PRECIPITATE GOLD CORP.
Management Discussion and Analysis ("MD&A")
for the three months ended February 29, 2012

The following discussion and analysis of the operations, results, and financial position of Precipitate Gold Corp. ("the Company") for the three months ended February 29, 2012 should be read in conjunction with the Company's unaudited financial statements and related notes for the three months ended February 29, 2012 and the audited financial statements for the period from incorporation on January 31, 2011 to November 30, 2011. The effective date of this report is April 27, 2012. All figures are presented in Canadian dollars, unless otherwise indicated.

COMPANY OVERVIEW

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 31, 2011. The Company is in the business of exploration, development and exploitation of mineral resources in Canada. The Company's primary objective is to explore mineral properties to a stage where they can be developed profitably or sold to a third party. The Company has (i) acquired a right to obtain up to a 100% interest in the Fireside Property pursuant to the Strategic Option Agreement; (ii) acquired a right to up to obtain a 70% interest in the Jay East Property pursuant to the Bearing Option Agreement; and (iii) acquired via staking several other mineral properties, including the Bloom Claims. As at the date of this report, the Company has raised an aggregate of $2,380,200 through the sale of its securities. The Company intends to complete an initial public offering ("IPO") of its common shares, which is expected to close in May 2012.

MINERAL PROPERTY EXPLORATIONS

The Company is investigating, evaluating and conducting exploration activities in British Columbia and Yukon Territory, Canada. The Company's mineral property interests are as follows:

Reef Property

The Company's principal property, the "Reef Property" (the "Principal Property"), is a contiguous area totalling roughly 8,615 hectares located in the Yukon Territory. It is comprised of the following mineral quartz claims:

i) The Reef I-48 claims, which form part of the Fireside Properties;
ii) All of the Jay East Property; and
iii) The Bloom I-262 claims.

During the three months ended February 29, 2012, the Company incurred $ $37,255 in exploration expenditures on the Reef Property, comprised of $15,241 of exploration expenditures on the Reef I-48 claims, $9,627 on the Jay East Property, and $12,387 on the Bloom I-262 claims. The underlying terms of the Fireside and Jay East Property option agreements and the Bloom 1-262 staked claims that comprise the "Reef Property" are detailed below:

(i) Fireside Properties

On April 14, 2011, the Company entered into an option agreement with Strategic Metals Ltd. ("Strategic") and Archer, Cathro & Associates (1981) Limited, to acquire a 100% interest in 17 geographically separate blocks of mineral claims, called the "Fireside Properties". These Properties are located in the Watson Lake Mining District, Yukon Territory, and northern British Columbia, and include the Reef I-48 claims that are part of the Company's Principal Property.

Pursuant to the option agreement, the Company is required to complete the following option payments and exploration expenditures:

- Cash payments totalling $300,000 as follows:

    - $50,000 on April 14, 2011 (paid);
    - $50,000 on or before June 1, 2011 (paid); and
    - $200,000 on or before April 14, 2012 (paid).

- Incur exploration expenditures totalling $2,000,000 as follows:

    - $200,000 on or before December 31, 2011 (incurred);
    - $500,000 on or before December 31, 2012; and
    - $1,300,000 on or before December 31, 2013.

Furthermore, the Company must complete an Initial Public Offering ("IPO") and obtain a listing on the TSX-V on or before June 1, 2012. The Company must issue common shares to Strategic equal to 19.9% of the Company's issued and outstanding common shares immediately following the IPO and the Company must have unallocated working capital of not less than $2,000,000 on completion of the IPO. During the earn-in period, Strategic will have the right, but not the obligation, to participate in future equity financings so as to maintain its percentage equity interest in the Company. The Fireside Properties are subject to a 2% net smelter royalty ("NSR") from any precious metal commercial production and a 1% NSR from any non-precious metal commercial production.

During the three months ended February 29, 2012, the Company had incurred $48,445 in exploration expenditures on the Fireside Properties, of which $12,387 was incurred on the Reef I-48 claims and $36,058 was incurred on the remaining claims.

(ii) Jay East Property

On July 29, 2011, the Company entered into an option agreement with Bearing Resources Ltd. to acquire a 70% interest in 108 mineral claims, called the "Jay East Property", located in Yukon Territory. The Jay East Property is part of the Company's Principal Property.

Pursuant to the option agreement, the Company can earn an initial 51% interest by completing the following option payments and exploration expenditures:

- Cash payments totalling $480,000 as follows:

    - $5,000 within 5 days of July 29, 2011 and approval of the agreement by TSX-V (paid);
    - $25,000 on or before July 29, 2012;
    - $35,000 on or before July 29, 2013;
    - $40,000 on or before July 29, 2014;
    - $50,000 on or before July 29, 2015; and
    - $325,000 on or before July 29, 2016.

- Incur exploration expenditures totalling $2,000,000 as follows:

    - $100,000 on or before December 31, 2012 (incurred);
    - Aggregate of $1,000,000 on or before July 29, 2014; and
    - Aggregate of $2,000,000 on or before July 29, 2016.

To keep the agreement in good standing and earn an additional 19% interest in the Property, the Company must complete a feasibility study on or before July 29, 2019 and complete the following cash payments:

- Cash payments totalling $300,000 as follows:
    - $100,000 on or before July 29, 2017;
    - $100,000 on or before July 29, 2018; and
    - $100,000 on or before July 29, 2019.

During the three months ended February 29, 2012, the Company had incurred $9,627 in exploration expenditures on the Jay East Property.

(iii) Bloom I-262 Claims

The Company acquired the Bloom I-262 claims, located in the Yukon Territory, consisting of 262 quartz claims, through staking. During the three months ended February 29, 2012, the Company has incurred $12,387 in exploration expenditures on these claims.

Other Properties in Yukon Territory

The Company acquired the Bright and Lombok properties, located in Yukon Territory, consisting of 284 claims, through staking. During the three months ended February 29, 2012, the Company has incurred $Nil in exploration expenditures on these properties. None of the "other properties" located in the Yukon Territory are considered material.

Other Properties in British Columbia

The Company acquired the Ba, Gemini, and Horneline properties, located in the British Columbia, consisting of 69 claims, through staking. During the three months ended February 29, 2012, the Company has incurred $26,065 in exploration expenditures on these properties. None of the "other properties" located in British Columbia are considered material.

OPERATIONS UPDATE

Initial Public Offering and Prospectus Filing

During the first interim period of fiscal 2012 the Company filed and obtained a receipt from the British Columbia, Alberta and Ontario Securities Commissions for a Preliminary Prospectus dated February 29, 2012. Subsequent to the period end the Company received a receipt for its Final Prospectus dated March 30, 2012. The Final Prospectus detailed and qualified the distribution of the Company's initial public offering of its common shares. Also subsequent to the period end the TSX Venture Exchange conditionally accepted the listing of the Common Shares on the Exchange. Listing is subject to the Company fulfilling the listing requirements and satisfying all conditions imposed by the Exchange. The Company expects that these conditions will be satisfied in May.

Financings

During the interim period the Company issued 150,000 common shares upon the exercise of the remaining outstanding warrants at an exercise price of $0.05 per Share for total proceeds of $9,750. Also during the interim period, on January 10, 2012, the Company completed a private placement of 300,000 common shares at a price of $0.30 per share for total proceeds of $90,000, and on January 31, 2012, completed a private placement of 2,550,666 common shares at a price of $0.30 per share for total proceeds of $765,200.

Technical Report

During the current interim period the Company received a report entitled *Technical Report using National Instrument 43-101 Guidelines to describe the Geology, Mineralization and Exploration on the Reef Property, Watson Lake Mining District, Yukon, Canada* dated December 9, 2011 and authored by R.W. Stroshein, P.Eng. The report summarizes the current geological interpretation and details the recent and historical work completed and the results obtained from the Reef Property exploration programs. A two-phase exploration program is recommended by the Author. More specifically, the recommended Phase I program will (i) expand sampling of areas near the existing grids that returned anomalous gold, arsenic, antimony or lead values, (ii) complete detailed mapping, sampling and prospecting coverage over the northern Jay claims and (iii) complete detailed follow up of silt anomalies. Anomalous geochemical results within the grid area suggest the presence of north-northeast trends that correlate with the traces of structures developed by extension. Detailed geological mapping, ground magnetic, VLF-EM and IP geophysical surveys are also recommended giving regard to the NNE trending faults and crosscutting fold structures. The intersections of these structural trends are the drill targets for potential gold mineralization. The $1.5 million, Phase 1 program, also recommends a 1,400 metre diamond drill program to test several areas of anomalous gold geochemical results that correlate with interpreted structural intersections. A $1.2 million, Phase II exploration program consisting of a 2,100 meters diamond drill program is also recommended, contingent upon receiving positive results from the Phase I program or generation of additional drill targets from the Phase I program.

Consistent with the Author's recommendations, the Company has been proceeding with the planning of the Phase 1 exploration program. The Company expects the program will commence in late May or early June, subsequent to the closing of the Initial Public Offering. The program is expected to take 10 to 16 weeks to complete.

USE OF PROCEEDS

The Company has not closed its IPO offering as at the date of this MD&A. We estimate we will have the following net funds available to us following closing of the Offering:

Source of Funds	CDN $
Gross Proceeds of the Offering[1]	$2,200,000
Remaining Offering Costs[2]	$350,000
Net Proceeds of the Offering	$1,850,000
Working Capital (at February 29, 2012)[3]	$1,114,612
Net Funds Available	$2,964,612

1. Assumes no exercise of the Over-Allotment Option.
2. Assumes the Agent's Commission and Corporate Finance Fee are paid fully in cash. Includes the full estimated amount of all legal, audit and accounting costs, the Agent's Commission, the balance of, the Corporate Finance Fees and Agent's expenses, and all filing fees with the Exchange and Securities Commissions.
3. Includes $1,206,145 of current assets, and $91,533 of current payables.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly results for the three months ended February 29, 2012:

	February 29, 2012
Expenses	$195,622
Loss for the period	$171,571
Weighted average shares outstanding	13,018,146
Loss per share	$0.01
Mineral property acquisition costs	$4,272
Mineral property exploration costs	$99,378

The financial statements for the quarter ended February 29, 2012, have been prepared on a basis consistent with the accounting policies applied in the annual financial statements for the year ended November 30, 2011.

Staking costs, property option payments, and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as intangible assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period. Exploration and evaluation expenditures include costs of conducting geological and geophysical surveys, equipment rental, helicopter charter, and geochemical analysis.

Management reviews the carrying value of capitalized exploration costs at least annually. The review is based on the Company's intentions for development of the undeveloped property. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

The Company's operating losses are due to mineral exploration and general and administrative costs, such as accounting and audit, office and administration, insurance legal, marketing, conferences, shareholder relations, salaries and wages, and rent expenses incurred during the process of managing the Company's operations and to ensure regulatory compliance.

Selected annual information

The following is a summary of the financial data of the Company for the most recently completed fiscal year:

	November 30, 2011
	$
Revenue	Nil
Net income (loss)	(633,358)
Net income (loss) per share - basic and diluted	(0.12)
Total assets	955,322
Total long term financial liabilities	Nil

	November 30, 2011
Cash dividend declared per share	Nil

DISCLOSURE OF OUTSTANDING SHARE DATA

As of February 29, 2012 and the date of this MD&A, the Company had 14,902,666 shares outstanding. There are no outstanding share options or warrants outstanding as at February 29, 2012 and the date of this MD&A.

Escrow Shares

Pursuant to an escrow agreement dated February 1, 2012, 2,665,000 common shares were placed in escrow. 10% of the escrowed shares (266,500 shares) will be released from escrow upon completion of the IPO, and 15% of the shares and warrants are released from escrow every 6 months thereafter.

RESULTS OF OPERATIONS

Three months ended February 29, 2012 (“Q1 2012”) compared to the period from incorporation on January 31, 2011 to February 28, 2011 (“Q1 2011”)

The loss for the quarter ended February 29, 2012 was $171,571 compared to $8 for the period ended February 28, 2011. The Company was incorporated on January 31, 2011, therefore there were minimal expenses incurred during the period ended February 28, 2011. Major cost categories consist of:

- Audit and accounting in the amount of $9,375 were incurred for accounting for business transactions and bookkeeping services during Q1 2012 compared to $Nil in Q1 2011.

- Exploration and evaluation costs of $99,378 were incurred on the Company’s properties in British Columbia and Yukon Territory during Q1 2012 compared to $Nil in 2011. Most of the costs were incurred for camp and general expenses, consulting fees, geological work, and maps orthphotos, and reports.

- Office and administration fees of $22,075 were incurred during Q1 2012 for secretarial and administrative services compared to $8 in Q1 2011. The increase was due to the fact that the Company had only been in operations for a month during Q1 2011.

- Marketing, conferences and shareholder relations costs of $10,961 were incurred during Q1 2012 for management’s attendance of mining conferences and marketing consulting, compared to $Nil in Q1 2011.

- Salaries and wages of $43,694 was paid during Q1 2012 to the CEO and CFO of the Company for providing management services compared to $Nil in Q1 2011.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on additional external sources of financing which may not be available on acceptable terms.

Working Capital

As of February 29, 2012, the Company's working capital was $1,115,009, compared with a $484,050 working capital as of November 30, 2011. The $630,959 increase in working capital is mainly due to $855,200 received from private placements, and $7,500 of cash received from exercise of warrants.

Cash

On February 29, 2012, the Company had $1,112,736 of cash and cash equivalents, compared with $483,124 of cash and cash equivalents on November 30, 2011. The $629,612 increase in the cash position is mainly due to funds of $855,200 received from shares issued in two private placements and $7,500 from warrants exercised, offset by spending $40,090 on the legal fees, audit fees, corporate finance and filing fees associated with the Company's IPO, $195,571 on general and administrative costs and spending $4,272 on mineral property acquisitions.

Cash Used in Operating Activities

Cash used in the operating activities during the three months ended February 29, 2012 was $188,726. This cash was mostly spent on audit, accounting, exploration and evaluation, office and administration fees, marketing, conferences and shareholder relations, rent and salaries and wages, as well as on paying off accounts payable.

Cash Used in Investing Activities

During the three months ended February 29, 2012, the Company spent $4,272 on mineral property acquisition costs.

Cash Generated by Financing Activities

During the three months ended February 29, 2012, the Company spent $40,090 on IPO related costs and received $855,200 from shares issued in private placements and $7,500 from the exercise of warrants.

Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs more funds to finance its exploration and development programs and ongoing operating costs. Until the Company starts generating profitable operations from extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

GOING CONCERN

The recoverability of amounts shown as mineral property interests is dependent upon the conversion of mineral resources to economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

These condensed interim financial statements filed with this MD&A have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. Several conditions discussed below cast substantial doubt regarding this assumption. As at February 29, 2012 the Company had not achieved profitable operations, had an accumulated deficit of $179,510 since inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company intends to complete an initial public offering ("IPO") of its common shares. The ability of the Company to carry out its planned business objectives is dependent on its ability to complete its IPO and raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, exploration, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions and balances are as follows:

(a) During the three months ended February 29, 2012, the Company paid for $28,125 of geological consulting fees and HST of $3,375 to the Vice President of Exploration of the Company.

(b) During the three months ended February 29, 2012, the Company paid $6,000 in accounting fees, $5,500 in office and administration expense and $1,380 of HST to a company controlled by a director of the Company.

(c) During the three months ended February 29, 2012, the Company paid salaries and wages of $38,749 to the Company's President and CEO and $2,000 to the Company's CFO.

(d) As at February 29, 2012, there is $819 of expenses owing to the Company's President and CEO and $13,022 of expenses owing to the Company's Vice President of Exploration, which are included in accounts payable and accrued liabilities.

The above transactions occurred in the normal course of operations, are measured at fair value, which is the amount of consideration established and agreed to by the related parties.

PLAN OF OPERATIONS AND FUNDING

The Company's plan of significant operations for the next twelve months is as follows:

- to finance general and administrative costs of running operations and regulatory compliance estimated at $622,404;
- to continue with Phase 1 exploration program on the Company's Principal Properties estimated at $1,500,000. In order to maintain the Strategic option agreement and Jay East option agreement in good standing, the Company is required to pay an additional $200,000 (paid as at date of MD&A) and $25,000, respectively; and
- to continue with ancillary work programs on the Company's other properties estimated at $400,000
- to investigate other prospective mineral exploration projects.

To finance the above plans, the Company intends to complete an IPO of 5,500,000 common shares at $0.40 per common share for gross proceeds of $2,200,000.

FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

Cash and cash equivalents	Fair value through profit or loss
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables consist of amounts receivable on the statement of financial position.

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has classified cash and cash equivalents as fair value through profit or loss.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consists of accounts payable and accrued liabilities on the statement of financial position.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument’s original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

The adoption of this standard is consistent with the financial instrument disclosure standards in IFRS. All of the financial instruments measured at fair value are included in Level 1.

The classification of the financial instruments as well as their carrying values as at February 29, 2012 is shown in the table below:

Financial assets:		
Financial assets, measured at fair value:		
Cash and cash equivalents	$	1,112,736
Loans and receivables, measured at amortized cost:		
Amounts receivable		70,359
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	$	87,407

Cash and cash equivalents are classified as level 1 of the fair value hierarchy, based on unadjusted quoted prices in active markets for identical assets.

The fair value of amounts receivable and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity.

The Company is exposed to potential loss from various risks including commodity price risk, exploration and development risk, environmental risk, credit risk, liquidity risk and interest rate risk. These risks are described in more details in Risk and Uncertainties section of this MD&A.

RISK AND UNCERTAINTIES

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Credit Risk – Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash and accounts receivable. The credit risk is minimized by placing cash with major Canadian financial institutions. The Company does not invest in asset–backed commercial papers.

(ii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants. The Company's cash is held in business accounts which are available on demand for the Company's programs and are not invested in any asset backed deposits or investments.

(iii) Interest Rate Risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments.

(iv) Commodity Price Risk - The Company's future success is linked to the price of minerals, because the value of mineral resources is tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its resource properties to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares and share purchase warrants. 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, being resource properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

CRITICAL ACCOUNTING ESTIMATES

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

Significant areas requiring the use of management estimates include the valuation of stock based compensation, assumptions and estimates relating to determining the recoverability of exploration and evaluations assets, and valuation of income tax, including the effects of flow-through shares. Actual results could differ.

SUBSEQUENT EVENTS

Initial Public Offering

On September 21, 2011 the Company entered into a Letter of Engagement with Wolverton Securities Ltd. (the "Agent"), which was amended on February 15, 2012, to act as its agent in connection with its planned initial public offering ("IPO") of its common shares in Canada. Pursuant to a prospectus dated March 30, 2012 the Company is offering to distribute 5,500,000 common shares at $0.40 per common share for gross proceeds of $2,200,000 ("the Offering"). The Prospectus also contemplates the distribution of an additional 750,000 common shares at $0.40 per common share for additional gross proceeds of $300,000 pursuant to an over-allotment option. Upon completion of the offering, the Agent will receive:

(i) a marketing commission equal to 8% of the gross proceeds raised under the Offering payable through either cash, issuance of 440,000 common shares (500,000 common shares if the full over-allotment option is exercised) at a deemed price of $0.40 per share, or a combination of cash payment and share issuance, at the discretion of the Agent ;

(ii) Agent's Options equal to 8% of the number of common shares issued in the Offering, being 440,000, (500,000 if the full over-allotment option is exercised) with an exercise price of $0.40 per share, expiring 24 months after listing on the TSX-V;

(iii) a corporate finance fee of $40,000 plus HST, of which $10,000 plus HST will be paid in cash as a non-refundable due diligence fee, and the remaining $30,000 will be paid through either cash, issuance of 75,000 common shares upon completion of the IPO at a deemed price of $0.40 per share, or a combination of cash payment and share issuance, at the discretion of the Agent; and

(iv) reimbursement for expenses, including legal fees, third-party expenses and out of pocket expenses, of which the Company will pay $10,000 as a retainer.

On April 3, 2012, the British Columbia Securities Commission issued a receipt for the Company's long form prospectus.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

a) Accounting Standards Issued and Effective January 1, 2012

IAS 12, Income Taxes (Amended), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value.

IFRS 7, Financial Instruments: Disclosures (Amended), requires additional disclosures on transferred financial assets.

b) Accounting Standards Issued and Effective January 1, 2013

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10, Consolidated Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

- Requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements;
- Defines the principle of control, and establishes control as the basis for consolidation;
- Sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and
- Sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 10 supersedes IAS 27 and SIC-12, Consolidation – Special Purpose Entities.

IFRS 11, Joint Arrangements, establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12, Disclosure of Involvement with Other Entities, requires the disclosure of information that enables users of consolidated financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13, Fair Value Measurement, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for the following:

- Share-based payment transactions within the scope of IFRS 2, *Share-based Payment*;
- Leasing transactions within the scope of IAS 17, *Leases*;
- Measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment Assets*.

IAS 27, Separate Financial Statements, has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investments in Associates and Joint Ventures, prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine, summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", “propose”, "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

ADDITIONAL INFORMATION

For further detail, see the Company’s interim financial statements for the three months ended February 29, 2012 and the audited financial statements for the period from incorporation on January 31, 2011 to November 30, 2011. Additional information about the Company can also be found on www.sedar.com.

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