

Form 51-102F1
Management Discussion and Analysis
for
ABITIBI MINING CORP.

For the Year Ended May 31, 2011

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements of Abitibi Mining Corp (“Abitibi Mining” or the “Company”) for the year ended May 31, 2011 and the audited consolidated financial statements for the year end May 31, 2010, prepared in accordance with Canadian generally accepted accounting principles. www.sedar.com

This MD&A has been prepared as of September 27, 2011. All amounts are expressed in Canadian dollars unless otherwise stated.

Forward Looking Information

This MD&A includes some statements that may be considered “forward-looking statements”. All statements in this discussion that address the Company’s expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, availability of capital and financing, and general economic, market, and business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Company Overview

Abitibi is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol “ABB” as a TSX-V Tier 2 Company.

Abitibi is a junior exploration company with no revenues from mineral producing operations. Activities include acquiring mineral properties and conducting exploration programs. The Company may offer to a major mining company the opportunity to acquire an interest in a property in return for funding by the major mining company, of all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company does not use long term debt. Rather, it depends on the issue of shares from the treasury to investors. Such stock issues in turn depend on numerous factors, important among which are a positive mineral exploration climate, positive stock market conditions, a company’s track record and the experience of management.

Additional information relating to the Company can be found on SEDAR at www.sedar.com and also on the Company’s website at www.abitibi-mining.com.

Overall Performance

During the year ended May 31, 2011, the Company spent \$23,102 on acquisition costs and \$444,624 on exploration. Of the exploration expenses, \$290,460 was spent on drilling and \$122,701 was spent on Field and Geologists. Most exploration work was completed on the Red Hat property: \$269,380.

Properties

Tannahill - Other Properties

Included is the Tannahill property - located in Tannahill Township and owned 50% by the Company and 50% by a company with common directors. Payments on this property have been completed.

On April 5, 2011, the Company released a material change report disclosing the following.

- Previous drilling returned **5.16 g/t gold over 5.0m** and **7.02 g/t gold over 3.7m** in two separate drill holes.
- Previous drilling has identified **two parallel gold-bearing structures** – the Upper and Lower Zones.
- The Lower Zone traced for 300m of the strike length holds the greatest exploration potential and resembles Holloway and Gold Corp's Holt-McDermott style mineralization.

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Abitibi Mining Corporation and joint venture partner Sedex Mining Corp are pleased to announce a diamond drilling progress report on their Tannahill gold property, which is favourably situated 16km south of the past producing Holloway and Holt-McDermott gold mines and can be reached by road from Kirkland Lake, 35km to the southwest. Abitibi and Sedex are 50/50 partners and joint venture operators. Please see the location map.

The Tannahill property is underlain by a sequence of metamorphosed volcanic rocks, which in the southern portion of the property have been disturbed by a large syenite intrusion. Emanating from the intrusion and cross-cutting the host volcanic rocks are a series of radial syenite dykes, which are thought to have been formed when the syenite was intruded into the volcanic rocks, fracturing them. The radial fractures would be ideal passageways for the transportation of gold-bearing hydrothermal fluids and the deposition of gold mineralization.

Previous drilling has identified two parallel gold-bearing structures – the Upper and Lower Zones – oriented northeast and dipping to the north. Please refer to the attached cross section. The Lower Zone holds the greatest exploration potential and has been traced for approximately 300 m of strike length and remains open both along strike and dip of the vein. At depth the zones widen and grades appear to increase. Two holes below the 75-m level along 100 m of strike length have excellent widths with high gold grades (5.16 g/t over 5.0 m in drill hole T-96-9 and 7.02 g/t over 3.7 m in drill hole T-96-15). The drilling appears to substantiate the hypothesis of gold emplacement along radiating fractures. The Upper and Lower mineralized zones exhibit similarities with the style of mineralization in the Holloway and Holt-McDermott mines.

The winter 2010-2011 drill program consisted of five drill holes totaling 1380m. The exploration rationale was to extend the plunge of the high grade intersections contained with the Lower Zone, both up and down plunge. Three drill-holes were drilled to test the easterly down-plunge direction and another two drill holes were designed to infill data in the up-plunge direction. Core logging indicates all holes intersected varying degrees of mineralization from 0.5m to 15m of cored lengths.

All drill holes have been logged and selected sections are being sent for assaying. Assay results will be released as they become available.

Roger MacDonald (P.Geol) has reviewed this news release.

On June 2, 2011, the Company released a material change report disclosing the following.

The Company announced a diamond-drilling progress report on their Tannahill gold property, which is favourably situated 16 km south of the past-producing Holloway and Holt-McDermott gold mines and can be reached by road from Kirkland Lake, 35 km to the southwest. Please see the location map. Abitibi and Sedex are 50/50 partners and joint venture operators.

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The 2011 program was designed to test a possible easterly plunge to the Tannahill mineralization suggested from the forty historic diamond-drill holes drilled in 1996 and 1997. Three holes were allocated to test the 45-degree easterly plunge at staggered vertical depths on section 3+50 East (AMT-11-01), 4+00 East (AMT-11-03), and 4+50 East (AMT-11-02). The remaining two holes (AMT-11-04 on section 1+50 East and AMT-11-05 on 2+00 East) were planned to further resolve near-surface mineralization where an upper and a lower zone were articulated by the historic drilling. Some 1380 meters were drilled in the five holes and 711 samples were submitted for gold assay to Expert Laboratories of Rouyn-Noranda, Quebec.

All five drillholes in the 2011 program intersected strongly-fractured to micro-fractured zones with alteration flooding and sulphide mineralization. The zones also had a common fault association. Drillholes AMT-11-01 (on 3+50 East) and AMT-11-03 (on 4+00 East) intersected the mineralized zones at depths of 270 m and 315 m, respectively, and encountered the best mineralization in the program. AMT-11-01 assayed 1.36 g/t gold over 4.15 m from 308.85-313.00 m, including 2.37 g/t gold over 2.0 m from 310.0-312.0 m. The mineralized zone in AMT-11-03 assayed 0.95 g/t gold over 11.1 m from 357.90-369.00 m including 1.11 g/t over 1.0 m (359.0-360.0 m), and 2.31 g/t over 2.9 m (364.10-367.00 m).

Drillhole AMT-11-02 tested the easterly plunge of the mineralization at a similar elevation as AMT-11-01 but was 100 m further east on section 4+50 East. It appears to be above the down-plunge extension of the main mineralized corridor, and assay results were low. Holes AMT-

11-04 (section 1+50 East) and AMT-11-05 (section 2+00 East) intersected altered, fractured, and mineralized corridors. Assays reached up to 4.0 g/t gold over 1.09 m in the upper zone in AMT-11-05, but, in both drillholes, adjacent assays tended to be much lower and fragmented across the zone, such that a competent aggregate was not sustained. Please refer to the significant assay table below.

Historic mineralization is characterized by a strong-fracturing to micro-fracturing of both the mafic volcanic sequence and the felsic intrusive rocks. The fracturing is accompanied by an alteration flooding with ankerite and silica, along with varying proportions of sericite, fuchsite/paragonite, hematite, and, up to 7-10% pyrite. Most intersections also have a fault component. Historic intersections of 7.02 g/t gold over 3.7 m in T96-15, and 5.16 g/t gold over 5.0 m in T96-9 highlight the upper level of historic assay results. The historic results are pre-National Instrument 43-101 and must be verified by a QP before they can be relied upon.

Please refer to the June 2, 1011 news release for detailed information on the holes.

Chapleau Diamond Project, Ontario

In November 2005, the Company announced the acquisition of approximately 12,700 acres of prospective kimberlite ground in the Chapleau area of Ontario. Abitibi Mining has paid for the staking costs to earn a fifty (50%) percent working interest in the property. Staking has covered numerous zones with kimberlitic indicator minerals in sediments and till samples, and a series of circular airborne magnetic anomalies on strike with the discovery ground.

During the year ended May 31, 2011, the Company wrote off these claims as no exploration is planned.

Elliot Lake Uranium Project, Ontario

The Company has assembled a large land position including ground which has been optioned and ground which has been staked within and around the Elliot Lake Uranium Camp and surrounding area in Ontario. This land package has been built based on historical drill records that intersected uranium mineralization similar in style to former Elliot Lake deposits. In addition, land positions within 40 kilometres of the Elliot Lake Camp have been acquired based on government airborne radiometric highs that are coincident with elevated uranium in lake sediments. The following properties have been optioned along with over 16,000 acres (6,400 hectares) of staked land.

Elliot Lake Property – An option to acquire a 100% interest in the Elliot Lake Property, located in Gunterman Township, within the Elliot Lake Camp of the Sault Ste. Marie Mining Division. New terms were signed on December 3, 2008 for \$37,500 (\$30,000 paid) and 200,000 shares (150,000 issued) and sufficient exploration work to keep the property in good standing.

During the year ended May 31, 2011, the Company wrote off these claims as no exploration is planned.

Bolger Property – An option to acquire a 100% interest in the Bolger Property, located in Bolger Township, within the Elliot Lake Camp of the Sault Ste. Marie Mining Division. New terms were signed on December 3, 2008 for \$37,500 (\$30,000 paid) and 200,000 shares (150,000 issued) and sufficient exploration work to keep the property in good standing.

During the year ended May 31, 2011, the Company wrote off these claims as no exploration is planned.

Troyhill Uranium Property, Ontario

This large land package covers historical uranium occurrences as well as large areas with government airborne radiometric highs that are coincident with elevated uranium in lake

sediments. Abitibi plans to compile existing data prior to using prospecting, mapping, geophysics and geochemistry to identify uranium targets for trenching and drilling.

The Company acquired an option to earn a 100% interest in the Troyhill Uranium Property, located in Monmouth Township, Southern Ontario Mining Division, Ontario. New terms were signed on December 10, 2008 for \$17,500 and cash or shares equivalent to \$12,500. All payments on the property are completed.

During the year ended May 31, 2011, the Company wrote off these claims as no exploration is planned.

Centre Fire Lake Property, Ontario

The Company acquired an option to earn a 100% interest in the Centre Fire Lake Property, located in Lomond and McIlraith Townships, Patricia Mining Division, approximately 38 km northeast of Dryden, Ontario. The property is accessible by road. In the late 1960s, Phelps Dodge Corp. intersected wide zones of low grade copper mineralization such as 270 feet averaging 0.16% copper from limited drilling. Anomalous gold and nickel values were also encountered in the thick sequences of mafic flows that locally contain semi massive to massive sulphide pods within intensely silicified and/or carbonate altered zones. No further work has been carried out on the property.

Abitibi plans to complete compilation work on the property and conduct an airborne VTEM survey to locate potential volcanogenic massive sulphide bodies containing copper, zinc, silver or gold.

Red Hat property, Ontario

(Previously presented in the "Other" column in the mineral property costs schedule) The property is located in Webb, Lomond and McIlraith Townships. In October 2008 the Company received regulatory approval for the acquisition of a 100% interest in this property. Terms are \$40,000 (\$10,000 completed) and 260,000 shares (85,000 issued) and a 3% NSR, with a 1.5% buyback for \$1.0 million and an additional 0.5% buyback for a further \$1.0 million.

Red Hat and Centre Fire update

On May 30, 2011, the Company put out a news release announcing the completion of diamond drilling on their Redhat and Center Fire Lake properties located primarily in the McIlraith township of North-West Ontario. The properties are easily accessed by way of Highway 72, thirty-seven kilometres south-west of the town of Sioux Lookout, then north approximately 20 kilometres by wellmaintained logging roads.

The Redhat and Center Fire properties are hosted in the Cu-Pb-Zn-bearing Sturgeon Lake Greenstone belt and lie 100km west of the Cu-Pb-Zn deposits on the south shore of Sturgeon Lake mine that produced a total of 19M tonnes of ore averaging 9% zinc, 1.5% copper, 149g/tonne Ag and 0.5 g/tonne Au. Another nearby past producing mine in the Sturgeon Lake Greenstone belt is the St. Anthony Mine, which produced 63,310 ounces of gold at an average 6.6 g/tonne.

Copper and gold mineralization on the properties is hosted in a separate and under-explored felsic-mafic succession that is believed to be coeval with the Sturgeon Lake deposits.

Additionally, the lower basalt formation at the Center Fire Lake property is host to structurally controlled chalcopyrite mineralization that is possibly remobilized from a metamorphosed sulphide lens higher up in the succession or from a hydrothermal feeder pipe at depth.

Between the rhyolite and basalt there are disseminated sulphides in a tuffaceous member. The upper rhyolites host previously drilled, intersected base metal massive sulphide horizons. The overlying coarse sediments contain sulphide clasts presumably derived from an eroded sulphide source.

The intervals described below are cored lengths. Stratigraphy is believed to be roughly eastwest striking; steeply (75-85 degrees) north dipping and drill holes are oriented to the south, roughly perpendicular to the strike direction. See Table 2011 Drill Holes Assays for a list of significant intersections, and also please refer to the drill hole location map on the May 30, 2011 news release on www.sedar.com.

MASSIVE SULPHIDE DISCOVERY HOLE:

Drill hole **RH11-03** tested a coincident VTEM/magnetic anomaly located to the south of Center Fire Lake. The hole cored a massive sulphide bed and a succession of intermediate volcanoclastics, chlorite-garnet schists to a termination depth of 198.2m. The 6.3m massive to semi-massive sulphide bed, comprised primarily of pyrite, pyrrhotite and minor sphalerite, was anomalous in zinc (369ppm) throughout the interval and anomalous in gold (0.220 g/t) in the first 2.3m of the interval starting at 98.2m. Significant gold tenors are associated with the contacts between the volcanoclastic beds and the chlorite-garnet schists, 9.17 g/t Au over 1.2m and 3.36 g/t Au over 1.5m at 131.5m and 148.5m, respectively.

This is the first drilling program the company has performed on the property and the area remains highly prospective. Encouraging results from hole RH11-03 have generated another target area for follow-up. The contact between the intermediate volcanics and the chlorite schists is widespread throughout the claim block and represents several kilometres of target area. There are, however, several targets that remain untested, namely the VTEM/magnetic anomalies, the basalt-rhyolite contact, and the structurally hosted copper to the north.

Selected Annual Information

The following table sets forth selected consolidated information of the Company at May 31 for each of the last three fiscal years prepared in accordance with Canadian Generally Accepted Accounting Principles. The selected consolidated financial information should be read in conjunction with the Audited Financial Statements of the Company.

Canadian Dollars	2011	2010	2009
Other Comprehensive Income	\$ 385	\$ 40	\$ (523)
Net loss	(963,953)	(831,754)	(1,353,897)
Net loss per share	(0.06)	(0.01)	(0.02)
Total assets	960,930	920,534	861,306
Long term debt	Nil	Nil	Nil
Dividend	Nil	Nil	Nil

Results of Operation

For the year ended May 31, 2011, the Company had a net comprehensive loss of \$(963,953) compared to a net comprehensive loss of \$(831,714) for the year ended May 31, 2010. The changes from the prior year are mainly related to:

- A decrease to \$189,399 (2010 – \$544,403) in office administration expense due to a decrease in fees charged by the management company.
- A decrease of consulting fees to \$39,850 (2010 - \$75,570) due to lower consulting fees and bonuses.
- A decrease of stock-based compensation to \$Nil (2010 - \$114,100) due to grant of stock options in 2010.
- An increase to \$417,663 of mineral property write-off expense (2010 - \$398,772) due to the writing-off of the Elliot Lake, Troyhill and Chapleau Properties, Ontario.
- An increase to \$64,779 of Part XII.6 tax (2010 – \$10,764) due to the renouncing of expenses financed from flow-through shares.
- A decrease to \$16,833 of advertising and promotion expense (2010 - \$28,822) due to higher promotional activity in the prior year.
- An increase to \$32,171 in professional fees (2010 - \$21,066) due to legal costs related to private placements.
- A change to \$166,200 future income tax expense (2010 - \$395,900 recovery) due to impact of unspent flow-through expenditure commitments from flow-through shares previously renounced needing reversal of \$602,197.

A private company controlled by one of the directors charged \$157,000 for the year ended May 31, 2011 (2010 - \$530,355), in respect of office administration costs on behalf of the Company. See “*Transactions with Related Parties*” below.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight quarters with the figures for each quarter in Canadian dollars.

Quarter Ending	Revenue	Comprehensive Loss (Income)	Comprehensive Loss (Gain) per Share
	\$	\$	\$
May 31, 2011	Nil	391,531	0.02
February 28, 2011	Nil	336,190	0.02
November 30, 2010	Nil	210,220	0.02
August 31, 2010	Nil	26,012	0.00
May 31, 2010	Nil	490,441	0.04
February 28, 2010	Nil	(62,156)	(0.00)
November 30, 2009	Nil	228,054	0.02
August 31, 2009	Nil	175,455	0.02

NOTE: There were no discontinued operations or extraordinary items on the Company’s financial statements during the above mentioned periods. The large increase in May 2010 relates mostly to property write off.

Fourth Quarter Information

During the quarter ended May 31, 2011, the Company incurred exploration costs of \$27,751, mineral property acquisition costs of \$2,790, and wrote off \$252,554 in mineral property assets.

Liquidity and Capital Resources

The Company has financed its operations almost exclusively through the sale of its common shares to investors and will be required to continue to do so for the foreseeable future. Working capital deficiency was \$571,689 as at May 31, 2011 (May 31, 2010 - \$354,869).

The Company does not have sufficient working capital to meet its obligations for the next 12 months. Additional capital will be required to meet the obligations of flow-through investments, option agreements and to continue work on its other properties and to meet the working capital requirements. The Company has completed the following private placements in the current period and last fiscal year to meet its capital requirements.

Year ended May 31, 2011

On November 25, 2010, the Company completed a private placement of \$205,000 through the sale of 2,050,000 non-flow-through units at \$0.10 per unit. Each unit consists of one share and one half non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase an additional share at \$0.15 per share for three years. In conjunction with this placement the Company issued 128,000 compensation warrants exercisable at \$0.10 into one common share and one half share purchase warrant, each whole warrant is exercisable at \$0.10 all expiring November 24, 2012.

On December 17, 2010, the Company completed a private placement of \$350,000 through the sale of 3,500,000 non-flow-through units at \$0.10 per unit. Each unit consists of one share and one half non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase an additional share at \$0.15 per share for three years. In conjunction with this placement the Company issued 251,500 compensation warrants exercisable at \$0.10 into one common share and one half share purchase warrant, each whole warrant is exercisable at \$0.10 all expiring December 16, 2012.

On December 29, 2010, the Company completed a private placement of \$35,000 through the sale of 350,000 non-flow-through units at \$0.10 per unit. Each unit consists of one share and one half non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase an additional share at \$0.15 per share for three years. In conjunction with this placement the Company issued 147,000 compensation warrants exercisable at \$0.10 into one common share and one half share purchase warrant, each whole warrant is exercisable at \$0.10 all expiring December 28, 2012.

Share issue costs for the year ended May 31, 2011 totaled \$164,432.

Flow Through Expenditures

During the year ended May 31, 2011 the Company renounced and spent \$29,694 in flow-through expenditures and recorded an income tax recovery of \$8,600. During the 2010 year the Company was unable to meet all of its flow-through expenditure commitments and accordingly, reversed \$602,917 of renounced expenditures and recorded a charge to future income taxes of \$174,800.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Transactions with Related Parties

Related party balances consisted of the following:

	<u>2011</u>	<u>2010</u>
Due from a public company related by directors in common	\$ -	\$ 65,252
Due to a private company controlled by a director	98,000	3,787
Due to a private company related by a director in common	5,890	-
Due to public companies related by directors in common	11,603	6,125
Due to directors	4,610	-
	<u>\$ 120,103</u>	<u>\$ 9,912</u>

The above amounts were unsecured, non-interest bearing and had no specified terms of repayment.

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured with no specific terms for repayment. For the year ended May 31, 2011:

- a) Included in consulting fees was \$39,850 (2010 - \$68,500) paid to directors and officers.
- b) A private company controlled by a director charged \$157,000 (2010 - \$530,355) in respect to general and office administration. The same company also charged \$1,900 (2010 - \$21,750) for automobile rental, and \$11,000 (2010 - \$24,000) for core storage facilities. The rental and storage charges were capitalized to mineral properties. The Company has an administrative services agreement with the related company for services to the Company including supervising and administering the financial requirements of the Company's business; producing quarterly and year end accounts in accordance with public reporting requirements; communicating with various regulatory authorities in order to ensure compliance with all applicable laws; assisting in the preparation of news releases, professional analysis and planning of exploration programs, promotional materials and other documents required to be disseminated to the public and responding to any requests for information or questions which may be posed by the public; providing access to secretarial services and legal consultation; providing office space, office furniture, boardroom facilities, access to photocopier, fax and such other amenities normally associated with office needs; and providing such other additional instructions and directions as the Company may require.
- c) The Company was charged costs for exploration \$1,733 (2010 - \$2,154), and administration \$260 (2010 - \$323) by a company with common directors for work done on the Chapleau claims.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below.

The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

Financing

The Company's future financial success depends on the ability to raise additional capital from the issue of shares or the discovery of properties which could be economically justifiable to develop. Such development could take years to complete and resulting income, if any, is difficult to determine. The sales value of any mineralization potentially discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced.

General Resource Exploration Risks and Competitive Conditions

The resource exploration industry is an inherently risky business with significant capital expenditures and volatile metals markets. The marketability of any minerals discovered may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as market fluctuations, mineral markets and processing equipment, and changes to government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. This industry is intensely competitive and there is no guarantee that, even if commercial quantities are discovered, a profitable market will exist for their sale. The Company competes with other junior exploration companies for the acquisition of mineral claims as well for the engagement of qualified contractors. Metal prices have fluctuated widely in recent years, and they are determined in international markets over which the Company has no influence.

Governmental Regulation

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Exploration and development on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and or development of certain properties.

Recent Accounting Pronouncements

International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board confirmed January 1, 2011 as the date IFRS will replace Canadian standards and interpretations as Canadian Generally Accepted Accounting Principles (Canadian GAAP) for publicly accountable enterprises (which includes investment funds and other reporting issuers). Changing from the Current Canadian GAAP to IFRS may materially affect an issuer’s reported financial position and results of operations. It may also affect certain business functions. The Company’s transition date of June 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year commencing June 1, 2010.

The conversion from Canadian GAAP to IFRS will require the implementation of a new set of accounting standards, and the internal controls over financial reporting will need to address the initial reporting of IFRS financial statements, including related note disclosures, as well as on-going financial reporting. The Company is working through a planned IFRS transition plan. The first stage was for management and the accounting department to be introduced to IFRS. The Company’s management and accounting team have attended IFRS workshops and have purchased IFRS implementation resources to aid in the transition process. The Company is currently in the second stage and is assessing what the impact of these changes will have on the Company’s financial reporting. The accounting team plans to prepare a June 1, 2010 transition date opening balance sheet in accordance with IFRS in the 2011 fiscal year to assist with determining the accounting policies best suited for financial reporting. Management will be relying on outside consultants and auditors to assist with the transition where sufficient technical expertise does not exist in-house.

The following accounting policies will or may impact the Company’s financial reporting under IFRS:

Exploration for and Evaluation of Mineral Resources

The Company is in the exploration stage and under Canadian GAAP currently capitalizes all costs related to the acquisition and exploration of its mining rights. Management regularly reviews the carrying value of its mineral rights for evidence of impairment, and makes a provision when the carrying values are estimated to exceed their net recoverable amounts.

Under IFRS 6 *“Exploration for and Evaluation of Mineral Resources”* exploration and evaluation assets shall continue to be measured at cost, but the Company will have to determine an accounting policy specifying which expenditures are to be recognized as exploration and evaluation assets, and then apply that policy consistently. This standard will not apply to expenditures incurred for investigating properties before the Company has the legal right to explore the property, nor to expenditures incurred in the development stage of a property once technical and economic feasibility are demonstrable.

In addition, under IFRS 6 and under International Accounting Standard (IAS) 36, *“Impairment of Assets”*, the Company will be required to assess at the end of each reporting period whether there is any indication that the asset may be impaired. IFRS also allows the reversal of impairments if conditions that gave rise to those impairments no longer exist. Canadian GAAP prohibits reversal of impairment losses. It is expected therefore, that there will be increased volatility in impairment recognition due to increase in frequency of assessment and possibility of reversal of impairments.

Flow-Through Shares and Future Income Taxes

Under Canadian GAAP the Company records a future tax liability and a share issue cost at the time the expenditures are renounced to shareholders. There is currently no equivalent IFRS standard, and the policy is under review. The tax benefits renounced to shareholders are significant, and a change in accounting for flow-through share issues, and the resulting tax affect, could be material if it is determined that the Canadian standard should not be used. In addition to the future income tax adjustments that may result from a change in accounting for flow-through shares, there will be additional future income tax adjustments related to other policy changes, which could be significant.

Other Policy Differences

A number of differences between Canadian GAAP and IFRS have been identified, but their applicability and potential impact to the Company have not yet been assessed, including the accounting for income taxes, stock-based compensation, and financial instruments and disclosure requirements. These differences will or may have a material impact on the Company's financial statements for the year ending May 31, 2012.

System and Internal Control Impacts

In addition to the impact of IFRS on accounting policies, management is also in the process of assessing the impact of IFRS adoption on the Company's internal controls over financial reporting, disclosure controls and procedures, information technology and data systems. As a preliminary assessment, the Company does not expect that the conversion to IFRS will have a significant impact on its accounting processes and internal controls, information technology and data systems.

As the review of the accounting policies is completed, appropriate changes to ensure the integrity of internal control over financial reporting will be made. For example, under IFRS 6 and IAS 36, discussed above, the Company will be required to assess at the end of each reporting period whether there has been any indication that the asset may be impaired. Additional controls will be needed to ensure that the recorded balance is fairly stated at each reporting period. It is anticipated that such controls will include senior management oversight on the development of key assumptions and variables.

Financial Instruments and Other Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. As of the date hereof, the Company's investment in resource properties has full exposure to commodity risk, both upside and downside. As the metal price moves so too does the underlying value of the Company's metal projects.

Outstanding Share Data

On October 22, 2010, the Company consolidated its share capital on an 8 to 1 basis. All references to common shares, per share amounts, warrants, and options for all periods presented have been retrospectively restated to reflect the share consolidation, unless otherwise stated.

Common Shares

The authorized share capital consists of an unlimited number of common shares. As of September 21, 2011, an aggregate of 19,909,444 common shares were issued and outstanding.

Warrants

The Company has the following warrants outstanding as of September 21, 2011:

Number of shares	Price per share	Expiry Date
887,500	\$0.80	September 30, 2014
362,500	\$0.80	November 16, 2014
1,250,000	\$0.80/\$0.80/\$1.20/\$1.60	December 28, 2010/2011/2012/2013
151,250	\$0.80/\$0.80/\$1.20/\$1.60	January 6, 2011/2012/2013/2014
1,100,000	\$0.80/\$0.80/\$1.20/\$1.60	February 1, 2011/2012/2013/2014
250,000	\$0.80/\$0.80/\$1.20/\$1.60	February 1, 2011/2012/2013/2014
1,025,000	\$0.15	November 24, 2013
128,000	\$0.10	November 24, 2012
1,750,000	\$0.15	December 16, 2013
251,500	\$0.10	December 16, 2012
175,000	\$0.15	December 28, 2013
147,000	\$0.10	December 28, 2012
141,400	\$0.155	December 28, 2012
8,400	\$0.105	December 28, 2012
7,627,550		

Options

The following summarizes information about the stock option outstanding as of September 21, 2011:

Number of Options	Price per Option	Expiry Date
179,375	\$0.80	November 1, 2012
154,375	\$0.80	February 26, 2014
349,375	\$0.80	February 11, 2017
683,125		

Investor Relations

Directors and Officers of the Company all participate in a limited investor relations program. The Company attends trade shows for external promotional activities. Costs allocated to investor relations are comprised of promotional expenses incurred by Directors and Officers of the Company.

Disclosure Controls and Procedures

Disclosure controls and procedures (“DC&P”) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures

designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation 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 National Instrument 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.

Change of Director and Corporate Secretary

On May 26, 2011, Lynn Evoy resigned as director. Mr. Steven J. Chan has accepted appointment as a director.

On July 14, 2011, the Company announced the resignation of Diana Mark as Corporate Secretary and the appointment of John-Mark Campbell as Corporate Secretary.