FAR RESOURCES LTD.

Form 51-102F1

Management's Discussion and Analysis

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at February 25, 2013 and should be read in conjunction with the unaudited condensed interim financial statements for the period ended December 31, 2012 of Far Resources Ltd. ("Far" or the "Company") with the related notes thereto. Those unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Readers may also want to refer to the March 31, 2012 audited financial statements and the accompanying notes. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

Disclaimer

Except for statements of historical facts relating to the Company, this MD&A contains "forward-looking statements" within the meaning of applicable securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws.

Forward-looking statements may include, but are not limited to, statements with respect to the future price of metals, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of future exploration programs, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of transactions and future listings and regulatory approvals. 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 information in this MD&A includes, among other things, disclosure regarding: the Company's mineral properties as well as its future outlook, statements with respect to the success of exploration activities, permitting time lines, costs and expenditure requirements for additional capital, regulatory approvals, as well as the information under the headings "Overall Performance", "Liquidity" and "Capital Resources".

In making the forward looking statements in this MD&A, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the timing, costs and results of the Company's recommended exploration programs on its Tchentlo Lake property are consistent with the Company's current expectations; that the Company receives regulatory and governmental approvals and permits for its properties on a timely basis; that the Company is able to obtain financing for its properties on reasonable terms and on a timely basis; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that engineering and exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances or adverse weather conditions; that any environmental and other proceedings or disputes are satisfactorily resolved.

However, 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 may include, among others, actual results of current and proposed exploration activities; actual results of reclamation activities; future metal prices; accidents, labor disputes, adverse weather conditions, unanticipated geological formations and other risks of the mining industry; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities, as well as those factors discussed in the section entitled "Risks and Uncertainties " in this MD&A. 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. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

1.1 Date

This MD&A is dated as of February 25, 2012.

1.2 Overall Performance

Although incorporated in 2005, the Company has carried out only limited and sporadic business and exploration activities to date.

From 2005 to 2007 the Company's activities were focused primarily on raising seed capital and investigating potential mineral resource properties for acquisition and exploration. See Item 1.7 "Capital Resources" below.

On December 8, 2011 the Company completed its initial public offering (the "IPO") by issuing 4,000,000 common shares at $0.15 per share for gross proceeds of $600,000. Since then, the Company has been traded on the Canadian National Stock Exchange ("CNSX") under the stock symbol FAT.

Tchentlo Lake Property, British Columbia

In late 2007, the Company staked the Tchentlo Lake property (the "Tchentlo Lake Property") approximately 25 kilometres south of a new discovery of porphyry copper-gold mineralization by Serengeti Resources Ltd.(TSXV - SIR) 130 kilometres northwest of Fort St. James, B.C. Initially, the Tchentlo Lake Property comprised five claim blocks totaling approximately 5,000 hectares and was acquired to cover various airborne magnetic highs interpreted to be possible intrusive centers localized along the Pinchi Fault Zone, a major northwest trending structure that forms the western boundary of the Quesnel Trough.

Between late 2007 and 2009, the Company funded a reconnaissance soil geochemical survey designed to evaluate the southern most claim blocks along the main Pinchi Fault Zone comprising approximately 2,500 hectares. The results of the initial survey were negative and in 2010 the Company allowed such blocks to lapse with a view to focusing exploration work on the two most northerly blocks (referred to as the North Block and the South Block). The North and South Block comprise approximately 2,500 hectares and cover possible extensions of the rocks that host the Indata property of Eastfield Resources Ltd. (TSXV – ETF) (the "Indata Property") and the former Placer Dome property (explored for gold in 1990) located approximately 20 kilometres to the southeast of Indata Property (formerly referred to as the "Lo Property").

During 2010, the Company's activities focused on reviewing published technical data for the Indata Property and compiling historic technical information available for the former Placer Dome Lo Property (now covered by the South Block). Although there is no detailed surface exploration data available for the North Block geological maps published by Eastfield Resources Ltd. and regional airborne magnetic data (available from the BC Ministry of Energy and Mines) suggests the rock units that host mineralization on the Indata Property extend into the North Block.

Currently, the Tchentlo Lake Property encompasses six mineral tenures totaling 2,508 hectares in two separate claim blocks expiring on July 30, 2015. The North Block consists of three contiguous mineral tenures (1,196 hectares) and the South Block consists of three contiguous mineral tenures (1,312 hectares). The Tchentlo Lake Property is 100% owned by the Company and was staked at a total cost of $28,260. As of December 31, 2012, the Company had incurred geological and consulting fees of $75,908 on the Tchentlo Lake Property.

The Tchentlo Lake Property is an early stage gold/copper exploration prospect. The Company plans to carry out Stage 1 and, if warranted, Stage 2 of the recommended exploration program on the Tchentlo Lake Property. Stage 1 consists of widely spaced grid soil geochemical surveys on the North Block and a combined verification and grid based soil geochemical survey on the South Block designed to confirm previous gold in soil anomalies identified by Placer Dome on its Lo Property (now covered by the South Block) and determine if the anomalous zone continues to the southeast. The estimated cost of Stage 1 is $60,000. If Stage 1 confirms the presence of elevated gold, arsenic and antimony values in soils or identifies any significant copper anomalies, a follow up Stage 2 program of fill-in soil sampling and trenching would be warranted at an estimated cost of $220,000.

Additional information on the Tchentlo Lake Property can be obtained from the technical report of C. Von Einsiedel, P.Geo., dated effective July 30, 2011 and entitled "Review of Technical Information and Proposed Exploration Program for the Tchentlo Lake Property" (the "Tchentlo Lake Report") prepared in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The full text of the Tchentlo Lake Hill Report may be accessed on the SEDAR website at www.sedar.com.

There is no known body of ore of commercial grade or tonnage on the Tchentlo Lake Property. If the Company's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. 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. See Item 1.6, "Liquidity", Item 1.7 "Capital Resources" and Item 1.14 "Other MD&A Requirements – Risks and Uncertainties".

Silver Switchback Property, British Columbia

On August 20, 2012, the Company announced that it has entered into an option agreement to purchase a 100% interest, subject to a 3% net smelter return royalty, in the Silver Switchback property located southwest of Smithers in central British Columbia (the "Silver Switchback Property"). The Silver Switchback Property is being acquired under terms of an option agreement with Robert F. Weicker and Multiple Metals Resources Ltd., a private B.C. company (together the "Optionors").

Pursuant to the agreement, the Company is required to:

i) pay cash of $255,000 over a period of four years, of which $15,000 is payable on signing (paid);
ii) issue 1,000,000 common shares of the Company over a period of four years, of which 200,000 shares are payable on signing (issued); and
iii) incur exploration expenses of $200,000 over a period of two years ($145,338 incurred)

The Company is also responsible for keeping the Property in good standing and, if terminating the option, will return the Property to the Optionors with a minimum of 12 months assessment work. The Optionors will retain a 3.0% net smelter return royalty, of which the Company may reduce to 1% at anytime for $2,000,000 based on $500,000 per 0.5% segment.

The Silver Switchback property contains zones of silver-copper mineralization with individual grab samples returning assays up to 802 g/t silver and 7.24 % copper. The mineralization is thought to be stratabound, hosted within Jurassic age Hazelton Group volcanic and sedimentary rocks. A program of soil sampling aimed at extending the known mineralization under shallow cover was recently completed. Results of this sampling are awaited.

1.3 Selected Annual Information

The following table sets forth selected financial information for the Company expressed in Canadian dollars for the three most recently completed financial years ended March 31, 2012 and March 31, 2011 and should be read in conjunction with the Company's financial statements and related notes for such periods.

	For the Fiscal Year ended March 31, 2012	For the Fiscal Year ended March 31, 2011
Revenue	$ -	$ -
Expenses	$ 364,681	$ 73,086
Total comprehensive loss	$ 364,681	$ 73,086
Loss per share – basic and diluted	$ (0.02)	$ (0.01)
Working capital (deficiency)	$ 626,933	$ (28,523)
Exploration and evaluation assets	$ 47,473	$ 46,973
Total assets	$ 772,897	$ 119,741
Total long-term financial liabilities	$ -	$ -
Deficit	$ (912,231)	$ (547,550)
Weighted average number of shares outstanding	14,620,274	6,883,289

1.5 Summary of Quarterly Results

The Company was incorporated on July 7, 2005 and became a reporting issuer in the Provinces of British Columbia, Alberta and Ontario on December 8, 2011. Accordingly, the Company was not required to and did not prepare quarterly statements for any fiscal years prior to March 31, 2011. A summary of selected financial information for the three month periods ended after March 31, 2011 is set out below and should be read in conjunction with the Company's financial statements and related notes for such periods.

	Three Months Ended December 31, 2012	Three Months Ended September 30, 2012	Three Months Ended June 30, 2012	Three Months Ended March 31, 2012
Revenue	$ -	$ -	$ -	$ -
Expenses	$ 63,300	$ 61,846	$ 43,855	$ 67,044
Total comprehensive loss	$ 41,454	$ 56,291	$ 31,256	$ 67,044
Loss per share – basic and diluted [1]	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Total assets	$ 634,607	$ 716,726	$ 734,799	$ 772,897
Total liabilities	$ 61,202	$ 101,867	$ 91,649	$ 98,491
Total equity	$ 573,405	$ 614,859	$ 643,150	$ 674,406
Weighted average number of common shares outstanding	18,606,667	18,480,580	18,406,667	18,406,667

	Three Months Ended December 31, 2011	Three Months Ended September 30, 2011	Three Months Ended June 30, 2011
Revenue	$ -	$ -	$ -
Expenses	$ 46,845	$ 216,265	$ 34,527
Total comprehensive loss	$ 46,845	$ 216,265	$ 34,527
Loss per share – basic and diluted (1)	$ (0.00)	$ (0.02)	$ (0.00)
Total assets	$ 859,691	$ 285,410	$ 337,714
Total liabilities	$ 118,241	$ 108,067	$ 88,791
Total equity	$ 741,450	$ 177,343	$ 248,923
Weighted average number of common shares outstanding	14,258,407	13,095,218	12,741,539

(1) Based on the weighted average number of shares outstanding during the period.

For the three month period ended December 31, 2012:

The Company earned no revenue and had a comprehensive loss of $41,454 (2011 - $46,845).

The Company recognized deferred income tax recovery of $21,846 (2011 - $Nil) as the Company incurred eligible flow-through expenditures during such period.

Total expenses were $63,300 (2011 - $46,845), comprised of the following significant items:

- Professional fees of $22,156 (2011 - $15,707) were higher in the current period as a result of increased transactions and activities related to accounting and legal services.
- Management fees of $13,500 (2011 - $12,000) were related to director fees and administrative fees paid or accrued to the CEO and directors of the Company.
- Rent of $7,500 (2011 - $Nil) increased as a result of new rental agreement entered in the current period.
- Transfer agent and filing fees of 8,297 (2011 - $Nil) increased as a result of increased reporting and filing requirements.
- Office expenses of $7,347 (2011 - $14,638) decreased as a result of lower administration activities during the current period.

For the nine month period ended December 31, 2012:

The Company earned no revenue and had a comprehensive loss of $129,001 (2011 - $297,637).

The Company recognized deferred income tax recovery of $40,000 (2011 - $Nil) as the Company incurred eligible flow-through expenditures during such period.

Total expenses were $169,001 (2011 - $297,637), comprised of the following significant items:

- Professional fees of $56,396 (2011 - $63,758) were lower in the current period compared to the prior period in which the Company incurred higher accounting fees in connection with its effort to complete the IPO.
- Management fees of $40,500 (2011 - $45,000) were related to director fees and administrative fees paid or accrued to the CEO and directors of the Company.
- Rent of $22,500 (2011 - $Nil) increased as a result of new rental agreement entered in the current period.
- Transfer agent and filing fees of $19,287 (2011 - $Nil) increased as a result of increased reporting and filing requirements.
- Share-based compensation of $Nil (2011 - $139,685) decreased as the Company did not grant any options during the current period.

As at December 31, 2012, the Company had total assets of $634,607 consisting of cash of $337,623, HST receivable of $4,478 and exploration and evaluation assets of $292,506.

The total liabilities of the Company as of December 31, 2012 were $61,202 which consisted of accounts payable and accrued liabilities.

1.6 Liquidity

The Company has not generated any revenue from operations and to date has relied entirely upon the sale, by way of private placement, of Common Shares and Seed Units to carry on its business. See Item 1.7 "Capital Resources" below.

The Company's financial statements have been prepared on a going concern basis and assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing.

	December 31, 2012	March 31, 2012
Working capital	$ 280,899	$ 626,933
Deficit	$ (1,036,800)	$ (912,231)

Net cash used in operating activities for the period ending December 31, 2012 was $145,859 compared to of $177,063 during the period ending December 31, 2011 and consists primarily of the operating loss adjusted for deferred income tax recovery, share-based compensation and changes in non-cash working capital items.

Net cash used in investing activities for the period ending December 31, 2012 was $217,033 compared to of $500 during the period ending December 31, 2011, which consists of exploration and evaluation expenditures.

Net cash provided by financing activities for the period ending December 31, 2012 was $Nil compared to of $920,952 during the period ending December 31, 2011. The difference is attributable to increased financings during the period ending December 31, 2011.

As of December 31, 2012, the Company had a working capital surplus of $280,899 comprised of current assets of $342,101 and current liabilities of $61,202.

The Company anticipates that the net proceeds from financings, together with the Company's current working capital surplus, will be sufficient to enable the Company to carry out its proposed exploration programs on the Tchentlo Lake Property and satisfy its business and property commitments for the ensuing year.

1.7 Capital Resources

Between January 1, 2011 to May 31, 2011, the Company sold a total of 6,200,000 (consisting of 1,200,000 and 5,000,000 during the year ended March 31, 2011 and 2012 respectively) seed units (the "Seed Units") at a price of $0.05 per Seed Unit for gross proceeds of $310,000 to fund, inter alia, the costs of going public and the ongoing day to day operations of the Company. See Item 1.6 "Liquidity" above. Each Seed Unit consists of one common share (a "Common Share") and one share purchase warrant (a "Seed Warrant"). Each Seed Warrant entitles the holder thereof to purchase an additional common share (a "Seed Warrant Share") at a price of $0.15 on or before June 30, 2012. These warrants have expired unexercised.

On December 8, 2011 the Company completed its initial public offering (the "IPO") by issuing 4,000,000 common shares at $0.15 per share for gross proceeds of $600,000. In connection with the IPO, the Company paid cash payment of $135,448, issued 400,000 agent's options with a fair value of $37,586, and issued 100,000 shares at $0.15 per share as part of share issuance costs. The Company has since been traded on the Canadian National Stock Exchange under the stock symbol FAT.

On December 29, 2011 the Company completed a non-brokered private placement, issuing 1,000,000 "flow-through" common shares at $0.18 per share for gross proceeds of $180,000. In connection with the private placement, the Company paid share issuance costs of $12,600 and issued 70,000 agent's options with a fair value of $4,432.

In connection with the issuance of flow-through common shares in December 2011, the Company has a commitment to incur $180,000 of qualifying flow-through expenditures by December 2012. As at December 31, 2012, the Company has incurred $180,000 on qualifying flow-through expenditures.

Contractual Obligations

Other than miscellaneous stock option and consulting agreements, the Company does not presently have any other material contractual obligations. See Item 1.9 "Transactions with Related Parties".

As at December 31, 2012, the Company had no long-term debt and no agreements with respect to borrowings had been entered into by the Company.

1.8 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the period ended December 31, 2012 the Company paid or accrued a total of $27,000 in management fees to Keith C. Anderson in his capacity as the President and Chief Executive Officer of the Company.

During the same period, the Company paid or accrued a total of $9,000 in management fees to Leon F. Anderson, a director and former Secretary of the Company, $4,500 in management fees to Lindsay Bottomer, a director of the Company and $40,350 in accounting fees to Davidson & Company LLP. Cyrus Driver, the Chief Financial Officer and a director of the Company, is a partner of Davidson & Company LLP.

A summary of the remuneration paid or accrued to the Company's directors and executive officers during the period ended December 31, 2012 and December 31, 2011 is set out below:

Transactions with related parties and key management personnel are as follows:

	Nature of transactions	Nine month period ended December 31, 2012	Nine month period ended December 31, 2011
Key management personnel:			
Director	Management	$ 9,000	$ 15,000
Director	Management	4,500	-
CEO	Management	27,000	30,000
Directors and officers	Share-based compensation	-	139,685
		$ 40,500	$ 184,685
Related party:			
A firm of which the CFO is a partner	Professional	$ 40,350	$ 16,000

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	As at December 31, 2012	As at March 31, 2012
Due to a firm of which the CFO is a partner	$ 21,799	$ 13,640
Due to directors of the Company	22,000	22,180
	$ 43,799	$ 35,820

1.10 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.

1.11 Critical Accounting Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of share-based payments; valuation of deferred income tax amounts; carrying value of exploration and evaluation assets; impairment testing; valuation of premium on flow-through shares; and accrued liabilities.

The most significant judgments relate to the recoverability of exploration and evaluation assets; accounting for flow-through shares; recognition of deferred financing costs; recognition of deferred tax assets and liabilities; and determination of the economic viability of a project.

1.12 New Accounting Standards and Amendments to Existing Standards

New and amended standards adopted by the Company

Effective April 1, 2012, the Company adopted the following standards:

- Amendments to IFRS 7, *Financial Instruments: Disclosures* that were issued by the IASB. The application of these amendments has not had any material impact on current and prior year disclosures but may affect disclosures for future transactions or arrangements.

- Amendments to IAS 12, *Income Taxes,* which removed some subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduced a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. There was no impact to the Company arising from the adoption of this standard.

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective at December 31, 2012:

(i) Effective for annual periods beginning on or after July 1, 2012:

- Amendments to IAS 1, Presentation of Financial Statements, to revise the way other comprehensive income ("OCI") is presented. The amendments require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently. i.e. those that might be reclassified and those that will not be reclassified. It also requires 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).

(ii) Effective for annual periods beginning on or after January 1, 2013:

- New standard IFRS 10, Consolidated Financial Statements, replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control.

- New standard IFRS 11, Joint arrangements, requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for joint operation, the venture will recognize its share of assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionally consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31 – Interest in Joint Ventures and SIC 13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers.

- New standard IFRS 12, Disclosure of Interests in Other Entities, provides the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and consolidated structured entities.

- New standard IFRS 13, Fair Value Measurement, defines fair value and sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The standard does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

- Reissued IAS 27, Separate Financial Statements, requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments.

- Reissued IAS 28, Investment in Associates and Joint Ventures, supersedes IAS 28 Investments in Associates and defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

(iii) Effective for annual periods beginning on or after January 1, 2015:

- New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, it is at fair value through profit and loss.

The Company is currently assessing the impact that these standards will have on the Company's financial statements.

1.13 Financial and Other Instruments

Capital and Financial Risk Management

Capital management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue Common Shares through private placements. The Company is not exposed to any externally imposed capital requirements.

The Company's overall strategy remains unchanged from fiscal year 2012.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2012, the Company had a cash balance of $337,623 (March 31, 2012 – $700,515) to settle current liabilities of $61,202 (March 31, 2012 – $98,491). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company's cash and cash equivalents do not have significant exposure to interest. As of December 31, 2012 and March 31, 2012 the Company did not have any investments.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at December 31, 2012, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Save and except as aforesaid, there were no significant changes in the Company's accounting policies during the period ended December 31, 2012.

1.14 Other MD&A Requirements

Disclosure of Outstanding Security Data

As at February 25, 2013, the following shares and options were issued and outstanding:

	Issued & Outstanding	Authorized
Share capital		
- Common	18,606,667	unlimited
- Preferred	Nil	unlimited
Options	1,100,000	
Agent's warrants	400,000	

Except as disclosed above, there are no options, warrants or other rights to acquire common shares of the Company outstanding.

Additional Disclosure for Junior Issuers

The Company has allocated sufficient funds from the net proceeds of the financings to cover the estimated general and administrative expenses after which time the Company will require additional funds to satisfy its ongoing expenses.

There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. See "Risks and Uncertainties" below.

Risks and Uncertainties

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development.

Exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit. The Company has generated losses to date and anticipates that it will have sufficient financial resources to undertake its planned exploration programs for the ensuing year, it will require additional funds to further explore its properties. There is no assurance such additional funding will be available to the Company on commercially reasonable terms or at all.

Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects. The Company's mineral resource properties have not been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company may become subject to liability for hazards against which it is not insured. The mining industry is highly competitive in all its phases and the Company competes with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. Additional risks include the current lack of any market for the Company's securities and the present intention of the Company not to pay dividends. Certain of the Company's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest. Finally, the Company has no history of earnings, and there is no assurance that any of its current or future mineral properties will generate earnings, operate profitably or provide a return on investment in the future. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

For a more detailed discussion of the risk factors affecting the Company and its exploration activities, please refer to the Prospectus which can be assessed on the SEDAR website at **www.sedar.com**.

Internal Control over Financial Reporting Procedures

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the statements made in this MD&A and the Company's interim financial statements for the period ended December 31, 2012 (together the "**Interim Filings**").

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at **www.sedar.com**.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.