RARA TERRA MINERALS CORP.

(formerly Rara Terra Capital Corp.)

Management's Discussion & Analysis

for the Three and Six month periods ended September 30, 2011

The following discussion and analysis of the financial position and results of operations for RARA TERRA MINERALS CORP. (formerly Rara Terra Capital Corp.) (the "Company" or the "Corporation" or "Rara Terra") should be read in conjunction with the unaudited condensed interim financial statements and the notes thereto for the three and six month periods ended September 30, 2011. The Company adopted International Financial Reporting Standards ("IFRS") and, except as otherwise disclosed, the following disclosure and associated financial statements are presented in accordance with IFRS. All comparative information provided, except as otherwise disclosed, is in accordance with IFRS. All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

The Company's financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of the business.

This MD&A is prepared as at November 29, 2011.

Forward-Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to the future metal prices, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, environmental risks, unanticipated reclamation expenses, title disputes or claims, or limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future price of metals; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Adoption of International Financial Reporting Standards ("IFRS")

The Company's financial statements and the financial data included in the interim MD&A have been prepared, except as otherwise disclosed, in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee that are expected to be effective as at January 1, 2011. The adoption of IFRS does not impact the underlying economics of the Company's operations.

The IFRS accounting polices set forth in Note 2 of the unaudited condensed interim financial statements have been applied in preparing the financial statements for the three and six months ended September 30, 2011 and comparative information as at and for the three and six months ended September 30, 2010, as at and for the year ended March 31, 2011 and an opening Statement of Financial Position at April 1, 2010. Note 10 to the unaudited condensed interim financial statements contains a description of the Company's transition to IFRS, including a reconciliation of the financial statements previously prepared under Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to those under IFRS. The adoption of IFRS has not had an impact on the Company's strategic decisions, operations, or cash flow. Further information on the IFRS impacts is provided in the Changes in Accounting Policies & Initial Adoption of IFRS section of this MD&A as well as in Notes 2 and 3 to the unaudited condensed interim financial statements. Comparative information in this interim MD&A has been restated, except as otherwise disclosed, to comply with IFRS requirements.

1. Overall Performance

Description and General Development of the Business

The Company was incorporated as Rara Terra Capital Corp. under the Business Corporations Act (British Columbia) on December 17, 2009. The Company was in the development stage and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange"). The Company's intention was to list its common shares on the Exchange and complete a Qualifying Transaction (as defined). The Company's principle business was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange. The Company was required to complete its Qualifying Transaction ("QT") within twenty-four months of listing on the Exchange. The acquisition was subject to regulatory approval. Following completion of the QT, the resulting issuer was classified as a mining issuer under the policies of the Exchange and intends to proceed to carry on business in the mining exploration sector.

During the period ended March 31, 2010, the Company issued 2,200,000 common shares to directors of the Company. All the shares are subject to an escrow agreement in accordance with the Exchange

Policy 2.4. The shares will be released as follows: 10% upon the issuance of notice of final acceptance of a Qualifying Transaction by the Exchange (subsequently released), and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months (refer to Item 12: Other - Subsequent Events).

On June 3, 2010, the Company filed a prospectus in British Columbia and Alberta to qualify for public sale and distribution of a minimum of 2,000,000 and a maximum of 3,000,000 common shares of the Company in an Initial Public Offering ("IPO") at $0.10 per share for gross proceeds of a minimum of $200,000 and a maximum of $300,000.

On August 27, 2010 the Company completed its IPO of 3,000,000 common shares in the capital of the Company at a price of $0.10 per common share for gross proceeds of $300,000. The Company paid the agent a cash commission equal to 10% of the gross proceeds and granted non-transferable agent's warrants to purchase 300,000 common shares of the Company equal to 10% of the common shares sold in the IPO. The agent's warrants are exercisable for a period of 24 months from the date of listing on the Exchange at a price of $0.10 per common share. The agent also received a corporate finance fee of $21,000. The Company also granted to the directors and officers incentive stock options to acquire 450,000 common shares at a price of $0.10 per common share for a period of five years from the date the common shares are listed on the Exchange.

On November 29, 2010 the Company signed a letter of intent (the "LOI") with American Manganese Inc. (TSX-V: AMY) ("American Manganese") to acquire up to 60% of the right, title and interest of American Manganese in the Lonnie property (the "Lonnie Property"), a niobium and rare earth property located in the Omineca Mining Division of British Columbia. The Lonnie Property consists of 8 mineral claims, totalling 1605 hectares, and is located on Granite Creek, south east of Manson Creek in North Central British Columbia, approximately three hours drive north of Fort St. James. While historically known for its showings of niobium, the Lonnie Property has become of interest for its rare earth elements showings. Pursuant to the terms of the LOI, as consideration for the acquisition of the interest in the Lonnie Property, Rara Terra agreed to pay American Manganese cash payments totaling $60,000 and issue to American Manganese 285,000 common shares ("Shares") of the Company over the three year term of an option agreement to be entered into between the Company and American Manganese (the "Definitive Agreement"). Rara Terra also committed to incur exploration expenditures totaling $500,000 over the three year term of the Definitive Agreement. Subject to the approval of the Exchange, a finder's fee of total cash payments of $6,000 and the issuance of a total of 30,000 Shares of the Company were to be paid to two individuals, who were arm's length parties to the Company and American Manganese, in connection with the Proposed Transaction. The Transaction was subject to the approval of the Exchange and was intended to constitute Rara Terra's "Qualifying Transaction" ("QT") as defined in Exchange Policy 2.4 concerning capital pool companies (the "CPC Policy"). As Rara Terra and American Manganese were at arm's length, the proposed Transaction was not a Non-Arm's Length Qualifying Transaction, as defined in the policies of the Exchange. Accordingly, it was expected that a valuation would not be required and that the QT would not be subject to approval of the shareholders of the Company.

The Company's Shares were halted on November 30, 2010 pending receipt by the Exchange of certain required materials from the Company.

In December 2010, Rara Terra engaged Norm Tribe, P. Eng., of the geological consulting firm N. Tribe & Associates Ltd., for the purpose of preparing a report in accordance with National Instrument 43-101

(“NI 43-101”) with respect to the Lonnie Property. Mr. Tribe issued his initial report on December 15, 2010 and subsequently on March 11, 2011 issued an updated report in accordance with National Instrument 43-101 (“NI 43-101”) with respect to the Lonnie Property to reflect additional information that was gathered from an airborne magnetic survey that was conducted in February 2011. The report contained a proposed work program and budget for the exploration and development of the Lonnie Property. It was anticipated that the Company would be able to cover the costs of this program with its existing resources and the funds to be obtained through a proposed private placement which is described below.

On January 31, 2011 the Company and American Manganese executed the Definitive Agreement which agreement contained the material terms described above.

On March 25, 2011, the Company entered into an agreement with Golden Santa Cruz S.A. (“GSC”) to purchase 100% of the right, title and interest in the Las Chacras Property located in Argentina, subject to the approval of the TSX Venture Exchange. Pursuant to the terms of the Las Chacras Agreement, the Company or subsidiary of the Company intended to acquire the Las Chacras Property from GSC by: (i) paying GSC a cash payment of $25,000; and (ii) allotting and issuing to GSC up to 3,000,000 Las Chacras Payment Shares, which would be deposited into escrow pursuant to the terms of the Las Chacras Escrow Agreement. 1,000,000 of the Las Chacras Payment Shares escrowed under the Las Chacras Escrow Agreement would be released from escrow upon the Company achieving certain milestones.

If any of the Las Chacras Payment Shares are released from escrow upon attainment by the Company of any of the milestones, prior to the third anniversary of the completion of the Qualifying Transaction, such Las Chacras Payment Shares will continue to be held in escrow and subject to a timed release schedule as set out in the Las Chacras Escrow Agreement. As of the date of this report the Exchange has not approved the Las Chacras Agreement nor has the Company been able to re-negotiate acceptable terms of an amended Las Chacras Agreement. Consequently, the Company has not paid the cash payment of $25,000 nor issued any of the 3,000,000 Las Chacras Payment Shares.

On April 20, 2011 the Company staked an additional 875 hectares of property adjacent to the Lonnie property.

On May 3, 2011 the Company obtained the Exchange approval on its Qualifying Transaction to acquire a 60% interest in the Lonnie Property and changed its name to Rara Terra Minerals Corp. The initial release of 10% of the 2,200,000 escrowed shares was made upon the Company obtaining the Exchange’s approval of the Qualifying Transaction. In connection with the Qualifying Transaction, on May 3, 2011 (the "Closing Date") the Company completed a brokered and non-brokered private placement financing for total gross proceeds of $2,313,170 whereby the Company issued 8,291,000 non-flow-through units and 801,401 flow-through units. The non-flow-through units were priced at $0.25 per unit, with each unit consisting of one common share and one half of one common share purchase warrant. The flow-through units were priced at $0.30 per unit, with each unit consisting of one common share, issued on a flow-through basis, and one half of one non-flow through common share purchase warrant. Each whole warrant is exercisable at a price of $0.39 per share until 18 months following the Closing Date. A portion of the non-flow-through financing, being the brokered financing portion, was placed by Global Securities Corporation ("Global"). The Company has paid Global a cash commission of $75,040 and issued Global 300,160 broker warrants, exercisable at a price of $0.25 per share, until 18 months following the Closing Date. The Company has also paid Global a $30,000 corporate finance fee. Additional finder's fees of $68,985 were paid in connection with this financing. All

of the securities issued in connection with the concurrent financing, and the shares issued to American Manganese and the finders described above in connection with the option agreement, are subject to a hold period of four months and one day from the Closing Date.

On May 3, 2011 the Company granted 1,024,100 incentive stock options to directors, officers and consultants. The options are exercisable for a period of five years at a price of $0.26 per share and are subject to approval by the Exchange.

On May 3, 2011 the Company made a number of management changes including:

- Christopher Ecclestone was appointed as a director of the Company joining Fraser Atkinson, John Veltheer, Alexander Helmel and Roger Flowerdew on the Company's board of directors;
- Christopher Ecclestone was appointed President and Chief Executive Officer of the Company replacing Alexander Helmel (who remained a director);
- John Veltheer (who remained a director) resigned as Vice President of the Company;
- Roger Flowerdew was appointed Secretary of the Company; and
- Darrell Elliot resigned as a director of the Company but remains a strategic consultant to the Company.

On May 6, 2011 Global Securities exercised 300,000 agent’s warrants and the Company received $30,000.

On June 9, 2011, the Company entered into an option agreement to acquire a 100% interest in eight claims comprising approximately 2,940 hectares in the Xeno property in British Columbia for the following considerations:

i) $14,500 upon signing of the agreement (paid);
ii) $12,500 and 75,000 common shares upon approval of the Exchange (paid and issued);
iii) $10,000 and 50,000 common shares on the 1st anniversary of the Exchange approval date: and
iv) $10,000 and 50,000 common shares on the 2nd anniversary of the Exchange approval date.

The property is subject to a 0.5% Net Smelter Royalty (“NSR”) which can be purchased by the Company for $250,000.

On June 15, 2011, the Company also entered into a second option agreement to acquire a 100% interest in 20 claims comprising approximately 4,185 hectares in the Xeno property British Columbia for the following considerations:

i) $28,000 upon signing of the agreement (paid);
ii) $28,000 and 75,000 common shares upon approval of the Exchange (paid and issued); and
iii) $50,000 and 115,000 common shares on the 1st anniversary of the Exchange approval date.

On June 28, 2011 the Company terminated the employment of Mr. Ecclestone as Chief Executive Officer and President and accepted his resignation as Director with immediate effect. Mr. Helmel was re-appointed Chief Executive Officer and President of the Company with immediate effect.

On July 5, 2011 the Company granted 50,000 incentive stock options to a consultant. The options are exercisable for a period of five years at a price of $0.26 per share and are subject to the approval by the Exchange.

On July 8, 2011 the Company staked an additional 841 hectares of property adjacent to the above referenced Xeno properties.

On July 9, 2011 the Exchange approved the two above referenced Xeno mineral claim purchase agreements.

On September 26, 2011, 300,000 incentive stock options were forfeited.

The Company reported a net loss of $158,165 for the three month period ended September 30, 2011 (September 30, 2010: ($48,986)) and a net loss of $546,997 for the six month period ended September 30, 2011 (September 30, 2010: ($54,495)) and had an accumulated deficit of $715,622 at (March 31, 2011: ($168,625)). The Company is in the exploration stage and, accordingly, has not yet commenced revenue-producing operations. These recurring losses and the need for continued funding raise substantial doubt about the Company's ability to continue as a going concern. The Company will need to complete further financings for additional exploration activities as required, and for future operations.

Results of Operations

Three and six month period ended September 30, 2011

The following selected financial information is derived from the unaudited condensed interim financial statements of the Company:

		September 30, 2011 Note 1	June 30, 2011 Note 1	March 31, 2011 Note 1	December 30, 2010 Note 2
Total Revenues	$	Nil	Nil	Nil	Nil
Loss before other items	$	(158,165)	(388,832)	(69,976)	(36,186)
Loss per common share before other items, basic and diluted	$	(0.02)	(0.05)	(0.02)	(0.01)
Net Loss for the period	$	(158,165)	(388,832)	(69,976)	(36,186)
Loss per share, basic and diluted	$	(0.02)	(0.05)	(0.02)	(0.01)

For the Quarterly Periods ended:		September 30, 2010 Note 2	June 30, 2010 Note 1	March 30, 2010 Notes 2 & 3
Total Revenues	$	Nil	Nil	Nil
Loss before other items	$	(48,986)	(5,509)	(7,968)
Loss per common share before other items, basic and diluted	$	(0.01)	(0.00)	(0.01)
Loss for the period	$	(48,986)	(5,509)	(7,968)
Loss per share, basic and diluted	$	(0.01)	(0.00)	(0.01)

Note 1 – Prepared in accordance with IFRS
Note 2 – Prepared in accordance with Canadian GAAP
Note 3 – For the period December 17, 2009 (Inception) to March 31, 2010

Dividend Report and Policy

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

Administrative, Exploration, and General Expenses

The following expenses were incurred during the first and second fiscal quarters ended September 30, 2011 and 2010:

Expenses	**For the three months ended September 30, 2011**	**For the three months ended September 30, 2010**	**For the six months ended September 30, 2011**	**For the six months ended September 30, 2010**
Bank charges and interest	$ 40	$ 0	$ 117	$ 0
Consulting and management fees	73,500	0	159,630	0
Exploration	2,551	0	2,551	0
General and administrative	6,388	10,468	9,229	11,977
Investor Relations	17,500	0	17,500	0
Professional fees	17,325	1,750	57,279	2,750
Rent	10,500	3,000	14,500	6,000
Stock based compensation	9,329	33,768	200,833	33,768
Transfer agent and filing fees	8,493	0	38,347	0
Travel and promotion	12,539	0	47,011	0
Net and comprehensive loss for the period	$ 158,165	$ 48,986	$ 546,997	$ 54,495

During the three months ended September 30, 2011, the Company incurred a loss of $158,165, compared with a loss of $48,986 during the comparable period of 2010. The increase between the comparative periods resulted from the Company essentially being dormant in the 2010 period compared to it undertaking mining exploration and business development activities in the 2011 period. The major activities in the three months ended September 30, 2011 included contracting for geological services to assist in planning the Lonnie and Xeno exploration programs, sourcing appropriate service suppliers to conduct the Lonnie and Xeno property exploration programs, negotiating the acquisition of the Xeno properties, and working to identify additional rare earth properties of interest to the Company.

More specifically, the increase of expenses incurred during the three month period ended September 30, 2011 compared to those incurred during the same three month period in 2010 was largely a result of the following:

- Consulting and management fees increased to $73,500 in 2011 from $nil in 2010 due to the Company compensating its directors and officers for the services that they provided in executing the Company's business plan.

- Investor relations increased to $17,500 in 2011 from nil in 2010 due to the Company participating with other rare earth exploration companies in an industry media program.

- Professional fees increased to $17,325 in 2011 from $1,750 in 2010 primarily as a result of the legal and accounting services required in the normal course of conducting the Company's business.

- Rent increased to $10,500 in 2011 from $3,000 in 2010 as a result of the Company moving its operations into larger office premises.

- Transfer agent and filing fees increased to $8,493 from $nil in 2010 as a result of the cost's associated with Company being publicly listed on the Exchange.

- Travel and promotion increased to $12,539 in 2011 from $nil in 2010 as a result of the Company's directors and officers attending conferences focused on rare earth elements.

The Total Assets of the Company as at September 30, 2011 were $2,164,147 (September 30, 2010: $409,046 and March 31, 2011: $300,469). Non-current Exploration and Evaluation Assets as at September 30, 2011 were $291,010 (September 30, 2010: $nil and March 31, 2011: $83,230). Total Liabilities were $65,287 (September 30, 2010: $22,512 and March 31, 2011: $50,097). Shareholders' Equity was $2,098,860 (September 30, 2010: $386,534 and March 31, 2011: $250,372).

2. Liquidity

As an exploration company, the Company has not generated any revenues from operations with the only source of financing to date (other than limited interest income) being from the issuance of equity securities. Refer above to Overall Performance – Description and General Development of the Business and Results of Operations.

As at September 30, 2011 the Company had a working capital surplus of $1,807,850 (September 30, 2010: $386,534 and March 31, 2011 - $167,142) and cash on hand of $1,723,266 (September 30, 2010: $402,060 and March 31, 2011 - $194,087).

The Company has the following contractual obligations for the use of cash in the next 12 months:

1. Lonnie Property
   - expend $100,000 on or before the first anniversary date of the acceptance of the Company's Qualifying Transaction by the Exchange; and
   - payment of $22,000 on the first anniversary of the acceptance of the Company's Qualifying Transaction by the Exchange.

2. Flow-through Shares
   - Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through shares issuances that have not been spent and are held by the Company for such expenditure. As at September 30, 2011, the flow through proceeds amount remaining to be expended is approximately $230,000 (2010: $Nil).

3. Xeno Project
   - payment of $60,000 on the first anniversary of the Exchange's approval of the Xeno Project purchase transaction by the TSXV.

The Company believes that it has sufficient working capital to meet its current planned work programs and to meet its corporate obligations for the next year.

3. Capital Resources

The Company spends its funds to carry out exploration work with the objective of establishing ore of commercial tonnage and grade. The Company plans to spend approximately $125,000 on geochemical analysis on the Lonnie property and approximately $45,000 for an airbourne survey and geochemical analysis on its Xeno properties through the end of the current calendar year (2011). If the Company's exploration programs are successful, additional funds will be required in order to continue the Lonnie and Xeno exploration programs. There are no assurances that the Company will continue to be successful in raising additional funds or that other forms of equity capital or debt financing will be available to the Company in the future on satisfactory terms or at all. Any additional equity financing may be on terms that are dilutive, or potentially dilutive, to the Company's shareholders and debt financing, if available, may involve restrictive covenants with respect to the Company's ability to pay dividends, raise additional capital or execute various other financial and operational plans. Should current global economic conditions persist, management anticipates challenges in raising additional financing. Notwithstanding the foregoing, if, at any time, the Company's board of directors deems continued use of exploration expenditures on the Lonnie or Xeno properties to be unwarranted, based on the results of exploration up to that time, the Company may suspend or discontinue exploration on such properties and apply the funds on hand towards the acquisition and exploration of new properties or, if required, the general working capital of the Company. Save as aforesaid, the Company does not

have any commitments for material capital expenditures over either the near or long term and none are presently contemplated over normal operating requirements. As at September 30, 2011, the Company had no long-term debt and no agreements with respect to borrowings had been entered into by the Company.

4. Off Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

5. Transactions with Related Parties

During the three month period ending September 30, 2011 and 2010:

(a) the Company paid an aggregate of $15,000 and $15,000 (September 30, 2010 - $nil and $nil) respectively to its two executive officers, Alexander Helmel, President and Chief Executive Officer, and Roger Flowerdew, Chief Financial Officer and Corporate Secretary, in consideration for their services to the Company.

(b) The Company paid $18,000 and $15,000 in directors' fees (2010 - $nil and $nil) respectively to John Veltheer and Fraser Atkinson.

(c) The Company paid $10,500 (September 30, 2010 - $3,000) respectively for rent to a company with a common director.

6. Second Quarter

Save as disclosed herein, there were no extraordinary items, quarter end or other adjustments or dispositions in the Company's second quarter ending September 30, 2011 that had a material effect on the Company's financial condition, cash flow or results from operations.

7. Proposed Transactions

Save as disclosed herein, there are no asset or business acquisitions or dispositions currently being proposed by the directors or senior management of the Company that will have a material effect on the financial condition, results of operations or cash flows of the Company.

8. Critical Accounting Estimates

Significant accounting judgments, estimates and assumptions

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

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments. Actual results may differ from those estimates and judgments.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

9. Changes in Accounting Policies & Initial Adoption of IFRS

The interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended March 31, 2011. However, this interim financial report, being the first IFRS financial report, provides selected significant disclosures that are required in the annual financial statements under IFRS. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS are provided as follows.

Transition to IFRS

As a result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first interim financial statements of the Company under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated, except as otherwise disclosed, in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

- The Company has elected not to apply IFRS 2, "Share-based Payments", to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.

Additionally, in accordance with IFRS 1, an entity's estimate under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of April 1, 2010 are consistent with its GAAP estimates for the same date.

Reconciliation of Canadian GAAP to IFRS

The adoption of IFRS had no impact on the comprehensive loss for the three months ended June 30, 2010 and the year ended March 31, 2011 that were previously reported in accordance with Canadian GAAP.

Reconciliation of equity

	March 31, 2011	June 30, 2010	April 1, 2010
Equity previously reported under Canadian GAAP	$280,372	$230,659	$236,168
Adjustments up adoption of IFRS:			
Reallocation of deferred share issuance costs to:			
Deferred share issue costs	(30,000)	(69,837)	(33,827)
Equity reported under IFRS	$250,372	$160,822	$202,341

Notes to reconciliation

(a) Other component of equity

Under Canadian GAAP, deferred share issuance costs were recorded as assets. Under IFRS, these amounts have been reclassified as other component of equity.

(b) Reserves

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have been reclassified as share-based payment reserves.

Accounting standards issued but not yet effective

Fair Value Measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement (“IFRS 13”). This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual period in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application. We are currently assessing the impact of this standard on our financial statements.

Other Comprehensive Income

In June 2011, the IASB and the Financial Accounting Standards Board (FASB) issued amendments to standards to align the presentation requirements for other comprehensive income (“OCI”). The IASB issued amendments to IAS 1, Presentation of Financial Statements (“IAS 1”) to require companies

preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The amendments to IAS 1 set out in Presentation of Items of Other Comprehensive Income and are effective for fiscal years beginning on or after July 1, 2012. We are currently assessing the impact of these amendments on our financial statements.

10. Financial and Other Instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in bank accounts held with major banks in Canada. The Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at September 30, 2011:

	Within one year	Between one and five years	More than five years
Accounts payable	$ 51,765	$-	$-
Due to related parties	13,522	-	-
	$ 65,287	$-	$-

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company mainly operates in Canada; therefore, it is not exposed to foreign exchange risk.

11. Financial risk management

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows;

	September 30, 2011	September 30, 2010	March 31, 2011
Cash	$ 1,723,266	$ 402,060	$ 194,087
Loans and receivables:			
Receivables	63,871	6,986	23,152
	$ 1,787,137	$ 409,046	$ 217,239

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2011	September 30, 2010	March 31, 2010
Non-derivative financial liabilities:			
Accounts payable	$ 51,765	$ 15,154	$ 43,571
Due to related parties	13,522	7,358	6,526
	$ 65,287	$ 22,512	$ 50,097

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

12. Other

Share Data

a. Authorized and issued share capital

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	16,224,901

b. Summary of options outstanding

Security	Number	Exercise Price	Expiry Date
Stock Options	450,000	$0.10	August 28, 2015
Stock Options	724,100	$0.26	May 2, 2016
Stock Options	50,000	$0.26	July 5, 2016

c. Summary of warrants outstanding

Security	Number	Exercise Price	Expiry Date
Warrant	4,546,201	$0.39	November 2, 2012
Warrant	300,160	$0.25	November 2, 2012

Financial Controls

The Company maintains disclosure controls and procedures and internal control systems to provide reasonable assurance that its financial information and reporting is complete, reliable and accurate and that its assets are adequately protected. The board of directors, in conjunction with the audit committee, has an oversight role to ensure the integrity of the reported information.

The Company evaluated the effectiveness of its disclosure controls and procedures as at September 30, 2011. Based on the results of this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the disclosure controls were effective and that its disclosure controls and procedures provide reasonable assurance that material information relating to the Company is made known to the Company by others within such entity, particularly during the period in which the annual and quarterly filings are being prepared, and regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's accounting policies.

No change in the Company's internal control over financial reporting occurred during the Company's most recent ended September 30, 2011 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Subsequent Events

On November 3, 2011, 330,000 common shares were released from escrow.

13. Risk Factors

An investment in the Company involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this interim report in evaluating the Company and its business before making any investment decision in regards to the common shares of the Company.

The Company's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair business operations.

Exploration and Mining Risks
The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure.

The payment of such liabilities may have a material, adverse effect on our financial position. The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

Financing Risks
The Company is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be

favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Regulatory Requirements

Even if our mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Company may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur.

It is not always possible to fully insure against such risks and the Company has currently decided not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Titles

It is possible that any of our properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at our projects will be granted.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

Environmental Regulations

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as

seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Stage of Development

The Company is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history or earnings or cash flow from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company.

The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

Geopolitical risks

The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted.