



**Management's Discussion and Analysis**  
**For the three and nine months ended June 30, 2011**

**Brilliant Mining Corp.**  
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Containing information up to and including August 26, 2011

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Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited interim consolidated financial statements of the Company and the notes thereto, for the three and nine months ended June 30, 2011 and 2010. Consequently, the following discussion and analysis of the financial condition and results of operations for Brilliant Mining Corp. ("Brilliant", or the "Company"), should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine months ended June 30, 2011 and 2010 and audited annual consolidated financial statements of the company for the years ended September 30, 2010 and 2009 (collectively, the "Financial Statements") along with the related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

**FORWARD-LOOKING STATEMENTS**

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of 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 such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below. The Company assumes no obligation to update or revise forward looking statements to reflect new events or circumstances except as required by law.

**GENERAL**

Brilliant Mining Corp. (BLT: TSXV) is a junior resource company and reporting issuer in the Provinces of Alberta and British Columbia. Its principal business is the acquisition, exploration, development and mining of mineral properties.

The Company was incorporated under the Alberta Business Corporations Act on October 1, 1998, and commenced trading May 17, 2002, pursuant to an Initial Public Offering Prospectus dated January 2, 2002. New management was appointed in 2003 and the corporate strategy was redefined in 2004 to focus on world-wide generation of nickel opportunities with superior conceptual and technical merit. In 2005, project generation and acquisition activities resulted in 100% ownership of two nickel exploration projects in Canada, including the Michikamau property in central Labrador.

On May 26, 2006, the Company acquired all of the issued and outstanding shares of a private Australian company, Donegal Resources Pty Ltd., along with its wholly owned subsidiaries Donegal Mining Pty Ltd. and Donegal Lanfranchi Pty Ltd. (collectively, "Donegal".) Donegal Lanfranchi Pty Ltd. had a 25% interest in the unincorporated Lanfranchi Joint Venture ("LJV") consisting of a producing nickel mine property on an approximately 50 km<sup>2</sup> contiguous mineral tenement package ("Tramways tenements") in Western Australia.

On July 10, 2006, the Company graduated from Tier 2 to Tier 1 of the TSX Venture Exchange.

On May 26, 2009, pursuant to shareholder approval granted on May 19, 2009, the Company disposed of its interest in Donegal Resources Pty Ltd and Donegal Lanfranchi Pty Ltd (the "Sale Transaction"), including the Company's 25% interest in the Lanfranchi Nickel Mine, associated tenements, and the

Lanfranchi Joint Venture, to Panoramic Resources Ltd. (“Panoramic”), the Company’s joint venture partner in the LJV, in exchange for 12,000,000 ordinary shares of Panoramic (“Panoramic Shares”) and 3,000,000 ordinary share purchase options of Panoramic, each exercisable at AUD 1.50 per ordinary share until December 31, 2012 (“Panoramic Options”). Under the terms of the Sale Transaction, the Company retained accumulated adjusted working capital from the operations of the LJV up to October 31, 2008, and certain other adjustments related to the effective date.

On May 29, 2009, the Company filed articles of amendment with the Registrar of Corporations of Alberta, pursuant to shareholder approval and a final order from the Court of Queen’s Bench of Alberta, to effect a statutory plan of arrangement (the “Arrangement”) to distribute beneficial ownership of the Panoramic Shares to the shareholders of the Company on a *pro rata* basis by way of a reduction and return of capital and to effect a consolidation of the Company’s common shares on a basis of one (1) post-consolidation common share for two (2) pre-consolidation common shares. The Panoramic Shares were subject to a voluntary escrow period of six months, during which time the Panoramic Shares were held in trust by the Company on behalf of their beneficial owners.

On June 1, 2009, the Company’s post-consolidated shares began trading on the TSXV Exchange with a new symbol, “BLT”.

On May 11, 2011, the Company completed the acquisition of Ivory Resources Inc. and a concurrent private placement as described below in the section “*Acquisition of Ivory Resources Inc.*”.

### **Acquisition of Ivory Resources Inc. and Concurrent Private Placement**

#### *Memorandum of Understanding*

On December 1, 2010, the Company announced that it had entered into a memorandum of understanding (“MOU”) with Salida Capital L.P. (“Salida”) whereby the Company was to complete a private placement with a number of parties, including Salida, in conjunction with the acquisition of Ivory Resources Inc. (“Ivory”), a private Cayman Islands corporation with rights to carry out an airborne geological survey (the “Survey”) in several West African countries and certain preferential rights to acquire mineral interests based on the results of the survey.

In accordance with the original terms of the MOU, the Company loaned \$1.5 million to Ivory (the “Brilliant Loan”) under a credit facility and convertible debenture to continue to fund the Survey. Several other investors participating in the transaction also loaned funds to Ivory under convertible credit facility agreements (“Investor Loans”) with the same terms as the Brilliant Loan in order to have equal preferential rights to Ivory and its assets as Brilliant. The Investor Loans were designed, upon closing of the proposed private placement and acquisition of Ivory, to be converted to shares of Ivory and ultimately sold to Brilliant in exchange for units of Brilliant as described below.

The end result was each investor who had advanced Investor Loans to Ivory were ultimately compensated with one unit of Brilliant for each \$0.27 lent into Ivory as if they had participated in the private placement, but with the advantage that funds were available to Ivory to continue with the Survey.

The total value of the transaction, as contemplated by the MOU, was approximately \$28 million and consisted of: the cash portion of the transaction, including both Investor Loans and the direct private placement, totalling \$23 million; the value of Ivory, notwithstanding the Investor Loans, of approximately \$2 million; and, finder’s fees and additional compensation payments (described below) contemplated by the MOU totalling approximately \$3 million. Additional costs of approximately \$1 million were incurred to complete the transaction.

### *Completion of the acquisition of Ivory*

On May 11, 2011, the Company completed the acquisition of all of the issued and outstanding common shares of Ivory, by issuing 50,491,958 units of the Company (each, a “Unit”) at a deemed price of \$0.27 per Unit. Each Unit consisted of one common share of the Company (“Common Share”) and one Common Share purchase warrant (“Warrant”) entitling the holder to acquire one additional Common Share at a price of \$0.45 per Common Share until May 11, 2013.

As described above, certain investors had previously loaned a total of \$11,632,829 to Ivory pursuant to various Investor Loans. Immediately prior to the Company’s acquisition of Ivory, the Investor Loans were converted to common shares of Ivory, which were then exchanged for Units of the Company, included in the total above, on the basis of one Unit for each \$0.27 lent to Ivory. In addition, the Company had lent \$1,500,000 to Ivory pursuant to a credit facility agreement which was not converted to Ivory Shares.

Ivory, through a wholly owned subsidiary, has the rights through an agreement with the Government of Equatorial Guinea (“EG Agreement”), a West African country, to carry out an airborne geophysical survey (the “Survey”) in exchange for certain preferential rights to acquire mineral rights based on the results of the Survey. The Survey commenced collecting geophysical data at the end of November, 2010 and has been ongoing since then. Funds lent into Ivory through the Investor Loans, ultimately converted to shares of Ivory, and exchanged for shares of the Company have financed the survey to date, as well as the general and administrative expenses of Ivory and its subsidiaries. . As at the date of acquisition of Ivory, the Survey had completed mobilization and approximately 37,000 line kilometres. At June 30, 2011 the Survey had completed approximately 45,300 line-kilometres. An additional approximate 23,700 line-kilometres are required to complete the Survey, at an approximate cost of 2.8 million, plus additional charges due to stand-by and fuel surcharges.

As at August 26, 2011, the Survey has completed an additional approximate 2,370 line-kilometres of the remaining approximate 23,700 required to complete the Survey.

Concurrent with the acquisition of Ivory, the Company completed a private placement of 42,100,617 Units at a price of \$0.27 per Unit for gross proceeds of \$11,367,166 (the “Private Placement”).

As consideration for assistance in securing the rights to the Survey, the Company issued 7,407,407 units to an arm’s length party and 3,703,704 Units to a trust company which will distribute such units to additional parties who have assisted with the Transaction.

Pursuant to a separate compensation agreement dated April 8, 2011, the Company issued 740,740 Common Shares at a deemed value of \$0.27 per Common Share to an arm’s length individual for assistance in completion of the acquisition of Ivory and the Private Placement.

Pursuant to two additional separate compensation agreements dated April 8, 2011, the Company paid an aggregate \$225,000 and issued 1,111,111 Common Shares at a deemed value of \$0.27 per Common Share to two arm’s length parties for assistance in completing the acquisition of Ivory and the Private Placement.

### *Completion of private placement*

Concurrent with the acquisition of Ivory, the Company completed a private placement of 42,100,617 Units at a price of \$0.27 per Unit for gross proceeds of \$11,367,166 (the “Private Placement”).

In total, the Company has issued 105,555,537 Common Shares and 103,703,686 Common Share Purchase warrants in relation to the acquisition of Ivory and the concurrent private placement pursuant to the MOU.

### *About the EG Agreement*

Ivory, by a wholly-owned subsidiary, has acquired the EG Agreement with the government of the Republic of Equatorial Guinea (the “Government”) whereby Ivory will fund and conduct the Survey over the Republic of Equatorial Guinea on behalf of the Government. As compensation for financing the costs of Survey, Ivory will have certain preferential rights to choose areas within the survey area (with the exclusion of any reserved areas of the State) to request mining and/or oil concessions for a period beginning with the initiation of Survey and ending two months following delivery of the Survey results to the Government.

Once the Survey has been concluded and the data interpreted, such results will be delivered to the Government at which time Ivory will be in a position to exercise its preferential rights.

## CANADIAN OPERATIONS

### *Background on Labrador Projects, Canada*

Western Labrador represents an under-explored and largely overlooked part of the “circum Superior” region, which includes the prolific Ni-Cu-PGE deposits at Sudbury, Ontario; Thompson, Manitoba; and Raglan, Quebec. Western Labrador is host to at least three regionally significant mafic magmatic events with known Ni-Cu-Co-PGE mineralization: the Ossok Mountain Suite (ca. 1640 Ma age), the Shabogamo Suite (ca. 1420 Ma age) and the Michikamau Intrusion (ca. 1480 Ma age). Known mineralization styles from these suites are diverse and have similarities with both Voisey’s Bay type deposits that are rich in Ni-Cu-Co and Lac Des Iles-type deposits that host Pd-Pt-Cu-Ni-Au.

Brilliant targeted the Churchill Falls area of western Labrador for acquisitions, based on anomalous mineralization and highly favourable regional geological criteria, combined with proximity to infrastructure such as road and rail access as well as hydro-electric generating facilities. Existing government geology and geochemistry data sets (till and lake sediment samples) were used to help prioritize targets from various suites of rocks.

### *Michikamau Project*

The Michikamau Property (“Property”) is situated within the Michikamau layered gabbro-anorthosite (troctolite) intrusion and represents a conceptual and empirical exploration target for Voisey’s Bay type mineralization. The Property is located close to existing infrastructure, including the Churchill Falls hydroelectric facility.

Two drill programs were conducted during 2006 and 2007 for 23 drill holes totalling approximately 2,350m. A highlight of results include 21.7m grading 0.51% Ni and 0.36% Cu, including 11.3m grading 0.71% Ni and 0.45% Cu intersected near surface at the Juno target.

In comparing the nickel to sulphur ratios of individual samples, distinct populations can be observed even amongst holes in close proximity to one another. These results indicate a complex mineralizing system and nickel enrichment history exists within the Michikamau Property.

On March 26, 2009, the Company filed a National Instrument 43-101 compliant technical report on the Michikamau Property aggregating and interpreting data accumulated to date. The technical report is titled *Technical Report on the Metal Potential of the Michikamau Property, Newfoundland and Labrador, Canada*, and is dated February 23, 2009.

## FINANCIAL MD&A AND OTHER DISCLOSURE

### Selected Annual Financial Information

Year ended	Sept. 30, 2010 \$	Sept. 30, 2009 \$	Sept. 30, 2008 \$
Total assets	12,308,956	11,386,969	40,099,253
Long-term liabilities	-	-	4,166,379
Revenues	43,455	28,282	159,024
Net income (loss) from continuing operations	(642,020)	11,884,395	(1,853,693)
Basic net income (loss) from continuing operations per common share	(0.01)	0.33	(0.05)
Diluted net income (loss) from continuing operations per common share	(0.01)	0.32	(0.05)
Net income (loss)	(642,020)	2,934,649	2,789,589
Basic net income (loss) per common share	(0.01)	0.08	0.08
Diluted net income (loss) per common share	(0.01)	0.08	0.08

### Financial Condition, Liquidity, and Capital Resources

During the period ended June 30, 2011, the Company completed the acquisition of Ivory and concurrent private placement as described in the section “*Acquisition of Ivory Resources Inc. and Concurrent Private Placement*” pursuant to which, as at August 26, 2011, the Company’s working capital is approximately \$17.8 million, or approximately \$66.3 million on a fully diluted basis (i.e. assuming the exercise of all outstanding options and warrants). In addition to this, the Company holds marketable securities with a market value of approximately \$1.9 million (as at August 26, 2011), as well as the Panoramic Options with an intrinsic value (based on the market price of Panoramic Shares as at August 26, 2011) of approximately \$0.2 million.

The Company currently has sufficient financial resources to complete the Survey and to sustain its operations over the coming year. The Company currently has no source of operating cash flows and its operations have primarily been financed through the issuance of share capital. The Company may require additional equity financing to advance its project in Equatorial Guinea, and, although the Company and its management has a successful history of financing, there is no assurance that the Company will be successful in raising additional capital.

### Summary of Quarterly Results

Selected unaudited financial data published for operations of the Company during the last eight quarters are as follows:

3 months ended (in Dollars)	Jun 2011 (Q3)	Mar 2011 (Q2)	Dec 2010 (Q1)	Sept 2010 (Q4)	Jun 2010 (Q3)	Mar 2010 (Q2)	Dec 2009 (Q1)	Sep 2009 (Q4)
Net income (loss) from continuing operations	(1,439,082)	(1,321,457)	(334,791)	1,389,544	(925,529)	(460,441)	(743,432)	(2,058,623)
Basic net income (loss) from continuing operations per share	(0.02)	(0.03)	(0.01)	0.03	(0.02)	(0.01)	(0.02)	(0.06)
Diluted net income (loss) from continuing operations per share	(0.02)	(0.03)	(0.01)	0.03	(0.02)	(0.01)	(0.02)	(0.06)
Net income (loss)	(1,439,082)	(1,321,457)	(334,791)	1,389,544	(925,529)	(460,441)	(743,432)	154,770
Basic net income (loss) per share	(0.02)	(0.03)	(0.01)	0.03	(0.02)	(0.01)	(0.02)	0.00
Diluted net income (loss) per share	(0.02)	(0.03)	(0.01)	0.03	(0.02)	(0.01)	(0.02)	0.00

### Results for the Three Months Ended June 30, 2011

The Company incurred a net loss for the three months ended June 30, 2011 of \$1,439,082 (2009 - \$925,529). This amount included general and administrative expenses of \$94,408 (2010 - \$67,192). The Company also realized interest income of \$17,820 (2010 - \$5,243) on its cash deposits.

Non-cash amortization expense for the quarter was \$2,856 (2010 – \$6,669), and the Company also recorded foreign exchange gain of \$773 (2010 – loss \$21,369) and an unrealized loss on held for trading financial assets (the Panoramic Options) of \$1,113,576 (2010 - \$670,015) resulting in the period's net loss before income taxes of \$1,380,922 (2010 – \$879,669). The fair value of the Panoramic Options is calculated using the Black Scholes option pricing model, using assumptions based on the reporting date.

The Company recognized a future income tax expense of \$58,090 (2010 - \$45,860) in the current quarter resulting from the recognition of a valuation allowance against future income tax assets recorded in the revaluation of the Company's investments in marketable securities classified as available-for-sale financial assets.

The Company also recognizes other comprehensive income related to the changes in the fair value of available-for-sale financial assets, consisting of marketable securities. For the quarter ended June 30, 2011, the Company recorded an unrealized loss of \$1,380,992 (2009 – \$879,669), net of \$58,090 (2009 - \$45,860) in future income taxes, as the sole component of other comprehensive income.

### ***Results for the Nine Months Ended June 30, 2011***

The Company incurred a net loss from continuing operations for the nine months ended June 30, 2011 of \$3,268,130 (2010 - \$2,150,805) which included: general and administrative expenses of \$238,193 (2009 - \$204,212); non-cash amortization expense of \$9,130 (2010 –\$19,939). These expenses were offset by interest earned on cash deposits of \$36,415 (2010 - \$18,196). The period's net loss was also affected by a gain on foreign exchange of \$10,397 (2010 – loss of \$41,845) and an unrealized loss on the estimated fair value of the Panoramic Options of \$2,531,839 (2010 – 1,395,897).

The Company recognized a future income tax recovery of \$182,424 in the nine months ended June 30, 2011 (2010 - \$21,403) related to the recognition of previously unrecognized income tax assets against a future income tax liability arising from fair value adjustments to the carrying value of available for sale financial assets.

The Company also recognizes other comprehensive income related to the changes in the fair value of available-for-sale financial assets, consisting of marketable securities. For the nine months ended June 30, 2010, the Company recorded an unrealized gain of \$1,276,963 net of \$182,424 in future income taxes, as the sole component of other comprehensive income.

### ***Financial Instruments***

The following table shows the classifications of the Company's financial instruments on the consolidated balance sheet in the Financial Statements.

<b>Financial instrument classification</b>	<b>As classified by the Company</b>	<b>Subsequent measurement of gains or losses at each reporting period end</b>
<ul style="list-style-type: none"> <li>• Assets or liabilities held for trading</li> </ul>	<ul style="list-style-type: none"> <li>• Cash and cash equivalents</li> <li>• Held for trading investments (Panoramic Options)</li> <li>• Restricted cash</li> </ul>	Fair value; unrealized gains and losses recognized in net income
<ul style="list-style-type: none"> <li>• Available for sale financial assets</li> </ul>	<ul style="list-style-type: none"> <li>• Available for sale financial assets (marketable securities)</li> </ul>	Fair value; unrealized gains and losses recognized in OCI; recognized in net income on sale of the asset or when asset is written down as impaired
<ul style="list-style-type: none"> <li>• Loans and receivables</li> </ul>	<ul style="list-style-type: none"> <li>• Receivables</li> <li>• Loan to Ivory Resources Inc.</li> </ul>	Amortized cost using the effective interest rate method; if asset is derecognized or impaired, recognized in net income

<ul style="list-style-type: none"> <li>• Other financial liabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Accounts payable and accrued liabilities</li> </ul>	Amortized cost using the effective interest rate method; if liability is derecognized, recognized in net income
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The Company does not make extensive use of financial instruments other than normal business financial instruments such as cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The loan to Ivory Resources Inc. has been provided in conjunction with the acquisition of Ivory as described earlier in this MD&A.

The Company holds marketable securities, purchased in the year ended September 30, 2008, classified as available for sale financial assets on the consolidated balance sheets, with a fair value of \$2.9 million as at June 30, 2011. During the quarter ended June 30, 2011, the Company recorded an unrealized loss of \$0.4 million (net of future income tax recovery) as a component of other comprehensive income due to a increase in the quoted market value of the marketable securities in the period.

The Company holds options to acquire shares in Panoramic Resources Ltd. (“Panoramic Options”), an Australian public listed company, received as partial consideration for Donegal, classified as held for trading financial assets on the consolidated balance sheets, with an estimated fair value of \$1.6 million at June 30, 2011. During the period ended June 30, 2011, an unrealized loss of \$1.1 million was recorded as a component of net loss due to a increase in the estimated fair value of the Panoramic Options as calculated using the Black Scholes option pricing model.

#### ***Other Required Disclosure***

#### **Risk Factors**

The success of the Company’s business is subject to a number of factors, including but not limited to those risks normally encountered in the mining industry, such as market or commodity price changes, economic downturn, exploration uncertainty, operating hazards, increasing environmental regulation, competition with companies having greater resources, and lack of operating cash flow.

The Company’s management information circular dated April 16, 2009, available on SEDAR, includes extensive disclosure on material risks to the company’s operations. Information concerning risks related to financial instruments is included in the Financial Statements.

#### **Related Party Transactions**

The Company compensates officers of the Company for their services as such. During the three months ended June 30, 2011, the Company incurred management consulting fees expenses of \$41,906 (2010 - \$34,884) to directors and officers, or companies controlled by them. All amounts were fully paid as at June 30, 2011.

These amounts 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 based on standard commercial terms.

## Outstanding Share Data

Brilliant's authorized share capital is unlimited Class "A" common and unlimited Class "B" preferred shares. As at the end of business on August 25, 2011, the following common shares and stock options were outstanding:

Class A common shares issued	<b>149,262,269</b>		
Fully diluted	<b>262,879,288</b>		
Options outstanding	1,475,000	@	\$0.15 to October 11, 2011
	12,500	@	\$0.15 to May 1, 2012
	275,000	@	\$0.15 to October 5, 2012
	400,000	@	\$0.15 to November 7, 2012
	1,175,000	@	\$0.15 to June 19, 2014
	50,000	@	\$0.175 to August 25, 2014
<b>Total Options Outstanding</b>	<b>3,387,500</b>	@	<b>\$0.15 (avg.) = \$509,375</b>
Warrants outstanding	6,383,333	@	\$0.20 to October 15, 2014
	103,703,686	@	\$0.45 to May 11, 2013
<b>Total Warrants Outstanding</b>	<b>110,087,019</b>	@	<b>\$0.44 (avg.) = \$47,943,325</b>
Agents' Warrants outstanding	75,000	@	\$0.20 to October 16, 2014
<b>Total Agents' Warrants Outstanding</b>	<b>75,000</b>	@	<b>\$0.20 (avg.) = \$15,000</b>

On May 11, 2011 the Company completed the acquisition of Ivory Resources Inc. and closed a private placement of units as described in the section "*Acquisition of Ivory Resources Inc. and Concurrent Private Placement*". Pursuant to the private placement, the Company issued 42,100,617 Units at a price of \$0.27 per Unit for gross proceeds of \$11,367,166. Relating to the acquisition of Ivory, the Company issued an additional 61,603,069 Units and 1,851,851 Common Shares. Further disclosure of the private placement concurrent with the acquisition of Ivory Resources Inc. refer to the section, "*Acquisition of Ivory Resources Inc. and Concurrent Private Placement*", above.

## Change in accounting policies

### IFRS Implementation Plan

The Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to financial years beginning on or after January 1, 2011. The transition date for the Company of October 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. Under IFRS, there is significantly more disclosure required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that must be addressed.

Due to the size of the Company, the convergence to IFRS is being led by the Company's Chief Financial Officer, supported by the Company's accounting services providers, who will design and execute the conversion project and will report to the Audit Committee of the Company on the progress accomplished.

*Item 1 - Accounting policies, including choices among policies permitted under IFRS, and implementation decisions such as whether certain changes will be applied on a retrospective or a prospective basis*

An assessment of the significant differences between Canadian GAAP and IFRS that affect the Company and the impacts on the Company's financial statements has been completed on a high-level basis and are discussed below.

The Company will next complete an assessment of the IFRS estimates of the quantified effects of the anticipated changes to the Company's IFRS opening balance sheet if any, and identify business processes and resources that may require modification as a result of these changes.

### *Mineral properties*

Canadian GAAP requires acquisition costs to be capitalized and allows exploration costs to be expensed as incurred or capitalized. IFRS allows the same treatment as Canada however the exploration costs must be classified as either tangible or intangible assets, according to their nature.

The Company's policy is to capitalize acquisition costs and exploration costs.

With respect to the Company's accounting of mineral properties, there is no difference between Canadian GAAP and IFRS.

### *Item 2 - Information technology and data systems*

The accounting processes of the Company are simple as the Company currently has one mineral property and no employees. No major challenges are expected at this point to operate the accounting system under IFRS.

The Company is generating its accounting under Canadian GAAP in 2011, and it has tentatively determined that there will be no significant differences for the accounting under IFRS and the comparative financial statements for 2011.

### *Item 3 - Internal control over financial reporting*

Since the Company is listed on Tier 1 of the TSX Venture Exchange, management will not be required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109.

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the filings are exempt from misrepresentations and are presenting fairly the results of the Company. Management will ensure that once the convergence is completed it will be in a position to continue to certify the Company's filings.

The Audit Committee of the Company reviews the financial reporting and control matters and recommends approval of the annual financial statements and MD&A to the Board who are then responsible for approving the filings.

### *Item 4 - Disclosure controls and procedures, including investor relations and external communications plans*

The Company will update its disclosure controls and procedures to ensure they are appropriate for reporting under IFRS. At this time no changes have been determined as being necessary. The Company will continue to maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to National Instrument 52-109 is recorded, processed, summarized and reported in the manner specified by the relevant securities laws applicable to the Company.

### *Item 5 - Financial reporting expertise, including training requirements*

The Company's accounting services providers have participated in ongoing training sessions provided by external advisors. Training and research are ongoing and the development of standards issued by the International Accounting Standards Boards are monitored and evaluated for any impact on the Company.

*Item 6 - Business activities, such as foreign currency and hedging activities, as well as matters that may be influenced by GAAP measures such as debt covenants, capital requirements and compensation arrangements*

The Company does not expect that the convergence to IFRS will have a significant impact on its risk management or other business activities.

Currently there are no matters influenced by GAAP measures, such as debt covenants, capital requirements and compensation arrangements that would be impacted by the convergence to IFRS.

### **Investor Relations**

With respect to public relations, the Company provides information from its corporate offices to investors and brokers directly.

### **Approval**

The Audit Committee of the Company has approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.