



Form 51-102F1 - Management's Discussion and Analysis

For the Year ended July 31, 2011

Dated November 18, 2011

The following discussion of the operating results and financial position of the Company should be read in conjunction with the audited consolidated financial statements and related notes for the year ended July 31, 2011.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future exploration activities and events or developments that the Company expects are forward-looking statements.

Forward-looking statements are usually identified by our use of certain terminology, including "will", "believes", "may", "expects", "should", "anticipates", or "intends" or by discussions of strategy or intentions. 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 market prices, exploration successes, and 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.

OVERALL PERFORMANCE

In January 2011, the shareholders approved a corporate decision to reorganize the Company under the name Nubian Resources Ltd., and to consolidate the common stock at one new share of Nubian for five old shares of ICS Copper Systems Ltd.

The Company is a junior mineral exploration company whose mission is to create value for our shareholders by discovering and developing mineral resources that can be profitably exploited.

The Company's prime focus will be on precious metals and the Company's goal is to develop properties with an economical resource equivalent of a minimum of 1 Million ounces of "inferred and indicated" gold within 2 to 3 years, of which a minimum of 50% shall be in the "indicated" category.

Opportunities outside the precious metal sector, including existing copper and other base metal properties and properties with less potential, are to be developed in conjunction with joint venture partners specialized in the respective metal and location, while Nubian retains an interest in cash-flow and property.



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Head office costs and cost of Board and Management will be kept within industry standards, with additional incentive through options and bonuses rewarding Board and Management for higher share price and value created in spin and sell off situations.

On September 21, 2010, the Company sold all of its remaining mining equipment to a Zambian company for USD \$1,500,000. Repayments totaling USD \$450,000 have been received to date. Further monthly payments will be made over an 18 month period. Title to the plant will only pass to the purchaser upon full payment of the outstanding balance.

On August 19, 2010, the Company signed a lease agreement with a U.S. company to acquire lease rights over 100% of the Excelsior Springs gold property in Esmeralda County, Nevada, USA. Under the agreement, the Company will pay for all BLM and state fees and lease payments of USD \$32,000 in year 1, USD \$37,000 in year 2, and USD \$42,000 in year 3. Furthermore, a 2% Net Smelter Royalty will be payable upon gold production.

On March 28, 2011, the Company has signed an option agreement with Paradigm Minerals USA Corporation, a wholly owned subsidiary of Global Geoscience Ltd, an Australian public company, for Paradigm to earn a 70% interest in the Excelsior Springs gold property by paying Nubian USD \$100,000 and spending USD \$3 million on exploration over four years. Paradigm will solely fund and manage all exploration and property related costs during the option phase. Nubian has received USD \$50,000 on signing and will receive a further USD \$50,000 once Paradigm exercises its option interest in the property within the four year period.

On October 31, 2011, the Company purchased 217 unpatented mining claims on nine properties in Nevada, Idaho, Montana and New Mexico, USA for total consideration of USD \$260,000 of which USD \$100,000 was paid on closing, and the balance is payable in monthly installments over 36 months, including interest at 2.5% per annum. To fund the closing costs, the Company has issued convertible notes totaling \$130,000 to its directors and officers. The notes will have a term of two years, bear interest at 10% per annum compounded and payable annually, and be convertible at the option of the holder into common shares at a price of \$0.18 per share. These properties include the aforementioned Excelsior Springs and Worthing Canyon properties and are more fully described in the following section.



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OVERVIEW OF PROPERTIES

Leased Nevada properties

a) Excelsior Springs Project, Esmeralda County

The Excelsior Springs project comprises granted mining claims covering an area of 3.5 square kilometers and includes the historic Buster mine which has past production of about 15,000 tonnes at 37 grams per tonne to a maximum depth of 70 metres.

Excelsior Springs is located in the Walker-Lane tectonic zone of southern Nevada, which hosts a number of large gold mines. Total gold productions from the zone exceeded 20 million ounces with notable deposits including Goldfield (5Moz), Bullfrog (2Moz), Tonopah (2Moz), Mineral Ridge (1.5Moz) and Comstock (8Moz Au, 200Moz Ag).

The Excelsior Springs property covers a 3km long, 300m wide zone of gold mineralization hosted by altered limestone and calcareous sediments. Systematic exploration over the property by Nubian has been restricted to 236 surface rock chip samples, most of which were collected after completion of the most recent drilling. The rock chip results define four separate areas of mineralization with values between one g/t gold and 20g/t gold. Only one of these four areas, the Buster mine, has been drilled.

At the Buster mine Reverse Circulation (RC) percussion drilling has been undertaken over a strike length of 300m and depths up to 120m. Most of the holes that targeted the main mineralized zone intersected gold mineralization.

On March 28, 2011, the Company sold an option to earn a 70% interest in the property to a wholly-owned subsidiary of Global Geoscience Ltd. (Global), a public company listed on the Australian Securities Exchange.

Global is presently exploring the property with a view to obtaining a 70% stake after expenditure of US\$3 million, leaving Nubian a 30% interest. Global have said they plan to complete about 2,000m of RC drilling to follow-up a number of significant prior drill intersections and to test new targets identified since acquiring the project, which have not been previously drill tested. Several holes are planned in the Buster zone where there are



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OVERVIEW OF PROPERTIES

Leased Nevada Properties (Continued)

promising intersections at shallow depths. Significant intersections include: EX02: 33m at 2.7g/t Au from 70m including 18m at 4.7g/t Au; EX13: 15m at 2.5g/t Au from 0m; EX18: 6m at 5.4g/t Au from 43m and EX30: 47m at 1.5g/t Au from 71m including 7.6m at 3.9g/t Au, 8g/t Ag. Since entering into an agreement on the Excelsior project in March 2011, Global has completed extensive surface work including a 3 km² Induced Polarization (IP) geophysical survey, geological mapping, re-logging drill chips and the collection of more than 800 geochemical samples. This work has led to the identification of three new targets – none of which have been drilled previously. Once drilling is complete a new NI 43 101 report will be prepared with estimated, classified, resources and a scoped mine plan.

b) Blair Junction Gold Project

The Company owns 10 unpatented claims in a gold project in Mount Diablo Meridian, Esmeralda County, Nevada. It is presently leased out.

c) Dunfee Gold Project

The Company owns 22 unpatented claims in a gold project in Gold Point Mining District, Esmeralda County, Nevada. It is presently leased out.

The expected annual lease revenues from the leased Nevada properties over the next five years are as follows:

2012	\$	54,000
2013		125,000
2014		130,000
2015		155,000
2016		<u>155,000</u>
	\$	<u>619,000</u>



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OVERVIEW OF PROPERTIES (Continued)

Unleased Nevada properties

i) Palmetto Silver-Gold Project

The Company owns 2 unpatented claims in Esmeralda County.

ii) Leach Hot Springs Gold-Silver Project

The Leach Hot Springs property consists of four claims, being acquired by Nubian from Timber Wolf Minerals Ltd., 15 km NE of the Goldbanks mercury mine, Pershing County, Nevada. There are no current claim maps, but the property was extensively drilled (~20 holes), in 2004 by Newmont Exploration: results are not known.

iii) Enright Hill Gold-Silver Project

The Enright Hill property consists of four claims in the Hicks District, 16 km NE of Mountain City, 48 km NNE of Wildhorse Reservoir, in Elko County, about 130 km north of Elko City, Nevada.

Other Lease-type Properties

Copper Hills Gold Project New Mexico

The Company owns a "lease-type" sales agreement on 10 unpatented claims in Socorro County, New Mexico.

Payments to be received commence at \$7,000 per annum in 2012 and increase annually over the next 7 years until a total of \$529,500 has been received.



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OVERVIEW OF PROPERTIES (Continued)

Other Unleased U.S. Properties

a) **Worthing Canyon Lead-Zinc-Silver-Gold Property, Idaho**

The Company owns 18 unpatented claims in a lead-zinc-silver-gold prospect in Birch Creek Mining District, Lemhi County, Idaho.

b) **Pipestone Gold-Silver Property, Montana**

The Company owns 4 unpatented claims in a gold-silver prospect in Jefferson County, Montana, which was staked in November 2010.

DISCONTINUED OPERATIONS

The Company was engaged in the business of mineral exploration in Zambia and the Democratic Republic of Congo ("DRC"), Africa to locate and develop economically recoverable mineral reserves. The Company substantially discontinued operations in Africa during 2010.

Although not reflected in the financial statements, the company still own interests in Luapula Minerals, a Zambian copper project, and Bayombwe a DRC gold project. The Company is actively seeking joint venture partners for these assets.



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SELECTED ANNUAL INFORMATION

The Company was incorporated on October 28, 2004 and commenced operations on or about May 1, 2006. The Company was a private company until May 2, 2007.

The following table provides a brief summary of the Company's financial operations for the fiscal years ended July 31 and should be read in conjunction with the Company's audited consolidated financial statements for the most recently completed financial year:

	<u>2011</u>		<u>2010</u>		<u>2009</u>
Sales	\$ -		\$ -		\$ -
Net Loss and Comprehensive Loss	\$ (471,714)		\$ (1,171,961)		\$ (9,317,430)
Net loss per share (basic and fully diluted)	\$ (0.07)		\$ (0.18)		\$ (1.57)
Total Assets	\$ 1,262,050		\$ 1,559,939		\$ 2,709,981
Long Term Financial Liabilities	\$ -		\$ -		\$ -
Cash Dividends per share	\$ -		\$ -		\$ -

RESULTS OF ANNUAL OPERATIONS

During the year ended July 31, 2011, the Company's net loss from operations was \$471,714. The loss included significant expenditures as follows: investors' relations and promotion expenses of \$42,595; travel and accommodation expenses of \$40,872; management fees of \$76,128; salaries and employee benefits of \$83,866; stock-based compensation of \$60,040; professional fees of \$38,647; consulting and filing fees of \$24,151, and a loss from discontinued operations of \$48,630.



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SUMMARY OF QUARTERLY RESULTS

	Quarter ended July 31, 2011	Quarter ended April 30, 2011	Quarter ended January 31, 2011	Quarter ended October 31, 2010
Sales	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Loss from from continuing operations (1)	\$ (101,191)	\$ (95,547)	\$ (95,012)	\$ (131,334)
Loss per share from continuing operations - basic & fully diluted (1)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Net income (loss)	\$ (215,022)	\$ (77,023)	\$ (67,214)	\$ (112,455)
Net loss per share - basic & fully diluted	\$ (0.03)	\$ (0.01)	\$ (0.01)	\$ (0.02)

	Quarter ended July 31, 2010	Quarter ended April 30, 2010	Quarter ended January 31, 2010	Quarter ended October 31, 2009
Sales	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Loss from continuing operations (1)	\$ 51,683	\$ (77,540)	\$ (168,610)	\$ (120,756)
Loss per share from continuing operations - basic & fully diluted (1)	\$ 0.01	\$ (0.02)	\$ (0.02)	\$ (0.02)
Net income (loss)	\$ 54,005	\$ (928,392)	\$ (162,117)	\$ (135,457)
Net loss per share - basic & fully diluted	\$ 0.01	\$ (0.20)	\$ (0.02)	\$ (0.02)

(1) Quarterly information has been restated for comparative purposes to recognize the discontinued operations related to the Company's interests in Zambia and the DRC.



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LIQUIDITY AND CAPITAL RESOURCES

During the year ended July 31, 2011, the Company's capital resources were primarily limited to the short-term investments remaining from previous share issuances.

As at July 31, 2011, the Company had current assets of \$833,177 and working capital of \$666,201.

To date the Company has relied entirely upon the sale of common shares to generate working capital for exploration activities and to fund the administration of the Company. Since the Company does not expect to generate any significant revenues in the near future, it will continue to rely primarily upon sale of common shares or debt to raise capital. There can be no assurance that financing will be available to the Company when required. Subsequent to the year-end, the Company has issued \$130,000 of convertible debt to its directors and officers.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off balance sheet arrangements or transactions.

FOURTH QUARTER

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.



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RELATED PARTY TRANSACTIONS

The Company had the following amounts due to related parties as of July 31, 2011 and 2010, and incurred the following transactions with related parties during the years then ended:

- a) Paid management and consulting fees to directors and officers of the Company in the amount of \$64,875 (2010 - \$63,675).
- b) Reimbursed vehicle lease and operating costs of a former director and officer of the Company in the amount of \$1,487 (2010 - \$2,300).
- c) In 2006, the Company acquired mining equipment from a company controlled by a former director and officer of the Company having a carrying value of \$555,944. The acquisition was financed by an unsecured 4.5% interest-bearing loan, with no fixed terms of repayment. As at July 31, 2010, the balance of the loan was \$100,000, net of \$80,000 amount that was forgiven in the year ended July 31, 2010. During the year ended July 31, 2011, the Company received a further advance of \$24,500 from the former officer and director and repaid a total of \$68,223. Accordingly the balance owing to the related company as of July 31, 2011 was \$56,277 (2010 - \$100,000). Interest paid on the loan amounted to \$3,330 (2010 - \$7,800).
- d) During the year ended July 31, 2011, the Company received and repaid advances from directors of the Company in the amount of \$25,000 (2010 - \$70,000). The advances were unsecured, non-interest bearing and had no fixed terms of repayment.
- e) At July 31, 2011, the Company has unpaid accrued salary and management fees to directors in the amount of \$23,000 (2010 - \$4,847). Of this balance, \$10,000 was paid out on August 31, 2011, and the balance on October 31, 2011.

Transactions with related parties were in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration agreed to and established by the related parties.



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CRITICAL ACCOUNTING ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations, including the discussion on liquidity and capital resources, are based on its financial statements that have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the impairment of long-lived assets. Management bases its estimates and judgments on historical experiences, contractual arrangements and commitments and on various other assumptions that it believes are reasonable in the circumstances. Changes in these estimates and judgments will impact the amounts recognized in the financial statements and the impact may be material. Management believes the following critical accounting policies require more significant estimates and judgments in the preparation of the consolidated financial statements:

Impairment of Long-lived Assets – Long-lived assets includes equipment and mineral properties. The Company periodically evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when estimated future cash flows resulting from the use of an asset and its eventual disposition is less than its carrying amount.

A mining enterprise in the exploration stage is not obliged to conclude that capitalized costs have been impaired due to the absence of a projected estimated future net cash flow from the mining enterprise. Mineral properties in the exploration stage do not have established mineral reserves and a basis for the preparation of a projection of the estimated future net cash flow from the properties does not exist. However, a mining enterprise is required to consider the conditions for impairment write-down. The conditions include unfavourable exploration results and significant unfavourable economic, legal, regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount.

Mineral property interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on the nature and amount of recent exploration amounts



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CRITICAL ACCOUNTING ESTIMATES

Impairment of Long-lived Assets (Continued)

expensed, management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded. Although management believes that estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2006, the Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to apply IFRS. The changeover is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011, will require the restatement of comparative amounts reported by the Company for the year ending July 31, 2011.

The Company has developed an IFRS changeover plan to identify and implement the changes necessary to report under the new standards. The plan includes assessing the impact of IFRS on financial reporting systems, accounting policies, disclosure controls and procedures, business activities, internal control over financial reporting, tax planning, and the knowledge of key personnel. The Company has completed an initial high level assessment to identify the required accounting policy changes on adoption of IFRS, but has not yet quantified the impact of the transition on its consolidated financial condition. The Company is completing a more detailed assessment to assist in the full adoption of IFRS.



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INTERNATIONAL FINANCIAL REPORTING STANDARDS("IFRS") (continued)

The Company's initial high level assessment identified significant differences between existing Canadian GAAP and IFRS but has determined that no significant changes will be required to financial reporting systems, business activities, internal control over financial reporting, or tax planning. Some disclosure controls and procedures will, however, need to be changed, for example, to address reporting of first time adoption as well as ongoing new IFRS reporting requirements. These changes will require training of key personnel. There will also be both optional and required changes made to certain accounting policies upon adoption of IFRS. These changes may result in material changes to financial results or financial position. Additionally, it is expected that the amount of required financial statement disclosure will increase substantially. The certifying officers plan to complete the design and initially evaluate the effectiveness of these controls in order to prepare for certification under IFRS in 2011.

The Company operates in Canada. Training of Company personnel, where required, has started and will continue through 2011. This training is being conducted via attendance at seminars specifically designed for Canadian companies converting to IFRS. The Audit Committee members will continue to receive quarterly IFRS presentations and project status updates from management.

As the Company has no debt covenants, executive compensation arrangements or other contracts that depend on financial information, there will be no changes required to business activities as a result of the change to IFRS.

Areas of potential differences between Canadian GAAP and IFRS that have been identified to date include the following:

a) Foreign currency translation

Canadian GAAP uses the concept of integrated and self-sustaining foreign operations in order to determine how to translate financial information denominated in foreign currencies.

IFRS uses the functional currency concept. Under this method, the currency of the primary economic environment in which the entity operates is used to determine the method of measuring foreign currency translation.



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INTERNATIONAL FINANCIAL REPORTING STANDARDS("IFRS") (continued)

b) Property, plant and equipment

The Company's property, plant and equipment is recorded at cost under Canadian GAAP.

IFRS 1 allows companies to elect fair value as the deemed cost of an individual asset at the date of transition.

IFRS requires a component approach, separately identifying and measuring significant individual components of assets which have different useful lives. Significant components will be depreciated based on their individual useful lives.

c) Exploration for and the evaluation of mineral resources

Costs incurred in the exploration and evaluation of its mineral property interests are expensed until the Company reaches the development stage at which point the Company will commence capitalization of development costs. IFRS does not give guidance on the treatment of these costs. IFRS allows a company to set its accounting policy to expense or capitalize the costs incurred in the acquisition, exploration, evaluation and development of mineral resources. The Company's accounting policy is likely to be maintained through transition with no differences anticipated.

d) Impairment of long-lived assets

In evaluating the Company's long-lived assets which include its mineral property interests for recoverability, undiscounted future cash flows are used to perform the test. Recoverability is evaluated whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value, with a corresponding charge to operations, are recorded to the extent that the estimated discounted future net cash flows are less than the carrying value.

IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss). IFRS requires reversal of impairment losses where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.



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INTERNATIONAL FINANCIAL REPORTING STANDARDS("IFRS")

d) Impairment of long-lived assets (continued)

Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as a part of a Cash Generating Unit.

Impairment testing under IFRS is performed using two new valuation methods – value in use and fair value less cost to sell.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Audit Committee and the Board of Directors of the Company recognize the need to hire additional staff to ensure segregation of duties as the operations of the Company expand. The responsible Certifying Officers monitor very closely all financial transactions of the Company.

When complex accounting and technical issues arise during the preparation of financial statements, outside consulting expertise is engaged. The Company is in the process of documenting and implementing necessary policies and procedures in place to minimize internal control and financial reporting risks that currently exist. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

The Chief Executive Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with generally accepted accounting principles in Canada as of July 31, 2010, have not identified any changes to the Company's internal control over financial reporting which would materially affect, or is reasonably likely to materially affect the Company's internal control over financial reporting.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, short-term investments, receivables, accounts payable and accrued liabilities, and due to/from related parties. The terms are fully disclosed in the Company's financial statements. It is management's opinion that the Company is not exposed to significant currency, credit or interest risks from its financial instruments. The fair value is the carrying value unless otherwise noted.



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ADDITIONAL INFORMATION

Share Capital

a) Authorized

Unlimited number of Class "A" voting Common shares without par value

Unlimited number of Preferred shares without par value (none issued)

b) Issued

On October 8, 2009 the Company closed a non-brokered private placement of 200,000 units at \$0.50 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one transferable share purchase warrant entitling the holder to purchase one share for a period of three years at a price of \$0.60 to \$1.00 per share.

On October 28, 2009 the Company closed a non-brokered private placement of 210,000 units at \$0.50 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one transferable share purchase warrant entitling the holder to purchase one share for a period of three years at a price of \$0.60 to \$1.00 per share. A financing fee of \$5,000 was paid in connection with this private placement.

On December 1, 2009 the Company closed a non-brokered private placement of 200,000 units at \$0.50 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one transferable share purchase warrant entitling the holder to purchase one share for a period of three years at a price of \$0.60 to \$1.00 per share.

On December 6, 2010 the Company closed a non-brokered private placement of 625,000 units at \$0.40 per unit for gross proceeds of \$250,000. Each unit consisted of one common share and one transferable share purchase warrant entitling the holder to purchase one share for a period of three years at a price of \$0.50 to \$0.75 per share. The warrants are subject to accelerated expiry if common shares trade at or above \$1.00 in any 20 consecutive trading day periods ending after the date that is four months and a day after the closing.



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Share Capital (Continued)

c) Share Purchase Warrants

A summary of the changes in warrants to acquire an equivalent number of shares for the years ended July 31, 2011 and 2010 was as follows:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance July 31, 2009	550,000	\$ 2.50
Granted	610,000	0.80
Expired	(550,000)	2.50
	<hr/>	
Balance July 31, 2010	610,000	0.80
Granted	625,000	0.63
	<hr/>	
Balance July 31, 2011	<u>1,235,000</u>	<u>\$ 0.71</u>

The Company had outstanding share purchase warrants as at July 31, 2011 as follows:

NUMBER OF WARRANTS	EXERCISE PRICES	EXPIRY DATE
200,000	\$ 0.60 - \$ 1.00	October 8, 2012
210,000	\$ 0.60 - \$ 1.00	October 28, 2012
200,000	\$ 0.60 - \$ 1.00	December 1, 2012
625,000	\$ 0.50 - \$ 0.75	December 8, 2013
<hr/> <u>1,235,000</u> <hr/>		



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Share Capital (Continued)

d) Stock Options

The Company has a stock option plan that provides for the issuance of compensatory options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time. Options granted under the plan may have a maximum term of ten years. Terms of the vesting period over which the options are earned is determined by the Board of Directors.

A summary of the changes in stock options to acquire an equivalent number of shares for the years ended July 31, 2011 and 2010 was as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, July 31, 2009	480,000	\$ 0.50
Expired	(225,000)	\$ 0.50
Granted	<u>75,000</u>	<u>\$ 0.50</u>
Balance, July 31, 2010	330,000	\$ 0.50
Expired	(20,000)	\$ 0.50
Granted	<u>220,000</u>	<u>\$ 0.50</u>
Balance, July 31, 2011	<u>530,000</u>	<u>\$ 0.50</u>



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Share Capital (Continued)

d) Stock Options (Continued)

On January 6, 2010, 75,000 stock options were issued to a director. These options have a 10 year life and were fully vested on issuance.

On August 27, 2010, 50,000 stock options were issued to a new director and a further 170,000 stock options were issued to existing directors and officers. These options have a 10 year life and were fully vested on issuance.

Subsequent to July 31, 2011, on August 4, 2011, 50,000 stock options, with an exercise price of \$0.50 were issued to a new director. These options have a 10 year life and were fully vested on issuance.

The company had outstanding stock options as of July 31, 2011 as follows:

NUMBER OF OPTIONS	NUMBER OF OPTIONS EXERCISABLE	EXPIRY PRICE	EXPIRY DATE
130,000	130,000	\$ 0.50	May 8, 2012
105,000	105,000	\$ 0.50	May 20, 2014
75,000	75,000	\$ 0.50	January 6, 2015
220,000	220,000	\$ 0.50	August 27, 2020
<u>530,000</u>	<u>530,000</u>		

As of July 31, 2011 the weighted average remaining contractual life of the options was 5.0 years (2010 – 3.1 years).

Stock based compensation in the amount of \$60,040 (2010 - \$39,177) was recorded based on the stock options granted during the year. The fair value of the options granted was estimated using the following assumptions: Exercise Price – \$0.50 (2010 - \$0.50); Expected Life - Ten Years; Volatility 230% – (2010 - 228%); Risk-Free Interest Rate – 2.9%(2010 – 2.8%); and Dividend Yield – \$Nil (2010 - \$Nil).



Form 51-102F1 - Management's Discussion and Analysis

For the Year ended July 31, 2011

Dated November 18, 2011

SUBSEQUENT EVENTS

On October 31, 2011, the Company purchased 217 unpatented mining claims on nine properties in Nevada, Idaho, Montana and New Mexico, USA for total consideration of USD \$260,000 of which USD \$100,000 was paid on closing, and the balance is payable in monthly installments over 36 months, including interest at 2.5% per annum. To fund the closing costs, the Company has issued convertible notes totaling \$130,000 to its directors and officers. The notes will have a term of two years, bear interest at 10% per annum compounded and payable annually, and be convertible at the option of the holder into common shares at a price of \$0.18 per share. These properties include the aforementioned Excelsior Springs and Worthing Canyon properties.

OTHER INFORMATION

Additional information relating to the Company can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) database at www.sedar.com