FAIRMONT RESOURCES INC.
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED OCTOBER 31, 2011

The following management discussion and analysis, prepared as of February 20, 2012 should be read together with the audited financial statements for the year ended October 31, 2011 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to Fairmont Resources Inc. ("the Company") is available for view on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting time lines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. 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 report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about general business and economic conditions; the supply and demand for, deliveries of, and the level and volatility of prices of gold and silver; the availability of financing for the Company's exploration programs; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; and the ability to attract and retain skilled staff.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity and, particularly, gold prices, access to skilled mining development personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.** The Company intends to discuss in its quarterly and annual reports referred to as the Company's management's discussion and analysis documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this management discussion and analysis.

Qualified Person

Neil Pettigrew, P.Geo, the Chief Executive Officer, President and a director of the Company, is a Qualified Person as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* and has reviewed and approved all technical information in this management discussion and analysis.

Description of Business

Fairmont Resources Inc. (the “Company”) is engaged in the exploration and development of its Marmion South Contact Property and Clay-Powell Property located in northwestern Ontario. The Company had not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the mineral properties or proceeds from the disposition of the mineral properties.

Overall Performance

The Company incurred a net loss of $1,101,732 (2010 - $238,373) during the year ended October 31, 2011. The increased loss is primarily attributed to the recognition of non-cash stock-based compensation, an increase in advertising and promotion and an increase in management expenses. During the year ended October 31, 2011, the Company granted 1,450,000 (2010 – 1,100,000) stock options. During the year ended October 31, 2011 200,000 options were cancelled. The total stock-based compensation calculated on the options granted in the current year was $350,206 (2010 - $65,514). The Company expensed $350,206 (2010 - $65,514) of the total stock-based compensation leaving an unamortized balance of $305 (2010 - $Nil).

Advertising and promotion of $182,858 (2010 - $40,838) is significantly higher than the comparative period. The increase is primarily attributed to paying $48,552 to promote the Company in Europe. During the current period the Company exhibited at the Prospectors and Developers Association of Canada trade show in Toronto, Vancouver Investment Conference, The Toronto investment conference and the Calgary Investment Conference. Included in advertising and promotion was investor relations expenses of $96,500 (2010 - $31,187) which was also a significant component of the current period net loss. The Company hired Rain Communications Corp. to provide various investor relations consulting services for $7,500 per month up to August 2011 and then $9,000 per month from September 2011 onward. An additional $2,000 was paid for exhibiting at trade shows in Vancouver and Hong Kong.

On January 7, 2011, the Company entered into a letter agreement with Karl Bjorkman (the “Optionor”) to earn a 100% interest in 47 mineral claims known as the Marmion South Contact property.

On June 27, 2011, Management decided to terminate its Nicoamen River Claims option agreement and focus exploration efforts on the Company’s other mineral properties. Accordingly, the Company wrote-off $29,224 in acquisition and $216,981 in deferred exploration costs related to the Nicoamen River Claims property.

On March 4, 2011, the Company completed the 1st tranche of a private placement which was comprised of 3,275,000 Flow-Through Units (“FT Unit”) at $0.40 per FT Unit for gross proceeds of $1,310,000. Each FT Unit is comprised of one flow-through common share and one-half of a non-transferable share purchase warrant. Each whole warrant is exercisable into an additional common share at $0.50 per unit until March 4, 2012 and then at $0.75 per unit until March 4, 2013.

An additional $351,750 was received from the issuance of 1,005,000 Non-Flow-Through Units (“Non FTUnits”) at $0.35 per Non FT Unit. Each Non FT Unit is comprised of one common share and one non-transferable share purchase warrant. Each warrant is exercisable into an additional common share at $0.45 per share in the first year and then at $0.70 in the second year from issuance of the respective warrants.

On March 15, 2011, the Company completed the 2nd tranche of a private placement by issuing 625,000 Non-Flow-Through Units at $0.35 per Unit for gross proceeds of $218,750. Each Unit is comprised of one common share and one non-transferable share purchase warrant. Each warrant is exercisable into an additional common share at $0.45 per Unit in the first year and then at $0.70 in the second year from issuance of the respective warrants.

The Company issued 287,500 finders’ units valued at $50,030 as finder’s fees for the 1st tranche of the private placement. These units are exercisable into units at $0.40 per unit until March 4, 2013. The units are comprised of one common share and one-half of a non-transferable share purchase warrant. Each whole warrant is exercisable into an additional common share at $0.50 per share until March 4, 2012 and then at $0.75 per share until March 4, 2013.

The Company paid $107,940 cash in finder's fees. An additional 178,000 agent warrants valued at $27,094 were issued as finder's fees, of which 15,000 are exercisable into one common share at $0.50 per share until March 4, 2012 and at $0.75 per share until March 4, 2013. The remaining 163,000 agent warrants are exercisable into one common share at $0.45 per share in the first year and then at $0.70 in the second year from issuance of the respective agent warrants.

The Company paid $67,501 cash for due diligence, filing, legal and other fees directly attributed to the private placement and therefore were allocated as share issuance costs.

An additional $14,220 was received from the exercise of 65,100 agent warrants at prices ranging from $0.20 to $0.30 per share. The Company transferred $7,039 from contributed surplus to capital stock upon the exercise of the agent warrants.

At October 31, 2011, the Company had cash and cash equivalents of $826,159 (October 31, 2010 - $975,901). Working capital at October 31, 2011 was $879,564 (October 31, 2010 - $887,694). To date, the Company's sole source of financing has been derived from the issuance of common shares.

The Company earned interest income from redeemable guaranteed investment certificates. Interest income of $10,289 (2010 - $571) was recognized as a result of having significantly more funds to invest during the current period.

Other Events and Transactions

Appointments and Resignations

On December 29, 2010, the Company announced the resignation of Mr. Robert Coltura as Director, President and Chief Executive Officer. The Company wishes to thank Mr. Coltura for his past contributions to the Company and wishes him well in his future endeavours.

On December 29, 2010, the Company announced the appointment of Mr. Bernard Dewonck as President and Chief Executive Officer. Mr. Dewonck has served as a member of the Company's Board of Directors since September, 2010. Mr. Dewonck graduated from the University of British Columbia with a Bachelor of Science degree in geology in 1974 and Bachelor of Education in 1993. He has worked throughout North, Central and South America on a wide range of base, precious and industrial mineral projects, as well as in the Athabasca oil sands of Northern Alberta. He has participated in and managed programs ranging from grassroots to detailed surface and underground drilling programs, and evaluated projects requiring report submissions to regulatory agencies.

On December 29, 2010, the Company announced the appointment of Mr. Bruno Kasper to the Board of Directors. Mr. Kasper graduated from the University of Alberta with a Bachelor of Science degree in 1988. Mr. Kasper has consulted on various mineral projects located in Canada, Mexico, Kyrgyzstan and throughout South America, focusing on precious and base metal projects. He has participated in and managed programs that have developed from grassroots discoveries to prefeasibility status. Mr. Kasper has been a senior geologist and project manager of Coast Mountain Geological Services Ltd. since 2004.

On July 7, 2011, the Company announced the resignation of Dr. Gerald Carlson, P. Eng. as a Director. The Company wishes to thank Dr. Carlson for his past contributions and wishes him well in his future endeavours.

On July 7, 2011, the Company announced the appointment of Mr. Jim Chapman to the Board of Directors.

On August 30, 2011 the Company announced the resignations of Mr. Bernard Dewonck as Chief Executive Officer and President and Mr. Jim Chapman as a Director. The Company wishes to thank Mr. Dewonck and Mr. Chapman for their past contributions.

On August 30, 2011 the Company announced the appointment of John Bevilacqua as Chief Executive Officer, President and a director of Fairmont. Mr. Bevilacqua brings more than 13 years' experience of management and finance in both private and public companies. John spent 5 years managing investor relations for Stockhouse Inc., which is an online financial media company that serves financial institutions, media publishers, public companies, and advertisers. Developing strong relationships within the investment and brokerage community John has assisted several public companies building and executing their business plans.

On September 14, 2011, the Company announced the resignation of Mr. Dewonck as a Director.

On September 26, 2011, the Company announced the resignation of Mr. Jerry Minni as CFO, Secretary and Director. The Company wishes to thank Mr. Minni for his past contributions and wishes him well in his future endeavours.

On September 26, 2011, the Company announced the appointment of Greg Ball as CFO, Secretary and Director. Mr. Ball has worked in the accounting field for the past 23 years. In the past 10 years, Mr. Ball served as a controller at Black Top & Checker Cabs and Pacific Western Brewing Co. Since January 2005, Mr. Ball has been a senior accountant with the Da Costa Management Corp. Mr. Ball has a Bachelor of Science in Mathematics from the University of Alberta and received his CGA designation in August of 2005.

On October 26, 2011 the company announced that it had appointed Michael Thompson to its Board of Directors. Mr. Thompson received his Honours B.Sc. in Geology from the University of Toronto in 1997. Michael has worked for several companies since 1997 in both gold and base metal exploration, most notably Teck Resources Ltd., Placer Dome CLA Inc. and Goldcorp Inc. Mr. Thompson specializes in structural interpretation of gold deposits as well as advancing exploration programs to the resource stage. He is a founding partner, part owner and President of Fladgate Exploration Consulting Corporation of Thunder Bay, ON, a full service mineral exploration consulting firm with over 60 employees and a roster of publicly traded clients. Mr. Thompson is also a director and Vice President Exploration of Red Metal Resources Ltd., a mineral exploration company quoted on the OTC Bulletin Board.

Annual General Meeting

On April 7, 2011, the Company held its Annual General Meeting. All proposed resolutions were passed.

Escrow Shares Released

On April 15, 2011, 337,875 common shares were released from escrow leaving a balance of 1,351,503 remaining in escrow.

On October 15, 2011, 337,875 common shares were released from escrow leaving a balance of 1,013,628 remaining in escrow.

Commitments

Clay and Powell Properties (Ontario)

On September 14, 2010, the Company entered into a Letter of Intent with Rainy Mountain Royalty Corp. and Mega Uranium Ltd. (the "Optionors") for an option to purchase a 70% undivided interest in 11 mineral tenures comprising the Powell property and 10 mineral tenures comprising the Clay property (the "Properties") located near Thunder Bay, Ontario.

The Company may exercise the option by the issuance to the Optionors of 400,000 common shares in the capital stock of the Company, and by incurring a total of $1,000,000 in exploration and development expenditures on the properties as follows:

Date of Completion	Number of Common Shares	Minimum Expenditures
Within 10 days of October 15, 2010 (issued)	100,000	$ -
Before October 15, 2011 (minimum expenditures of $250,000 incurred)	100,000	250,000
Before October 15, 2012 (minimum expenditures of $250,000 incurred)	100,000	250,000
Before October 15, 2013	100,000	500,000
	400,000	$ 1,000,000

In the event that the Company decides to abandon the Option and the Properties, the Company will provide thirty days prior written notice and will provide payment of rental fees for a period of at least six months from the effective date of such abandonment.

Pursuant to the Letter of Intent, the Clay and Powell properties are subject to a 2% net smelter return ("NSR") of which 1% can be purchased for $500,000 and the second 1% for $1,000,000. The Company and the Optionors will pay the amount in proportion to their respective interest in the Properties.

Marmion South Contact Property (Ontario)

On January 7, 2011, the Company entered into a letter agreement with Karl Bjorkman (the "Optionor") to earn a 100% interest in 47 mineral claims known as the Marmion South Contact property. The property is located in the Thunder Bay Mining Division, Ontario. To acquire the 100% interest, the Company agreed to pay $320,000, issue a total of 750,000 common shares and incur a total of $1,500,000 in exploration expenditures as follows:

Date of Completion	Cash Payments	Number of Common Shares	Exploration Expenditures
By January 7, 2011 (paid)	$ 25,000	-	$ -
On receiving approval from TSX Venture Exchange (issued at a value of $40,000)	-	100,000	-
By January 7, 2012 (minimum expenditures of $150,000 incurred)	40,000	150,000	150,000
By January 7, 2013	60,000	150,000	250,000
By January 7, 2014	75,000	150,000	400,000
By January 7, 2015	120,000	200,000	700,000
	$ 320,000	750,000	$ 1,500,000

Subsequent to the year ended October 31, 2011, the Company paid the cash payment of $40,000 and issued 150,000 common shares. The Company incurred the minimum exploration expenditures of $150,000 during the year ended October 31, 2011.

The Company paid $13,000 as a finder's fee for the Marmion South Contact acquisition.

The property is subject to a 2.5% net smelter return royalty. The Company has the right to acquire 50% of the royalty at any time prior to the commencement of commercial production upon the property for $1,000,000.

Nicoamen River Claims (British Columbia)

On July 30, 2009, the Company entered into an option agreement to acquire an initial 51% interest in the Nicoamen River Claims located in the Kamloops Mining Division, British Columbia. In order to earn its interest the Company agreed to make $25,000 cash payments to the optionor and incur $300,000 in exploration expenditures as follows:

Date of Completion	Cash Payments	Exploration Expenditures
On execution of the Agreement (paid)	$ 10,000	$ -
By December 31, 2009 (completed)	-	100,000
Before April 15, 2011 (cash paid in 2010, exploration requirement due date extended)	15,000	200,000
	$ 25,000	$ 300,000

On February 14, 2011, the Company entered into an amending agreement for the July 30, 2009 option agreement. Pursuant to the option agreement, the Company was required to incur $200,000 in exploration expenditures on the property by April 15, 2011. The optionor agreed to extend the exploration expenditure deadline from April 15, 2011 to July 31, 2011. As consideration for the amendment, the Company immediately paid the $15,000 cash obligation that would have been due on April 15, 2011.

The Company could have acquired an additional 9% interest in the Nicoamen River Claims by issuing 300,000 common shares to the optionor and incurring $1,700,000 in exploration expenditures as follows:

	Number of Common Shares	Exploration Expenditures
By April 15, 2012	-	$ 300,000
By April 15, 2013	50,000	500,000
By April 15, 2014	100,000	-
By April 15, 2015	150,000	900,000
	300,000	$ 1,700,000

On June 27, 2011, Management decided to terminate its Nicoamen River Claims option agreement and focus exploration efforts on the Company's other mineral properties. Accordingly, the Company wrote-off $29,224 in acquisition and $216,981 in deferred exploration costs related to the Nicoamen River Claims property.

The following events occurred subsequent to October 31, 2011:

On November 30, 2011, Bruno Kasper resigned as a director of Fairmont. Fairmont thanks Mr. Kasper for his services as a member of Fairmont's board of directors.

On February 8, 2012 the Company announced that its board of directors have approved a proposed private placement offering of up to 3,700,000 units at a price of $0.15 per unit for gross proceeds of $555,000. Each unit under the proposed Offering will be comprised of one common share and one non-transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of $0.20 per share for a period of two years following closing. Subject to TSX Venture Exchange approval, Fairmont may pay finders a fee consisting of cash and warrants from the proceeds of the proposed Offering. Proceeds of the Offering will be used for the exploration of Fairmont's mineral properties as well as for general working capital and corporate purposes.

On February 10, 2012 the Company announced the appointment of Neil Pettigrew, M.Sc., P.Geo. to the position of President, CEO and Director replacing John Bevilacqua as President and CEO. Mr. Bevilacqua will continue to serve as a director of the Company. Fairmont thanks Mr. Bevilacqua for his services as President and CEO of Fairmont. Mr. Pettigrew received his H.B.Sc. in Geology degree from the University of New Brunswick in 1999 and his M.Sc. degree in Earth Sciences from the University of Ottawa in 2004. He has worked for several junior and major companies in gold and Cu□Ni□PGE exploration, most notably Avalon Ventures Ltd., Temex Resources Corp., Rainy River Resources Ltd., Placer Dome CLA Inc. and Goldcorp Inc. He has also worked for the Ontario Geological Survey as a Senior Precambrian Geoscientist. Currently, Mr. Pettigrew serves as VP Exploration of PC Gold Inc., an exploration and development company listed on the TSX. Mr. Pettigrew is also a founder of Fladgate Exploration Consulting Corporation of Thunder Bay, ON, a full service mineral exploration consulting firm with over 60 employees and a roster of publicly traded clients.

On February 10, 2012 the Company announced that it granted 1,050,000 stock options to officers, directors, consultants and employees of Fairmont pursuant to the terms of the Company's stock option plan, subject to regulatory approval. The options were granted for a period of 5 years, expiring on February 9, 2017, and each stock option will allow the holder to purchase a common share of Fairmont at an exercise price of $0.15.

Selected Annual Information

	Year Ended October 31, 2011 (Audited) ($)	**Year Ended October 31, 2010 (Audited) ($)**	**Year Ended October 31, 2009 (Audited) ($)**
Total Revenue	–	–	–
Operating Expenses	(865,816)	(255,072)	(125,486)
Loss Before Other Items and Income Tax	(865,816)	(255,072)	(125,486)
Write-Off Mineral Properties	(246,205)	-	-
Interest Income	10,289	571	-
Future Income Tax Recovery	-	16,128	13,952

Net Loss	(1,101,732)	(238,373)	(111,594)
Basic and Diluted Loss Per Share	(0.08)	(0.04)	(0.20)

	As at October 31, 2011 (Audited) ($)	As at October 31, 2010 (Audited) ($)	As at October 31, 2009 (Audited) ($)
Balance Sheet Data			
Total assets	2,127,710	1,185,332	333,321
Total liabilities	(33,627)	(110,002)	(142,595)
Total equity	2,094,083	1,075,330	190,762

Results of Operations

During the year ended October 31, 2011, the Company incurred a net loss before income taxes of $1,101,732 (2010 - $238,373). The expenses are comprised of some of the following items:

- Accounting and audit of $54,518 (2010 – $21,596) are higher than the comparative period. These expenses have risen as a result of increased business and exploration activities.

- Administration of $9,500 (2010 - $Nil) was incurred in the current period as the Company's business activities increased.

- Advertising and promotion of $182,858 (2010 - $40,838) is significantly higher than the comparative period. The increase is primarily attributed to paying $48,552 to promote the Company in Europe. During the current period the Company exhibited at the Prospectors and Developers Association of Canada trade show in Toronto, the Vancouver Investment Conference, the Toronto investment conference and the Calgary Investment Conference. Included in advertising and promotion is investor relations of $96,500. The Company hired Rain Communications Corp. to provide various investor relations consulting services for $7,500 per month up to August 2011 and then $9,000 per month from September 2011 onward. An additional $2,000 was paid for exhibiting at trade shows in Vancouver and Hong Kong.

- Consulting of $98,767 (2010 - $1,760) are primarily comprised of fees paid to a consultant in Asia and consultants providing general consulting services. Increased business activities, more complex transactions and the addition of personnel to the consulting team caused this expense to increase in 2011.

- Insurance of $9,239 (2010 - $Nil) was incurred as a result of the Company purchasing a Director and Officer Liability insurance policy.

- Legal of $17,462 (2010 - $30,689) decreased significantly during the current period. The higher fees in 2010 are primarily attributed to the completing of the October 2010 private placement financing.

- Management fees of $63,500 (2010 - $60,500) are comparable to the comparative period.
- Office and miscellaneous of $9,080 (2010 - $2,615) are higher than the comparative year. This increase is primarily attributed to increased business activities and the Company's Christmas party.

- Rent of $16,500 (2010 - $9,500) during the current period increased significantly as a result of relocating to a larger office.

- Registration and filing fees of $21,200 (2010 - $18,856) are comprised of filing fees paid for personal information forms, letter agreement for acquisition of the Marmion South Contact property, SEDAR filing of the Company's annual audited financial statements, annual sustaining fees for listing on the TSX Venture Exchange and transfer agent fees. Overall, these fees increased as a result of rising business activities.

- During the year ended October 31, 2011, the Company granted 1,450,000 (2010 – 400,000) stock options. The total stock-based compensation calculated on the options granted in the current period was $350,206 (2010 - $65,514). The Company expensed $350,206 (2010 - $65,514) of the total stock-based compensation leaving an unamortized balance of $305 (2010 - $Nil).

- Travel and related fees of $25,221 (2010 - $3,204) increased significantly during the current period as a result of the Company's management and consultants attending trade shows and travelling to head office in Vancouver.

The Company earned interest income from redeemable guaranteed investment certificates. Interest income of $10,289 (2010 - $571) was recognized as a result of having significantly more funds to invest during the current period.

Project Updates

Clay and Powell

In fiscal 2011, the Company completed its 1,500 metre diamond drilling program on two target areas on the Clay and Powell property. One of the target areas drilled consisted of a subtle resistivity high flanking a chargeability high. This target was viewed as a potential extension of gold- and copper-bearing shear zones hosting the Moss Lake mine and the Foundation Resources Inc./Alto Ventures Ltd. Coldstream deposits to the northeast. Of the three drill holes collared in this area (CP-11-04 to CP-11-06), two intersected gold mineralization: 2.91 grams per tonne (g/t) Au over 1.55 metres from 99.50 metres to 101.05 metres in hole CP-11-04 and 8.45 g/t Au over 1.90 metres from 222.75 metres to 224.65 metres in hole CP11-06. Gold mineralization is associated with quartz-carbonate-chlorite-pyrite-chalcopyrite veining within hematite- and carbonate-altered mafic volcanics. The presence of gold within these drill holes indicates that there is a potential for a shear-hosted deposit similar to that of Moss Lake and Coldstream. CP-11-06 was collared 202 metres northeast of CP11-04; CP-11-5, from which no significant values were returned, was collared 136 metres northeast of CP-11-06.

The other target area drilled was a magnetic high defined by a recently completed induced polarization and magnetic survey over the southeast portion of the property. The survey was designed to cover a potential extension of magnetic anomalies associated with the Xstrata Copper/Rainy Mountain Royalty Corp. Hamlin iron oxide copper-gold (IOCG) prospect to the northeast. The three holes drilled in this area (CP-11-01 to CP-11-03) intersected intervals of epidote-carbonate-magnetite to magnetite-carbonate-hematite-chlorite alteration with pyrite and trace amounts of chalcopyrite similar in style to the Hamlin IOCG prospect. Hole CP-11-02 intersected a broad zone of anomalous copper grading 146 parts per million (ppm) from 74.5 metres to 129.9 metres, which includes higher values over narrow widths, including a high of 0.18 per cent Cu over 0.55 metre from 113.35 metres to 113.90 metres. The same hole intersected an elevated gold value of 162 parts per billion (ppb) over 1.50 metres from 221.5 metres to 223.0 metres.

The Company will continue to evaluate available data for these and other areas of the property to assess its potential for additional exploration.

Marmion South Contact

In fiscal 2011, the Company entered into a letter agreement whereby it was granted an option to acquire a 100% interest in the Marmion South Contact Property. The Marmion South Contact Property consists of 8,208 hectares and is located approximately 200 km west of Thunder Bay. The Property is accessed via the Trans-Canada Highway 11 from Thunder Bay to the town of Atikokan then accessed by a secondary highway with several logging roads providing access within the Property. A major railway line and an electrical grid are located just a few kilometres south of the Property. These infrastructures serve the community of Atikokan and the surrounding areas. Both skilled and semi-skilled labour is readily available from Thunder Bay and Atikokan, respectively.

The property is adjacent to the past producing Atiko Gold Mine to the east and Osisko Mining Corporation's ("Osisko") Hammond Reef Project (6.7 million ounce NI 43-101 compliant gold resource in 'Inferred' category - www.osisko.com) being developed to the north.

The property is host to several gold showings and prospects, including the Olcott prospect which has a historical resource estimate of 81,000 tons @ 0.06 oz/ton gold (Placer Development Limited 1981 – Assessment Work Report # 52B14SW0066). This historical resource estimate is mentioned for historical purposes only and is not compliant with National Instrument 43-101 ("NI 43-101"). The reliability of historical estimates is unknown but considered relevant by the Company as it represents a potential target for exploration work by the Company. These are historical resource estimates prepared prior to the implementation of NI 43-101 and use terminology not compliant with current reporting standards. The Company has not made any attempt to re-classify the estimates according to current NI 43-101 standards of disclosure or the CIM definitions. The Company is not treating this estimate as current mineral resources or mineral reserves as defined in NI 43-101. These historical estimates should not be relied upon.

Exploration over the past several years has identified other prospects, including the Agnico-Eagle prospect (returned drill hole result of up to 1.0 oz/ton gold over 0.75m), the White Lake prospect (returned grab sample result of up to 0.37 oz/t gold and drill hole result of 0.45 g/t gold over 7.0 m) and a prospective structure known as the Smokey Shear approximately 2 km long located near the northern boundary of the Property. These gold assay values are from various historical assessment and prospecting reports and have not been verified by the Company.

Gold mineralization on the Property is associated with pyrite +/- arsenopyrite and occurs within shear zone-hosted quartz veins/stringers and altered host rocks. The property is underlain by Archean granite-greenstone rocks of the Central Wabigoon Subprovince within the geological Superior Province of the Canadian Shield. The northern half of the property is underlain by granitic rocks of the Marmion batholithic complex which hosts some of the gold deposits on the adjacent Hammond Reef property of Osisko. Volcanic and gabbroic rocks dominating the southern half of the Property are bound by a major crustal break, the Quetico Fault and its subsidiary structures. Gold and copper mineralization in the volcanic and gabbroic rocks is structurally controlled by east-northeast to east-striking shear zones which are possibly related to the Quetico Fault system.

In June, 2011, the Company completed the initial exploration program of the Marmion South Contact Property. This initial program involved the prospecting and sampling in parts of the property underlain by the Marmion Lake Batholith, host to Osisko's Hammond Reef deposit. Attention was focused on potential southwest extensions of the shear hosted Jack Lake deposit (non NI 43-101 compliant historical resource of 90,000 tonnes at 15.6 g/t, Ontario Geological Survey report) and Clearwater showing that lie within the adjacent Osisko claims to the north, and the Almada showing where a historical grab sample grading 6.34 g/t was recorded by Noranda in 1990. A total of 42 grab rock samples and 81 soil samples were collected in these two areas. Other historically defined prospects – McKinnon, Partridge, Pickering and Smokey Shear – were located and the surrounding areas sampled for a total of 32 grab rock samples.

The work also consisted of identifying the location of historical drill holes in the area of the historical Olcott gold showing; prospecting, channel and grab rock and soil sampling across a potentially mineralized 3 km long corridor within greenstones of the Central Wabigoon Subprovince. The corridor trends northeastward from Olcott toward the Agnico Eagle prospect, which lies just outside the property boundary. Historical drilling at Olcott returned up to 2.51 g/t gold over 10.8 metres and up to 34.3 g/t gold over 0.75 metres at Agnico Eagle according to Ontario Geological Survey reports. A total of 41 grab and 159 channel rock samples, as well as 127 soil samples, were collected across chlorite-sericite altered, foliated shear zones within this corridor, some in areas where historical trenching was observed. Sampling of the White Lake prospect to the southwest included 17 channel and 18 grab rock samples.

In November, 2011, the Company completed its airborne geophysical survey on its Marmion South Contact Property. The airborne survey was conducted by Fugro Airborne Surveys Corp. and consisted of a DIGHEM and magnetometer survey along 1,305 line-kilometres. The purpose of the survey was to aid in the identification of regional and local structures to focus future ground exploration and drill programs.

The Company will be evaluating all data acquired during the 2011 exploration program in conjunction with historic results to generate targets for additional exploration in 2012.

Nicoamen River Claims

On June 27, 2011, Management decided to terminate its Nicoamen River Claims option agreement and focus exploration efforts on the Company's other mineral properties. Accordingly, the Company wrote-off $29,224 in acquisition and $216,981 in deferred exploration costs related to the Nicoamen River Claims property.

Summary of Quarterly Results

	Three Months Ended October 31, 2011	Three Months Ended July 31, 2011	Three Months Ended April 30, 2011	Three Months Ended January 31, 2011
Total assets	$ 2,127,710	$ 2,391,616	$ 2,770,478	$ 1,190,939
Working capital	879,564	1,030,901	1,537,581	535,475
Shareholders' equity	2,094,093	2,235,243	2,573,552	1,022,523
Interest income	2,163	5,827	1,301	998
Net loss	(194,744)	(352,334)	(199,129)	(355,525)

Loss per share	(0.01)	(0.02)	(0.01)	(0.03)

	Three Months Ended October 31, 2010	Three Months Ended July 31, 2010	Three Months Ended April 30, 2010	Three Months Ended January 31, 2010
Total assets	$ 1,185,332	$ 535,995	$611,372	$244,431
Working capital (deficiency)	887,694	395,734	472,611	(23,255)
Shareholders' equity	1,075,330	533,370	608,747	177,146
Interest income	49	522	-	-
Net loss	(67,694)	(55,182)	(101,917)	(13,580)
Loss per share	(0.01)	(0.01)	(0.02)	(0.01)

Significant changes in key financial data from 2010 to 2011 can be attributed to the Company completing its initial public offering and two private placements for gross proceeds of $3,141,000. The Company paid a total of $579,980 in share issuance costs (including the fair value of broker's warrants).

In the year ended October 31, 2011 $14,220 was received from the exercise of 65,100 agent warrants. In the year ended October 31, 2010 $8,000 was received from the exercise of 40,000 agent warrants

As at October 31, 2011, the Company has paid or accrued $153,224 for mineral property acquisition costs and $1,184,088 for deferred exploration costs on the Clay and Powell, Marmion South Contact and Nicoamen River Claims. On June 27, 2011, Management decided to terminate its Nicoamen River Claims option agreement and focus exploration efforts on the Company's other mineral properties. Accordingly, the Company wrote-off $29,224 in acquisition and $216,981 in deferred exploration costs related to the Nicoamen River Claims property.

During the year ended October 31, 2011, the Company granted 1,450,000 (2010 – 700,000) stock options, 200,000 options were cancelled. The total stock-based compensation calculated on the options granted in the current period was $350,206 (2010 - $65,514). The Company expensed $350,206 (2010 - $53,491) of the total stock-based compensation.

Fourth Quarter

During the three months ended October 31, 2011, the Company incurred a net loss before income taxes of $194,744 (2010 - $109,963). The expenses are comprised of some of the following items:

- Accounting and audit of $25,543_ (2010 –$3,500) are higher than the comparative period. These expenses have risen as a result of increased business and exploration activities.

- Administration of $5,000_ (2010 - $Nil) was incurred in the current period as the Company's business activities increased.

- Advertising and promotion of $37,817_ (2010 - $22,501) is higher than the comparative period. The increase is primarily attributed to to promoting the Company in Europe and costs associated with the Toronto trade show. Included in advertising and promotion is investor relations of $29,074 (2010 - $22,501) was incurred as a result of hiring Rain Communications Corp. to provide various investor relations consulting services for $7,500 per month up to August 2011 and then $9,000 per month from September 2011 onward. An additional $6,254 was paid for investor relations in Europe.

- Consulting of $40,913_ (2010 - $1,760_) are primarily comprised of fees paid to a consultant in Asia and consultants providing general consulting services. Increased business activities, more complex transactions and the addition of personnel to the consulting team caused this expense to increase in 2011..

- Insurance of $2,962_ (2010 - $Nil) was incurred as a result of the Company purchasing a Director and Officer Liability insurance policy.

- Legal of $5,547 (2010 - $30,283) decreased significantly during the current period. The higher fees in 2010 are primarily attributed to the completing of the October 2010 private placement financing.

- Management fees of $22,850 (2010 - $23,000) are comparable to the comparative period.

- Office and miscellaneous of $3,222 (2010 - $44) are higher than the comparative year. This increase is primarily attributed to increased business activities.

- Rent of $3,000 (2010 - $3,000) during the current period was paid.

- Registration and filing fees of $2,091 (2010 - $13,901) are comprised of filing fees paid for SEDAR filing of the Company's financial statements, and transfer agent fees. These fees are lower than for the three months ending October 31, 2010 due to fees associated with the private placement done in October of 2010.

- During the three months ended October 31, 2011, the Company granted 200,000 (2010 – 400,000) stock options. A further 53,750 stock options were vested during the period. The total stock-based compensation calculated on the options granted and vested in the current period was $41,035 (2010 - $12,023).

- Travel and related fees of $5,612 (2010 - $nil) increased during the current period as a result of the Company's management and consultants attending trade shows.

Liquidity and Capital Resources

To date, the Company has not yet realized profitable operations and has relied on equity financings and trade credit to fund the losses. The Company has sufficient funds to satisfy its exploration expenditure plans for the current fiscal year.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

	October 31, 2011	October 31, 2010
Working capital	$ 879,564	$ 887,694
Deficit	(1,451,699)	(349,967)

Net cash used in operating activities during the year ended October 31, 2011, was $646,933 (2010 – $268,095). The cash used in operating activities for the period consists primarily of the operating costs and a change in non-cash working capital.

Net cash provided by financing activities during the year ended October 31, 2011, was $1,719,279 (2010 - $1,100,313). During the current year the Company completed a private placement of 3,275,000 Flow-Through Units and 1,630,000 Non-Flow-Through Units for gross proceeds of $1,880,500. The Company paid $175,441 cash for share issuances related to the private placement completed in the current period. An additional $14,220 (2010 - $8,000) was received from the exercise of 65,100 (2010 – 40,000) agent warrants. During the comparative period the Company paid $31,450 in deferred financing costs. The Company received $600,000 from its initial public offering, $660,500 from a non-brokered private placement and $8,000 on the exercise of 40,000 warrants. The Company paid $327,415 in share issue costs related to the initial public offering and the non-brokered private placement in the comparative period.

Net cash used in investing activities during the year ended October 31, 2011, was $1,222,088 (2010 - $20,100). During the current period the Company paid $25,000 cash to the optionor pursuant to the letter agreement for the Marmion South Contact property. A $13,000 finder's fee was paid in relation to the acquisition of the Marmion South Contact property. A total of $1,184,088 (2010 - $5,100) cash was paid on deferred exploration costs for the Company's mineral properties during the current period.

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. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has sufficient funds to cover anticipated administrative expenses and continue to conduct exploration activities throughout the current fiscal year. It will continue to focus on actively exploring its mineral properties.

Related Party Transactions

There was a balance due to related parties at October 31, 2011, of $1,000 (October 31, 2010 - $6,720) is owed to one of the Company's directors.

The following amounts were paid or accrued to related parties:

a) Paid or accrued $10,000 (2010 – $15,000) in management fees to a company controlled by Jerry Minni, a former director of the Company.

b) Paid or accrued $32,500 (2010 - $2,500) in management fees to a company controlled by Bernard Dewonk, a former director of the Company.

c) Paid or accrued $Nil (2010 - $9,500) in management fees to a company controlled by Jerry Minni a former director of the Company.

d) Paid or accrued $Nil (2010 - $28,000) in management fees to a company controlled by Robert Coltura a former director of the Company.

e) Paid or accrued $Nil (2010 - $10,625) in accounting fees to a company controlled by Jerry Minni a former director of the Company.

f) Paid or accrued $2,854 (2010 - $Nil) in consulting fees and $5,817 (2010 - $Nil) in deferred exploration costs to a company controlled by Bruno Kasper a director of the Company.

g) Paid or accrued $Nil (2010 - $9,500) in office rent to a company controlled by Robert Coltura a former director of the Company.

h) Paid or accrued $267 (2010 - $Nil) in geological services to Bruno Kasper a director of the Company.

i) Paid or accrued $1,000 (2010 - $Nil) in management fees to Greg Ball a director of the Company.

j) Paid or accrued $20,000 (2010 - $Nil) in management fees to John Bevilacqua a director of the Company.

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

Changes in Accounting Policies

Recent Accounting Pronouncements

In February 2008, the Accounting Standards Board ("AcSB") confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for public accountable enterprises for fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year.

The Company will transition to IFRS effective November 1, 2011 and plans to issue its first interim financial statements under IFRS for the year ending October 31, 2012.

A changeover plan is being established to convert to the new standards within the allotted timeline and is expected to consist of the following three key phases:

1. Phase 1 – Assess the impact;
2. Phase 2 – Design; and
3. Phase 3 – Implementation

Phase one will carry out a detailed assessment of the impact of the conversion to IFRS.

Phase two will build the tools required for the conversion based on management's decisions about accounting options and the related disclosures.

Phase three will roll-out the designed changes. The changes will include the development of the new accounting policies and consolidation templates, the preparation of the IFRS financial statements, and related note disclosure.

The Company is going to consult external advisors to assist in the development and execution of a changeover plan to complete the transition to IFRS.

The key elements of the Company's changeover plan will include the impact of IFRS on the following items:

•Accounting policies

•Property, Plant and Equipment ("PP&E")

IFRS and Canadian GAAP contain the same basic principles of accounting for property, plant and equipment; however, there are some differences between them. For example, capitalization of directly attributable costs in accordance with IAS 16, Property, Plant and Equipment ("IAS 16") may require measurement of an item of property, plant and equipment upon initial recognition to include or exclude certain previously recognized amounts under Canadian GAAP. Specifically, there may be changes in accounting for:

•The amount of capitalized overheads;

•The capitalization of major inspections that were previously expensed under Canadian GAAP;

•The capitalization of depreciation for which the future economic benefits of that asset are absorbed in the production of other assets; and

•The capitalization of borrowing costs in accordance with IAS 23, borrowing Costs.

Management does not expect this change to have an impact on the Company's financial position.

•*Impairment of Assets*

IAS 36, Impairment of Assets ("IAS 36") uses a one-step approach for testing and measuring asset impairments, with asset carrying values being compared to the higher of value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discount cash flows. The use of discount cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent write-downs in the carrying value of assets under IFRS since asset carrying values that were previously supported under Canadian GAAP based on undiscounted cash flows may not be supported on discounted cash flow basis under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses. Management does not expect this change to have an impact on the Company's financial position.

•*Income Taxes*

IAS 12, Income Taxes ("IAS 12") prescribes that an entity account for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Therefore, where transactions and other events are recognized in earnings, the recognition of deferred tax assets or liabilities which arise from those transactions should also be recorded in earnings. For transactions that are recognized outside of the statement of earnings, either in other comprehensive income or directly in equity, any related tax effects should also be recognized outside of the statement of earnings.

The most significant impact of IAS 12 on the Company will be derived directly from the accounting policy decisions made under IAS 16. Management does not expect this change to have an impact on the Company's financial position.

•*First-Time Adoption of International Financial Reporting Standards*

Under IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1") provides the framework for the first time adoption of IFRS and specifies that an entity shall apply the principles under IFRS retrospectively. All adjustments that arise on retrospective conversion to IFRS from other GAAP should be recognized directly in retained earnings. Certain optional exemptions and mandatory exceptions to retrospective application are provided for under IFRS 1.

Under IFRS 1, an entity has the option to retroactively apply IFRS 3 to all business combinations or may elect to apply the standard prospectively only to those business combinations that occur after the date of transition. The CICA Handbook Section 1582, Business Combinations and Section 1602, Non-Controlling Interests are substantially aligned with the accounting for business combinations and non-controlling interests under IFRS 3. Management does not expect this change to have an impact on the Company's financial position.

Financial Instruments

Fair Values

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	October 31, 2011	October 31, 2010
Held for trading (i)	$ 826,159	$ 975,901
Loans and receivables (ii)	68,710	11,795
Other financial liabilities (iii)	33,627	110,002

(i) Cash and cash equivalents
(ii) Amounts receivable
(iii) Accounts payable and amounts due to related parties
The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market date

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 826,159	-	-	$ 826,159

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuances when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at October 31, 2011.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 5 in the audited financial statements for the year ended October 31, 2011 for a description of the capitalized exploration and development costs on the Clay and Powell Property, Marmion South Contact Property and Nicoamen River Property. For a description of the general and administrative expenses, please refer to the statements of operations contained in the audited financial statements for the year ended October 31, 2011.

Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of the MD & A:

			Number of shares issued or issuable
Common shares			16,357,100
Stock options			1,650,000
Warrants			3,267,500
Agent warrants			692,400

Escrow Shares

At October 31, 2011, pursuant to an escrow agreement dated December 10, 2009, 1,013,628 of the common shares issued and outstanding remain held in escrow and 337,875 are to be released every six months from April 15, 2012 to April 15, 2013.

Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

- Financial risks include commodity prices, interest rates and the Canada / United States exchange rate, all of which are beyond the Company's control.

- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

The Company currently does not have adequate cash for planned exploration expenditures and general and administrative expenses in the next fiscal year and will require financing in the future to continue in business. There can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

A detailed analysis of the difference between International Financial Reporting Standards and the Company's accounting policies as well as an assessment of the impact of various alternatives is underway. Changes in accounting policies are likely and may materially impact the Company's financial statements.

Further Information

Additional Information relating to the Company can be found on SEDAR at www.sedar.com.