the first two years and $0.25 for the remaining three years. In connection of the public offering, the Company also paid $114,938 cash for the related legal fees and disbursements incurred with respect to the Offering. In addition, the Company has also granted 800,000 agent warrants to acquire the number of common shares equal to the number of units sold in the Offering at an exercise price of $0.15 per common share exercisable for a period of 5 years from the closing date of the Offering. The Company has included $86,546, the value attributed to the agent warrants using the Black-Scholes method, in the contributed surplus.

On January 15, 2010, a total of 300,000 shares were issued at $0.15 per share at the deemed value of $45,000 to acquire the Diamond Peak Property claims located in Eureka County Nevada.

In October 2010, a total of 323,457 warrants were exercised between $0.15- $0.20 for the gross proceeds of $53,519.

In November 2010, a total of 1,604,283 options were exercised at $0.25 for the gross proceeds of $401,071.

In December 2010, the Company issued 7,443,332 units for total proceeds of $1,116,500. Each unit consists of one common share of the Company and one share purchase warrant having a two-year term for the purchase of one further common share of the Company in the first year the exercise price of $0.20 per shares after first year the exercise price is $0.25 per share. Finder's fees paid consisted of $22,050 in cash and 250,000 shares.

In January 2011, a total of 858,725 warrants were exercised between $0.15-$0.20 for the gross proceeds of $165,745.

The Issuer does not have any cash flow from operations and is unable to generate sufficient cash to complete current projects without obtaining additional financing. The Issuer receives funds for use in its operations primarily from issuing common shares in the Issuer. This is not expected to change in the short or medium term.

Risk and Uncertainties

Mineral exploration and development involves a high degree of uncertainty and risk. The Company is active in acquisition and exploration of properties and concessions that have not yet been determined to contain economic mineralization. In addition, certain jurisdictions in which the Company operates can be subject to environmental and politcal disturbance, which may affect the Company's mineral tenure and access.

Although the Company endeavours to work utilizing Best Management Practices, changes to environmental regulations can negatively affect the Company's ability to access, explore and develop its properties.

Off-Balance Sheet Items

The Company does not have any off-balance sheet items.

Related Party Transactions

The following table provides details of the balance included in due to related parties:

Parties		Sep 30, 2010	Sep 30, 2009
Due to Kokanee Placer Ltd. ("Placer")	(a)	$156,619	$158,143
Due to director	(b)	273,245	155,475
Due to Sidon International Resources Inc. ("Sidon")	(c)	10,000	5,000
Due to Encore Renaissance Resources Corp. ("Encore")	(d)	5,000	-
		$444,864	$318,618

In the normal course of operations, the Company has entered into certain related party transactions which have been measured at the respective exchange amounts, being the consideration established and agreed by the related parties.

a) The Company's mining and mining management functions are performed by Placer. Placer is 100% owned by Laurence Stephenson, a former director of the Company (who resigned in December 2010). The Company and Placer entered into a service agreement on January 5th, 2007 (the "Placer Service Agreement") whereby Placer was engaged to provide corporate management, administration and geological consulting services to the Company for a term of 3 years. Pursuant to the Placer Service Agreement, the Company was to pay all of the operating costs and disbursements incurred by Placer on behalf of the Company and a fee equal to 5% of such costs and disbursements. The Placer Service Agreement was superseded by a consulting agreement dated August 1, 2008 (the “Placer Consulting Agreement”) between the Company and Placer. Under the Placer Consulting Agreement, Laurence Stephenson is to provide similar services as under the Placer Services Agreement under the title of Vice President, Exploration. The compensation under the Placer Consulting Agreement is $250 per diem.

On December 17th, 2008, The Company entered into a postponement of claim agreement (the “Placer Postponement”) with Placer, to agree to postpone the payment as of the date of the Placer Postponement to that date which is 450 days from the date of completion of the Initial Public Offering. During the year end of September 30, 2010, the Company made a repayment in the amount of $119,180 to Placer. As of September 30, 2010, Placer charged interest of $6,868 (2009 - $7,260) calculated at 5% on the balance owed. The amount due to Placer is unsecured.

On January 1st, 2009, the Company entered into a rescission agreement (the “Placer Rescission Agreement”) with Placer to agree that the Placer Consulting Agreement is deemed to be void. Therefore, a total of $39,109 of management services previously recorded and unpaid were written off and recorded in other income as a gain on forgiveness of debt.

Additionally, during the year Placer provided the following amount in services or charges:

	September 30, 2010	September 30, 2009
Mining services	$ 754,500	$ -
Interest charges	$ 6,868	$ 7,260
Amounts included in Accounts Payable	$ -	$ -

b) On December 17th, 2008, the Company entered into a postponement of claim agreement (the “Farrage Postponement”) with a director of the Company, Souhail (Abby) Farrage, to agree to postpone the payment as of the date of the Farrage Postponement to that date that is 450 days from the date of completion of the Initial Public Offering. The amount due to Mr. Farrage is non-interest bearing unsecured.

During the year end of September 30, 2010, Mr. Farrage advanced an additional $53,770 to the Company.

Mr. Farrage provided investor relations services during the year ended September 30, 2010 and 2009, valued at $117,700 and $nil, respectively.

c) The advances from Sidon, a company related by virtue of common directors, are non-interest bearing and unsecured. On December 17th, 2008, the Company entered into a verbal agreement with Sidon to postpone payment due as of that date to the date that is 450 days from the date of completion of the Initial Public Offering.

d) The advances from Encore, a company related by virtue of common directors, are non-interest bearing and unsecured.

e) The Company's accounting and administration services have been performed by Rovingi Inc. ("Rovingi"), a company controlled by Toni Bold-de-Haughton, a director. The Company and Rovingi entered into a service agreement on October 20th, 2007 (the "Rovingi Service Agreement") whereby Rovingi was engaged to provide corporate administration and accounting services to the Company for a term of 2 years. Pursuant to the Rovingi Service Agreement, the Company was to pay Rovingi a monthly fee of $3,000 and disbursements, which fee may be adjusted by consent between the parties. The Rovingi Service Agreement was superseded by a consulting agreement dated August 1, 2008 (the "Bold-de-Haughton Consulting Agreement") between the Company and Ms. Bold-de-Haughton. Under the Bold-de-Haughton Consulting Agreement, Ms. Bold-de-Haughton is to provide similar services as under the Rovingi Services Agreement for a monthly fee of $3,000. Rovingi Inc. performed the accounting and administration services from October 2005 until July 31, 2008. From August 1 2008, Ms. Bold-de-Haughton continued to perform the accounting and administration services under her personal name. In April 2009, Ms. Bold-de-Haughton conducted the accounting and administration services through her 100% owned company Castilla Management Group Inc. ("Castilla").

The details of Rovingi, Castilla and the services performed by Ms. Bold-de-Haughton are as follows:

	Sep 30, 2010	Sep 30, 2009
Accounting services	$18,900	$18,900
Administration services	$18,900	$18,900
Amounts included in accounts payable	$115,933	$78,133

f) On January 15, 2010, the company granted 1,887,392 stock options to five directors and one officer at an exercise price of $0.15 for a five year period.

Critical Accounting Estimates

By definition the Company is a venture Company and as such utilizes limited critical accounting estimation. The Company's recoverability of the recorded value of its mineral property costs is dependent upon many factors beyond the Company's control. The Company is engaged in an industry that is dependent on a number of conditions including property tenure, environmental and permitting risks, legal and political risks and the Company's ability to obtain necessary financing to maintain, explore and develop its mineral properties.

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities and expenses. Some of these estimates require judgment about matters that are inherently uncertain. Note 3 to the financial statements for the year ended September 30, 2010 include a summary of the significant accounting policies adopted by the Company. The applicable portion of note 3 is considered to be the critical accounting policies as they involve the use of significant estimates.

Mineral properties and deferred costs

Mineral property acquisition costs and related exploration and exploration overhead expenditures are capitalized in the accounts of the Company. The Company defers these costs until the property is placed into production, abandoned, sold or it is determined that there has been an impairment and the carrying values may not be recovered. At that time, the deferred costs are amortized on a unit-of-production basis, or written-down, as appropriate. Costs applicable to abandoned properties are charged to operations in the year of abandonment. The carrying values of these properties are periodically assessed by management and if management determines that the carrying values may not be recovered, the unrecoverable amounts are written off against operations in the year such determination is made. The amounts shown for mineral properties and deferred costs represent costs incurred to date, less write-downs, and do not necessarily reflect present or future values.

Changes in Accounting Policy

Adoption of new accounting standards

i) Financial Instruments Disclosures

Company has adopted the amendments to CICA Handbook Section 3862, *Financial Instruments - Disclosures*. The amendments set out new standards for disclosures about the fair value measurements of financial instruments and the nature and extent of liquidity risk. The amendments require an entity to classify fair value measurements using a fair value hierarchy in levels ranging from 1 to 3 that reflect the significance of the inputs used in making these measurements. These amendments are consistent with recent amendments to financial instrument disclosure standards under International Financial Reporting Standards ("IFRS"). Upon application by the Company, the fair value hierarchy level used in the determination of fair value of the Company's financial instruments has been disclosed in note 11.

ii) Credit risk and fair values of financial assets and liabilities:

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 provides guidance on evaluating credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The application of EIC-173 had no effect on the Company's consolidated financial statements.

New Accounting Standards issued, but not yet adopted

i) International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The conversion date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of October 1, 2011 will require a reconciliation of any significant differences identified and restatement if applicable for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. The Company has begun assessing the implications of the change over to reporting under IFRS and had begun the quantification process of starting the opening IFRS balance sheet. Management plans for conversion to IFRS to include further internal training, external consulting on complex issues, Board and Audit Committee oversight and determining what additional qualitative and supplementary information will be required of the information systems. The conversion plan, training and assessment process will continue through 2011.

ii) Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 Business Combinations, 1601 Consolidated Financial Statements and 1602 Non-controlling Interests which replace CICA Handbook Sections 1581 Business Combinations and 1600 Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after March 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for interim and annual consolidated financial statements for fiscal years beginning on or after December 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently. Adoption is not expected to have a material impact on the company's financial reporting based on current operations.

FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

Fair Value Measurement

The fair values of the Company's financial assets and liabilities as of September 30, 2010 were calculated as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 55,946	-	-
Reclamation deposit	$ 11,635	-	-

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

Credit risk

Credit risk reflects the risk that the Company may be unable to fulfill its payment obligations and is primarily attributable to interest on its cash balance. Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and loan payable. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions.

Market Risks

i) Other Price Risk
The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals could have a negative impact on the Company's ability to raise additional capital. Sensitivity to price risk is remote since the Company has not established any reserves or production.

ii) Currency Risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's mineral properties are located in the Tanzania and value at US Dollar ("US") with the majority of related expenditures being conducted in US currency. The Company is exposed to moderate currency risk as a result of fluctuations in the US dollar.

iii) Interest Rate Risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is minimal as the Company does not have any interest bearing assets or any interest bearing liabilities that are tied into market rates.

Industry Trends & Risk Factors

The Company operates within the context of the exploration, development and mining industry. This industry involves substantial risk and is considered a highly cyclical industry. The Company's current focus is primarily on the exploration of prospective gold and base metals properties and the development of such properties to a feasibility or pre-feasibility phase, and is therefore highly dependent on the raising of risk or venture capital by way of equity issuances to fund exploration activities. Complex factors and competitive forces including commodity trends, inflation, interest rates, supply and demand of metals and minerals, as well as economic cycles and their respective expansion or contraction periods influence the business of the Company. Furthermore, the Industry is especially dependant on the price of precious and base metals in the global commodities market. Strong precious and base metals prices make it substantially easier for the Company to raise funds by way of equity in the capital markets. During the past financial year the price of gold and copper has been strong. If this strengthening commodity trend continues, the Company anticipates that it will be able successfully raise equity to fund all of the exploration and development activities over the foreseeable future. In addition, the prices of commodities such as copper, zinc and molybdenum have increased based on the increasing demand for minerals from Asia, specifically China that is experiencing robust growth. This atmosphere bodes well for the future outlook of the Company as it currently depends on equity financing.

Outstanding Share Data at March 18, 2011:

Share Capital

The Issuer has an authorized share capital of an unlimited number of common shares without par value.

Escrow shares outstanding:

The Company had 7,570,588 escrow shares outstanding.

Issued and Outstanding Capital: 29,353,710 shares issued and outstanding

Issued Capital at September 30, 2010	18,873,913
Private Placement at $0.15 per share	7,443,332
Shares issued for finder fees at $0.15 per share	250,000
Options exercised at $0.25 per share	1,604,283
Warrants exercised between $0.15 - $0.20 per share	1,182,182
Issued Capital at March 18, 2011:	29,353,710

Outstanding options at March 18, 2011 were as follows:

Expiry	Price ($)	Outstanding 30-Sept-10	Granted (Expired) (Forfeited)	Exercised	Outstanding 18-Mar-11
15-Jan-15	0.25	1,887,392	-	(1,604,283)	283,109

Outstanding share purchase warrants at March 18, 2011 were as follows:

Expiry	Price ($)	Outstanding 30-Sept-10	Exercised	Expired	Granted	Outstanding 18-Mar-11
15-Jan-15	0.2/0.25 (i)	8,103,325	(942,050)	-	-	7,161,275
15-Jan-15	0.15	800,000	(240,132)	-	-	559,868
08-Oct-13	0.2/0.25 (ii)	-	-	-	7,443,332	7,443,332
		8,903,325	(1,182,182)	-	7,443,332	15,164,475

(i) The exercise price of these warrants is $0.20 in the first two years and $0.25 for the remaining three years.
(ii) The exercise price of these warrants is $0.20 in the first year and $0.25 for the remaining one year.

Subsequent Events

a) In October 2010, a total of 323,457 warrants were exercised between $0.15-$0.20 for the gross proceeds of $53,519.

b) In November 2010, a total of 1,604,283 options were exercised at $0.25 for the gross proceeds of $401,071.

c) In December 2010, the Company issued 7,443,332 units for total proceeds of $1,116,500. Each unit consists of one common share of the Company and one share purchase warrant having a two-year term for the purchase of one further common share of the Company in the first year the exercise price of $0.20 per shares after first year the exercise price is $0.25 per share. Finder's fees paid consisted of $22,050 in cash and 250,000 shares.

d) In December 2010, the Company granted 2,800,000 options to directors and consultants at $0.18 per share exercisable in whole or in part on or before five years from December 3, 2010 and pending for the regulatory approval.

e) In December 2010, Laurence Stephenson resigned as an officer and director.

f) In January 2011, a total of 858,725 warrants were exercised between $0.15-$0.20 for the gross proceeds of $165,745.

g) On February 3, 2011, the Company filed a management cease trade order against the Company of failing to file the September 30, 2010 audited financial statements and management's discussion and analysis within the required time period.

h) On March 3, 2011, the Company amended the exercise price relating to the stock option agreement in December 2010. The stock option agreement granting the right to purchase 2,800,000 shares at $0.18 has been amended to $0.21 per share. The terms of exercise have remained the same.

Outlook

Financing efforts will be continued for the near future.

Disclosure Controls

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, is made known to management by others within the Company, particularly during the period in which the annual filings are being prepared.

Management has also designed such internal controls over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the year ended September 30, 2010 in accordance with Canadian generally accepted accounting principles (**"GAAP"**). Canadian GAAP has become very complex and, as a venture Company, the Company has limited personnel and resources. Therefore, despite management's efforts, there is a risk that interim financial statements may not conform to Canadian GAAP.

There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

Addition Information

Additional information related to the Company is available on SEDAR's website at 'www.sedar.com'.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in the foregoing Management's Discussion and Analysis and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth above.