



**Eurotin Inc.**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**For the three months ended June 30, 2012**



# Eurotin Inc.

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## Introduction

This management discussion and analysis (“**MD&A**”), dated August 27, 2012 provides a review of the financial condition and the results of operations of Eurotin Inc. (the “**Company**” or “**Eurotin**”). The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the three months ended June 30, 2012. This MD&A constitutes management’s review of the factors that affected the Company’s financial and operating performance for the three months ended June 30, 2012 and subsequent to year end. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited interim consolidated financial statements of the Corporation for the three months ended June 30, 2012 (“**Q1 2013**”) (the “**Financial Statements**”) and the three months ended June 30, 2011 (“**Q1 2012**”) together with the accompanying notes thereto. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at August 27, 2012, unless otherwise indicated.

The Company’s **Financial Statements** and MD&A have been reviewed by the Audit Committee of the Board of Directors of the Company and approved by the Board of Directors on August 27, 2012. The financial information in this MD&A is derived from the Company’s Financial Statements, which are prepared in accordance with International Financial Reporting Standards (“**IFRS**”). All amounts presented are stated in Canadian dollars, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Eurotin’s common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information about the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.eurotin.ca](http://www.eurotin.ca)

## Cautionary Statements:

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “**forward-looking statements**”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The



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forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, price volatility for precious metals, changes in equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data, the possibility that future exploration results will not be consistent with the Company's expectations, increases in costs, environmental compliance and changes in environmental legislation and regulation, exchange rate fluctuations, changes in economic and political conditions and other risks involved in the mining industry, as well as those risk factors listed in the "Risk Factors" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for the Corporation's exploration and acquisition activities; operating and exploration and development costs; its ability to retain and attract skilled staff and consultants; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the C's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

## **Background**

On April 18, 2011, Eurotin, a capital pool company, completed its qualifying transaction (the "**Qualifying Transaction**") originally announced on February 6, 2009 and subsequently amended on September 18, 2009. The Qualifying Transaction involved the acquisition of Stannico Resources Inc. ("**Stannico**") through an amalgamation completed on May 18, 2011. The Company's stock symbol was changed from "ERT.P" to "TIN" in connection with the completion of the Qualifying Transaction. Concurrent with the completion of the Qualifying Transaction the Company changed its fiscal year end to March 31, 2011.

The head office and registered office of each of the Company and Stannico are located at 25 Adelaide Street East, Suite 818, Toronto, Ontario, Canada M5C 3A1

Stannico was incorporated on October 9, 2008 as 2187223 Ontario Inc. under the Business Corporations Act (Ontario). Articles of amendment were subsequently filed on December 18, 2008 to change the name to Stannico Resources Inc. Stannico acquired 100% of the issued common shares of Minas De Estaño De España, S.L.U. ("**MESPA**" or "**MEE**"), a private corporation incorporated on November 29, 2006,



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whose business is the exploration, research, exploitation and utilization of mining deposits, resources and substances, as well as the establishment of industries related to them, to obtain mining, industrial and chemical products and processed products in general. The acquisition was accomplished through an exchange of shares which resulted in the former shareholders of MEE obtaining control of the Stannico. Stannico was formed by the principal shareholders of MEE for the purposes of the MEE acquisition and to raise and facilitate funding in capital markets for the MEE exploration and development programs.

On July 26, 2011, Eurotin closed a private placement, with a syndicate of agents (the “**Private Placement**”). Under the Private Placement Eurotin issued 15,625,000 special warrants at an issue price of \$0.80 per special warrant for gross proceeds of \$12,500,000. The proceeds of this Private Placement are being used primarily to accelerate the exploration and development of the Company’s Spanish properties.

Each special warrant, subject to the penalty provision (as outlined below) and subject to adjustments in certain circumstances, was exercisable into one unit of Eurotin, with each unit comprised of one common share of Eurotin (a “**Common Share**”) and one half of one Common Share purchase warrant of Eurotin, for no additional consideration. Each full warrant (a “**Warrant**”) entitled the holder to purchase one Common Share for a period of 2 years following the closing at an exercise price of \$1.20 per Warrant.

All unexercised special warrants were deemed to be exercised at 4:00 pm (Toronto time) on the earlier of: (a) November 27, 2011; and (b) the third business day after the date a final receipt is issued by each of the applicable securities regulatory authorities in Canada (except Quebec), for a final prospectus qualifying the distribution of the securities issuable upon exercise or deemed exercise of the special warrants. As such final receipts were issued on September 21, 2011, the special warrants were deemed to be exercised on September 26, 2011.

As consideration for services in connection with the Private Placement, Eurotin paid the syndicate of agents a cash commission equal to 6% of the gross proceeds of the offering and has issued compensation options equal to 5% of the special warrants sold pursuant to the Private Placement. The compensation options were deemed to be exercised into broker warrants on the same date as the exercise of the special warrants. Each broker warrant is exercisable into one broker unit at an exercise price of \$0.80 per broker unit. The broker units were issued on the same terms as the special warrant units and shall be subject to the same penalty provision.

The Company entered into an advisory services agreement effective June 24, 2011, in conjunction with the private placement described above, wherein an amount equal to 1% of the gross proceeds of the private placement were payable to the advisor. The agreement terminated on the completion date of the offering, September 26, 2011.

On September 21, 2011, a receipt was issued for the final prospectus filed in connection with the qualification for distribution of the securities underlying the 15,625,000 special warrants issued on July 26, 2011. 15,625,000 Common Shares and 7,812,500 Warrants were issued on September 26, 2011, being the third business day following the issuance of this receipt, as each Special Warrant automatically converted into one free trading Common Share and one-half of one free trading Warrant. The fair value of the 7,812,500 Warrants was estimated to be \$722,169 using a fair market technique incorporating Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk free rate 0.89%; and expected life of 1.84 years.



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The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value. Since the date of incorporation, the Company has completed a number of private placements for common shares and units consisting of common shares and warrants to raise the working capital for its exploration work in Spain and general corporate activities.

The business activities of the Company are primarily focused on the acquisition, exploration and development of resource properties in Spain.

While general economic conditions continue to improve and stability appears to be returning to financial and commodity markets, significant uncertainty concerning the short and medium term global economic outlook persists. The Board of Directors and management of the Company will continue to monitor these developments and their effect on its business.

## Corporate Development Highlights

- (i) On April 17, 2012, the Company provided an update on its Oropesa tin project. The drill program continues to intercept high grade tin mineralization over significant widths. The Company also announced that the preparation for the calculation of the first mineral resource has commenced and the initial National Instrument 43-101 Standards of Disclosure for Mineral Projects (“**NI 43-101**”) compliant resource was expected to be published by the end of Eurotin’s first fiscal quarter of 2013 (ended June 30, 2012). See the Company’s press release dated April 17, 2012. The results are posted on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company website at [www.eurotin.ca](http://www.eurotin.ca). The Company has since revised its estimation and expects to publish the NI 43-101 resource report during the third fiscal quarter 2013 (ending December 30, 2012).
- (ii) On April 18, 2012, 200,000 Stock Options were exercised at \$0.267 for total proceeds of \$53,400.
- (iii) On April 19, 2012, the Company announced that its Board of Directors had approved the adoption of shareholder rights plan (**the “Rights Plan”**) designed to encourage the fair and equal treatment of shareholders in connection with any take-over bid for the Company’s outstanding securities. Although effective as of April 19, 2012 the Rights Plan is subject to ratification by the Company’s shareholders at the next annual meeting of shareholders. If the Rights Plan is not ratified at the next annual shareholders’ meeting the Rights Plan and all the Rights outstanding at the time will terminate. See the Company’s press release dated April 19, 2012. A copy of the Rights Plan is available for public viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.eurotin.ca](http://www.eurotin.ca).
- (iv) On May 16, 2012, the Company provided a further update on its Oropesa tin project which indicated that the drill program continues intercepting high grade tin mineralization over significant widths. See the Company’s press release dated May 16, 2012. The results are posted on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.eurotin.ca](http://www.eurotin.ca). On the same day 225,000 Stock Options were exercised at \$0.267 for total proceeds of \$60,075.
- (v) On June 4, 2012, the Company provided another update on its Oropesa tin project which indicated that the drill program continues intercepting high grade tin mineralization over significant widths. The four planned large diameter (PQ) drill holes has have been completed.



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These drills cores have been shipped to the laboratories of SGS Mineral Services UK Ltd. in Cornwall, UK for detailed metallurgical work. The resource estimate of the Oropesa tin mineralization is being undertaken by SRK UK. Geological models and wire frames of mineralized zones have been completed, as well as a review of all QAQC dates, statistical analyses and variographic analyses. In order to achieve more robust geological interpretations, particularly of the high grade zones, the Company is carrying out a brief infill drilling program prior to release of the resource estimate

### Mineral Properties

#### *Oropesa*

On February 15, 2008, MESPA acquired the right to earn a 100% interest in Oropesa Investigation Permit No. 13.050 (“**IP Oropesa**”) from Sondeos y Perforaciones Industriales del Bierzo, SA (“**SPIB**”). The property (the “**Oropesa Property**”) is situated in Spain within the North East part of the Region of Andalucía and totals 23.4km<sup>2</sup>.

MESPA satisfied the terms to earn a 50% interest in IP Oropesa by spending €1,500,000 on exploration on the Oropesa Property over a three year period. A further 50% equity interest in IP Oropesa can be acquired by MESPA by either:

- (a) granting SPIB a 1.35% net smelter royalty; or
- (b) paying to SPIB 0.90% of the value of the metal reserves at the time of feasibility; and

in the event of commercial production, the issuance by the Company to SPIB of 4% of the equity of the entity which holds IP Oropesa.

MEE has also agreed to make annual lease payments to SPIB of €18,000.

On March 13, 2008, the MEE entered into an option agreement (the “**Option Agreement**”) with Minas Aguas Tenidas S.A.U (“**MATSA**”) a wholly owned subsidiary of Iberian Minerals Corp. whereby MATSA was granted the right to earn a 25% interest in the IP Oropesa. In order to earn such interest, MATSA was required to pay MEE an amount equal to double the amount of the expenses incurred by MEE to bring the Oropesa Property to pre-feasibility status. Following the delivery of a notice of termination by MEE to MATSA on October 6, 2011, the Option Agreement terminated on March 13, 2012.

#### *Santa Maria*

On December 11, 2010, MEE and Quercus Explorations y Mining S.A. (“**QEM**”) entered into an agreement (which amended and replaced a previous agreement between the parties dated August 8, 2008) (the “**Santa Maria Agreement**”), whereby both parties agreed to form and enter into a joint venture as it relates to the “Santa Maria” property (the “**Santa Maria Property**”). The Santa Maria Property is located approximately 50 kilometers north of Caceres in Extremadura Province in West Central Spain. The Santa



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Maria Property is comprised of Investigation Permit Ampliacion Retamar n° 10.220 and Investigation Permit Retamar n° 10.201 (“**IP Santa Maria**”), both of which were held by QEM. Pursuant to the terms of the agreement, a new company – Minas De Estano De Extremadura, S.L. (“**MESEX**”) – was incorporated on February 25, 2011, and the parties agreed that the IP Santa Maria shall be transferred to MESEX. The parties further agreed that Eurotin and QEM will own an initial interest of 60% and 40%, respectively, of MESEX and that Eurotin may increase its interest up to 85%. In consideration for its interest in MESEX, Eurotin (or Stannico) has paid to QEM:

- (a) US\$200,000 through the issuance of 1,386,667 common shares of Stannico (which were exchanged for 1,040,000 Common Shares of the Company upon completion of the Qualifying Transaction) at an issue price of CDN\$0.15 per share; and
- (b) €145,000 in cash.

In addition, €65,000 in cash has been paid to QEM for certain information relating to the Santa Maria Property.

In addition to the Santa Maria Agreement, the two shareholders of MESEX have also entered into a shareholders’ agreement with respect to their shareholdings in MESEX. The Santa Maria Agreement and the shareholders’ agreement will govern the relationship between parties with respect to their shareholdings in MESEX and the Santa Maria Property. The Company has accounted for the joint venture as a subsidiary. Accordingly, the payments made to date have been accounted for as mineral property expenditures. The non-controlling interests in the net assets of the consolidated subsidiary are identified separately from the Company’s equity therein. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary’s equity are allocated against the interests of the Company except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

On October 19, 2011 MEE sold its 60% participation in MESEX to Stannico and the transfer was executed and notarized as a deed.

On October 25, 2011, a Permits Transfer Agreement relating to IP Santa Maria was executed and notarized as a deed. This deed was confirmed and ratified by MESEX the following day. On December 9, 2011, MESEX submitted all relevant documents and information required by law and formally applied to the Extremadura Mining Authority for the mandatory authorization of the transfer. The company received such authorization on March 9, 2012.

### **Selected Financial Information**

The following table sets forth selected financial information of the Company.



# Eurotin Inc.

	Quarter ended June 30, 2012 \$	Twelve Months ended March 31, 2012 \$ (audited)	Quarter ended March 31, 2012 \$	Quarter ended Dec. 31, 2011 \$
Revenue	Nil	Nil	Nil	Nil
Income from Operations	Nil	Nil	Nil	Nil
Net Loss and Comprehensive Loss for the period	\$(532,274)	\$(8,548,752)	\$(853,269)	\$(729,909)
Diluted loss per share	\$(0.01)	\$(0.13)	\$(0.01)	\$(0.01)
Total Assets	\$16,989,662	\$17,023,627	\$16,464,633	\$17,031,146
Accounts Payable and Accrued Liabilities	\$1,253,304	\$986,349	\$986,349	\$1,248,017
Cash	\$3,312,285	\$5,634,167	\$5,634,167	\$8,062,767
Mineral Properties and Deferred Expenditure	\$12,352,156	\$10,175,838	\$10,175,838	\$8,281,258
Total equity	\$15,736,358	\$16,037,278	\$15,478,284	\$15,783,130

	Quarter ended Sept. 30, 2011 \$	Quarter ended June 30, 2011 Post RTO \$	January 1, 2010 to March 31, 2011 Stannico (audited)	Jan. 1, 2009 to Dec. 31, 2009 Stannico \$
Revenue	Nil	Nil	Nil	Nil
Income from Operations	Nil	Nil	Nil	Nil
Net Loss and Comprehensive Loss for the period	\$(1,180,469)	\$(6,344,099)	\$(1,334,515)	\$(544,492)
Diluted loss per share	\$(0.02)	\$(0.11)	\$(0.04)	\$(0.05)
Total Assets	\$16,322,438	\$5,790,121	\$6,079,830	\$1,099,957
Accounts Payable and Accrued Liabilities	\$490,456	\$512,249	\$840,267	\$403,450
Cash	\$9,387,021	\$664,125	\$1,984,846	\$309,831
Mineral Properties and Deferred Expenditure	\$6,055,569	\$4,558,129	\$3,751,456	\$698,761
Total equity	\$15,831,982	\$5,277,872	\$5,239,563	\$225,704





## Results of Operations

### *Consolidated Operating Results*

This section should be read in conjunction with Condensed Consolidated Interim Financial Statements for **Q1 2013** and **Q1 2012**, respectively, and the notes associated therewith. Note: the Company does not have any material revenues as it is an exploration company.

The Company reported a comprehensive loss of \$532,274 or \$ 0.007 per share for Q1 2013 compared to a loss of \$6,344,099 or \$0.11 per share for Q1 2012.

During Q1 2013, there were significant changes included in the Interim Consolidated Statement of Comprehensive Loss as compared to Q1 2012. Some of these major changes were as follows:

- a reduction in consulting and professional fees from \$284,099 in Q1 2012the three months period ended June 30,2011 compared to \$71,033 in Q1 2013the three months ended June 30,2012 (primarily due to the consulting and professional fees paid for the completion of the Qualifying Transaction of the Company, audit and legal fees during Q1 2012;
- a stock option expense of \$88,958 for the Q1 2013, compared with \$503,666 for Q1 2012;
- travel expenses for Q1 2013 of \$76,918 compared to \$44,160 for Q1 2012, primarily due to increased activities in Toronto and Spain to handle increasing level of activity of the Company;
- investor relations expenses in Q1 2013 of \$27,917 compared to \$44,052 during Q1 2012, primarily due to the activities and promotion for the completion of the Qualifying Transaction of the Company during Q1 2012;
- director fees in Q1 2013 of \$55,771 compared to nil during Q1 2012 due the appointment of Directors;
- reporting issuer costs reduction to \$ Nil in Q1 2013 compared with \$49,833 for Q1 2012. This is as a result of the completion of the Qualifying Transaction in Q1 2012; and
- salaries and benefits in Q1 2013 of \$70,316 compared to \$50,490 in Q1 2012, primarily due to increased activities in Toronto and Spain to handle increasing level of activity of the Company;

### *Consolidated Financial Position*

This section should be read in conjunction with the Condensed Interim Consolidated Statements of Financial Position and the Statements of Changes in Equity as at June 30, 2012 and the Interim Consolidated Statement of Cash Flow for the three month period ended June 30, 2012.

Note 2 to the Condensed Interim Consolidated Financial Statements for Q1 2013 sets out the IFRS accounting principles applied in preparing the financial statements.

The Company's cash balance as at June 30, 2012 was \$3,312,285 (March 31, 2012 – \$5,634,167).



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Current assets of the Company as at June 30, 2012 were \$4,484,657 (March 31, 2012 - \$6,735,614), representing cash balances of \$3,312,285 (March 31, 2012 - \$5,634,167) VAT receivable and prepaid expenses \$1,172,372 (March 31, 2012 - \$1,101,447). Total consolidated assets as at March 31, 2012 were \$16,989,662 (March 31, 2012 - \$17,023,627), which are comprised of current assets of \$4,484,657 (March 31, 2012- \$6,735,614), equipment of \$152,849 (March 31, 2012- \$112,175) and mining properties and deferred exploration expenditures of \$12,352,156 (March 31, 2011 - \$10,175,838). These assets were financed by proceeds from the various private placements of shares and units in the Company and the issuance of shares in exchange for the acquisition of mineral properties, and loans.

Pursuant to Spanish regulations, as an exploration stage company, the VAT is recoverable by the Company within six months of the submission of the refund application provided that the application is not still under review by the Spanish taxation authorities. After such period, if the amount is not refunded, interest will begin to accrue on the amount payable. The Company is confident that 100% of outstanding VAT refunds will be recovered under these rules.

Current liabilities as at June 30, 2012 were \$1,253,304 (March 31, 2012 - \$986,349) which are comprised largely of expenditures incurred relating to exploration, drilling and evaluation costs and general and administrative costs.

In Q1 2013, the Company expended \$2,176,318 on its exploration programs the Oropesa and Santa Maria properties compared with \$806,673 in Q1 2012. The cost including the following:

Oropesa	As up at Dec 31,2010	From Jan. 01,2010 to March 31,2011	As up at March 31,2011	From Apr. 01,2011 to March 31,2012	As up at March 31,2012	From Apr. 01,2012 to June 30,2012	As up at June 30,2012
Drilling	\$ 559,305	\$ 818,619	\$ 1,377,925	\$ 4,471,788	\$ 5,849,713	\$ 1,367,358	\$ 7,217,071
Lab & Consultants	494,404	232,641	727,045	779,027	1,506,071	254,423	1,760,494
Other Expenses	244,581	81,694	326,276	684,732	1,011,007	153,005	1,164,012
<b>Total</b>	<b>\$ 1,298,290</b>	<b>\$ 1,132,955</b>	<b>\$ 2,431,245</b>	<b>\$ 5,935,547</b>	<b>\$ 8,366,792</b>	<b>\$ 1,774,785</b>	<b>\$ 10,141,577</b>

  

Santa Maria	As up at Dec 31,2010	From Jan. 01,2010 to March 31,2011	As up at March 31,2011	From Apr. 01,2011 to March 31,2012	As up at March 31,2012	From Apr. 01,2012 to June 30,2012	As up at June 30,2012
Drilling	\$ -	\$ -	\$ -	\$ 316,287	\$ 316,287	\$ 251,554	\$ 567,841
Lab & Consultants	375,386	225,088	600,474	92,269	692,743	98,761	791,504
Other Expenses	145,446	574,290	719,737	80,279	800,016	51,217	851,233
<b>Total</b>	<b>\$ 520,832</b>	<b>\$ 799,378</b>	<b>\$ 1,320,211</b>	<b>\$ 488,835</b>	<b>\$ 1,809,046</b>	<b>\$ 401,533</b>	<b>\$ 2,210,579</b>

  

Oropesa + Santa Maria	As up at Dec 31,2010	From Jan. 01,2010 to March 31,2011	As up at March 31,2011	From Apr. 01,2011 to March 31,2012	As up at March 31,2012	From Apr. 01,2012 to June 30,2012	As up at June 30,2012
Drilling	\$ 559,305	\$ 818,619	\$ 1,377,925	\$ 4,788,076	\$ 6,166,000	\$ 1,618,912	\$ 7,784,912
Lab & Consultants	869,790	457,729	1,327,519	871,295	2,198,814	353,184	2,551,998
Other Expenses	390,028	655,985	1,046,012	765,011	1,811,023	204,222	2,015,245
<b>Total</b>	<b>\$ 1,819,123</b>	<b>\$ 1,932,333</b>	<b>\$ 3,751,456</b>	<b>\$ 6,424,382</b>	<b>\$ 10,175,838</b>	<b>\$ 2,176,318</b>	<b>\$ 12,352,155</b>

The funds expended to date on the exploration program have been included in mineral properties and deferred expenditures on the statement of financial position.

From April 1, 2012 to June 30, 2012, the Company continued with its drilling and exploration programs. The last available results are described under "Corporate Development Highlights" and posted on SEDAR at [www.sedar.com](http://www.sedar.com).



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## *Consolidated Cash Flows*

Cash used in operating activities during Q1 2013 of \$200,835 compared with \$ \$1,181,539 in Q1 2012, were primarily spent on general and administrative expenses of \$508,317 partially offset by an increase in amounts payable of \$266,955. There was no offsetting revenue during the Q1 2013.

Cash used in investing activities during Q1 2013 was \$2,199,897 compared with \$823,895 for Q1 2012, which were mainly attributable to expenditures on exploration and evaluation assets.

Cash from financing activities for Q1 2013 of \$113,475 was all provided by the proceeds from exercise of warrants and stock options, compared with \$686,784 for Q1 2012.

## **Critical accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the unaudited interim consolidated financial statements are:

### *Useful lives of equipment*

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

### *Share-based payment*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option.

### *Fair value of financial instruments*



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The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

## ***Taxes***

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

## ***Financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

## ***Impairment of non-financial assets***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

## **Financial Instruments**

The Company's financial instruments consist of cash, amounts receivables, amounts payable and due to shareholder. Unless otherwise noted the Company does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments. The Company estimates that the fair value of these financial instruments approximates carrying value.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired:



# Eurotin Inc.

## Loans and receivables

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include cash and amounts receivable and other assets. As at June 30, 2012, the Company's Financial Assets were \$ 4,484,657 compared with \$ 6,735,614 as at March 31, 2012.

## Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Any gains or losses arising from the realization of other financial liabilities are included in the profit (loss) statement. Liabilities in this category include amounts payable and other liabilities and due to related parties. As at June 30, 2012, the Company's Financial Liabilities were \$ 1,253,304 compared with \$ 986,349 as at March 31, 2012.

## Contractual Commitments

As at June 30, 2012, the Company is committed to future minimum payments in Euros under vehicle lease, rents, mineral property and consulting agreements and in Canadian dollars under office rent as follows:

	Amount C\$	Amount Euro
For the year ended March 31, 2013	23,400	67,283
For the year ended March 31, 2014	31,206	15,189
For the year ended March 31, 2015	15,603	-
<b>Total</b>	<b>70,209</b>	<b>82,472</b>

## Liquidity and Capital Resources

The Company's working capital as at June 30, 2012 was \$3,231,353 (March 31, 2012 - \$5,749,265).

The Company funds its exploration activities through equity financing. During Q1 2013, the Company received as net proceeds of \$113,475 in connection with the exercise of warrants and stock options compared with \$ 686,784 in Q1 2012.

At this time, the Company is not anticipating an ongoing profit from operations; therefore, it will rely on its ability to obtain equity or debt financing to finance current and future exploration programs. The Company may need additional capital, and may raise additional funds should its management and Board of Directors deem it advisable.

The Company estimates that it has sufficient cash to meet its obligations for the next 12 months.

## Off Balance Sheet Arrangements



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The Company had no off-balance sheet arrangements as at June 30, 2012 and June 30, 2011.

## Outstanding Share Data

### *Common Shares*

The Company has authorized an unlimited number of common shares, with no par value (the “**Common Shares**”), of which 79,474,260 were issued and outstanding as of June 30, 2012. The following table shows the movement in the number of Common Shares since March 31, 2011, including the impact of the RTO and the Private Placement:

	<b>Number of Common Shares</b>
<b>Balance as at March 31, 2011</b>	<b>40,149,709</b>
Issue of Common shares for warrants exercise	5,527,675
Deemed consideration for RTO of Eurotin	10,092,500
Exercise of warrants	1,360,000
Exercise of stock options	1,291,750
<b>Balance as at June 30, 2011</b>	<b>58,421,634</b>
Private placement	15,625,000
<b>Balance as at September 30, 2011</b>	<b>74,046,634</b>
Exercise of warrants	3,317,955
<b>Balance as at December 31, 2011</b>	<b>77,364,589</b>
Exercise of warrants	1,459,671
Exercise of stock options	225,000
<b>Balance as at March 31, 2012</b>	<b>79,049,260</b>
Exercise of stock options	425,000
<b>Balance as at June 30, 2012</b>	<b>79,474,260</b>



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### *Share Purchase Warrants*

As at June 30, 2012, 14,989,684 Common Share purchase warrants (“**Warrants**”) were outstanding. The following table shows the movement in the number of Warrants since March 31, 2011:

	<b>Number of Warrants</b>
<b>Balance as at March 31, 2011</b>	<b>18,496,235</b>
Exercised before the RTO	(5,527,675)
Exercise of warrants	(1,360,000)
<b>Balance as at June 30, 2011</b>	<b>11,608,560</b>
Issued in Private placement	8,593,750
<b>Balance as at September 30, 2011</b>	<b>20,202,310</b>
Exercise of warrants	(3,317,955)
<b>Balance as at December 31, 2011</b>	<b>16,884,355</b>
Exercise of warrants	(1,459,671)
Warrants Expired	(435,000)
<b>Balance as at March 31, 2012</b>	<b>14,989,684</b>
<b>Balance as at June 30, 2012</b>	<b>14,989,684</b>

### *Employee Stock options*

As at June 30, 2012, 5,406,250 options (“**Options**”) were outstanding under the Company’s stock option plan for directors, officers and consultants of the Company. The following table shows the movement in the number of Options since March 31, 2011:



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	<b>Number of Stock Options</b>
<b>Balance as at March 31, 2011</b>	<b>4,331,250</b>
Exercised	(979,250)
Granted April 18, 2011 ( see note 17 in Q2,2012 Financial Statements)	1,989,250
Options Expired	(10,000)
<b>Balance as at June 30, 2011</b>	<b>5,331,250</b>
<b>Balance as at September 30, 2011</b>	<b>5,331,250</b>
Granted November 09, 2011 ( see note 17 in Q3,2012 Financial Statements)	400,000
Granted November 18, 2011 ( see note 17 in Q3,2012 Financial Statements)	175,000
<b>Balance as at December 31, 2011</b>	<b>5,906,250</b>
Granted March 01, 2012 ( see note 17 in 2012 Year End Financial Statements)	400,000
Exercised	(225,000)
Options Expired	(150,000)
<b>Balance as at March 31, 2012</b>	<b>5,931,250</b>
Exercised	(425,000)
Options Expired	(100,000)
<b>Balance as at June 30, 2012</b>	<b>5,406,250</b>





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## *Total Common Shares, Warrants and Options outstanding as at the date of this MD&A*

The following table shows the number of Common Shares, Warrants and Options issued and outstanding as at the date of this MD&A:

Number of Common Shares issued and outstanding	79,641,760
Number of Warrants issued and outstanding	14,424,375
Number of Options outstanding	5,406,250
<b>Total Fully Diluted</b>	<b>99,472,385</b>

## **Risks Factors Relating to the Company's Business and Industry**

Due to the nature of the Company's business and the present stage of exploration and development of the mineral properties in Spain, the Company may be subject to significant risks. Readers should carefully consider all such risks, including those set out in the discussion below.

The Company's actual exploration, development and operating results may be very different from those expected as of the date of this MD&A.

The following is a description of the principal risk factors that will affect Eurotin.

### ***Financial and Operating History***

#### Limited Business History

The Company has only recently commenced operations, is in the early stages of exploration and development, has no history of operating earnings and must be considered a start-up. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business. As such, the Company is subject to many risks common to such enterprises, including cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

#### ***Dependence on Exploration Projects***

The Oropesa and Santa Maria Properties (the "**Properties**") are the Company's only material properties and are in the early exploration stage without a known body of commercial ore. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits on the



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Properties will result in discoveries of commercial quantities of ore. Furthermore, unless the Company acquires additional properties or projects, any adverse developments affecting the Properties or the Company's rights to develop the Properties, could materially adversely affect the Company's business, financial condition and results of operations.

## ***Cash Flow and Liquidity***

### Additional Funding Requirements

The Company has limited financial resources, has earned nominal revenue since commencing operations, and has no source of operating cash flow. The Company will require additional financing to continue its operations. There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable for further exploration and development of its projects. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development and the property interests of the Company with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources.

### Property Commitments

The Company's mining properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

### Potential Joint Ventures

Due to the cost of establishing and operating mining operations, the Company may enter into joint ventures on one or more of its properties. Any failure of such joint venture partners to meet their obligations to the Company or to third parties could have a material adverse effect on the joint ventures and the Company as a result. In addition, the Company may be unable to exert influence over strategic decisions made in respect of such properties.

## ***General Risks Inherent in the Business***

### Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of the Company, personal injury or death, environmental damage or, regarding the



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exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

### Competition for Mineral Acquisition Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, more established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms that the Company considers acceptable. If the Company is not able to acquire such interests, this could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company.

### Exploration and Development Activities May Not be Successful

Exploration for, and development of, mineral properties involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting minerals from the ore. The Company cannot ensure that its future exploration and development programs will result in profitable commercial mining operations.

Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. There have been no feasibility studies conducted in order to derive estimates of capital and operating costs including, among others, anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of minerals from the ore, and anticipated environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of future mining operations may differ materially from the Company's best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on the Company's future cash flows, earnings results of operations and financial condition.

### Properties May be Subject to Defects in Title

The Company has investigated its rights to explore and exploit the Oropesa and Santa Maria Properties and, to the best of its knowledge, its rights are in good standing. However, no assurance can be given that



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such rights will not be revoked, or significantly altered, to its detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties.

Some of the Company's mineral claims may overlap with other mineral claims owned by third parties which may be considered senior in title to the Company's mineral claims. The junior claim is only invalid in the areas where it overlaps a senior claim. The Company has not determined which, if any, of the Company's mineral claims is junior to a mineral claim held by a third party.

Although the Company is not aware of any existing title uncertainties with respect to the Oropesa and Santa Maria Properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company future cash flows, earnings, results of operations and financial condition.

## ***Environmental and Health Risks***

### Environmental, Health and Safety Risks

Mining and exploration companies such as the Company must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions. The historical trend toward stricter laws is likely to continue. The base metals industry is subject to not only the worker health, safety and environmental risks associated with all mining businesses, including potential liabilities to third parties for environmental damage, but also to additional risks uniquely associated with mineral mining and processing. The possibility of more stringent laws or more rigorous enforcement of existing laws exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of mining, milling, refining and conversion sites and other environmental matters, each of which could have a material adverse effect on the operations of the Company or the cost or the viability of a particular project.

### Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

## ***Regulatory Constraints***

### Governmental Regulation and Policy Risks

Mining operations and exploration activities, particularly base metal mining, refining, conversion and transport in Spain are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing mineral mines and refining and other facilities. It is possible that, in



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the future, the costs, delays and other effects associated with such laws and regulations may impact decisions of the Company with respect to the exploration and development of properties such as the Oropesa and the Santa Maria Properties. The Company will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation and may be enforced in varying degrees in practice, the Company is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies and practices, such as those affecting exploration and development of the Oropesa and Santa Maria Properties could materially and adversely affect the results of operations and financial condition of the Company in a particular period or in its long term business prospects.

The development of mines and related facilities is contingent upon governmental approvals, licences and permits which are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The receipt, duration and renewal of such approvals, licences and permits are subject to many variables outside the control of The Company, including potential legal challenges from various stakeholders such as environmental groups or non-government organizations. Any significant delays in obtaining or renewing such approvals, licences or permits could have a material adverse effect on the Company.

### ***Economic or Political Conditions***

#### Political and Socio-Economic Country Risks

The Company's current operations are in Spain. As such, the Company is subject to governmental, political, economic, and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in energy policies or the personnel administering them, nationalization, currency fluctuations and devaluations, exchange controls and royalty increases, changes in mineral pricing policy, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted.

The Company's future operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Company's operations in Spain, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Corporation may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's exploration, development and production activities in Spain could be substantially affected by factors the Company's control, any of which could have a material adverse effect on the Corporation.

The Company may in the future acquire mineral properties and operations outside of Spain and Canada, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company.



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## Industry Competition and International Trade Restrictions

The international precious metals and base metals industries are highly competitive. The value of any future resources discovered and developed by the Company may be limited by competition from other world precious and base metals mining companies, or from excess inventories. Existing international trade agreements and policies and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of and demand for minerals around the world.

## Commodity Price Fluctuations

The price of commodities varies on a daily basis but long term averages are the best method of estimating future prices. However, price volatility could have dramatic effects on the results of operations and the ability of the Company to execute its business plan.

## Currency Fluctuations and Foreign Exchange

The Company raises its equity in Canadian dollars and maintains the majority of its accounts in Canadian dollars. The operations of the Company are located in Spain and exploration expenses will be denominated primarily in Euros and, to a lesser extent, United States dollars. There are risks associated with the Canadian dollar/United States dollar and Canadian dollar/Euro exchange rate.

## ***Reliance on Key Personnel***

The senior officers of the Company are critical to its success. In the event of the departure of a senior officer, The Company believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As The Company's business activity grows, it will require additional key financial, administrative and mining personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company.

## ***Experience of Management***

### Conflicts of Interest

Directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which one or more directors, or officers, may have a conflict.



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In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

## ***Market Risks***

### Resale of Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Company Shares would be diminished.

### Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Company Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company Shares will be affected by such volatility. An active public market for the Company Shares might not develop or be sustained after completion of the proposed Transaction. If an active public market for the Company Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

## **Transactions with Related Parties**

One of the Directors of the Company is a Partner of MSCM LLP. As at June 30, 2012, the Company owed to MSCM LLP - \$Nil (March 31, 2012 - \$ Nil) for services provided during the three months ended March 31, 2012. During Q1 2012, the Company paid MSCM LLP \$21,810 related to accounting services provided.

## **Subsequent Events**

- (i) On July 3, 2012, the Company announced that it had retained the Florida-based firm of Michael Baybak and Company, Inc. (“MBC”) to conduct institutionally-oriented investors programs on behalf of the Company. Headed by Mr. Michael Baybak, MBC is a long-term institutional and media investor relations specialist in the natural resource sector, with a focus on introducing Canadian resource companies of merit to broader institutional and retail investor audiences.

The Company will pay MBC a monthly fee of \$US 6,000 for the one-year term of the agreement which is cancellable upon 30 days' notice in writing at any time after the first six months of service. In addition, this agreement with MBC may be renewed by mutual agreement of the parties following the completion of the initial term.



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Pursuant to the agreement, the Company will also grant 300,000 incentive stock options to principals of MBC, exercisable at a price of \$0.70 per share for a period of five years.

- (ii) On July 14, 2012, 397,810, warrants expired unexercised and 167,500 were exercised at \$0.30 for total proceeds of \$ 50,250.

### **Other information**

Additional information about the Company is available on [www.sedar.com](http://www.sedar.com)