1.1 Date

This Management Discussion and Analysis (ñMD&Aò) should be read in conjunction with the audited annual financial statements of Mammoth Resource Corp. (ñMammothò or the ñCompanyò, formerly Mammoth Capital Corp.) for the year ended January 31, 2012.

The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards.

Additional information relating to the Company, including the most recent Company filings, can be located on SEDAR at www.sedar.com. This MD&A is prepared as of April 27, 2012. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed ñforward-looking statements.ò All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed 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 continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Business Overview and Overall Performance

Business overview

The Company was incorporated under the provisions of the *Business Corporations* Act (British Columbia) on January 7, 2011. The head office of the Company is located at Suite 1610, Oceanic Plaza 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X1. The registered and records office of the Company is located at Suite 2610, Oceanic Plaza 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X1.

From the date of its incorporation until December 27, 2011, the Company was classified as a Capital Pool Company and its principal business was the identification and evaluation of companies, assets or businesses with a view to completing a Qualifying Transaction (ñQTò) in accordance with Policy 2.4 of the TSX Venture Exchange (the ñExchangeò). On September 8, 2011, the Company entered into an option agreement and subsequent amending agreements with Yale Resources Ltd. (ñYaleò) pursuant to which the Company can earn up to an undivided 100% interest in 11 mining concessions in Mexico, known as the Urique Project, owned by Yale and Yaleôs Mexican subsidiary, Minera Alta Vista SA de CV (ñMinera AVò) (See *Urique Project, Mexico*). On December 23, 2011 the Exchange approved the option agreement as the Company's QT pursuant to the policies of the Exchange and the Company was no longer classified as a Capital Pool Company. At that time the Company changed its name to Mammoth Resources Corp.

Overall performance and key highlights

- For the year ended January 31, 2012, the Company recorded a net loss of $501,702 or $0.04 loss per share.

- As at January 31, 2012, the Company had total assets of $1,498,275 (January 31, 2011 - $631,971) consisting primarily of cash and exploration and evaluation costs associated with the Urique Project. The Company had working capital of $1,166,423 (January 31, 2011 - $621,971).

- The Companyôs common shares commenced trading on the TSX Venture Exchange under the symbol MTH on May 12, 2011.

- In May 2011, the Company completed its Initial Public Offering (ñIPOò) and issued 3,180,000 common shares at a price of $0.10 per share for total gross proceeds of $318,000. PI Financial Corp. (the ñAgentò) was paid a total of $49,908 of which $31,800 is the Agentôs cash commission in connection with the IPO. The Agent was also granted 318,000 stock options with an exercise price of $0.10 and valid until May 12, 2013. The total fair value of the stock options granted to the Agent was $56,376 which has been treated as share issuance costs. The Company incurred related professional and other related expenses amounting to $20,000.

- In May 2011, the Company granted 1,275,000 stock options to directors and an officer of the Company with an exercise price of $0.10 and valid until May 12, 2016. The total fair value of the stock options granted was $286,241 which has been expensed during the year.

- On September 8, 2011, the Company entered into an option agreement with Yale, subsequently amended by an amending agreement dated October 7, 2011 and each replaced by a restated and amended agreement dated February 20, 2012, pursuant to which the Company can earn up to an undivided 100% interest in 11 mining concessions, known as the Urique project, owned by Yale and Yaleôs subsidiary Minera AV (the ñOption Agreementò). The Option Agreement was approved by the Exchange as the Company's QT pursuant to the policies of the Exchange on December 23, 2011. On that date, pursuant to the Option Agreement, the Company issued Yale 100,000 shares with a value of $25,000.

- On December 22, 2011, the Company completed a brokered private placement to raising gross proceeds of $750,000 by the issuance of 3,000,000 units at a price of $0.25 per unit. Each unit is comprised of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.40 per common share exercisable until December 22, 2013. The Agent was paid an aggregate cash fee and commission equal to $85,000 and was also granted 300,000 compensation options with an exercise price of $0.25 exercisable until December 22, 2013. The total fair value of the compensation options granted to the Agent was $45,561which has been treated as share issuance costs. The Company incurred related professional and other related expenses amounting to $27,639.

- Upon completion of the QT, the Company changed its name to Mammoth Resources Corp. and continued trading on the Exchange under the trading symbol, ñMTH.ò

- Upon completion of the QT, the Company initiated its exploration program at the Urique Project. The Company recorded deferred exploration and evaluation costs of $121,059 during the year, which included $58,586 in respect of the concession taxes.

- In January 2012, the Company appointed Richard Simpson, P.Geo., as the Companyôs VP Exploration. Mr. Simpson was granted 300,000 stock options to its VP Exploration with an exercise price of $0.25 with an expiry date of January 13, 2017. The option grant is conditional upon receipt of shareholder approval at the Companyôs upcoming AGM on May 23, 2012. The total fair value of the stock options granted was $13,031, which has been expensed during the year.

- Subsequent to the year end, the Company appointed Thomas Atkins as President & CEO and a director. Mr. Atkins was granted 450,000 stock options with an exercise price of $0.25 and an expiry date five years from the date of the grant. The option grant is conditional upon receipt of shareholder approval at the Companyôs upcoming AGM on May 23, 2012. At the time of Mr. Atkins appointment to the board of directors, Mark Hunter resigned as a director of the Company.

Urique Project, Mexico

On September 8, 2011, the Company entered into an option agreement with Yale Resources Ltd. (ñYaleò), subsequently amended by an amending agreement dated October 7, 2011 (the ñAmending Agreementò), pursuant to which the Company can earn up to an undivided 100% interest in 11 mining concessions in Mexico, known as the Urique Project, owned by Yale and Yaleϕs Mexican subsidiary, Minera Alta Vista SA de CV (ñMinera AVò) (the ñOption Agreementò). The Option Agreement constitutes the Company's QT pursuant to the policies of the Exchange and was approval by the Exchange on December 23, 2011.

Subsequent to the year end, the Company and Yale executed an Amended and Restated Option Agreement (the ñAmended and Restated Option Agreementò) pursuant to which the Company and Yale agreed to amend and restate the terms of the Option Agreement to reflect the terms of the Amending Agreement and further amendments agreed to by the parties.Under the terms of the Amended and Restated Option Agreement in order to earn an undivided 70% interest into the Property, the Company must (i) pay $50,000 to Yale (paid), (ii) issue a total of 1,700,000 shares to Yale on or before January 31, 2016, and (iii) incur a total of $3,000,000 in exploration expenditures on the Property on or before January 31, 2016.

In order to earn the remaining 30% interest in the Property from Yale, the Company must issue an additional 500,000 common shares and must have completed a resource estimate on the property delineating at least 300,000 equivalent ounces of gold in the measured and indicated categories on or before January 31, 2018. Furthermore, the Company must issue an additional share for each equivalent ounce of gold within the measured and indicated categories, subject to a minimum of 300,000 shares and a maximum of 2,000,000 shares. There is currently a 2% net smelter return (ñNSRò) royalty payable to Dia Bras Exploration Inc., a third party, in connection with 10 of 11 of the mining concessions comprising the Property, 1% of which may be purchased for $1,000,000. Upon the exercise of the remaining 30% interest in the Property, a 2% NSR royalty will be granted on the San Pedro concession and payable to Yale, 1% of which may be purchased for $500,000.

If the Company elects not to proceed to earn the remaining 30% interest in the Property, the parties will form a 70%/30% joint venture and will contribute to further exploration in accordance with their respective joint venture interest.

Pursuant to the Amended and Restated Option Agreement the Company will issue to Yale 1,700,000 common shares as follows:

1. 100,000 common shares upon receipt of approval by the Exchange of the QT (issued December 23, 2011);
2. 100,000 common shares on or before July 31, 2012;
3. 200,000 common shares on or before January 31, 2013;
4. 100,000 common shares on or before July 31, 2013
5. 400,000 common shares on or before January 31, 2014;
6. 400,000 common shares on or before January 31, 2015; and
7. 400,000 shares on or before January 31, 2016.

Yale has agreed to contribute a total of $125,000 towards taxes owing on the concessions comprising the Urique Property during the term of the Amended and Restated Option Agreement. The share issuances in 2, 3 and 4 above are conditional upon receipt of such contributions from Yale.

(Expressed in Canadian Dollars)

In addition, pursuant to the Amended and Restated Option Agreement the Company will incur exploration expenditure on the Urique Project of $3,000,000 as follows:

1. $800,000 on or before January 31, 2014;
2. an additional $800,000 on or before January 31, 2015; and
3. an additional $1,400,000 on or before January 31, 2016;

The Company has incurred the following expenditures on the Urique Project:

		Urique Project Total
Acquisition cost, January 7and 31, 2011	$	-
Additions during the year		75,000
Acquisition cost, January 31, 2012		75,000
Deferred exploration costs, January 7 and 31, 2011		-
Additions during the year		
Administration		509
Geochemistry		3,607
Geology		37,802
Management fees & services		6,202
Property taxes		58,586
Supplies		3,877
Travel & camp		10,476
		121,059
Deferred exploration costs, January 31, 2012		121,059
Total exploration and evaluation assets, January 31, 2012	$	196,059

During the period ended January 31, 2012, the Company incurred $13,155 in due diligence costs associated with the Property. These amounts were expensed on the Statement of Comprehensive Loss for the period.

1.3 Selected Annual Information

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Companyǿs financial statements and related costs for the period ended January 31, 2012. The financial data below has been prepared in accordance with International Financial Reporting Standards.

(Expressed in Canadian Dollars)

	Year ended January 31, 2012	Period from Incorporation on January 7, 2011 to January 31, 2011
	$	$
Total revenues	-	-
Loss and comprehensive loss for the period	501,702	10,029
Loss per share - basic and diluted	0.04	-
Exploration and evaluation costs	196,059	-
Total assets	1,498,275	631,971
Total liabilities	106,452	10,000
Total shareholdersô equity	1,391,823	621,971

1.4 Results of Operations

The following discussion and analysis of the Companyǿs financial results of its operations should be read in conjunction with the Companyǿs condensed interim unaudited financial statements and related notes.

Year ended January 31, 2012

Accounting and audit fees were $30,810 for the year. The amount expensed during the period reflects the Companyǿs accrual of the 2012 annual audit costs and annual corporate tax return filing and costs related to the QT filings.

Due diligence costs were $13,155 for the year. The amount expensed during the period reflects due diligence costs incurred by the Company in relation to the Urique Project (see Section 1.2 of the MD&A).

Legal fees were $67,398 for the year. These legal costs pertain to the Companyǿs CPC prospectus, regulatory filings, IPO and QT (refer to Section 1.2 above).

Stock-based compensation was $361,101 for the year. The amount expensed during the year relates to the 1,875,000 stock options granted to directors and an officer of the Company. The fair value of the stock options granted was determined using the Black-Scholes pricing model.

Transfer agent and regulatory fees were $23,036 for the year. These costs reflect billings from Computershare Trust Company, the Companyǿs transfer agent, and Exchange and SEDAR fees including filing fees associated with the QT (see Section 1.2 of the MD&A).

Three months ended January 31, 2012

Accounting and audit fees were $20,310 for the period. The amount expensed during the period reflects the Companyǿs fourth quarter accrual of the 2012 annual audit costs and annual corporate tax return filing and costs related to the QT filings.

Legal fees were $45,111 for the period. These legal costs pertain to the Companyǿs QT and related regulatory filings (refer to Section 1.2 above).

Stock-based compensation was $74,860 for the period. The amount expensed period relates to the 300,000 stock options granted to a new director and a director and officer upon completion of the QT and 300,000 stock options granted to the VP Exploration at the time of his appointment in January 2012. The fair value of the stock options granted was determined using the Black-Scholes pricing model.

(Expressed in Canadian Dollars)

Trust and regulatory fees were $9,719 for the period. These costs reflect billings from Computershare Trust Company and Exchange and SEDAR filing fees associated with the QT (see Section 1.2 of the MD&A).

1.5 Summary of Quarterly Results

The following information is derived from the Companyôs unaudited quarterly financial statements for the preceding four quarters.

The financial data below has been prepared in accordance with International Financial Reporting Standards.

		Revenue		Loss for the period		Loss per share ï basic and diluted
January 31, 2012 *(Notes 1 and 2)*	$	Nil	$	158,637	$	0.01
October 31, 2011 *(Notes 1)*	$	Nil	$	25,050	$	0.00
July 31, 2011 *(Notes 1 and 3)*	$	Nil	$	293,393	$	0.06
April 30, 2011 *(Note 1)*	$	Nil	$	24,622	$	0.01
January 31, 2011 *(Notes 1 and 4)*	$	Nil	$	10,029	$	0.00

Note 1: The Company was incorporated on January 7, 2011 and accordingly has been reporting its financial results in accordance with International Financial Reporting Standards. The Company did not have any financial results prior to 2011 and as a result, none of its financial statements have been subject to Canadian Generally Accepted Accounting Principles.

Note 2: Significant expenses making up the loss for the period ending January 31, 2012 are discussed in detail under Section 1.4 above.

Note 3: Included in the net loss during the period ending July 31, 2011 of $293,393 is stock-based compensation of $286,241. The amount expensed during the period relates to the 1,275,000 stock options granted to directors and an officer of the Company. The fair value of the stock options granted was determined using the Black-Scholes pricing model.

Note 4: This loss represents the Company's net loss for the period from January 7, 2011 (date of incorporation) to January 31, 2011. Of this balance, $10,000 relates to professional fees accrued by the Company for anticipated costs associated with the 2011 year-end audit and prospectus review.

1.6 Liquidity

The Company currently has no operating revenues and relies primarily on equity financing. As at January 31, 2012, the Company had a working capital of $1,166,423.

The Companyôs interim financial statements have been prepared using International Financial Reporting Standards (ñIFRSò) applicable to a going concern which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At January 31, 2012, the Company had not yet achieved profitable operations, has accumulated losses of $511,731 since its inception and expects to incur further losses in the future, all of which casts substantial doubt about the Companyôs ability to continue as a going concern. These circumstances lend significant doubt as to the appropriateness of the use of accounting principles applicable to a going concern. The Companyôs continued existence is dependent upon its ability to obtain additional financing and generate profitable operations. However, there can be no assurance that managementôs actions will be successful. The financial statements do not reflect the adjustments that would be necessary if the going concern assumption were considered to be inappropriate.

1.7 Capital Resources

The Company's only source of funding has been the issuance of equity securities for cash. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the year ended January 31, 2012, the Company purchased accounting services from its CFO amounting to $1,500 (January 7 to 31, 2011 - $Nil) and geological consulting services from its VP Exploration amounting to $6,250 (January 7 to 31, 2011 - $Nil). Management did not receive any other compensation during the year ended January 31, 2012 (January 7 to 31, 2011 - $Nil). At January 31, 2012, $10,855 (2011 – Nil) was owed to the Company's directors, officers, and related entities.

1.10 Proposed Transactions

NA

1.11 Fourth Quarter

See Section 1.4 Results of Operations, *Three months ended January 31, 2012*

1.12 Critical Accounting Estimates

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

1. the recoverability of receivables;
2. whether or not an impairment has occurred in its exploration and evaluation assets;
3. the inputs used in the accounting for share-based payments expense in deficit;
4. the inputs used in the accounting for options and compensation options in share capital and equity reserves; and
5. the estimated useful lives of the equipment and whether or not an impairment has occurred.

Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

1.13 Change in Accounting Policies including Initial Adoption

The Companyǿs significant accounting policies are presented in Note 2 of the financial statements for the year ended January 31, 2012.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (ñIFRSò) which include International Accounting Standards and Interpretations (ñIFRICò and ñSICò) adopted by the International Accounting Standards Board, including IAS 34 Interim Financial Reporting.

Basis of presentation

The financial statements have been prepared on the historical cost basis.

Equipment

Equipment is recorded at historical cost less accumulated depreciation and impairment charges. Equipment is depreciated using the straight line method over the estimated useful lives of the equipment at the following annual rates, commencing when the related assets are available for use:

Transportation equipment	4 years

The Companyǿs equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the assetǿs recoverable amount is estimated. Impairment losses are recognized in profit and loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assetǿs carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Exploration and evaluation assets

All property payments and all costs related to the exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units (ñCGUò) for the purpose of determining future mineral reserves and impairments.

Management reviews the capitalized costs on its exploration and evaluation assets at least annually to consider if there is an impairment value to take into consideration from current exploration results and managementôs assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and accumulated exploration and evaluation costs are written off to profit or loss. If the carrying value of a project exceeds its estimated value, an impairment provision is recorded.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the mineral property is considered to be a mine under development and is classified as ñMining Assetsò. Exploration and evaluation expenditures accumulated are also tested for impairment before the property costs are transferred to mining assets.

Provision for environmental rehabilitation

The Company recognizes the liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Companyôs estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company has no known restoration, rehabilitation or environmental costs related to its exploration and evaluation assets.

Foreign exchange

Items included in the Companyôs financial statements are measured using the currency of the primary economic environment in which the entity operates (the ñfunctional currencyò). The functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Expected volatility is estimated by considering historical average share price volatility in the same industry. Compensation expense is recognized over the trancheòs vesting period by increasing share-based payments reserve based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants (ñWarrantsò). Depending on the terms and conditions of each equity financing agreement (ñAgreementò), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Standards issued but not yet effective

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

Financial Instruments

In November 2009, the IASB published IFRS 9, ñFinancial Instrumentsò, which covers the classification and measurement of financial assets as part of its project to replace IAS 39, ñFinancial Instruments: Recognition and Measurement.ò In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 15, 2015. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact to the Company upon implementation of the issued standard.

Presentation of Financial Statements

In June 2011, the International Accounting Standards Board (ñIASBò) issued IAS 1, *Presentation of Items of OCI: Amendments to IAS 1Presentation of Financial Statements.* These amendments stipulate the presentation of net earnings and OCI and also require the Company to group items with OCI based on whether the items may be subsequently reclassified to profit or loss. Amendments to IAS 1 are effective for fiscal years beginning on or after

July 31, 2012 with retrospective application and early adoption permitted. The Company does not expect to early adopt this standard nor does it expect the adoption of the amendments to this standard to a have a material impact on its financial statements.

Joint Arrangements

IFRS 11, *Joint Arrangements*, was issued by the IASB in May 2011 and is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. Parties to a joint operation retain the rights and obligations to individual assets and liabilities of the operation, while parties to a joint venture have rights to the net assets of the venture.

Investments in Associates and Joint Ventures

The IASB issued amendments to IAS 28, *Investments in Associates and Joint Ventures*, which are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held-for-sale or when the Company ceases to have joint control or significant influence over an associate or joint venture. When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to re-measure the investment at that date. When a portion of an interest in a joint venture or associate is classified as held-for-sale, the portion not classified as held-for-sale shall be accounted for using the equity method of accounting until the sale is completed, at which time the interest is reassessed for prospective accounting treatment. The Company does not expect the amendments to IAS 28 to have a material impact on the financial statements nor does it expect to adopt this guidance early.

Fair Value Measurement

The IASB published IFRS 13, *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces fair value measurement guidance contained in individual IFRS guidance, providing a single source of fair value measurement guidance. The standard provides a framework for measuring fair value and establishes new disclosure requirements to enable readers to assess the methods and inputs used to develop fair value measurements and for recurring valuations that are subject to measurement uncertainty, the effect of those measurements on the financial statements. The extent of the impact of adoption of IFRS 13 has not yet been determined.

(Expressed in Canadian Dollars)

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, trade and other receivables, and trade and other payables. Cash is classified as loans and receivables recognized initially at fair value. Subsequent to initial recognition, it is measured at amortized cost using the effective interest method, less any impairment losses. The fair value of all other financial instruments approximates their carrying values due to their short-term maturity or capacity of prompt liquidation. The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risk is relatively low. Cash is held through a large financial institution. Refer to Note 8 of the financial statements for further information on the Company's financial instruments.

1.15 Other MD&A Requirements

Additional information relating to the Company, including the most recent Company filings, can be located on the SEDAR website at www.sedar.com.

1.15.1 Additional Disclosure for Venture Issuers Without Significant Revenue

See results of operations in Section 1.4 above.

1.15.2 Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at April 27, 2012.

	Number Outstanding
Common shares	15,850,000
Options to purchase common shares	2,943,000
Warrants to purchase common shares	3,000,000

1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

1.15.4 Risk Factors

The operations of the Company are speculative due to the high risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Estimation of Mineralization, Resources and Reserves

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. In addition, the quantity of reserves and mineralization may vary depending on commodity prices. Any material change in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a project. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Companyøs activities and profitability.

Title Matters

Any changes in the laws of Mexico relating to mining could materially affect the rights to the interests held there by the Company. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Funding Requirements

Mining exploration and development involves financial risk and capital investment. The continuance of the Companyøs development and exploration activities and its growth through the acquisition of exploration, development or production assets depend upon the Companyøs ability to generate positive cash flows, private and public equity financing, debt and/or other means. There is no assurance that the Company will be successful in obtaining additional financing on a timely basis or continue to generate positive cash flows.

Uninsured Risks

The mining business is subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company maintains insurance against certain risks associated with its business in amounts that it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting claim.

Foreign Operations

Operations, development and exploration activities carried out by the Company are or may be affected to varying degrees by taxes and government regulations relating to such matters as environmental protection, land use, water use, health, safety, labour, restrictions on production, price controls, currency remittance, maintenance of mineral rights, mineral tenure, and expropriation of property. There is no assurance that future changes in taxes or such regulation in the various jurisdictions in which the Company operates will not adversely affect the Companyôs operations. Industrial disruptions, work stoppages and accidents in the course of the Companyôs operations can result in future production losses and delays, which may adversely affect future profitability. Although the operating environment in Mexico is considered favorable compared to that in other developing countries, with various government incentives offered to attract international investment into Mexico, there are still political risks. The risks include, but are not limited to, terrorism, hostage taking, military repression, expropriation, extreme fluctuations in currency exchange rates, high rates of inflation and labor unrest.

Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Companyôs business. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, maintenance of claims, environmental legislation, expropriation of property, land use, land claims of local people, water use and safety. The effect of these factors cannot be accurately predicted.

Exploration and Development Risks

The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties which even a combination of careful evaluation, experience and knowledge may not eliminate. There is no certainty that the expenditures made or to be made by the Company in the exploration and development of its mineral properties or properties in which it has an interest will result in the discovery of mineralized materials in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable deposits. While discovery of a base metal or precious metal bearing structure may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that exploration programs carried out by the Company will result in profitable commercial mining operations.

The Companyôs operations are subject to all of the hazards and risks normally incident to mineral exploration, mine development and operation, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The Companyôs activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards such as unusual or unexpected formations, pressures or other conditions may also be encountered.

Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and, if warranted, commencement of production on properties in which it has an interest, require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. However, there can be no assurance that all permits which the Company may require for the conduct of mineral exploration and development can be obtained or maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any such mineral exploration or development which the Company might undertake. Amendments to current laws, regulations and permits governing operations and activities of mineral exploration companies, or more stringent interpretation, implementation or enforcement thereof, could have a material adverse impact on the Company.

Mining and Investment Policies

Changes in mining or investment policies or shifts in political attitude may adversely affect the Companyĝs business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and safety regulations. The effect of these factors cannot be accurately predicted.

Hedging and Foreign Exchange

While hedging of commodity prices and foreign exchange and interest rates is possible, there is no guarantee that appropriate hedging will be available at an acceptable cost should the Company choose or need to enter into these types of transactions.

The Company operates in Canada and Mexico, and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reporting results of the Company and may also affect the value of the Companyĝs assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

1.15.5 Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended January 31, 2012. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at January 31, 2012.