

EXPLOREX CAPITAL LTD

(A DEVELOPMENT STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS

AND RESULTS OF OPERATIONS

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

The following is management's discussion and analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Explorex Capital Ltd. ("Explorex" or the "Company") as at September 30, 2012.

This MD&A which should be read in conjunction with the quarterly financial statements as at September 30, 2012 and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting standards Board ("IASB").

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is November 28, 2012. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Overview

Explorex Resources Inc. (the "Company", formerly Explorex Capital Ltd.) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 as Explorex Capital Ltd., and changed its name to Explorex Resources Inc. on June 11, 2012. The Company was classified as a Capital Pool Company ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company is currently engaged in the acquisition, exploration and evaluation of its mineral property interests located in Eastern Canada. The Company's shares are listed on the Exchange under the symbol EX. During the current year, the Company closed its Qualifying Transaction (Note 12) and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

Highlights for the quarter ended September 30, 2012

During the current quarter, the Company continued exploration on its Porcupine property in New Brunswick. An initial program of geochemical sampling, trenching and mapping has been completed and assays and final reports are pending.

Highlights subsequent to the quarter ended September 30, 2012

Subsequent to September 30, 2012, the Company continued with exploration efforts on its Porcupine property in New Brunswick.

Results of operations for the quarter ended September 30, 2012

The following table sets forth information for the periods ended September 30, 2012 and 2011.

	Quarter ended September 30, 2012	Quarter ended September 30, 2011
Financial results:		
Net (loss) for the period	\$ (49,617)	\$ (24,765)
Basic and diluted gain (loss) per share	-	-
Balance sheet data:		
Current assets	422,451	328,190
Total assets	583,811	363,250
Shareholders' equity	563,811	330,923
Cash flow data:		
Common share proceeds (gross)	13,476	258,500

The table below sets forth selected results of operations for the Company's most recently completed quarters since incorporation.

	Quarter Ended			
	September 30	June 30	March 31	December 31
	2012	2012	2012	2011
Net loss	\$ (49,617)	(27,122)	\$ (46,526)	\$ (16,786)
Basic and diluted loss per share	-	-	-	-
Total assets	583,811	619,952	363,250	436,559
Working capital	402,451	534,892	295,863	342,390

	QUARTER ENDED		
	September 30	June 30	March 31
	2011	2011	2011
Net loss	\$ (47,021)	(3,424)	(18,093)
Basic and diluted loss per share	-	-	-
Total assets	439,444	205,709	204,080
Working capital	394,235	(164,100)	157,524

Quarter ended September 30, 2012 compared to quarter ended September 30, 2011

For the three-month period ended September 30, 2012, the Company recorded a net loss of \$49,617 compared to \$47,021 in the previous quarter. Significant changes in individual expenses in the current quarter include consulting expense of \$18,000 (2011 - \$nil) due to increased use of consultants to manage the company's business after receiving Tier 2 status. Other individual expenses that changed in the current quarter include transfer agent and filing fees of \$3,476 (2011 - \$10,419) and professional fees of \$13,230 (2011 - \$5,942).

The Company's working capital of \$402,451 is greater than the previous year due to financing completed during the current year.

Summary of previous quarterly results

June 30, 2012

For the three-month period ended June 30, 2012, the Company recorded a net loss of \$27,122 compared to \$3,424 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Significant increases in individual expenses in the current quarter include professional expense of \$7,400 (2011 - \$2,060) due to increased use of legal fees in required to complete the company's listing statement to acquire Tier 2 status. Other individual expenses that increased in the current quarter include transfer agent and filing fees of \$4,007 (2011 - \$1,196) and consulting fees of \$6,000 (2011 - \$nil).

March 31, 2012

For the three-month period ended March 31, 2012, the Company recorded a net loss of \$46,526 compared to \$18,093 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Significant increases in individual expenses in the current quarter include professional expense of \$26,335 (2011 - \$13,315) due to increased use of legal fees in required to complete the company's listing statement to acquire Tier 2 status. Other individual expenses that increased in the current quarter include transfer agent and filing fees of \$17,948 (2011 - \$nil) and rent of \$4,800 (2011 - \$nil).

The Company's working capital of \$295,863 is greater than the previous year due to financing completed during the current year.

December 31, 2011

For the three-month period ended December 31, 2011, the Company recorded a net loss of \$16,786 compared to \$47,021 in the previous quarter. The decreased loss in the current quarter compared to previous quarter is primarily due to a decrease in stock-based compensation during the current quarter which was \$nil compared to \$18,656 in the previous quarter.

The Company's working capital of \$342,390 is less than the previous quarter by \$51,845 due to general and administrative expenses incurred in the current quarter.

September, 30, 2011

For the three-month period ended September 30, 2011, the Company recorded a net loss of \$47,021 compared to \$3,424 in the previous year. The increased loss in the current quarter compared to previous quarter is primarily due to increases in professional and transfer agent expenses incurred during the current quarter related to initial public offering fees and stock-based compensation expense.

The Company's working capital of \$394,235 is much higher in the current period due to the Company completing its initial public offering raising \$300,000.

June 30, 2011

For the three-month period ended June 30, 2011, the Company recorded a net loss of \$3,424 compared to \$18,093 in the previous quarter. The increased loss in the current quarter compared to previous quarter is primarily due to increases in legal expenses incurred during the previous quarter related incorporation and initial public offering fees.

The Company's working capital of \$164,100 is relatively unchanged due to the Company being in its initial public offering stage and currently has no projects or business.

Exploration Projects

The Company entered into an option agreement (“Agreement”) to acquire up to an 85% interest in several mineral claims comprising the Porcupine property in New Brunswick, Canada. The Agreement constituted the Company’s Qualifying Transaction. Under the terms of the agreement, in order to exercise the option to acquire the initial 70% interest, the Company will be required to make, over a three year period, total cash payments of \$180,000 (\$25,000 paid), issue a total of 850,000 common shares of the Company (150,000 issued) and incur exploration expenditures of \$1,000,000. The Company can acquire an additional 15% interest upon completion of a positive bankable feasibility study on or before September 30, 2018.

The Property consists of 86 claims held in three separate claim blocks covering 3,440 acres. The property is underlain by Ordovician intrusives, metavolcanics and metasedimentary rocks. The common lithologies present are porphyritic (quartz-feldspar) felsic volcanics, highly contorted quartzite and phyllitic metasediments gneissic granite and minor mafic volcanics. All lithologies have undergone greenschist metamorphism. Two exploration plays occur on the property. The south claim block contains a REE exploration target while the North claim block contains gold, silver and base metal targets. Various rare earth elements (REE) were previously discovered in soil samples on the property and subsequent geochemical surveys confirmed very high values for REE mineralization including the presence of several important heavy rare metals ("HREE").

Rare Earth Elements - South Claim Block

The results of the soil sampling program have confirmed the presence of anomalous Heavy and Light Rare Earth Elements (LREE) identified in previous exploration programs. Of particular interest are anomalous zones with Heavy and Light Rare Earth elements, and also Cesium, particularly in the south western portion of the grid. This positive correlation indicates a bedrock source for these elements. Other areas have a relatively strong, north west trending, linear Niobium anomaly cutting through Rare Earth elements and Cesium highs. This may be indicative of a mineralized vein -porphyry dike or pegmatite and several such anomalous features like this occur on the grid which may also be indicating the presence of dike/vein swarms. This NW trend is evident on the air photos as late lineations which offset older E-W trending linears that parallel the regional fault trend.

Assays for REE's include Samarium (Sm) which is increasingly used for high power magnets, is reported with grades of up to 63 ppm (g/t) and Dysprosium (Dy) with grades of up to 98.6 ppm (g/t), Neodymium (Nd) with grades of up to 1190 ppm (g/t), Ytterbium (Yb) with grades of up to 31.3 ppm (g/t) and Yttrium (Y) with grades of up to 472 ppm (g/t). Reported assays for HREE's include Terbium (Tb) with grades up to 20.3 ppm (g/t) and Ytterbium (Yb) with grades up to 31.3 ppm (g/t) while reported light rare earth metals include Cerium (Ce) with grades up to 459 ppm (g/t) and Lanthanum (La) with grades up to 1,300 ppm (g/t).

Copper and Base Metals - North Claim Block

Two distinct anomaly types were identified including base metals and Rare earth elements. The most prominent is a Copper, Lead and Zinc east-west trending anomaly in the central portion of the grid with maximum soil values of 191 ppm Cu, 321 ppm Pb and 764 ppm Zn. This anomaly is 800 meters long and 50 to 100 meters in width and appears to follow the contact between quartzite/phyllite and a strongly foliated granite.

A Rare Earth element anomaly was located on the western portion of the grid with peaks of 1143 ppm LREE and 78 ppm HREE. The anomaly drapes around the nose of a foliated granite intrusion and is open to the west and also correlates to a Cesium anomaly. Of particular interest are ENE trending anomalous trends for Zr, Nb and Th which have good continuity at 400 meters indicating a mineralized pegmatite or aplite dikes cutting both local granite and metasediments.

Liquidity and Capital Resources

The following table summarizes the Company's current assets, working capital and cash flow.

As at September 30	2012		2011		
Current assets	\$	422,451	\$	328,190	
Working capital		402,451		295,863	
		September 30, 2012		September 30, 2011	
Cash used in operating activities		(55,995)		(28,336)	
Cash used in investing activities		(96,300)		-	
Cash provided by financing activities		13,476		258,500	
Change in cash	\$	(138,819)	\$	230,164	

The Company is dependent on the sale of common shares to finance its exploration activities, property acquisition payments and general and administrative costs.

Share Capital

The Company has authorized share capital of an unlimited number of common shares of which 9,152,255 shares were issued and outstanding at the end of September 30, 2012.

As at November 28, 2012, 9,199,855 shares were issued and outstanding.

As at November 28, 2012, there were 250,000 options and 117,645 agent's options outstanding.

During the current year, the Company completed a non-brokered private placement of 1,417,500 units at \$0.20 per unit for gross proceeds of \$283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of \$0.30 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder's fees of \$17,350.

During the year ended March 31, 2011, the Company issued a total of 4,250,000 seed common shares at a price of \$0.05 per share for total proceeds of \$212,500.

During the year ended March 31, 2012, an additional 200,000 seed common shares were issued at a price of \$0.05 per share for total proceeds of \$10,000.

The Company issued 3,000,000 common shares from its initial public offering (the "Offering") at \$0.10 per share for gross proceeds of \$300,000. In connection with the Offering the Company granted the agent an option to acquire an aggregate of 300,000 common shares (agent's options) at an exercise price of \$0.10 per share until August 8, 2013. The agent's options were granted with a value of \$15,730. The Company paid an administration fee of \$10,000, a cash commission of \$30,000 and \$38,383 in other issuance costs.

Related Parties

During the quarter ended September 30, 2012, the Company entered into the following transactions with related parties:

- Paid or accrued rent of \$4,800 (2011 - \$Nil) to a company controlled by a director.
- Paid or accrued consulting fees of \$18,000 (2011 - \$Nil) to a director.

Financial Instruments

The Company's main financial risk exposures and its risk management policies are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Interest Rate Risk

The Company has cash balances and no interest-bearing debt. As of the year ended March 31, 2012, the Company held an interest bearing GIC term deposit with a variable rate of 1.05% (1.95 below prime), 364 day term maturing August 3, 2012 and cashable at any time.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Fair Value

The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short term maturity.

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environment obligations and impairment of exploration and evaluation assets and deferred costs and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Risk and Uncertainties

The Company's Operations and results are subject to a number of different risks at any given time. These factors , include but are not limited to disclosure regarding exploration , additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards , insurable risk and limitations of insurance, management , foreign country and regulatory requirements, currency fluctuations and environmental regulation risk.

- (a) the state of the capital markets, which will affect the ability of the Company to finance mineral property acquisitions and expand its contemplated exploration programs;
- (b) the prevailing market prices for base metals and precious metals;
- (c) the consolidation and potential abandonment of the Company's property as exploration results provide further information relating to the underlying value of the property;
- (d) the ability of the Company to identify and successfully acquire additional mineral properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property;

OTHER RISK FACTORS

ADDITIONAL FINANCING

The Company has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. The Company provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Properties with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. The Company provides no assurance that it can operate profitably or that it will successfully implement its plans for its further exploration and development of its Properties.

Permits and Licenses

The Company will require licenses and permits from various governmental and non-governmental authorities for its operations. The Company has obtained, or plans to obtain all necessary licenses and permits required carrying on the activities it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances. The Company provides no assurance that it will obtain all necessary licenses and permits required to carry out exploration, development and mining operations.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of the Principal Properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate the Principal Properties. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Currency Risk

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars. The Company's costs are incurred primarily in Canadian dollars.

Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. In addition, the Company will be highly dependent upon contractors and third parties in the performance of its exploration and development activities. The Company provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Competitive Factors in the Precious and Base Metals Markets

Most mineral resources including precious and base metals are essentially commodities markets in which we would expect to be a small producer with an insignificant impact upon world production. As a result, production, if any, would be readily sold and would likely have no impact on world market prices. In recent months due to the significant downturn in the world economies has driven the commodities prices much lower which has made raising capital more difficult more competitive than past years.

Overall the upward trend in the price of gold (approximately US\$1200 an ounce) in the last year with a more consistent price above US\$1200 in 2011 has been a benefit to Gold exploration companies. As these higher gold prices and the difference between the Canadian dollar and US dollar spread will help the Company in raising capital. Base metal prices have been improving in the past few months will help the company as it also has some historic base metal mines.

Internal Control over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the year ended March 31, 2012, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements. The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of March 31, 2012 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS").

During the design and evaluation of the Company's ICFR, management identified certain nonmaterial deficiencies, a number of which have been addressed or are in the process of being addressed in order to enhance the Company's processes and controls. The Company

employs entity level and compensating controls to mitigate any deficiencies that may exist in its process controls. Management intends to continue to further enhance the Company's ICFR.

The Company's management, including its CEO and CFO, believe that any DCP and ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. There have been no changes in the Company's ICFR during the year ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Critical Accounting Estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting policies

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IFRS 9 Financial Instruments

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

IFRS 10 Consolidated Financial Statements

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 11 Joint Arrangements

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Venturers". The standard is effective for annual periods

beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 13 Fair Value Measurement

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1 Presentation of Financial Statements

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

IAS 19 Employee Benefits (Amended in 2011)

IAS 19 (2011), "Employee Benefits", amends IAS 19, "Employee Benefits" with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The key amendments include:

- Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19);
- Introducing enhanced disclosures about defined benefit plans;
- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits;
- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; and
- Incorporating other matters submitted to the IFRS Interpretations Committee.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

The Company expects no impact from the adoption of the amendments on its financial position or performance.

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Exploration and evaluation assets

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Group will take into consideration of the recoverable amounts of the relevant cash generating unit (“CGU”). After taking into account the current economic environment, the management reviews the developing projects and exploration plans and confirms that there is no indicator for impairment on the exploration and evaluation assets of the Group at the reporting dates.

Cautionary Statement on Forward-Looking Information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements. Forwardlooking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.