Management Discussion and Analysis for the quarter ended September 30th, 2011

The following management's discussion and analysis (the "MD&A") objective is to help the reader better understand the activities of the Company and the highlights of its financial situation. It explains the financial situation and the results for the quarter ended September 30th, 2011 and the comparison of the Company's balance sheets as of September 30th, 2011 and June 30th, 2011.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the condensed interim unaudited financial statements of the Company for the quarter ended September 30th, 2011 and the related notes thereto.

The Company's audited financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee. These interim unaudited financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

Forward looking statements

Some statements contained in this MD&A, specially the opinions, the projects, the objectives, the strategies, the estimates the intent and the expectations of the Company that are not historical data, are forward looking statements. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. These statements are based on information available at the time they are made, on hypothesis established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section Risks and uncertainties). The real results for the Company could differ in an important way of those which state or that these forward looking statements show the possibility for. Consequently it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. Except if the applicable legislation requires it, the Company does not intend to update these prospective statements to reflect, in particular, new information or future events, and it is by no means committed doing so.

Reporting entity and going concern

Monarques Resources Inc. ("The Company"), incorporated on February 16, 2011 under the *Canada Business Corporations Act*, is engaged in the acquisition and exploration of mining properties. Its stock is trading on the TSX Venture Stock Exchange under the symbol MQR. Its activities are in Canada. The Company is a company associated with Nemaska Exploration Inc.(NMX), a company that trades on the TSX Venture under the ticker NMX and controls 47.4% of the Company.

The Company has not yet determined if the properties contains ore reserves that are economically recoverable.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The recoverability of amounts shown for mining properties and related exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. As at the date of the financial statements, management determined that the net carrying value of mining properties represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

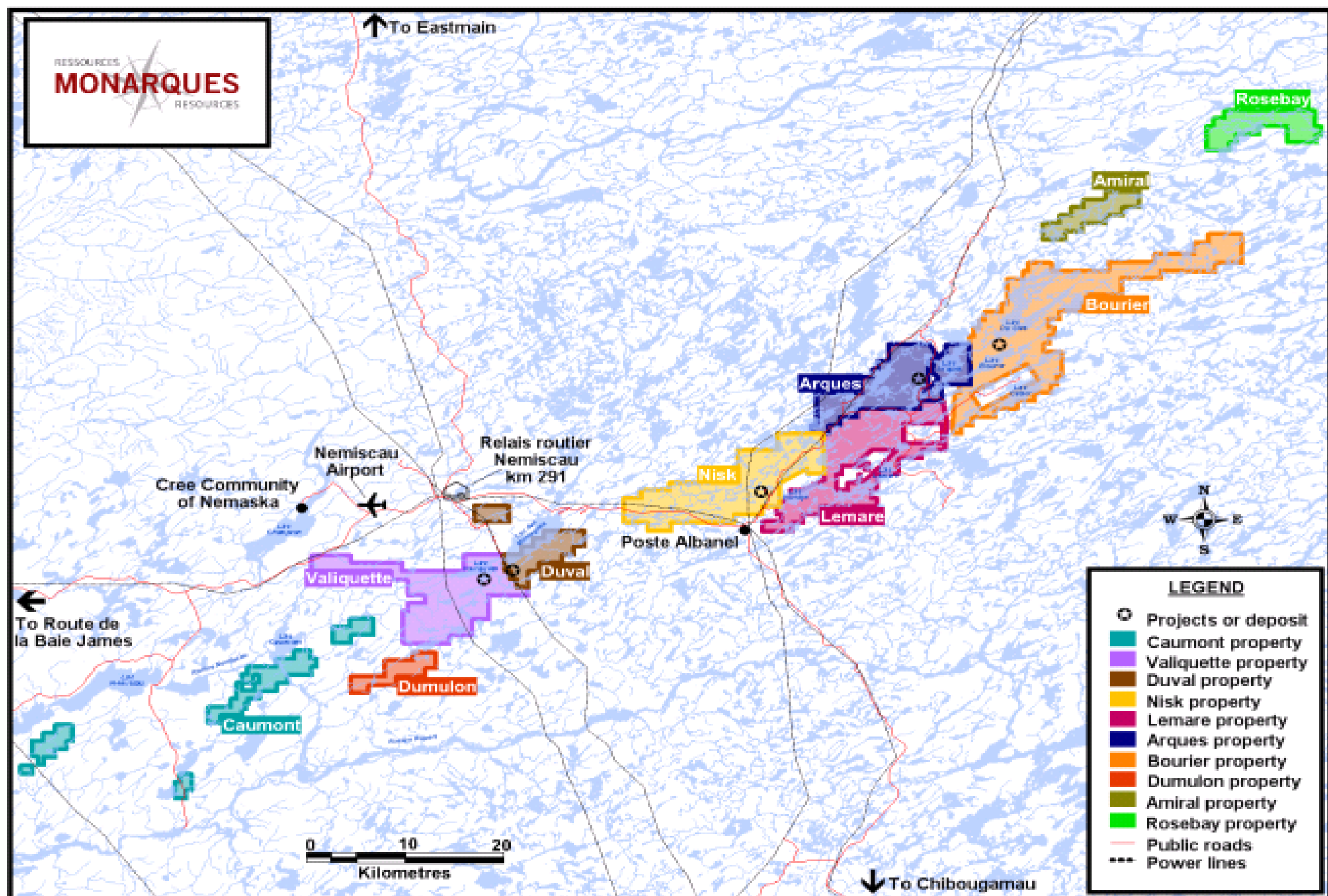
Highlights for the quarter, scope of activities and next steps

During the quarter ended September 30th, 2011, the Company completed the acquisition of 10 mining claims from Eloro Resources Ltd. ("Eloro"). These mining claims are enclosed in the Arques property 100% owned by the Company.

Furthermore, the Company also acquired 3 claims which were strategically located within the Valiquette property.

Finally, the Company acquired by map staking a total of 138 claims distributed as follows: 44 claims located on the National Topographic System ("NTS") sheets 32O/14 and 33B/03 known as the Amiral property, 31 claims located on NTS sheet 32N/09 known as the Dumulon property and 63 claims located on NTS sheet 33B/02 known as the Rosebay property.

As at the date of this report, the Company now owns 10 properties (1,308 claims), as shown in the following map:



Highlights for the quarter, scope of activities and next steps (continued)

In summary, the main exploration works realized on the Company's properties are as follows, being understood that all work carried out before June 10th, 2011, were conducted by the previous owner, Nemaska Exploration Inc.:

MAIN WORKS DONE			
Property	**Works**	**Objective**	**Results**
Amiral	Heliborne geophysics survey (346 linear km)	Identify mineralized zones at surface and depict the geology.	In September 2011, Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering the entire property. The final report was received in November 2011. The results outline multiple anomalies.
Arques	Diamond drilling (5 holes totalling 1,496 meters)	Identify economic mineralization	Intrusive rocks associated with a syenodiorite intrusive complex with anomalies in TREO (values of 0.77% over 2.1 meters, 0.80% over 3.8 meters and 0.59% over 3.1 meters) were encountered in these holes.
	Track-etching radiometric survey covering the entire complex (749 reading stations)	Distinguish Rare Earth Elements, Niobium and Tantalum enriched lithologies.	The results have provided multiple high contrast anomalies.
Bourier	Geological surveys and prospection	Confirm the geology and identify on the ground the source of numerous magnetic and electro magnetic anomalies.	Areas of interest were covered in the North-East extension of the massive sulphide zone outlined during field work conducted in the summer of 2010 by Nemaska Exploration. The results are pending.
	Diamond drilling (15 holes totalling 2,214 meters)	Confirm the interpretation of mineralized zones at depth.	Completed in September 2011. The results are pending.
	Heliborne geophysics (164 linear km)	Identify mineralized zones at surface and depict the geology.	In September 2011, Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering the 25 newly acquired claims. The final report was received in November 2011. The results outline the continuity of the main high-mag/conductive anomaly.

MAIN WORKS DONE

Property	Works	Objective	Results
Caumont	Heliborne geophysics (482 linear km)	Identify mineralized zones at surface and depict the geology.	In September 2011, Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering the entire property. The final report was received in November 2011. The results outline a high-contrast main anomaly.
	Mechanical trenching (five trenches from which 245 rock samples were collected, including 187 channels)	Confirm the interpretation of geophysics at surface and characterize mineralization from historic grab samples.	The results confirm magmatic Cu-Ni-PGE mineralization.
Dumulon	Heliborne geophysics (376 linear km)	Identify mineralized zones at surface and depict the geology.	In September 2011, Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering the entire property. The final report was received in November 2011. The results outline multiple anomalies.
Duval	Diamond drilling (6 holes totalling 1,338 meters)	Confirm the continuity of mineralized zones at depth.	Completed in October 2011. The results are pending.
	Ground geophysics (Magnetometry, 21 linear km)	Define the geology and identify mineralized zones at surface.	It has highlighted a main high-contrast anomaly.
Lemare	Diamond drilling (2 holes totalling 498 meters)	Confirm the interpretation of mineralized zones at depth.	In September 2011, two exploration diamond drill holes for a total of 498 meters were drilled on targets identified in the field work carried out in 2009 and 2010 by Nemaska Exploration. The results are pending.
	Heliborne geophysics (453 linear km)	Identify mineralized zones at surface and depict the geology.	In September 2011, Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering the South sector of the property. The final report was received in November 2011. The results outline multiple anomalies.

MAIN WORKS DONE

Property	Works	Objective	Results
Nisk *(West sector)*	Diamond drilling One (1) hole (153 meters)	Test a positive high contrast magnetic anomaly.	The anomaly has been explained by the presence of magnetite.
	Ground geophysics (Magnetometry)	Define the geology and identify mineralized zones at surface.	During the summer of 2011, a ground magnetometric survey covering 60 linear km was carried out to define targets in the West sector of the property.
	Mechanical trenching During the summer of 2011, in the West sector of the property, two mechanical trenches have stripped approximately 600 m^2 of outcrops on a high mag anomaly,	Confirm the interpretation of geophysics at surface and identify mineralization.	The stripped outcrops have been cleaned up but will only be sampled during the summer of 2012
Nisk *(Nisk-1 deposit)*	Diamond drilling winter 2011 by Nemaska Exploration (2 holes totalling 1,032 meters)	Try to explain geophysical anomalies	The results reported are 0.34% Ni and 0.13% Cu over 7.75 m in the hole TF-72-11 on a zone containing 5-40% of sulphide.
	Diamond drilling (9 holes totalling 1,852 meters)	Identify mineralized zones at depth.	Completed in November 2011. The results are pending.
	Ground geophysics (Induced Polarization)	Identify mineralized zones at depth.	In July 2011, an IP survey covered the entire 3.5 km long magnetic anomaly associated with the Nisk-1 deposit. The result of the survey demonstrates the continuity of the IP conductor associated with the deposit and two new axes parallel to it.
	Borehole geophysics (Pulse EM) .	Identify mineralized zones at depth	The interpretation of a "Pulse EM" survey conducted by Nemaska Exploration in one hole on the Nisk-1 deposit indicates a conductivity anomaly within 50m from it.
Rosebay	Heliborne geophysics (585 linear km)	Identify mineralized zones at surface and depict the geology.	In September 2011, Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering the entire property. The final report was received in November 2011. The results outline multiple anomalies.

MAIN WORKS DONE

Property	Works	Objective	Results
Valiquette	Diamond drilling by Nemaska Exploration (9 holes totalling 1,475 meters)	Confirm the interpretation of mineralized zones at depth.	The results outlined a Cu-Ni-PGE mineralization. The best intersection reported is 2.66% Ni and 0.71% Cu over 3.2 meters.
	Diamond drilling (5 holes totalling 1,197 meters)	Confirm the interpretation of mineralized zones at depth.	Completed in October 2011. The results are pending.
	Borehole geophysics (Pulse EM)	Confirm the interpretation of mineralized zones at depth.	Interpretation of the results outline Ni-Cu mineralization in within 50m of hole VAL-11-07 and an iron formation in hole VAL-11-09.
	Ground geophysics (Magnetometry, 34 linear km)	Define the geology and identify mineralized zones at surface.	In September 2011, a ground magnetometric survey covering the main anomaly associated with the mineralized trend drilled in winter 2011 was carried out. It has delineated this high-contrast anomaly.
	Heliborne geophysics (214 linear km)	Identify mineralized zones at surface and depict the geology.	In September 2011, Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering 24 newly acquired claims. The final report was received in November 2011. Results outline the continuity of the main known anomaly.

The foreseen main works on the properties are as follows:

MAIN WORKS PLANNED	
Properties	**Work**
Amiral	Geological surveys and prospection to confirm the geology and identify on the ground the source of numerous magnetic and electro magnetic anomalies.
Arques	Diamond drilling survey of 1,000 m (5 holes) to test numerous geophysics anomalies (first quarter 2012).
Bourier	Analysis and compilation of the 2011 summer field campaigns results and the results from the 15 holes drilled (2,214 m). Geological surveys and prospection to confirm the geology and identify on the ground the source of numerous magnetic and electro magnetic anomalies. Map and sample four excavated mechanical trenches.
Caumont	Geological and structural interpretation.
Dumulon	Geological surveys and prospection to confirm the geology and identify on the ground the source of numerous magnetic and electro magnetic anomalies.
Duval	Analysis and compilation of the results of the 6 holes drilled (1,338 m).
Lemare	Analysis and compilation of the results from the 2 holes(498 m)drilled.
Nisk *(Nisk-1 deposit)* ***Nisk*** *(West sector)*	Analysis and compilation of the results from the 9 holes (1,852 m). Borehole Pulse-EM survey in nine holes drilled in November 2011. Map and sample two excavated trenches.
Rosebay	Geological surveys and prospection to confirm the geology and identify on the ground the source of numerous magnetic and electro magnetic anomalies.
Valiquette	Analysis and compilation of the results from the 5 holes drilled (1,197 m). Analysis and compilation of the borehole Pulse-EM survey in the five holes drilled in October 2011.

Selected Financial Information

The following table summarizes selected key financial data for the quarter that ended September 30th, 2011 and the Company's balance sheets as of September 30th, 2011 and June 30th, 2011:

	September 30, 2011 $	
Interest Income	10,601	
Loss before income taxes	261,118	
Net loss and comprehensive loss	532,118	
Loss per share – basic and diluted	0.017	
Balance sheets selected financial information		
	September 30, 2011 $	**June 30, 2011 $**
Cash and cash equivalents [(1)]	3,979,281	5,092,699
Total assets	13,398,635	12,988,762
Total liabilities	1,678,828	1,371,447
Shareholder's equity	11,719,807	11,617,315

[(1)]: The cash and cash equivalents includes $2,745,595 ($4,000,000 as at June 30th, 2011) of cash reserved for exploration expenses.

Operating results for the quarter ended September 30th, 2011

Cash and Financing sources

As at September 30th, 2011, the total assets of the Company were at $13,398,635, an increase of $409,873 compared to June 30th, 2011. This increase is mainly due to the acquisition of new claims for a total of $73,070 and the increase of $195,816 in the taxes receivable.

The funds available to the Company at the end of the quarter are sufficient to complete its exploration budget planned for the fiscal year of 2011-2012 and to cover the Company's general and administrative expenses for the same fiscal year.

The Company's short term liabilities in the amount of $1,119,709 (excluding the liability related to flow-through shares of $559,119) represent an increase of $548,262 in the quarter. This total is mainly composed of payables related to exploration expenses in the amount of $868,871 and other payables and accrued liabilities such as compensation, audit fees and office and general administration expenses in the amount of $250,838.

Operating results for the quarter ended September 30th, 2011

The results for the quarter show a net loss and comprehensive loss of $532,118. Aside from interest revenues of $10,601, the Company has no revenues from operations. Its main expenses are: i) compensation and share-based payments totalling $404,964, of which $338,710 is a non-cash expense related to the issuance of 2,000,000 share-based purchase options in July 2011; ii) office and general administration expenses totalling $30,063 mainly to cover rent, insurance, telecommunications, claims renewals and training / inscription; iii) fees for professional services and consultants for an amount of $44,168; iv) advertising / promotion / representation and exposition totalling $25,435 and v) expenses related to the stock exchange and the shareholders communications totalling $7,970.

Operating activities for the quarter ended September 30th, 2011

During the quarter, the cash flow used by operating activities amounted to $396,718. The operating activities were financed by the working capital available upon the completion of the IPO in June 2011 and by the increase in the accounts payable due to disbursement timing outside the quarter.

Financing activities for the quarter ended September 30th, 2011

During the quarter, the Company hasn't initiated any additional financing.

Investing activities for the quarter ended September 30th, 2011

During the quarter, the cash flow used by the investing activities were mainly exploration and evaluation expenses assets work done on all the properties of the Company for a total amount of $623,530; net of the total amount of $580,875 that represents the change in amounts is still in the accounts payable and accrued liabilities at the end of the periods. The details for the total exploration and evaluation expenses done in the period on each property are presented in the following table:

PROPERTIES	Exploration work
	2011 $
Balance as at June 30th, 2011	**160,643**
Amiral	52,747
Arques	16,369
Bourier	656,245
Caumont	205,770
Dumulon	33,389
Duval	22,304
Lemare	61,514
Nisk	90,647
Rosebay	31,043
Valiquette	34,377
Increase for the quarter	**1,204,405**
Balance as at September 30th, 2011	**1,365,048**

Exploration and evaluation assets for the quarter ended September 30th, 2011

Exploration and evaluation assets by property					
	Amiral ($)	Arques ($)	Bourier ($)	Caumont ($)	Dumulon ($)
Balance as of June 30th, 2011	**-**	**36,853**	**34,433**	**-**	**-**
Supervision, salaries and fringe benefits	784	6,631	188,740	31,173	504
Geology and geophysics	51,238	197	211,547	114,774	32,452
Test, sampling and prospecting	-	4,530	2,902	-	-
Drilling, equipment rental and other material	61	1,484	159,013	41,049	39
Lodging and meals	547	2,697	56,792	18,241	319
General exploration expenses	117	830	37,251	533	75
Increase for the quarter	**52,747**	**16,369**	**656,245**	**205,770**	**33,389**
Balance as of Sept. 30th, 2011	**52,747**	**53,222**	**690,678**	**205,770**	**33,389**

	Duval ($)	Lemare ($)	Nisk ($)	Rosebay ($)	Valiquette ($)
Balance as of June 30th, 2011	**-**	**-**	**46,591**	**-**	**42,766**
Supervision, salaries and fringe benefits	1,782	933	5,903	467	504
Geology and geophysics	7,360	43,897	55,445	30,174	27,929
Test, sampling and prospecting	1,518	570	8,691	-	2,196
Drilling, equipment rental and other material	7,224	8,481	11,194	36	814
Lodging and meals	2,553	5,196	9,206	297	1,040
General exploration expenses	1,867	2,437	208	69	1,894
Increase for the quarter	**22,304**	**61,514**	**90,647**	**31,043**	**34,377**
Balance as of Sept. 30th, 2011	**22,304**	**61,514**	**137,238**	**31,043**	**77,143**

Outstanding shares information (as of November 25th, 2011)

	November 25, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Common shares outstanding	31,900,100	31,750,100	31,750,100	100

As at September 30th, 2011, the Company had 150,000 common shares to issue in relation to property claims acquisition.

Outstanding share purchase options (as of November 25th, 2011)

	November 25, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Share purchase options issued	2,250,000	2,000,000	-	-
Share purchase options exercisable	1,362,500	1,362,500	-	-
Average strike price	0.40	0.40	-	-

As at September 30th, 2011, the Company had granted 2,000,000 options to purchase Common Shares subject to the conditions established under the Common Share Purchase Option Plan.

Outstanding warrants (as of November 25th, 2011)

	November 25, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Warrants issued and to be issued	2,600,000	2,600,000	2,500,000	-
Warrants exercisable	2,600,000	2,500,000	2,500,000	-
Average strike price	0.45	0.45	0.45	-
Warrants issued to brokers	910,000	910,000	910,000	-
Warrants issued to brokers that are exercisable	910,000	910,000	910,000	-
Average strike price	0.40	0.40	0.40	-

As of September 30th, 2011, the Company had issued 2,500,000 warrants to shareholders, 910,000 warrants to brokers and had to issue 100,000 warrants in relation to property claim acquisitions. Each warrant allows its holder to subscribe 1 common share at a price varying between $0.40 per share to $0.45 per share for a period of 18 months following their issue date.

Related Party Transactions and Commercial Objectives

During the period that ended September 30th, 2011, the Company incurred expenses for services rendered by executive officers of the Company. These services were rendered in the normal course of operations and were measured at the exchange amounts, being the amount agreed between the parties.

Period ended September 30th, 2011	3 months
	2011 $
President salary	25,000
President share-based payments	115,128
Professional fees towards the Chairman of the Board and the other members of the board	12,083
Share-based payments towards the Chairman of the Board and the other members of the board	186,420
Chief Financial Officer salary	15,625
Chief Financial Officer share-based payments	16,079

Inter-company transactions carried out between the Company and the company having significant influence(Nemaska Exploration Inc.) have totaled $404,850 (excluding taxes), of which, $277,215 for exploration expenses, $54,171 in compensation of which $40,625 represents wages paid to the president and the chief financial officer, $24,150 paid for consultants and professionals, $14,583 as representation / promotion / missions / expositions and $19,660 as general administrative and office expenses. These amounts reimbursed by the Company to Nemaska were paid by Nemaska on behalf of the Company.

Off Balance sheet agreements

The Company hasn't concluded any off balance sheet agreements.

Obligations and contractual commitments

The Company had the following commitments as of November 25th, 2011:

Obligations and contractual commitments (continued)

Arques, Bourier, Lemare and Nisk properties (previously Lac Arques)

Upon the acquisition of the properties the Company took in charge 100% of an agreement on a group of 396 claims included in the Lac Arques property in the province of Quebec. Upon the properties restructuration in June 2011, these 396 claims related to this commitment were assigned as follows: 109 claims to the Arques property, 142 claims to the Bourier, 98 claims to the Lemare property and 47 claims to the Nisk property.

As part of this agreement, the Company has agreed to pay to Mr. Alain Champagne a maximum of $1,000,000, conditional on the achievement of certain stages of works and results on the claims acquired under the Lac Arques Purchase and Sale Agreement, which are defined as follows:

- $50,000 if and when the Company will have completed exploration work corresponding to a minimum amount of $2,500,000 on the claims subject to the Lac Arques Purchase and Sale Agreement;
- $150,000 if and when the Company will have completed exploration work corresponding to a cumulative minimum amount of $5,000,000 on the claims subject to the Lac Arques Purchase and Sale Agreement;
- $300,000 upon obtaining an independent pre-feasibility study; and
- $500,000 upon obtaining of an independent feasibility study confirming that any of the claims subject to the Lac Arques Purchase and Sale Agreement can support commercial production.

As at September 30th, 2011, cumulative exploration expenses totalling $2,052,284 ($2,037,224 as at June 30th, 2011) were done on the properties, of which, $1,911,404 is included in the acquisition costs of the properties. This cumulative amount must be taken into consideration in the calculation of the minimum exploration work to be carried out to reach the trigger level of payments.

The payment of a 3% NSR to Mr. Alain Champagne (2.4%) and Mr. Guy Bourassa (0.6%) in case of a commercial production of all metals extracted from the or part of the claims subject to the Lac Arques Purchase and Sale Agreement. However, the Company shall have the option at all time and until the expiration of a period of 3 months following the official production statement, to repurchase 1% NSR from the vendors, proportional to their interest therein subject to the payment of an amount of $1,000,000 payable in two equal and consecutive instalments, the first instalment being payable upon the date of exercise of the option to repurchase part of the NSR and the second at the latest 90 days following the date of payment of the first instalment.

Arques / Lemare / Nisk (previously Lac Levac):

Upon the properties restructuration in June 2011, 150 claims related to this commitment of the Lac Levac property were assigned as follows: 1 claim to the Arques property, 83 claims to the Lemare property and 66 claims to the Nisk property. Pursuant to a net smelter return agreement dated January 15th, 2010 (the “Net Smelter Return Agreement”); Golden Goose Resources Inc. has retained a 2% NSR, of which a 1% NSR can be repurchased by the Company for an amount of $1,000,000 within the first three years.

In addition, the Company has undertaken, should it receive a good-faith offer from a third-party for any of the Nisk property claims, not to dispose of any such Nisk claims without having entitled Golden Goose Resources Inc. to purchase such Nisk claims at the price of such offer, pursuant to a right of first refusal agreement dated January 15th, 2010 (the “Right of First Refusal Agreement”).

Obligations and contractual commitments (continued)

Arques

On September 28th, 2011, the Company accounted the acquisition of ten (10) mining claims known as "the North Rupert Block", which were held by Eloro Resources Ltd. ("Eloro"). These mining claims are located in the Province of Québec and are enclosed in the Arques property 100% owned by the Company. On October 12th, 2011, the Company paid to Eloro $5,000 in cash and issued 50,000 common shares in the capital of the Company. These common shares are subject to a 4-month hold period. Also, the Company has agreed to pay Eloro 1.5% NSR if any of the claims comprising the North Rupert Block are brought into production. The Company has the right, at any time, to purchase 0.5% of the NSR by paying Eloro the sum of $500,000 in cash.

Caumont, Duval and Valiquette properties (previously Lac des Montagnes)

From the 279 claims forming the Lac des Montagnes property, 197 of them have been designated before November 2008 as being subject to a 2% NSR, of which a 1% NSR can be repurchased by the Company for an amount of $1,000,000 within the first three years to be paid in favor of Golden Goose Resources Inc. Upon the properties restructuration, these 197 claims related to this commitment were assigned as follows: 19 claims to the Caumont property, 56 claims to the Duval property and 122 claims to the Valiquette property. Furthermore, Golden Goose Resources keeps a right of first refusal should the Company receive a good-faith offer from a third-party for any of the 197 claims to purchase such claims at the price of such offer.

Caumont (previously Lac des Montagnes)

In addition, pursuant to an acquisition agreement dated October 28th, 2010 for 24 claims forming part of the Lac des Montagnes Property (part of the Caumont West block) these claims are subject to a 1.5% NSR payable in favor of Victor Cantore. 1% of that NSR can be repurchased at all time and until the expiration of a period of 3 months following the official production statement, subject to the payment of an amount of $1,000,000 payable in two equal and consecutive instalments, the first instalment being payable upon the date of exercise of the option to repurchase part of the NSR and the second at the latest 90 days following the date of payment of the first instalment.

Valiquette

On July 14th, 2011, the Company purchased three (3) mining claims which were held by Mr. Alain Champagne located to the west of the Valiquette property. Conditional to reaching a certain number of meters of diamond drilling on the claims, the Company has also agreed to pay an additional amount of a maximum of $60,000 and to issue a maximum of 500,000 additional units, in equal portions of $15,000 and 100,000 units, every 3,000 meters of diamond drilling on the claims, starting from 3,000 meters. The exercise price of the warrants at the date of granting will be established as the weighted average price of the common shares on the TSX Venture Exchange, during the period of 30 calendar days following the reaching of said number of meters. This commitment is in force as long as the claims remain in good standing. Also, the Company has agreed to pay Mr. Alain Champagne a 2% NSR on all metals from the acquired claims. The Company has the right, at any time until the expiration of the 3 months period following the official production statement, to purchase 1% of the NSR by paying Mr. Alain Champagne the sum of $1,000,000 in cash.

Obligations and contractual commitments (continued)

Flow-through shares

The Company is committed to incur exploration expenses of $4,000,000 by December 31st, 2012 and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through share underwriting completed on June 10th, 2011. As at September 30th, 2011, the Company had funds reserved for exploration amounting to $2,745,595 ($4,000,000 as at June 30th, 2011).

Additional information required from junior issuers with no significant income

The Company reports the information on its exploration and evaluation assets in note 5 of its unaudited interim financial statements for the quarter ended September 30th, 2011.

The Company has no research and development expenses.

The Company has no other deferred expenses than those related to its mining properties and explorations expenses.

The office and general administration expenses for the quarter ended September 30th, 2011 are made of the following expenses:

Office and general administration expenses for the quarter ended on September 30th, 2011	
	3 months $
Mining claims	5,675
Office supplies and mailing	1,447
Insurances, taxes and permits	3,629
Office and equipment lease and maintenance	9,011
Telecommunications	1,774
Training, HR activities and other expenses	7,819
Interests and bank fees	708
Total	**30,063**

Financing sources

The financing sources since March 31st, 2011 up to the date of this report are listed in the following table:

Date	Type	Financings	Amount ($)	Use of proceeds
June 10, 2011	Prospectus, Initial public offering	Common shares	2,000,000	General administrative expenses and mining properties acquisition
		Flow-through shares	4,000,000	Exploration work on the properties owned by the Company.

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation

(a) Statement of compliance:

These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, IAS 34 *Interim Financial Reporting*, as published by the International Accounting Standards Board ("IASB").

The accounting policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of November 25th, 2011, the date on which the Board of Directors approved the condensed interim financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the period ending September 30th, 2011 could result in restatement of these condensed interim financial statements.

These condensed interim financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended June 30th, 2011.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments:

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements is included in the following notes:

- Note 3 - assessment of refundable tax credits related to resources and credit on mining duties;
- Notes 4 and 5 - recoverability of mining properties and exploration and evaluation assets;
- Notes 7 - fair value of share-based payment and warrants;
- Note 11 - recoverability of deferred income tax assets.

Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements, unless otherwise indicated.

(a) Financial instruments:

(i) Non-derivative financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and taxes receivable.

Cash and cash equivalents comprise cash balances and short-term investments with original maturities of three months or less from the acquisition date or that can be cashed at any time.

Cash and cash equivalents include proceeds of flow-through financing not yet expensed. The Company must use these funds for exploration of mining properties in accordance with restrictions imposed by those financing. For the purpose of the cash flow statements, proceeds from flow-through financing are incorporated as part of the investment activities.

(ii) Non-derivative financial liabilities:

The Company classifies its accounts payable and accrued liabilities as financial liabilities, which are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Fair value of financial instruments:

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring entities to develop its own assumptions.

(b) Mining properties and exploration and evaluation assets:

Mining properties correspond to acquired interests in mining exploration permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred.

Significant accounting policies (continued):

(b) Mining properties and exploration and evaluation assets (contined):

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or abandoned.

Costs incurred include appropriate technical and administrative overheads as well as borrowing costs related to the financing of exploration activities. Mining properties and exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing mining properties and exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

(c) Impairment:

(i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets:

The carrying amounts of equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

Significant accounting policies (continued):

(c) Impairment (continued):

(ii) Non-financial assets:

If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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 asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(d) Provision:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(e) Finance income and finance costs:

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Interests received and interests paid are classified under operating activities in the statement of cash flows.

(f) Share capital and warrants:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as an increase to deficit, net of any tax effects.

Significant accounting policies (continued):

(f) Share capital and warrants (continued):

Flow-through shares

The Canadian tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through share issues.

At the time of the share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability for flow-through shares obligation. The Company estimates the fair value of the obligation using the residual method, i.e. by comparing the price of the flow-through share to the quoted price of common share at the date of the financing announcement.

A company may renounce the deductions for tax purposes under either what is referred to as the "general" method or the "look-back" method.

When tax deductions are renounced under the general method, and the Company has the expectation of renouncing and has capitalized the expenditures during the current year, then the entity records a deferred tax liability with the corresponding charge to income tax expense. The obligation is reduced to zero, with a corresponding income recorded.

When tax deductions are renounced under the look-back method, the Company records a deferred tax liability with a corresponding charge to income tax expense when expenditures are made and capitalized. At that time, the obligation would be reduced to zero, with a corresponding income recorded.

Warrants

Warrants are classified as equity when they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments; otherwise they are classified as liabilities.

When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes pricing model, the residual value being allocated to shares.

(g) Share-based payments:

The grant date fair value of share-based payment awards granted to employees, directors, consultants and brokers is recognized as an expense, with a corresponding increase in contributed surplus, over the period during which the participants unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Significant accounting policies (continued):

(g) Share-based payments (continued):

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

(h) Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from business combinations and transactions recognized in equity. Therefore, when deferred taxes relate to equity items, a backwards tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in unrecognized tax assets) that should be recorded in equity. For this purpose, the accounting policy of the Company is to first allocate changes in the recognition of deferred tax assets based on their expected maturity date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Significant accounting policies (continued):

(i) Refundable credit on mining duties and refundable tax credit related to resources:

The Company is eligible for a refundable credit on mining duties under the *Quebec Mining Duties Act*. This refundable credit on mining duties is equal to 7.5% (12% before March 30, 2010) of expenses incurred for mining activities in Quebec. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or rather to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12 *Income Taxes*, which generates at the same time a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded as a government grant under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets.

Currently, it is not management's intention to go into production in the future, as such, credit on mining duties are recorded in compliance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 38.75% of the amount of eligible expenses incurred and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credits for mining duties recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. They are recognized in profit or loss on a systematic basis over the useful life of the related assets.

(j) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and share options granted.

(k) New standards, interpretations and amendments issued but not yet effective:

Annual improvements to IFRS:

The improvements to IFRS 2010 are the result of the IASB's annual improvements project. This project has involved the IASB accumulating, throughout 2010, those improvements believed to be non-urgent, but necessary, and processing the amendments collectively. Effective dates, early application and transitional provisions are dealt with on a standard-by-standard basis with the majority of the amendments effective for periods beginning on or after January 1, 2011, with early adoption permitted. The Company has adopted and reflected applicable amendments in these condensed interim financial statements.

Significant accounting policies (continued):

(k) New standards, interpretations and amendments issued but not yet effective:

The following new standards, interpretations and amendments have been issued but are not yet effective and therefore have not been applied in preparing these financial statements:

(i) IFRS 7 Financial Instruments: disclosures:

In October 2010, the IASB issued amendments to IFRS 7 *Disclosures – Transfers of Financial Assets* which will be effective for annual periods beginning on or after January 1, 2012.

These amendments clarify the disclosures in regards to the transfer of financial assets not derecognized in their entirety and for which there is continuing involvement. The extent of the impact of adoption of this new standard has not yet been determined

(ii) IFRS 9 Financial instruments:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

As part of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets;
- establishes two primary measurement categories for financial assets: amortized cost and fair value;
- prescribes that classification depends on entity's business model and the contractual cash flow characteristics of the financial asset;
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

The extent of the impact of adoption of this new standard has not yet been determined.

(iii) IFRS 11 Joint Arrangements:

In May 2011, the IASB issued IFRS 11 *Joint Arrangements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it shall also apply IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) at the same time.

IFRS 11 replaces the guidance in IAS 31 *Interests in Joint Ventures*.

Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on July 1, 2013. The extent of the impact of adoption of IFRS 11 has not yet been determined.

Significant accounting policies (continued):

(k) New standards, interpretations and amendments issued but not yet effective (continued):

(iv) IFRS 13 Fair Value Measurement:

In May 2011, the IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income.

IFRS 13 explains how to measure fair value when it is required or permitted by other IFRS. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on July 1, 2013. The Company does not the amendments to have a material impact on the financial statements, because of the nature of the Company's interests in other entities.

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES

Risks and Uncertainties

The acquisition of securities of the Company should be considered highly speculative with important risks of which, but not limited to:

The Company's activities are exposed to financial risks: market risk, credit risk and liquidity risk.

Fair value of financial instruments

The carrying amounts of short-term financial assets and liabilities, which include cash and cash equivalent and taxes receivables approximate their fair values due to the immediate or short-term maturities of these financial instruments.

Risk exposure and management

The Company is exposed to a certain amount of risks at different levels. The type of risk and the way the exposure is managed are described hereafter.

Risks and Uncertainties (continued)

Risk exposure and management (continued)

(i) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash equivalents bear interest at fixed rate to 1.30% per year. In relation with those items, there is no exposure to fair value variation due to the fact that they are redeemable at any time. The other financial assets and liabilities of the Company do not represent interest risk because they are without interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Currency risk:

The Company is not exposed to currency fluctuations as all transactions up to now have occurred in Canadian dollars.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they fall due.

The Company manages liquidity risk through the management of its capital structure, as outlined in note 16. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

At the end of the three-month period ended September 30, 2011, all of the Company's financial liabilities had contractual maturities of less than one year. As at September 30, 2011, the Company had $1,233,686 in cash and cash equivalents ($1,092,699 as at June 30, 2011) to meet its financial liabilities and future financial liabilities from its commitments; and also had $2,745,595 ($4,000,000 as at June 30, 2011) of funds reserved for exploration.

(iii) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents. Financial instruments which potentially expose the Company to credit risk mainly consist of cash and cash equivalents. The credit risk on cash and term deposit is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Also, as the majority of its receivables are from the governments of Quebec and Canada in the form of sales taxes receivable, the credit risk is minimal.

Properties titles

According to the mining law and regulations of the Province of Quebec, the Company, to renew its claims, must do a minimum of exploration expenditures and pay to the Quebec government, a rent per claim, for every 2 year renewal period. The next renewals to come between the date of this MD&A and June 30th, 2012 cover 553 claims. While the required exploration expenditures has already been done for the renewal of most of these claims for an additional 2 year period, mining rights in the amount of $28,451 will have to be paid.

Additional financing

In the future, additional funds will be required to finance the exploration or development work on the Company's properties, to pay for the renewal of the claims forming the properties and to cover the costs of managing the Company. The main sources of funds available to the Company are the issuance of additional shares, the borrowing of money or the sale of interests in its properties. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

Conditions of the industry in general

The exploration and development of mineral resources involves significant risks that even an allied neat evaluation with experiment and know-how cannot avoid. Although the discovery of a deposit can prove extremely lucrative, few properties where exploration and development work are carried out become producing mines thereafter. Important expenditures are necessary to establish ore reserves, to work out the metallurgical processes and to build the mining plant on a particular site. It is impossible to provide assurance to the effect that the exploration and development programs contemplated by the Company will generate a profitable mine.

Economic viability of a mineral deposit depends on many factors, of which some are due to the particular characteristics of the deposit, in particular its size, its content and its proximity with the infrastructures as well as the cyclic character of the prices of metals and the governmental regulations, the royalties, the limits of production, the import and export of minerals and the protection of the environment. The impact of these factors cannot be evaluated in a precise way, but their effect can make so that the Company does not provide an adequate return of the funds invested.

The mining activities comprise a high level of risks. The activities of the Company are subject to all the dangers and the risks usually dependent on the exploration and the development, including the unusual and unforeseen geological formations, explosions, collapses, floods and other situations which can occur during drilling and the removal of material and of which any could cause physical or material or environmental injuries and, possibly, legal responsibility.

Governmental regulation

The activities of the Company are subject to various federal, provincial and local laws, which relate to the exploration and development, taxes, standards of work, diseases and the occupational safety, the safety in mines, toxic substances, the protection of the environment and others. The exploration and the development are subject to legislative measures and lawful with the federal, provincial and local levels relating to the protection of the environment.

Governmental regulation (continued)

These laws impose high standards on the mining industry, in order to control the rejects of waste water and to force the participants to account for such controls to the lawful authorities, to reduce or eliminate the impact that are generated by certain production activities; extraction and of treatment and which are later on deposited on the ground or are rejected into the air or the water, to complete work of restoration of the mining properties, to control dangerous waste and materials and to reduce the risk of industrial accidents. The defect to conform to the above-mentioned legislative measures can involve important fines and other penalties.

Risks of lawsuits and no insurable risks

The Company could be held responsible for pollution or for other risks against which it could not be insured or against which it could choose not to be insured, being given the high cost of the premiums or for other reasons. The payment of sums in this respect could involve the loss of the assets of the Company.

Conflicts of Interest

Some of the directors and officers of the Company are engaged as directors or officers of other corporations involved in the exploration and development of mineral resources. Such engagement could result in conflict of interest. Any decision taken by these directors and officers and involving the Company will be in conformity with their duties and obligations to compromise in an equitable way and in good faith with the Company and these other corporations. Moreover, these directors and officers will declare their interest and will abstain to vote on any question which could give place to a conflict of interest.

Permits, licences and authorizations

The activities of the Company require obtaining and maintaining permits and licences from various governmental authorities. The Company considers that it holds all the permits and licences required for its activities; it currently carries on, in accordance with the relevant laws and by-laws. Changes brought to the by-laws could affect these permits and licence. Nothing guarantees that the Company can obtain all the permits and all the necessary licences in order to continue its mining activities, to build mines or mining plants and to begin the exploitation of its exploration properties. Moreover, if the Company begins the exploitation of an exploration property, it will have to obtain the necessary permits and licences and to conform to all the required obligations concerning the use of water, removal of waste etc. It cannot be guaranteed that the Company will be able to obtain these permits and licences, nor that it will be able to conform to their requirements.

Dependence on the management

The Company is dependent towards certain persons of its management. The loss of their services could have an unfavourable impact on the Company.

Territorial claims

The properties in which the Company holds an interest are not currently subject to territorial claims on behalf of first nations. No insurance can however be provided to the effect that such will not be the case in the future.

Price of metals

The price of the common shares, financial results of the Company like its exploration and development activities; could undergo in the future, important negative effects because of the fall of the prices of metals, resulting in an impact on the capacity of the Company to finance its activities. The prices of metals fluctuate in an important way and are tributary to various factors which are independent of the will of the Company, such as the sale or the purchase of metals by various brokers, central banks and financial institutions, the rates of interest, foreign exchange rates, the rates of inflation, of deflation, the fluctuations in the value of the Canadian dollar and the currencies, the regional and world offer and demand, the economic conjuncture and policy which prevails in the countries of the world which are large metal producers. The prices of metals largely fluctuated these last years and any serious fall could prevent the continuation of the development activities of the properties of the Company.

Additional Information and Continuous Disclosure

This MD&A was prepared as of November 25th, 2011. Additional information, including the technical reports mentioned herein, can be found on the website www.sedar.com.

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