STANNICO RESOURCES INC.

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

For the Fifteen Months Period Ended March 31, 2011

Date: July 26, 2011

This management's discussion and analysis ("**MD&A**") of the consolidated interim financial condition and results of operations of Stannico Resources Inc. (the "**Company**" or "**Stannico**") for the fifteen month period ended March 31, 2011, and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the fifteen month period ended March 31, 2011. The Company's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. All amounts presented are stated in Canadian dollars, unless otherwise indicated. This MD&A is dated July 26, 2011.

Change in Fiscal Year End

Concurrent with the acquisition by Eurotin Inc. ("**Eurotin**"), the Company changed its fiscal year end to March 31.

Company Overview:

Stannico was incorporated on October 9, 2008 as 2187223 Ontario Inc. under the *Business Corporations Act* (Ontario) and articles of amendment were subsequently filed on December 18, 2008 to change the name of the Company to Stannico Resources Inc. Stannico owns 100% of the outstanding common shares of Minas De Estano De Espana, S.L.U. ("**MEE**"), a private corporation incorporated on November 29, 2006 under the laws of Spain. MEE's 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. Stannico acquired MEE 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. In accordance with EIC 124 "Definition of a Business" of the CICA Handbook, the transaction is accounted for as a capital transaction, that is, a financing and recapitalization of MEE. The results of operations of Stannico are included in the financial statements from October 8, 2008, the date of completion of the transaction. For accounting purposes, Stannico is considered to be a continuation of MEE except with regard to the authorized and issued share capital, which is that of the legal parent company, Stannico.

On February 6, 2009, the Company entered into a non-binding letter of intent in respect of a proposed acquisition of the Company (the "**Proposed Qualifying Transaction**") by Eurotin. Eurotin is a public company trading on the TSX Venture Exchange ("**TSXV**"). The letter of intent was subsequently amended on September 18, 2009.

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 completed a number of private placements for common shares and units consisting of common shares and warrants to raise working capital for its exploration work on its properties.

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

On February 20, 2009, the Company issued 4,999,999 units of the Company at a price of $0.075 per unit. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.10 per share until December 31, 2011.

On September 30, 2009, the Company issued 1,024,000 units of the Company at a price of $0.075 per unit, in exchange for mineral property services provided for a total value of $76,800. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.10 per share until December 31, 2011.

On November 11, 2009, the Company issued 399,999 units of the Company at a price of $0.075 per unit. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.10 per share until December 31, 2011.

On December 1, 2009, the Company issued 1,250,000 units of the Company at a price of $0.12 per unit. Each unit consisted of one common share and one common share purchase warrant. 625,000 of the warrants entitle the holder to purchase one common share of the Company at a price of $0.15 per share until December 31, 2011 and the other 625,000 of the warrants entitles the holder to purchase one common share of the Company at a price of $0.18 per share until December 31, 2011.

On February 10, 2010, the Company issued 3,836,459 units of the Company at a price of $0.12 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.15 per share until February 10, 2012. Included with this financing were 383,334 units issued as a finder’s fee to two arm’s length parties.

On May 20, 2010, the Company issued 1,393,334 units of the Company at a price of $0.15 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.225 per share until May 20, 2012.

On July 14, 2010, the Company issued 716,665 units of the Company at a price of $0.15 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.225 per share until July 14, 2012.

On July 14, 2010, the Company issued 964,160 units of the Company at a price of $0.15 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.225 per share until July 14, 2012. These units were issued is settlement of a debt owed to a shareholder

On October 6, 2010, the Company issued 1,430,000 units of the Company at a price of $0.15 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.225 per share until October 6, 2012.

On November 3, 2010, the Company issued 3,931,644 units of the Company at a price of $0.15 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.225 per share until November 3, 2012.

On November 3, 2010, the Company issued 7,333,330 common shares on conversion of outstanding convertible debt at an issue price of $0.075 per share.

On November 10, 2010, the Company issued 1,200,000 units of the Company at a price of $0.15 per unit pursuant to a drilling services contract arrangement. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.225 per share until November 10, 2012.

On December 15, 2010, the Company issued 16,666,667 units of the Company at a price of $0.15 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.225 per share until December 15, 2012. The broker on this transaction was paid $100,000 in cash and received 833,333 compensation options. Each compensation option entitles the holder to purchaser one unit (as such units are described in this paragraph) at a price of $0.15 per option until December 15, 2012.

On January 10, 2011 the Company issued 1,386,667 common shares in satisfaction of a payment obligation of US$200,000 at a deemed issue price of $0.15 per share.

The Properties

Oropesa

On February 15, 2008, MEE acquired the right to earn a 100% interest in Oropesa Investigation Permit No. 13.050 ("**IP Oropesa**") from Sondeos y Perforaciones Industriales del Biezro, SA ("**SPIB**"). The property (the "**Oropesa Property**") described in IP Oropesa is situated in Spain within the North East part of the Region of Andalucía and totals 23.4km2.

MEE 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% interest in IP Oropesa can be acquired by MEE 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 Company entered into an option agreement (the "**Option Agreement**") with Minas Tenidas S.A.U ("**MATSA**") whereby MATSA was granted the right to earn a 25% interest in IP Oropesa. In order to earn such interest, MATSA is 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.

The initial term of this Option Agreement was the 36 month period from March 13, 2008 to March 13, 2011. Thereafter, the Option Agreement automatically renews for subsequent one year terms unless the Option Agreement is terminated by either party by providing written notice not less than 90 days prior the expiration of the initial term or any renewal term. Currently, the agreement is in effect.

In the event MATSA exercises the right granted in the Option Agreement, the parties have agreed that they will enter into a joint venture agreement with respect to the Oropesa Property which shall provide, amongst other things, that MATSA will fund 25% of the expenditures required to complete a bankable feasibility study for the Oropesa Property.

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) 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 kilometres north of Caceres in Extremadura Province in West Central Spain. The Santa Maria Property is comprised of Investigation Permit Ampliacion Retamar nº 10.220 and Investigation Permit Retamar nº 10.201, both of which are 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 both Investigation Permit Ampliacion Retamar nº 10.220 and Investigation Permit Retamar nº 10.201 shall be transferred to MESEX. The parties further agreed that MEE and QEM will own 60% and 40%, respectively, of MESEX. In consideration for its interest in MESEX, MEE (or the Company on behalf of MEE) has paid to QEM:

(a) US$200,000 through the issuance of 1,386,667 common shares of the Company at an issue price of CDN$0.15 per share; and

(b) €145,000 in cash.

In addition, MEE paid to QEM €265,000 in cash for certain information relating to the Santa Maria Property

The joint venture agreement has not yet been completed. The payments made to date have been accounted for as mineral property expenditures until such time as the terms of the joint venture are finalized.

Selected financial information

The following table sets forth selected financial information of the Company for the year ended December 31, 2009 (audited) and the 15 month period from January 1, 2011 to March 31, 2011 (audited).

	January 1, 2010 to March 31, 2011 (audited)	**January 1, 2009 to December 31, 2009 (audited)**
Revenue	Nil	Nil
Income from Operations	Nil	Nil
Net Loss	(1,334,515)	$(544,492)
Total Assets	6,079,830	$1,099,957
Accounts Payable and Accrued Liabilities	$696,912	$224,201
Due to Eurotin	$100,000	$25,000
Convertible Debt	$-	$470,802
Cash	$1,984,846	$309,831
Mineral Properties and Deferred Expenditure	$3,751,456	$698,761

Financial Condition

The Company's cash balance as at March 31, 2011 was $1,984,840 (December 31, 2009 – $309,831).

Current assets of the Company as at March 31, 2011 were $2,265,530 (December 31, 2009 - $394,673), representing cash balances, sundry receivables and prepaid expenses. Total assets as at March 31, 2011 were $6,079,830 (December 31, 2009 - $1,099,957), which is comprised of current assets of $2,265,530, equipment of $62,844 and mining properties and deferred acquisition expenditures of $3,751,456. These assets were financed by proceeds from the various private placements of shares and units in the Company, the issuance of shares in exchange for the acquisition of mineral properties, and loans. Current liabilities as at March 31, 2011 were $840,267 (December 31, 2009 - $403,450) which is comprised largely of expenditures incurred relating to deferred development costs and general and administrative costs.

Results of Operations

The net loss for the fifteen months ended March 31, 2011 was $1,334,515 (year ended December 31, 2009 - $544,592), and is primarily attributable to stock based compensation, general and administrative expenses and professional fees incurred during the period. The negative variance of $789,923 was created primarily by the

current year stock based compensation expense of $519,976 (year ended December 31, 2009 – NIL) related to current year stock option grants as well as an increase in professional fees of $110,998. Professional fees were significant in the 15 months period ended March 31, 2011 due to the Proposed Qualifying Transaction with Eurotin.

Cash

Cash used in operating activities for the fifteen month period ended March 31, 2011, was $944,754 and was primarily spent on office and general expenses of $195,347, professional fees of $372,077 and salaries of 102,746. There was no offsetting revenue during the period.

Cash from financing activities was $4,840,330 for the fifteen month period ended March 31, 2011 and was primarily provided by the private placement of shares and proceeds from Eurotin. Cash used in investing activities was $2,220,561 which is mainly attributable to mining properties and deferred exploration expenditures.

Financial Instruments

The Company's financial instruments consist of cash accounts, sundry receivables, and accounts payable, due to shareholder and due to Eurotin. 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.

Contractual commitments

The Company is committed to future minimum payments in Euros under vehicle lease, rents, mineral property and consulting agreements as follows:

For the year ended March 31, 2012	€206,130
For the year ended March 31, 2013	€60,335
For the year ended March 31, 2014	€51,550

Liquidity and capital resources

The Company's working capital (deficit) as at March 31, 2011 was $1,425,263 (December 31, 2009 – ($8,777)).

The Company funds its exploration activities through equity financing. In the fifteen months ended March 31, 2011, the Company raised $4,731,607 (for the year ended December 31, 2009 - $836,360) from private equity placements.

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.

Critical accounting estimates

Mineral properties and deferred exploration expenditures

Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit of production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned or impaired and the carrying value is determined to be in excess of estimated recoverable amounts.

The cost of mineral properties includes any cash consideration paid and the fair market value of shares and other consideration issued, if any, on the acquisition of the property interests. Costs related to properties acquired under option agreements or joint ventures, whereby payments or other considerations are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. For properties held jointly with other parties the Company only records its proportionate share of acquisition and exploration costs. The proceeds from options or participation rights granted to third parties are deducted from the cost of the related property and any excess is deducted from other remaining capitalized property costs. The recorded amounts of property acquisition costs and their related deferred exploration costs represent actual expenditures incurred and may not reflect actual present or future values.

The Company enters into option agreements for mineral property interests by earn-in and expenditure arrangements. No initial cost or fair value amount is initially determined or allocated as acquisition cost unless such amounts can be reliably determined.

The recoverability of carrying amounts for mineral properties and deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties and on future profitable production or proceeds from the disposition thereof.

Mineral properties are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When events or changes in circumstances indicate possible impairment, estimated future cash flows from a mine or development project are calculated using estimated future prices, mineral resources and operating and capital costs on an undiscounted basis. When estimated future undiscounted cash flows are less than the carrying amount, the asset is

considered impaired. Reductions in carrying amount of assets or groups of assets are recorded to the extent the carrying value exceeds the fair value.

Stock-based compensation plan

The Company has a Stock Option Plan in effect. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black Scholes model with the assumptions described in the notes to the financial statements. These assumptions are estimated by management based on available information and may be subject to change.

Income tax assets

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of change in income tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

Future changes in accounting policies

International financial reporting standards (IFRS)

In February 2008, the Canadian Accounting Standards Board ("**AcSB**") confirmed that IFRS will replace Canadian GAAP in 2011 for Canadian publicly accountable companies. The Company became a publicly accountable enterprise through the acquisition transaction with Eurotin, Inc. and at that time changed its year end to March 31. Accordingly, upon completion of the planned transactions, the Company will be required to report its financial positions and results in accordance with IFRS beginning with the fiscal first quarter ended June 30, 2011. This will also require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company has begun assessing and reviewing the impact of IFRS adoption. Management plans for the initial adoption of IFRS include training, securing additional expertise, board level oversight and review of the options and impacts involved. Management believes that the Company is adequately prepared for the conversion to IFRS by the implementation date.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

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

Off balance sheet arrangements

The Company had no off-balance sheet arrangements as at March 31, 2011 and December 31, 2009.

Outstanding share data

Common shares

The Company has authorized an unlimited number of common shares, with no par value, of which 53,532,947were issued and outstanding as of March 31, 2011.

Share Purchase Warrants

As at March 31, 2011, 24,661,708 share purchase warrants were outstanding.

Employee Stock options

As at March 31, 2011, 5,774,999 options were outstanding under the Company's stock option plan for directors, officers and consultants of the Company.

Subsequent Events

- On April 18, 2011, Eurotin completed the acquisition of all the issued and outstanding securities of the Company. Concurrently with the completion of the acquisition by Eurotin, 7,370,233 warrants of the Company were exercised (Note 11). Pursuant to the acquisition agreement, in exchange for obtaining all of the issued and outstanding securities of Company, Eurotin issued to the former shareholders of the Company, at a conversion rate of the securities in the ratio of 1.33 to 1, a total of 45,677,384 common shares, 12,968,565 warrants, 3,821,250 options (with each warrant and each option entitling the holder to acquire one common share of Eurotin) and 624,500 compensation options. Each compensation option is exercisable into a unit of Eurotin (with each option entitling the holder to acquire one common share and one half warrant and each whole warrant entitling the holder to acquire one common share of Eurotin).

- On July 26, 2011, Eurotin announced that it had closed a private placement, with a syndicate of agents. Pursuant to 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 placement will be used primarily to accelerate the 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, will be exercisable into one unit of Eurotin, with each unit comprised of one common share in the capital of Eurotin and one half of one common share purchase warrant, for no additional consideration. Each full warrant will entitle the holder to purchase one common share of Eurotin for a period of 2 years following the closing at an exercise price of $1.20 per warrant.

  All unexercised special warrants will be 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.

  Eurotin shall use its best efforts to obtain the final receipt for the prospectus before September 26, 2011. If Eurotin does not obtain the final receipt before September 26, 2011, the holders of the special warrants will be entitled to receive, under a penalty provision, 1.1 common shares (in lieu of 1 common share) and 0.55 of a warrant (in lieu of 0.5 of a warrant) upon the exercise or deemed exercise of the special warrants. In the event that a final receipt is not obtained prior to this deadline, Eurotin will continue to use its reasonable best efforts to obtain the final receipt as soon as possible and prior to November 27, 2011.

As consideration for services in connection with the offering, Eurotin has 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 offering. The compensation options will be deemed to be exercised into broker warrants on the expiry date. Each broker warrant is exercisable into one broker unit at an exercise price of $0.80 per broker unit. The broker units will be issued on the same terms as the special warrant units and shall be subject to the same penalty provision.

- The Corporation 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 was paid to the advisor. The agreement terminated on the completion date of the offering.

Risks and uncertainties

The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative in nature.

The business of exploration for minerals and mining involves a high degree of risk. A relatively small proportion of properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company has limited experience in the development and operation of mines and has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of developing tin and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined, and fluctuations in the price of any minerals produced.

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its properties. 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. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its mineral properties, and there is no assurance that capital will be available when

needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, or mining operations, at its projects.

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. The prices of mineral products have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted. The mining industry is intensely competitive. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees, contractors and consultants.

The Company's operations are subject to environmental regulations promulgated by local, provincial and federal government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity,

the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Cautionary Statements:

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. Particularly, statements regarding our future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as *"may"*, *"will"*, *"should"*, *"expect"*, *"plan"*, *"anticipate"*, *"believe"*, *"intend"*, *"estimate"*, *"predict"*, *"potential"*, *"continue"* or other similar expressions concerning matters that are not historical facts. Examples of such statements include the Company's intention to complete to complete future financings, acquisitions or investments. Forward looking-information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. Forward-looking information contained in this MD&A is based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.