



300 – 555 West Georgia Street, Vancouver, B.C. Canada V6B 1Z6
T (604)681-3170, F (604)681-3552, info@opawica.com
www.opawica.com

OPAWICA EXPLORATIONS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2011

This report provides a discussion and analysis of the financial condition and results of operations (“Management’s Discussion and Analysis”) to enable a reader to assess material changes in financial condition between August 31, 2011 and August 31, 2010 and results of operations for the years ended August 31, 2011 and August 31, 2010, as well as forward-looking statements relating to the potential future performance. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below. This Management’s Discussion and Analysis has been prepared as of **December 29, 2011** (“Report Date”). This Management’s Discussion and Analysis is intended to supplement and complement the audited financial statements and notes thereto for the year ended August 31, 2011 (collectively the “Financial Statements”). You are encouraged to review the Financial Statements in conjunction with your review of this Management’s Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management’s Discussion and Analysis and such notes are incorporated by reference herein.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

1. CORE BUSINESS

Opawica Explorations Inc. is a junior exploration company actively engaged in the acquisition, exploration and development of mineral resource properties. The Company trades on the TSX Venture Exchange under the symbol OPW. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

As at the date hereof, the Company owns a 100% interest in each of the following mineral resource properties in Ontario and Yukon Territory, Canada:

- **Maybrun-Atikwa Lake Property** – copper-gold project located 120 km southeast of Kenora, Ontario with published resource estimates in NI 43-101 technical reports dated August 31, 2009 and August 16, 2010 filed on SEDAR at www.sedar.com.
- **Whitesides-Carscallen Properties** – 11 mining tenements with gold and base metals prospects in the Whitesides and Carscallen townships, situated in West Timmins, Ontario.
- **Yukon Bro Property** – massive sulphide, silver, lead, zinc property with exploration potential for gold and copper, located 120 km southeast of Faro, Yukon Territory.

1.1 Sale of Dingman Property to Upper Canada Gold Corporation (“UCC”)

On January 29, 2010, the Company completed the sale of its interest in the Dingman Gold Property (including its interest in the mining claims, surface agreements and royalty buy back agreements) to Upper Canada Gold Corporation (“UCC”, formerly Washmax Corporation) for the aggregate

consideration of \$40,000 cash and 11,744,752 post-consolidated common shares of UCC, representing 37% of basic issued and outstanding capital of UCC. The Company is deemed to have “significant influence” over UCC. These shares are subject to the TSX-V escrow policy pertaining to value escrow shares which provides for the release of the 11,744,752 UCC shares at 10% on closing (1,174,475 shares) and 15% released every six months (1,761,713 shares) thereafter within a 36 month aggregate period. As of the date of this report, the Company holds 5,385,852 shares of UCC, which represents 15.0% of UCC’s interest.

UCC owns 100% of the Dingman gold-aggregate property, Ontario, consisting of an open pit Indicated resource of 11,600,000 tonnes at 0.97 g/t Au for 361,000 oz Au.

1.3 Chance Property

In July 2008, the Company commenced an action in the Ontario Superior Court of Justice against Xstrata Copper Canada (“Xstrata”) to enforce the Company’s rights under the joint venture agreement between the Company and Xstrata, relating to the Chance Property. The Company also claimed damages plus legal costs and related relief. Pursuant to a purchase and settlement agreement dated March 21, 2011 with Xstrata Copper Canada, the Company agreed to acquire Xstrata’s interests in 11 mining tenements in the Whitesides and Carscallen townships, Ontario, situated in the West Timmins, Ontario region, in consideration for the transfer all of its interests in the Chance Property, located in Timmins, Ontario to Xstrata, and to discontinue all litigation regarding such properties against Xstrata, with each party to bear its own costs. This transaction closed on December 8, 2011. Closing was delayed beyond the originally targeted date so as to enable Xstrata to be in a position to transfer a 100% interest in the Whitesides-Carscallen properties to the Company. The acquisition of the properties is subject to a royalty and back-in right to Xstrata.

1.4 Matachewan Property

Pursuant to an Offer to Purchase dated June 11, 2010, the Company sold its interest in 33 unpatented mining claims in the Matachewan Group, that were previously written off, for gross proceeds of \$175,000.

2. HIGHLIGHTS

2.1 Financial Highlights

- In December 2011, the Company raised gross proceeds of \$342,000 by way of a non-brokered private placement consisting of 6,840,000 flow-through units at \$0.05 per unit. Insiders subscribed for 2,680,000 units of the offering. Each unit is comprised of one flow-through common share and one share purchase warrant entitling the holder to acquire one further common share of the Company at \$0.10 per share over a one year term. Agent fees of \$3,500 cash was paid in connection with the financing. All of the shares issued pursuant to the private placement are subject to a hold period and restricted from trading until April 24 to April 30, 2012.
- In November 2011, the Company raised gross proceeds of \$190,000 by way of a non-brokered private placement consisting of 3,800,000 units at \$0.05 per unit. Insiders subscribed for 1,200,000 units of the offering. Each unit is comprised of one common share and one share purchase warrant entitling the holder to acquire one further common share of the Company at \$0.10 per share over a two year term. Agent fees of \$1,250 cash was paid in connection with the financing. All of the shares issued pursuant to the private placement are subject to a hold period and restricted from trading until March 31, 2012.
- In November and September 2011, the Company sold 1,661,000 shares of UCC for net proceeds of \$93,310.

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- On September 28, 2011, the Company signed an extension agreement for the \$200,000 in advanced royalties that were outstanding on the Maybrun Property. The Company paid \$25,000 cash and \$175,000 is due on or before September 30, 2012, with interest on the balance payable at a rate of 5% per annum.
 - In August 2011, the Company raised gross proceeds of \$850,000 by way of a non-brokered private placement consisting of 8,500,000 flow-through units at \$0.10 per unit. Insiders subscribed for 8,150,000 units of the offering. Each unit is comprised of one flow-through common share and one-half of one share purchase warrant, each whole warrant entitling the holder to acquire one further common share of the Company at \$0.15 per share over a one year term. Agent and due diligence fees of \$64,000 cash and 640,000 compensation unit warrants, each unit warrant entitling the holder to acquire one non flow-through unit of the Company (consisting of one non flow-through common share and one-half of a warrant, each whole warrant entitling the holder to acquire one further common share at \$0.15 per share over a one year term) at \$0.10 per unit over a one year term, were paid in connection with the financing. All of the shares and the warrant units issued pursuant to the private placement are subject to a hold period and restricted from trading until December 13 to December 20, 2011.
 - On May 12, 2011, the only director that the Company had in common with UCC resigned from the board of UCC. On July 11, 2011, the Company sold 1,978,900 shares of UCC for net proceeds of \$353,925, resulting in the recognition of a gain on disposal of investment of \$889. As of August 31, 2011 and after the disposition, the Company owned 19.6% of UCC. Due to the above disposition of shares and the issuance of common shares during the period, the Company no longer held significant influence over UCC.
 - Prior to July 11, 2011, the Company accounted for its investment in UCC using the equity accounting method as the Company had determined that significant influence existed. The Company has recorded its equity share of UCC's loss of \$151,121 for the period from September 1, 2010 to July 11, 2011. Effective July 11, 2011, the investment has been reclassified as held for trading. The value of these shares at August 31, 2011 was \$1,345,838 based on current market price for the shares less a discount factor reflecting a risk free rate plus an annual 10% risk adjustment.
 - In October 2010, the Company raised gross proceeds of \$605,000 by way of a non-brokered private placement consisting of 6,050,000 flow-through units at \$0.10 per unit. Insiders subscribed for 725,000 units of the offering. Each unit is comprised of one flow-through common share and one-half of one share purchase warrant, each whole warrant entitling the holder to acquire one further common share of the Company at \$0.15 per share over a one year term. Agent fees of \$24,000 cash and 240,000 compensation warrants, each warrant entitling the holder to acquire one common share of the Company at \$0.10 per share over a one year term, were paid in connection with the financing. All of the shares and the warrant units issued pursuant to the private placement are subject to a hold period and restricted from trading until February 2, 2011.
 - In October 2010, the Company completed the sale of its Cochrane and Maisonville properties in Ontario which were previously written off for proceeds of \$9,903.
 - Pursuant to an Offer to Purchase dated June 11, 2010, the Company sold its interest in 33 unpatented mining claims in the Matachewan Group, which were previously written off, for gross proceeds of \$175,000.
 - As at August 31, 2011, the Company had total net assets of \$10,754,827.
 - Because the Company is in the exploration stage, it did not earn any significant revenue and its expenses relate to the costs of operating a public company of Opawica's size. Net loss for the year

ended August 31, 2011 was \$272,981 or \$0.00 per share, compared to net loss of \$788,749 for the year ended August 31, 2010, or \$0.01 per share. Net income for the three months ended August 31, 2011 was \$55,329 or \$0.00 per share, compared to net loss of \$121,106 for the three months ended August 31, 2010, or \$0.00 per share.

- During the year ended August 31, 2011, the Company spent \$727,605 in exploration activities on its mineral properties and expended \$nil on mineral property acquisition costs.
- During the year ended August 31, 2011, the Company raised proceeds of \$70,500 through the exercise of 705,000 share purchase warrants. Subsequent to year end, 8,295,000 share purchase warrants with exercise prices between \$0.10 to \$0.15 expired unexercised.
- On March 2, 2011, the Company granted incentive stock options to directors, officers and consultants for the purchase of 1,650,000 common shares of the Company at an exercise price of \$0.10 per share until March 2, 2013. On March 23, 2011, the Company granted incentive stock options to a director and a consultant for the purchase of 200,000 common shares of the Company at an exercise price of \$0.10 per share until March 23, 2013. On May 9, 2011, the Company granted incentive stock options to a consultant for the purchase of 500,000 common shares of the Company at an exercise price of \$0.10 per share until May 9, 2012. On May 12, 2011, the Company granted incentive stock options to a consultant for the purchase of 1,000,000 common shares of the Company at an exercise price of \$0.10 per share until May 12, 2012; these options were cancelled on December 3, 2011. In March 2011, the Company received \$10,000 on the exercise of options for 100,000 common shares at \$0.10 per share.
- During the 2011 calendar year, the Company raised proceeds of \$1,192,000 from the sale of flow-through common shares. The Company is committed to spending the flow-through unit proceeds on exploration activities and to renouncing \$1,191,082 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through shares. This amount will not be available to the Company for future deduction from taxable income. The Company is required to fulfill its renunciation commitment at December 31, 2011 and may have until December 2012 to complete its qualifying exploration expenditures under the look back rule. As at November 30, 2011, the Company spent approximately \$768,000 in qualifying exploration expenditures and has a remaining commitment to spend \$431,080.
- During the 2010 calendar year, the Company raised proceeds of \$931,000 from the sale of flow-through common shares. The Company is committed to spending the flow-through unit proceeds on exploration activities and to renouncing \$920,875 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through shares. This amount will not be available to the Company for future deduction from taxable income. The Company fulfilled its renunciation commitment at December 31, 2010 and completed its qualifying exploration expenditure commitment during the 2011 fiscal year.

2.2 Operational Highlights

- In June 2011, the Company commenced a drill program on the Atikwa Lake Maybrun property that consisted of 10 holes totalling 4484m of drilling. Drilling updates and assay results were announced on July 7, August 11, September 16, September 30, and November 28, 2011 (see "*Maybrun-Atikwa Lake Property*" below).
- On November 28, 2011, the Company announced assay results for holes AT-11-01, 04, 05, 06 and 07. Assays are pending on core from Holes AT-11-08, 09 and 10.

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- On September 30, 2011, the Company announced a drilling update. The Company had completed holes AT-11-05, 06, 07 and extended hole AT-11-01 for another 114m to an overall core length of 816m.
 - On September 16, 2011, the Company announced that further to partial assays released on August 11, 2011 the Company had intersected further significant gold and copper mineralization in the first two holes of the current drill program at its 100% owned Atikwa Lake property southeast of Kenora, Ontario. Complete assay results for all of these first two holes are outlined in the table below (see "*Maybrun-Atikwa Lake Property*") along with assays from the third hole (AT-11-03) of the current program which was drilled about 900m north of the first two holes. Assays were pending for the fourth hole of the program which is hole AT-11-04. Further drilling is required to establish true widths of the intercepts for AT-11-01 and AT-11-02.
 - On August 11, 2011, the Company announced that it had intersected significant gold and copper mineralization in the first two holes of the current drill program at its 100% owned Atikwa Lake property southeast of Kenora, Ontario. Further drilling is required to establish true widths of the intercepts for holes AT-11-01 and AT-11-02.
 - On July 8, 2011, the Company announced a drilling update. The first hole of the program (AT-11-01) was been completed to a core length of 702m most of which was within the Footwall Zone which underlies the Maybrun Main zone. The second hole of the program (AT-11-02) was ongoing and is targeting the Maybrun Main Zone and an anomaly outlined within the Footwall Zone that appears to be situated between holes AT-10-01 and AT-10-24 that were drilled approximately 150m apart, down dip, from each other in 2010. Both of these holes intersected gold and copper mineralization over 183m and 155m of approximate true widths, respectively (January 5, 2011 Opawica press release). The anomaly presently being tested may actually be trending generally perpendicular to the northwest-southeast strike of the overall Footwall Zone. Hole AT-11-02 has intersected what is believed to be the target anomaly at about 165m in depth where the hole has intersected mineralization that may explain the Induced Polarization anomaly. In addition, hole AT-11-02 intersected the Maybrun Main Zone between surface and 90m in depth. The hole continued to drill and tested the anomaly and Footwall Zone in this area. Holes AT-11-03 and 04 were drilled about 450m north and 1000m north, respectively, of the Maybrun Main Zones to test two fold-nose targets. These holes were each about 150m in depth and were drilled prior to the Company's August 31, 2011 year end.
 - On April 26, 2011, the Company announced drilling results from the balance of the infill drilling on the open pit Maybrun Main Zone that was under-taken in accordance with the recommended drill program from the Company's August 2010 preliminary scoping study. The Company also restated, which marginally improved, the results of Footwall Zone Hole AT-10-01 from further assaying (see "*Maybrun-Atikwa Lake Property*" below).
 - On February 14, 2011, the Company announced drilling results from the Maybrun Main open pit zone which holes have been drilled as part of the Company's efforts to delineate and confirm further Indicated resources within the Maybrun Main Zone as part of the recommended work program outlined in the Company's August 16, 2010 Preliminary Scoping Study (see "*Maybrun-Atikwa Lake Property*" below). In addition, the Company announced the initiation of a down hole geophysical program. The main purpose of this program is to primarily test for drill targets and anomalies around or below previously announced holes AT-10-01 and 24 (January 5, 2011) which both intersected between 155m and up to 183m of intermittent gold and copper mineralization, in the New Footwall Zone, within the local country rock (andesites) below the Main Maybrun open pit zone. It is presently postulated that this New Footwall zone may be nearing an important structural feature that

may be distal to, and potentially connected with, the above Footwall mineralization and Maybrun open pit zones.

- On January 5, 2011, the Company announced drilling results for holes AT-10-19, AT-10-20, and AT-10-24, and confirmed mineralized footwall zone of up to 183 metres in width (see “*Maybrun-Atikwa Lake Property*” below).
- The total Atikwa Lake drilling in 2010 is 4393m from 24 holes drilled. A total of 20 holes that include AT-10-05 to AT-10-24 were completed after the Preliminary Scoping Study, and consist of 2,462m of drilling.
- A deep hole (AT-10-05) of about 650m was completed into the Footwall Zone with assay results announced on September 30, 2010. One further deep hole of 498m, on Section 844N, has been drilled into the Footwall Zone approximately 300m below the above open pit resources detailed in the August 31, 2009 NI 43-101 report and about 150m down dip from hole AT-10-01.
- In addition, 11 shallow infill drill holes of up to 101m each have been drilled within the open pit Maybrun Main Zone. Assay results were also announced in September 2010 and November 2010. A further 7 shallow holes of up to 127m each have been drilled in the open pit Maybrun Main Zone under the current drill program and all assays have been announced up to April 26, 2011 relating to this 2010 drilling.
- The Company has reviewed all available data to consider an exploration program for its 100% owned massive sulphide prospect in the Yukon Territory, near Ross River, known as the Bro Property. This program would follow up on a 40 meter wide gossan zone, where historic grab sampling (Lucky 7 group 1994) yielded up to 5.5 % copper, 34 % lead, 1.4 % zinc, 550 grams per ton silver, and 2.7 grams per ton gold (see “*Yukon Bro Property*” below). The Company has not yet determined a work program or allocation of a field budget for Bro at this time. Should market conditions improve in 2012 the Company may consider work at Bro for the late summer of 2012.

2.3 Corporate Activities

- Pursuant to a purchase and settlement agreement dated March 21, 2011 with Xstrata Copper Canada, the Company agreed to acquire Xstrata’s interests in 11 mining tenements in the Whitesides and Carscallen townships, Ontario, situated in the West Timmins, Ontario region, in consideration for the transfer all of its interests in the Chance Property, located in Timmins, Ontario to Xstrata, and to discontinue all litigation regarding such properties against Xstrata, with each party to bear its own costs. This transaction closed on December 8, 2011. Closing was delayed beyond the originally targeted date so as to enable Xstrata to be in a position to transfer a 100% interest in the Whitesides-Carscallen properties to the Company. The acquisition of the properties is subject to a royalty and back-in right to Xstrata.
- Effective September 30, 2011, Mr. Michael Meyers resigned as President and Chief Executive Officer. Mr. Donald (Dan) Clark, Chairman, assumed the role of Chief Executive Officer in Mr. Meyers’ place. Mr. Mark Lofthouse was appointed a director of the Company on March 11, 2011. Mr. Jonathan Samuda resigned as director and Corporate Secretary on January 31, 2011. Ms. Sandra Wong was appointed Corporate Secretary in his place.

2.4 Proposed Transactions

- On October 5, 2011, the Company announced a \$5.54 million private placement and related changes to the Board of Directors, but this investment transaction was terminated on November 17, 2011 due to the inability of the parties to agree on certain matters related to the transaction. The Company is

engaged in the search for potential joint venture partners, mineral property acquisitions and financings, but there are currently no proposed asset or business acquisitions or dispositions.

3. OUTLOOK AND STRATEGY

The Company's strategic plan for 2012 is to focus on directly or indirectly in taking the Atikwa Lake (100%) property, Ontario, through to the completion of work programs and environmental studies outlined in the August 2010 Preliminary Scoping Study. A total of 10 holes were drilled to date under the 2011 program at the Atikwa Lake property, consisting of 4484m of drilling. Assay results have been received and published by the Company between July to November 2011, with further assay results pending for January 2012.

Following the acquisition of Whitesides-Carscallen properties from Xstrata Copper Canada, the Company is now preparing a surface exploration program that may include at least 1000m of drilling for the first quarter of 2012.

No work is currently planned on the Bro Property.

In December 2011, the Company closed a \$342,000 flow-through private placement, which proceeds will be used to fund exploration on the Company's Whitesides-Carscallen and Atikwa Lake properties.

4. OVERVIEW OF FINANCIAL RESULTS

4.1 Annual Financial Review

The table below presents selected financial data for the Company's three most recently completed fiscal years as presented in the audited financial statements:

	Year ended August 31,		
	2011	2010	2009
Total revenues	-	-	-
Loss for the year	\$(272,981)	(\$788,749)	(\$937,641)
Basic and diluted loss per share	(\$0.00)	(\$0.01)	(\$0.03)
Total assets	\$10,934,684	\$9,807,411	\$9,475,366
Total long term liabilities	-	-	-
Cash dividends declared per share	-	-	-

The Company is in the exploration stage and did not earn any significant revenue during the three most recently completed fiscal years.

Fiscal 2011 net loss narrowed by 65% over fiscal 2010. General and administrative expenses increased by \$119,323 over the previous year largely due to consulting and management fees and stock-based compensation expense. The Company realized a gain of \$108,492 on the sale of its Matachewan, Maisonville and Cochrane properties previously written off (see "7.0 Mineral Properties" below). With respect to its investment in UCC, the Company recorded a \$151,121 share of loss from equity investment, realized a \$889 gain on disposal of 1,978,900 shares, and recorded a \$343,239 unrealized gain on investment in UCC due to UCC being reclassified as held for trading. The Company recorded future income tax recovery of \$230,219.

Fiscal 2010 net loss narrowed by 16% over fiscal 2009. General and administrative expenses decreased by \$194,521 from the previous year largely due to lower legal fees and lower stock-based compensation expense. The Company realized a gain of \$75,000 from sale of its Matachewan property previously written off, and a loss of \$159,170 from the sale of its Dingman Property (see “7.0 Mineral Properties” below). With respect to its investment in UCC, the Company recorded a \$103,439 share of loss from equity investment, and realized a \$20,989 gain on disposal of 2,719,000 shares. The Company recorded future income tax recovery of \$64,382.

Fiscal 2009 general and administrative expenses include \$265,583 in stock based compensation expense. The Company realized a \$234,696 loss on the sale of the Walker Property in the Matachewan group, and a \$340,567 loss from write off of the balance of the Matachewan group properties. The Company recorded future income tax recovery of \$513,290.

Basic and diluted losses per share are fairly comparable between the three fiscal years.

Total assets steadily increased across the three most recently completed fiscal years, as the Company completed equity financings and invested the funds in exploration of mineral property interests.

4.2 Quarterly Financial Review

The table below presents selected financial data for the Company’s eight most recently completed fiscal quarters as presented in the unaudited interim financial statements:

	Q4	Q3	Q2	Q1
	Aug 31,	May 31,	Feb 28,	Nov 30,
	2011	2011	2011	2010
Total revenues	-	-	-	-
Income (loss) for the period	\$55,329	(\$296,154)	\$72,210	(\$104,366)
Basic and diluted income (loss) per share	\$0.00	\$0.00	\$0.00	(\$0.00)
Cash dividends declared per share	-	-	-	-

	Q4	Q3	Q2	Q1
	Aug 31,	May 31,	Feb 28,	Nov 30,
	2010	2010	2010	2009
Total revenues	-	-	-	-
Loss for the period	(\$121,106)	(\$193,694)	(\$351,454)	(\$122,495)
Basic and diluted loss per share	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)
Cash dividends declared per share	-	-	-	-

The Company is in the exploration stage and did not earn any significant revenue during the eight most recently completed fiscal quarters.

Each quarter’s net losses were incurred in the ordinary course of business.

The 2011 Q4 net income of \$55,329 includes unrealized gain on investment of UCC of \$343,239 and loss from equity investment of \$151,121. The Company's investment in UCC was reclassified as held for trading effective July 11, 2011.

The 2011 Q3 net loss of \$296,154 includes stock based compensation expense of \$150,500 and loss from equity investment of \$21,735.

The 2011 Q2 net income of \$72,210 includes future income tax recovery of \$230,219 from renunciation of 2010 flow-through private placements, and income from equity investment of \$40,057.

The 2011 Q1 net loss of \$104,366 includes a gain on sale of mineral interests of \$108,761, stock based compensation expense of \$40,000, and loss from equity investment of \$20,726.

The 2010 Q4 net loss of \$121,106 includes \$75,000 gain on sale of mineral interest and loss from equity investment of \$60,719.

The 2010 Q3 net loss of \$193,694 includes loss from equity investment of \$26,328.

The 2010 Q2 net loss of \$351,454 includes future income tax recovery of \$64,382 from renunciation of 2009 flow-through private placements, a loss on disposition of the Dingman property of \$159,170, stock based compensation expense of \$133,500, and income from equity investment of \$16,392.

The 2010 Q1 net loss of \$122,495 resulted solely from general and administrative expenses.

Basic and diluted losses per share are fairly comparable over the eight most recently completed fiscal quarters when taking into account the variances in net losses per quarter.

4.3 Fourth Quarter

There were no year-end adjustments, no extraordinary items recorded and there are not any seasonal aspects of the Company's business that impacted the fourth quarter.

5. RESULTS OF OPERATIONS

5.1 Operating Income and Expenses

5.1(1) Income

The Company is considered to be in the exploration stage and therefore did not earn any significant revenue during the periods under review.

5.1(2) General & Administrative Expenses

General and administrative expenses incurred during the periods under review consist of the following:

	Three months ended		Year ended	
	Aug 31, 2011		Aug 31, 2011	
	2011	2010	2011	2010
Accounting and legal fees	\$ 4,456	\$ 38,102	\$ 90,851	\$ 120,119
Amortization	974	1,198	3,371	2,498
Business development	6,877	2,617	20,526	12,510
Consulting fees	20,662	10,672	59,128	10,672
Filing fees	5,246	(200)	20,572	37,775
Insurance	1,906	2,208	8,597	3,718
Interest and financing costs	23	-	23	26,541
Investor communications	14,885	20,974	60,056	47,308
Management fees	41,800	30,400	135,250	103,650
Office and general administration	7,027	5,852	29,656	29,917
Rent	4,812	6,693	27,490	15,248
Salaries and benefits	18,496	28,505	96,684	111,927
Stock-based compensation	(4,090)	-	186,410	133,500
Travel and automobile	12,311	8,357	61,976	25,884
	<u>\$ 135,385</u>	<u>\$ 155,378</u>	<u>\$ 800,590</u>	<u>\$ 681,267</u>

• **General & Administrative Expenses – year ended August 31, 2011**

General and administrative expenses for the year ended August 31, 2011 totalled \$800,590 compared to \$681,267 for the year ended August 31, 2010, an increase of 18%.

Accounting and legal fees of \$90,851 are a 24% decrease over the \$120,119 in expenses recorded during the 2010 fiscal year. Accounting fees were static but legal fees decreased due to settlement of the Chance Property litigation.

Business development expenses were \$20,526 for the year ended August 31, 2011 compared to \$12,510 for the 2010 comparative year.

Consulting fees were \$59,128 for the year ended August 31, 2011 compared to \$10,672 for the comparative 2010 year. The Company hired consultants to engage in the search for potential joint venture partners, mineral property acquisitions and financings.

Filing fees were \$20,572 for the year ended August 31, 2011 compared to \$37,775 for the 2010 comparative year. The 2010 amount includes \$19,000 paid to the TSX Venture Exchange for the company's listing application in October 2009.

Insurance expenses were \$8,597 for the year ended August 31, 2011 compared to \$3,718 recorded in 2010. Insurance includes directors' and officers' liability insurance and commercial tenant insurance.

Interest and financing costs were \$23 for the year ended August 31, 2011 compared to \$26,541 recorded in the 2010 comparative year. The 2010 amount includes \$576 loan interest paid and \$25,965 value of 75,000 common shares of UCC paid by the Company as compensation for an aggregate \$150,000 in demand loans advanced by a third party and a company with a common director. These loans bore interest at 4.25% compounded annually, were advanced in April 2010, and were repaid with accrued interest on May 31, 2010.

Investor communications expenses were \$60,056 for the year ended August 31, 2011 compared to \$47,308 for the 2010 comparative year. Investor communications expenses include transfer agent fees, shareholder meetings and mailings, and participation in investor relations programs undertaken to raise the profile of the Company.

Management fees were \$135,250 for the year ended August 31, 2011 compared to \$103,650 for the 2010 comparative period. The current year amount reflects the addition of new management and new management consulting contracts (see "Related Party Transactions" below).

Office and general administration expenses were \$29,656 for the year ended August 31, 2011 compared to \$29,917 recorded in the 2010 comparative year. The 2011 amount includes office expense recovery of \$2,298 from co-tenants.

Rent expense for the year ended August 31, 2011 was \$27,490 compared to \$15,248 incurred in the 2010 comparative year. In 2011, the Company recovered \$3,884 in rent from a co-tenant (2010 - \$8,141).

Salaries and benefits were \$96,684 for the year ended August 31, 2011 compared to \$111,927 recorded in the 2010 comparative year.

Stock based compensation expense, which calculation is dependent upon a number of variables including the number of options issued, market price volatility, risk-free interest rate, dividend yield and their expected lives, was \$186,410 for the year ended August 31, 2011 compared to \$133,500 in stock based compensation expense recorded in the 2010 comparative year. 4,350,000 options were granted and/or vested during the most recently completed fiscal year. 4,450,000 options were granted during the year ended August 31, 2010. Stock based-compensation expense is a non-cash item that attempts to measure the intrinsic value of incentive stock options granted.

Travel and automobile expenses were \$61,976 for the year ended August 31, 2011 compared to \$25,884 for the 2010 comparative year, an increase reflective of company activity.

- **General & Administrative Expenses – three months ended August 31, 2011**

General and administrative expenses for the three months ended August 31, 2011 totalled \$135,385 compared to \$155,378 for the three months ended August 31, 2010.

Accounting and legal fees were \$4,456 for the three months ended August 31, 2011 compared to \$38,102 for the 2010 comparative period. The 2011 fourth quarter includes \$1,214 related to the Chance litigation (2010 Q4 - \$32,016).

Business development expenses were \$6,877 for the three months ended August 31, 2011 compared to \$2,617 for the 2010 comparative period.

Consulting fees were \$20,662 for the three months ended August 31, 2011 compared to \$10,672 for the 2010 comparative period. The Company hired consultants to engage in the search for potential joint venture partners, mineral property acquisitions and financings.

Filing fees were \$5,246 for the three months ended August 31, 2011 compared to a recovery of \$200 for the 2010 comparative period.

Insurance expenses were \$1,906 for the three months ended August 31, 2011 compared to \$2,208 recorded in the 2010 comparative period. Insurance includes directors and officers' liability insurance and commercial tenant insurance.

Investor communications expenses were \$14,885 for the three months ended August 31, 2011 compared to \$20,974 for the 2010 comparative period. Investor communications expenses include transfer agent fees, shareholder meetings and mailings, and participation in investor relations programs undertaken to raise the profile of the Company.

Management fees were \$41,800 for the three months ended August 31, 2011 compared to \$30,400 for the 2010 comparative period. The current year amount reflects the addition of new management and new management consulting contracts (see “Related Party Transactions” below).

Office and general administration expenses were \$7,027 for the three months ended August 31, 2011 compared to \$5,852 recorded in the 2010 comparative period. The 2011 amount includes office expense recovery of \$614 from co-tenants.

Rent expense for the three months ended August 31, 2011 was \$4,812 compared to \$6,693 recorded in the 2010 comparative period. The 2011 amount includes rent recovery of \$3,028 from co-tenants.

Salaries and benefits were \$18,496 for the three months ended August 31, 2011 compared to \$28,505 recorded in the 2010 comparative period.

Stock based compensation expense, which calculation is dependent upon a number of variables including the number of options issued, market price volatility, risk-free interest rate, dividend yield and their expected lives, was a recovery of \$4,090 for the three months ended August 31, 2011 compared to \$nil in stock based compensation expense recorded in the 2010 comparative period. The 2011 amount is an adjustment to the expense calculation for options granted during the year; no options were granted during the quarter. Stock based-compensation expense is a non-cash item that attempts to measure the intrinsic value of incentive stock options granted.

Travel and automobile expenses were \$12,311 for the three months ended August 31, 2011 compared to \$8,357 for the 2010 comparative period.

5.1(3) Other Income and Expense

The Company earned interest income of \$2,448 during the year ended August 31, 2011 compared to interest income of \$19 for the year ended August 31, 2010. The Company’s short term investments consist solely of Canadian dollar term deposits held with BMO Bank of Montreal.

On July 11, 2011, the Company sold 1,978,900 shares of UCC for net proceeds of \$353,925, resulting in the recognition of a gain on disposal of investment of \$889. As of August 31, 2011 and after the disposition, the Company owned 19.6% of UCC. Due to the above disposition of shares and the issuance of common shares during the period, the Company no longer held significant influence over UCC. Prior to July 11, 2011, the Company accounted for its investment in UCC using the equity accounting method as the Company had determined that significant influence existed. The Company has recorded its equity share of UCC’s loss of \$151,121 for the period from September 1, 2010 to July 11, 2011. Effective July 11, 2011, the investment has been reclassified as held for trading. The value of these shares at August 31, 2011 was \$1,345,838 based on current market price for the shares less a discount factor reflecting a risk free rate plus an annual 10% risk adjustment, and the Company recorded an unrealized gain on investment of \$343,239.

During the year ended August 31, 2011, the Company realized a gain of \$100,000 (less \$1,412 for closing costs) from the sale of its Matachewan mineral interests and a net gain of \$9,903 from the sale of the Cochrane and Maisonville mineral property claims in Ontario that had previously been written off.

Write-off of mineral interests of \$761 for the year ended August 31, 2011 represents expenditures related to the Chance property.

5.2 Property Exploration and Acquisition Costs

The Company is in the mineral exploration business and has no revenues. Funding of the Company’s exploration activities has been provided by equity offerings of the Company’s securities and by cash and exploration payments made to the Company by joint venture partners. The recoverability of amounts paid by the Company for resource properties will be dependent upon the discovery of economically

recoverable reserves and confirmation of the Company's interest in the underlying resource properties, as well as the ability of the Company to obtain the necessary financing to complete exploration and development of the properties, and upon future profitable production or proceeds from the disposition thereof.

Mineral interests include initial acquisition costs and related option payments that are recorded when paid. In accordance with Canadian generally accepted accounting principles, exploration and development costs are capitalized. Mineral interests in the form of exploration and acquisition costs totalled \$8,689,477 as at August 31, 2011.

As at August 31, 2011, the Company held and/or incurred exploration costs on the following mineral property interests:

	<u>Maybrun</u>	<u>Bro</u>	<u>Whitesides- Carscallen</u>	<u>Chance</u>	<u>Total</u>
Balance, August 31, 2010	\$ 7,855,132	\$ 107,500	\$ -	\$ -	\$ 7,962,632
Acquisition Costs	-	-	-	-	-
Exploration Costs	714,929	1,051	10,865	761	727,606
Properties Written Off	-	-	-	(761)	(761)
Balance, August 31, 2011	<u>\$ 8,570,061</u>	<u>\$ 108,551</u>	<u>\$ 10,865</u>	<u>\$ -</u>	<u>\$ 8,689,477</u>

6. INVESTMENT

On January 29, 2010, the Company sold its 100% interest in the Dingman gold property near Madoc, Ontario ("Dingman Property") for \$40,000 and a total of 11,744,752 common shares of Upper Canada Gold Corporation (formerly Washmax Corporation) ("UCC"), representing approximately 36.9% of ownership in UCC. The common shares received from UCC are subject to an escrow agreement and will be released over a three year period in intervals of 6 months. The fair value of the UCC shares was determined as \$2,095,264 based on the market prices for shares less a discount factor reflecting a risk free rate plus an annual 10% risk adjustment. As at August 31, 2011, 5,285,139 common shares were held in escrow. 1,761,713 shares will be released every six months until February 8, 2013. The next release date will be February 8, 2012.

On May 12, 2011, the only director that the Company had in common with UCC resigned from the board of UCC. On July 11, 2011, the Company sold 1,978,900 shares of UCC for net proceeds of \$353,925, resulting in the recognition of a gain on disposal of investment of \$889. As of August 31, 2011 and after the disposition, the Company owned 19.6% of UCC. Due to the above disposition of shares and the issuance of common shares during the period, the Company no longer held significant influence over UCC.

Prior to July 11, 2011, the Company accounted for its investment in UCC using the equity accounting method as the Company had determined that significant influence existed. The Company has recorded its equity share of UCC's loss of \$151,121 for the period from September 1, 2010 to July 11, 2011. Effective July 11, 2011, the investment has been reclassified as held for trading. The value of these shares at August 31, 2011 was \$1,345,838 based on current market price for the shares less a discount factor reflecting a risk free rate plus an annual 10% risk adjustment, and the Company recorded an unrealized gain on investment of \$343,239.

At August 31, 2011, the Company held 7,046,852 shares of UCC. Subsequent to year end, in September and November 2011, the Company sold 1,661,000 shares of UCC for net proceeds of \$93,310. The Company currently holds 5,385,852 shares of UCC.

7. MINERAL PROPERTIES

As at the date of this report, the Company owns a 100% interest in each of the following mineral resource properties in Ontario and Yukon Territory, Canada:

- **Maybrun-Atikwa Lake Property** – copper-gold project located 120 km southeast of Kenora, Ontario with published resource estimates in a NI 43-101 technical report dated August 31, 2009 filed on SEDAR at www.sedar.com;
- **Whitesides-Carscallen Properties** – 11 mining tenements with gold and base metals prospects in the Whitesides and Carscallen townships, situated in West Timmins, Ontario;
- **Yukon Bro Property** – massive sulphide, silver, lead, zinc property with exploration potential for gold and copper, located 120 km southeast of Faro, Yukon Territory.

7.1 MAYBRUN-ATIKWA LAKE PROPERTY (ATIKWA LAKE, ONTARIO) (COPPER-GOLD)

7.1(1) Maybrun-Atikwa Lake Property

On October 29, 2008, the Company acquired a 100% interest, subject to a retained royalty, in the mineral rights and surface access and development rights to the Maybrun (Atikwa Lake) gold property located approximately 120 kilometres southeast of Kenora, Ontario (the “Maybrun Property”). The property consists of 22 patented mining claims totalling 890 acres. The property is subject to a 5% net smelter royalty, of which the Company may purchase one-half of the royalty at any time for \$1,000,000. \$175,000 in advanced royalty is payable to the vendor on or before September 30, 2012, with interest payable at a rate of 5% per annum.

Since 2005 to the present, the Company has identified gold and copper resources at the Maybrun Main Zone, the Maybrun Footwall Zone (“Maybrun Main Zones”) and the Maybrun North Zone located about 600m north of the Maybrun Main Zones. On August 31, 2009 and August 23, 2010, the Company filed NI 43-101 reports which included initial resource estimates on the Atikwa Lake Project. All of the Company's NI 43-101 reports can be viewed at www.SEDAR.com.

The current resource estimates at Atikwa Lake are as follows:

Classification	Cut-off Grade Au Eq (g/t)	Mineral Zone	Tonnes	Au (g/t)	Cu (%)	Au (Oz)	Cu (lb)
Indicated	0.40	Maybrun Main	7,366,000	0.64	0.41	151,000	66,466,000
Inferred	0.40	Maybrun Main (North-end)	1,738,000	1.15	0.30	64,000	11,622,000
	0.40	Maybrun Footwall	5,400,000	0.94	0.18	163,000	21,696,000
	0.40	Maybrun North	3,454,000	0.67	0.25	74,000	18,921,000

Note: Tonnes, pounds and ounces are rounded to the nearest 1,000.

On August 24, 2010, the Company filed a Preliminary Scoping Study (the “Study”) regarding the Atikwa Lake property on SEDAR. Based on the results of the Study, a Feasibility Study and further drilling has been recommended on the property. The Preliminary Scoping Study was completed by Independent Qualified Persons, Robert Laakso, P.Eng. and Michael O’Flaherty, P.Eng.

- **Maybrun 2010 Drill Program**

The Maybrun 2010 drill program comprises drilling of AT-10-01 to AT-10-04 prior to the Preliminary Scoping Study (“PSS”) in March and April of 2010, and then drilling AT-10-05 to AT-10-24 that commenced after the PSS from July to September, 2010.

In March 2010, the Company announced that drilling had commenced on the property. This initial March/April phase of this drilling primarily targeted the Main Maybrun Zone area and Maybrun Footwall Zone and other targets to depth. The March/April phase of drilling consisted of 4 holes between 375m and 650m in depth for an initial 1930m of drilling on the Main Maybrun Zones to depth.

The March/April program was designed to test for gold and copper mineralization at depth, in a central portion of the property, below the Maybrun open pit zones and related NI 43-101 compliant resources for Atikwa Lake. Assay results for the first four holes were announced by news release on April 23, May 7, May 12, and June 9, 2010, and can be viewed at www.SEDAR.com or on the Company’s website.

Substantially all of the above drilling on the Footwall Zone has been completed outside of the near surface NI 43-101 compliant resources which have been previously reported by the Company.

After the completion of the PSS, drilling resumed and during July to September 2010, 20 holes were completed for a total length of 2462m. In September 2010, the Company announced drill hole results from the fifth hole of the Footwall Zone, as well as holes 6 to 12 of the Maybrun Main Zone.

Assay Results Received For Opawica 2010 Drilling — Atikwa Lake Property

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
AT-10-05	992 N	Maybrun FW		488.0	526.5	38.5	0.37	0.204	0.72
			including	514.0	526.5	12.5	0.64	0.180	0.95
			including	515.0	518.0	3.0	1.45	0.135	1.68
				609.0	610.0	1.0	2.55	0.011	2.57
				648.0	649.0	1.0	1.37	0.003	1.38
AT-10-06	882 N	Maybrun Main		41.0	71.0	30.0	0.39	0.470	1.20
			including	41.0	53.0	12.0	0.65	0.668	1.80
			including	50.0	53.0	3.0	0.72	2.003	4.15
AT-10-07	908 N	Maybrun Main		12.0	51.0	39.0	0.60	0.707	1.81
			including	33.0	37.0	4.0	2.41	1.278	4.60
			and	45.0	46.0	1.0	5.06	0.964	6.71
AT-10-09	956 N	Maybrun Main		2.0	56.0	54.0	0.40	0.604	1.44
			including	23.0	41.0	18.0	0.43	0.858	1.90
			and	45.0	47.0	2.0	2.47	1.895	5.72
AT-10-10	883 N	Maybrun Main		3.0	20.0	17.0	1.37	0.527	2.27
			including	16.0	17.0	1.0	10.93	0.607	11.97

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
				26.0	60.0	34.0	0.33	0.553	1.28
			including	26.0	39.0	13.0	0.55	1.062	2.37
			including	34.0	39.0	5.0	1.12	1.851	4.29
AT-10-11	977 N	Maybrun Main		8.0	31.0	23.0	0.17	0.477	0.99
				36.0	39.7	3.7	0.33	0.693	1.52
				42.6	60.0	17.4	0.55	0.582	1.55
			including	46.0	55.0	9.0	0.77	0.894	2.30
AT-10-12	924 N	Maybrun Main		18.0	52.0	34.0	1.26	0.538	2.18
			including	24.0	41.0	17.0	2.22	0.789	3.57
			including	31.0	33.0	2.0	16.67	3.180	22.12
			including	32.0	33.0	1.0	32.42	1.410	34.84

Note: AuEQ (Au Equivalent) calculated using US \$800 per oz for Au and \$2.00 per lb for Cu: AuEQ = (Cu*22.05*2.00/800*31.1035)

Hole AT-10-05 was drilled into the Footwall Zone while the balance of the above holes was infill holes drilled within the open pit of the Maybrun Main Zone Indicated Resource. This infill drilling was recommended in conjunction with the Company's PSS.

The above drill holes are approximately 90% true widths. The AuEq calculations represent head grades and metallurgical recoveries or net smelter royalties are assumed to be 100%. All assaying of the above drill core was completed by AGAT Laboratories of Mississauga, Ontario.

In November 2010, the Company announced further drill hole results as follows.

Results Received For Opawica 2010 Drilling — Atikwa Lake Property

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
AT-10-13	959 N	Maybrun Main		2.0	44.0	42.0	0.46	0.353	1.07
			including	2.0	21.0	19.0	0.81	0.510	1.68
			including	8.0	21.0	13.0	1.01	0.623	2.08
			including	17.0	18.0	1.0	3.28	1.060	5.10
AT-10-14	842 N	Maybrun Main		0.0	18.0	18.0	0.29	0.626	1.36
			including	4.0	15.0	11.0	0.40	0.913	1.97
			including	5.0	11.0	6.0	0.32	1.382	2.69
			including	10.0	11.0	1.0	0.75	3.860	7.37
				59.0	61.5	2.5	5.10	1.558	7.77
			including	60.0	61.0	1.0	10.90	0.335	11.47
AT-10-15	865 N	Maybrun Main		0.75	16.0	15.25	0.43	0.735	1.69
			including	1.0	12.0	11.0	0.52	0.911	2.08
			including	3.0	6.0	3.0	0.93	1.830	4.07
				21.0	25.0	4.0	0.21	0.208	0.57
AT-10-17	815 N	Maybrun Main		27.0	33.0	6.0	0.74	0.107	0.92
				54.0	65.0	11.0	0.22	0.384	0.88
			including	54.0	58.0	4.0	0.36	0.632	1.44

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
				73.0	74.0	1.0	2.31	0.783	3.65
AT-10-18	824 N	Maybrun Main		3.5	30.0	26.5	0.69	0.632	1.77
			including	3.5	14.0	10.5	0.30	0.963	1.95
			and	18.0	30.0	12.0	1.26	0.547	2.20
			including	18.0	20.0	2.0	5.99	1.472	8.51
			including	19.0	20.0	1.0	9.83	0.414	10.54
				75.0	84.0	9.0	2.13	0.598	3.16
			including	76.0	79.0	3.0	4.78	0.802	6.16
			including	76.0	77.0	1.0	5.81	0.805	7.19

Note: AuEQ(Au Equivalent)calculated using US\$800 / oz for Au and \$2.00 per lb for Cu: AuEQ=Au+(Cu*22.05*2.00/800*31.1035)

The above drill intercepts are approximately 90% true widths. The above stated AuEq are head grades and metallurgical recovery rates or net smelter returns are assumed to be 100%. Assaying for the above drill core was completed by AGAT of Mississauga, Ontario.

In January 2011, the Company announced further drill hole results from the 2010 drill program as follows.

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
AT-10-24	844 N	Maybrun Main		163.0	170.0	7.0	0.27	0.420	0.99
				239.0	244.0	5.0	0.32	0.581	1.32
		Maybrun FW		262.0	417.0	155.0	0.32	0.073	0.45
			including	262.0	360.0	98.0	0.45	0.101	0.62
			including	277.0	312.0	35.0	0.98	0.160	1.25
			including	297.0	309.0	12.0	1.87	0.134	2.10
			including	300.0	302.0	2.0	5.18	0.086	5.33
				324.0	329.0	5.0	0.39	0.177	0.69
				356.0	360.0	4.0	0.62	0.250	1.05
				411.0	413.0	2.0	1.08	0.017	1.11
AT-10-19	886 N	Maybrun Main		3.0	20.0	17.0	0.36	0.267	0.82
			including	8.0	11.0	3.0	0.61	0.509	1.48
			and	17.0	20.0	3.0	0.83	0.764	2.14
			including	18.0	19.0	1.0	1.81	1.750	4.81
AT-10-20	927 N	Maybrun Main		24.0	28.0	4.0	1.00	0.696	2.19

Note:AuEQ(Au Equivalent)calculated using US\$800/oz for Au and \$2.00 per lb for Cu: AuEQ = Cu+(Cu*22.05*2.00/800*31.1035)

The intercept in hole AT-10-24 is situated about 150m west and down dip from hole AT-10-01 and both holes have confirmed a broad zone of gold and copper mineralization of approximately 155m to 183m wide associated with the new Footwall Zone. This mineralization is wide open on strike and to depth. Previously announced hole AT-10-01 has been calculated using the 0.40 g/t AuEq cut off for Atikwa Lake resources and is outlined below.

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
AT-10-01	844 N	Maybrun Main		74.8	125.0	50.2	0.30	0.300	0.81
			including	77.0	92.0	15.0	0.64	0.421	1.36

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
			including	77.0	78.0	1.0	3.07	0.308	3.60
			and	84.0	92.0	8.0	0.78	0.644	1.88
		Maybrun FW		158.0	341.0	183.0	0.35	0.072	0.47
			including	158.0	172.0	14.0	0.07	0.057	0.17
			and	185.6	214.6	29.0	0.20	0.157	0.47
			including	207.0	214.6	7.6	0.41	0.251	0.84
				235.0	271.0	36.0	0.74	0.113	0.93
			including	256.0	271.0	15.0	1.41	0.165	1.69
			including	268.0	271.0	3.0	3.04	0.246	3.46
			also	256.0	260.0	4.0	2.60	0.236	3.00
			including	256.0	258.0	2.0	3.79	0.096	3.95
				276.0	288.0	12.0	1.24	0.045	1.32
			including	284.0	286.0	2.0	5.09	0.003	5.10
			including	285.0	286.0	1.0	8.16	0.004	8.17
				325.0	326.0	1.0	0.42	0.214	0.79
				339.0	341.0	2.0	5.21	0.162	5.49
			including	339.0	340.0	1.0	8.94	0.212	9.30

Note: AuEQ (Au Equivalent) calculated using US\$800/oz for Au and \$2.00 per lb for Cu: $AuEQ = Cu + (Cu * 22.05 * 2.00 / 800 * 31.1035)$

The above drill intercepts are approximate true widths. The stated AuEq herein are head grades and metallurgical recovery rates or net smelter returns are assumed to be 100%. Assaying for the above drill core was completed by AGAT Laboratories of Mississauga, Ontario.

In February 2011, the Company announced the following drill results from the 2010 drilling:

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
AT-10-08	925 N	Maybrun Main		20.0	49.5	29.5	0.40	0.830	1.82
			including	21.0	45.0	24.0	0.48	0.945	2.10
			including	30.0	37.0	7.0	0.91	2.173	4.64
			including	31.0	33.0	2.0	2.08	3.480	8.05
AT-10-16	884 N	Maybrun Main	pending						
AT-10-21	844 N	Maybrun Main		47.0	87.0	40.0	1.50	0.459	2.29
			including	47.0	68.0	21.0	2.69	0.590	3.70
			including	62.0	67.0	5.0	9.81	1.405	12.22
			including	63.0	64.0	1.0	44.0	0.936	45.60
AT-10-22	928 N	Maybrun Main		71.0	122.0	51.0	0.50	0.400	1.19
			including	86.0	122.0	36.0	0.65	0.385	1.31
			including	86.0	106.0	20.0	0.63	0.583	1.63
			including	86.0	97.0	11.0	0.92	0.760	2.22
			including	86.0	90.0	4.0	1.17	1.312	3.42
			also	121.0	122.0	1.0	6.65	0.082	6.79
AT-10-23	979 N		pending						

(Note: AuEQ (Au Equivalent) calculated using US\$800/oz for Au and \$2.00 per lb for Cu: $AuEQ = Cu + (Cu * 22.05 * 2.00 / 800 * 31.1035)$)

The above drill holes are from the Maybrun Main open pit zone and have been drilled as part of the Company's efforts to confirm further Indicated resources within the Maybrun Zone as part of the recommended work program outlined in the Company's PSS.

In addition, the Company initiated a down hole geophysical program in May 2011. The main purpose of this program was to primarily test for drill targets and anomalies around or below previously announced holes AT-10-01 and 24 (January 5, 2011) which both intersected between 155m and up to 183m of intermittent gold and copper mineralization, in the New Footwall Zone, within the local country rock (andesites) below the Main Maybrun open pit zone.

The above drill intercepts are approximate true widths. The stated AuEq herein are head grades and metallurgical recovery rates or net smelter returns are assumed at 100%. Assaying for the above drill core was completed by AGAT Laboratories of Mississauga, Ontario.

In April 2011, the Company announced the following drill results from the 2010 drilling:

MAYBRUN MAIN ZONE, ATIKWA LAKE, ONTARIO

Assay Results Received For Opawica 2010 Drilling — Atikwa Lake Property

Hole No.	Section	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	AuEQ g/t
AT-10-16	884 N	Maybrun Main		1.5	36.0	34.5	0.60	0.847	2.05
			Including	1.5	10.0	8.5	1.61	2.637	6.13
			Including	5.0	7.0	2.0	2.53	6.810	14.21
AT-10-23	979 N	Maybrun Main		46.0	80.0	34.0	0.60	0.680	1.77
			Including	62.0	70.0	8.0	1.91	1.483	4.45
			Including	62.0	63.0	1.0	6.99	0.682	8.16
			And	69.0	70.0	1.0	1.97	4.710	10.05

The above drilling is the balance of the 2010 infill drilling on the open pit Maybrun Main Zone that was under-taken in accordance with the recommended drill program from the Company's August 2010 preliminary scoping study.

FOOTWALL ZONE, ATIKWA LAKE, ONTARIO 2010 to 2011 program start:

Holes AT-10-01 and 24 (see January 5, 2011 press release) intersected gold and copper mineralization of up to 183m wide in a Footwall Zone that underlies the Main Maybrun open pit zone. These two holes cut the Footwall Zone approximately 150m down dip and on strike.

- **Qualified Persons and Assaying**

Fire Assaying by Opawica for the period at the Atikwa Lake property was completed by Agat Laboratories of Mississauga, Ontario. The Qualified Person ("QP") for the Atikwa Lake Property is Mr. Robert (Bob) Laakso, P.Eng., of Holland Landing, Ontario.

- **Maybrun 2011 Drill Program**

In May 2011, the Company commenced a drill program on the Atikwa Lake Maybrun property that consisted of 10 holes totalling 4484m of drilling. Drilling updates and assay results were announced on July 8, August 11, September 16, September 30, and November 28, 2011.

On July 8, 2011, the Company announced a drilling update. The first hole of the program (AT-11-01) had been completed to a core length of 702m most of which was within the Footwall Zone which underlies the Maybrun Main zone. Approximately 600m of contiguous core from the first hole was assayed. The second hole of the program (AT-11-02) was ongoing and completed and targeted the

Maybrun Main Zone and an anomaly outlined within the Footwall Zone that appears to be situated between holes AT-10-01 and AT-10-24 that were drilled approximately 150m apart, down dip, from each other in 2010. Both of these holes intersected gold and copper mineralization over 183m and 155m of approximate true widths, respectively (January 5, 2011 Opawica press release). The anomaly presently being tested may actually be trending generally perpendicular to the northwest-southeast strike of the overall Footwall Zone. Hole AT-11-02 intersected the target anomaly at about 165m in depth where the hole intersected mineralization that appears to have explained an Induced Polarization anomaly. In addition, hole AT-11-02 intersected the Maybrun Main Zone between surface and 90m in depth. Holes AT-11-03 and 04 were drilled about 450m north and 1000m north, respectively, of the Maybrun Main Zones to test two fold-nose targets. These holes were each about 150m in depth.

On August 11, 2011, the Company announced that it had intersected significant gold and copper mineralization in the first two holes of the current drill program at the Atikwa Lake property.

The first hole of the program (AT-11-01) was originally interpreted to be drilled obliquely down dip into the Footwall andesites to test for geology and mineralization at depth. The hole intersected 657m of the altered Footwall andesites with some sections containing significant gold and copper mineralization as fully outlined in the November 28, 2011 press release table as detailed below. From past and current drilling, the width of the Footwall Zone is estimated to be at least 150m wide and at least 500m long and represents a new discovery on the Atikwa Lake property. The above Footwall mineralization is separate from previously reported mineral resources in the open pit Maybrun Zones.

The trend and exploration approach at Atikwa Lake has historically been oriented and directed on a 1400m long gold and copper signature that generally strikes northwest to southeast, predominately consisting of basalt lava flows (Maybrun Zones). The new altered andesitic Footwall Zone discovery, and drilling completed 600m to the north in hole AT-11-03, now suggests several east-west orientations for at least 4 areas to be tested.

The second hole of the program (AT-11-02) was drilled (north-south) perpendicular to the projected east-west trending strike of an IP anomaly within the Footwall Zone. The strike length of this mineralization and anomaly is not yet known but could extend across the better part of the Atikwa Lake property in this area for up to 800m. This may also be the case for the other three east-west trending exploration targets on the property as noted above.

The Footwall Zone, and higher grade components therein, are wide open to depth from about 120m deep vertically and onward. Parts of the Footwall Zone have been noted along a north south orientation for at least 500m. These Archean-Proterozoic type units can extend for several thousand meters in depth. In addition, the recently discovered Footwall gold and copper mineralization may be distal to the main mineralizing event, fault or structure. Deeper drilling in the areas of AT-11-01 and AT-11-02, along with drilling on strike in an east-west orientation on the 4 new target areas is recommended by the Qualified Persons on the project.

On September 16, 2011, the Company announced that further to partial assays received and released on August 11, 2011 the Company had intersected further gold and copper mineralization in the first two holes of the current drill program at Atikwa Lake. Complete assay results for holes AT-11-02 and assays from the third hole (AT-11-03) of the current program, which was drilled about 900m north of the first two holes were reported on September 16, 2011 as follows:

Assay Results Received For Opawica 2011 Drilling — Atikwa Lake Property (New and Complete assay results)

Hole No.	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	Ag g/t	AuEQ g/t
AT-11-02	Maybrun Main Zone & Footwall		0.0	389.0	389.0	0.31	0.224	0.92	0.72
		Including	0.0	343.0	343.0	0.32	0.241	0.97	0.75
	Maybrun Main Zone	Including	0.0	90.0	90.0	0.79	0.739	2.67	2.13
		Including	0.0	53.0	53.0	1.21	0.991	3.63	3.00
		Including	8.0	18.0	10.0	4.39	1.958	7.43	7.93
		Including	16.0	17.0	1.0	29.60	2.650	17.60	34.58
		Also	48.0	52.0	4.0	2.18	2.070	8.10	5.93
		Also	89.0	90.0	1.0	4.03	6.130	18.20	15.00
	Footwall Zone		201.0	210.0	9.0	0.35	0.240	1.18	0.79
		Including	206.0	210.0	4.0	0.55	0.333	1.69	1.16
		Also	327.0	343.0	16.0	1.52	0.432	1.42	2.29
		Including	327.0	330.0	3.0	2.56	0.224	0.33	2.95
		And	339.0	343.0	4.0	2.60	0.738	2.38	3.92
		Also	356.0	368.0	12.0	0.78	0.324	1.18	1.36
		Including	359.0	363.0	4.0	1.72	0.501	1.50	2.61
AT-11-03	North Zone	NSV							

Note : AuEQ (Au Equivalent) calculated using US \$800 per ounce for Au and US \$2.00 per pound for Cu and US \$20 per ounce for Ag: AuEQ = Au + (Cu* 22.05* 2.00/800* 31.1035) + (Ag* 20/800)

Further drilling is required to establish true widths of the above intercepts for AT-11-02. The Maybrun Main Zone in hole AT-11-02 is not a true width. This hole was drilled at a 55 degree declination through the Maybrun Main open pit zone, to test an east-west projected Footwall Zone target, and drilled obliquely to the projected strike of the Maybrun Main Zone. The open pit Maybrun Main Zone, in this immediate area, is at least 90m in vertical depth and at this location has a true width which generally varies between 30m to 65m wide. Previous drilling by Opawica in this immediate area has encountered anomalous gold-copper intervals of less than 20m between, and separating, the Maybrun Main Zone and the Footwall zone mineralization. It is not yet known if these two zones can be considered as part of one overall zonation for any future resource calculations or considerations. Further drilling is required to determine the extent and true dip, plunge and width for mineralization within the Footwall Zone (Andesitic Unit) and its relationship to the Maybrun Main Zones.

From mid-September 2011 onward drilling focussed in the areas of AT-11-01, 02 and 04, with drilling on the North Zone (AT-11-03), 600m north of the Maybrun Main Zone, and other east west trends to the north to be carried out at a later date.

On September 30, 2011, the Company announced an update on drilling on its Atikwa Lake property, Ontario. The Company had completed holes AT-11-05, 06, 07 at this time.

Holes AT-11-05 to 07 all intersected the favourable andesitic unit and all holes had encountered intermittent chalcopyrite stringers within core lengths of up to 200m (hole AT-11-07).

From past and current drilling, the width of the Footwall andesites that contain intermittent gold, copper and silver mineralization is estimated to be at least 150m wide, at least 525m down dip and at least 500m long (Andesitic Unit).

On November 28, 2011, the Company announced the following and complete assay results for AT-11-01 and results for AT-11-04 to 07 from the Atikwa Lake gold-copper project drilling.

Assay Results Received For Opawica 2011 Drilling — Atikwa Lake Property

Hole No.	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	Ag g/t	AuEQ g/t
AT-11-01	Footwall Zone	Previous	11	13	2	1.40	0.043		1.47
		Previous	28	40	12	0.69	0.033		0.75
		prev. and new	294	783	489	0.49	0.048		0.57
		incl. previous	294	603	309	0.59	0.039		0.66
		Including	294	295	1	11.35	0.033		11.41
		And	320	325	5	0.65	0.196		0.98
		Including	323	324	1	2.16	0.264		2.61
		also re assayed	394	447	53	2.40	0.049		2.48
		Including	409	426	17	5.76	0.059		5.86
		Including	423	426	3	18.13	0.088		18.28
		Including	423	424	1	25.10	0.048		25.18
		Also	553	554	1	11.10	0.009		11.12
		also prev. and new	695	707	12	1.90	0.058		2.00
		incl. previous	695	702	7	2.55	0.079		2.69
		incl. previous	697	699	2	4.65	0.074		4.78
		New	703	721	18	0.54	0.076		0.67
		Including	706	707	1	4.15	0.037		4.21
		New	748	783	35	0.40	0.155		0.67
		Including	748	754	6	0.97	0.299		1.49
		Including	752	753	1	3.73	0.401		4.42
AT-11-04	Main Zone		4	92	88	0.50	0.228	0.92	0.91
		Including	4	71	67	0.59	0.267	1.06	1.08
		Including	6	7	1	3.03	0.508	4.10	4.00
		And	20	25	5	1.15	1.625	6.58	4.11
		And	51	68	17	1.57	0.159	0.43	1.86
		Including	64	68	4	3.85	0.268	0.64	4.33
		Including	64	65	1	8.21	0.278	0.25	8.69
AT-11-05	Main Zone		17	40	23	0.36	0.809	2.84	1.81
		Including	17	33	16	0.46	1.091	3.86	2.43
		Including	17	27	10	0.64	1.397	5.28	3.17
		Including	25	26	1	0.88	5.660	15.70	10.98
			70	74	4	0.80	0.252	20.01	1.73
		Including	72	74	2	1.25	0.446	1.00	2.04
AT-11-06		NSV							
AT-11-07	Main Zone		78	113	35	0.27	0.435	1.81	1.06
		Including	81	106	25	0.26	0.515	2.07	1.19
		Including	81	83	2	0.87	1.203	4.75	3.05
		And	101	104	3	0.35	1.208	4.53	2.53

Hole No.	Zone		From (m)	To (m)	Width (m)	Au g/t	Cu %	Ag g/t	AuEQ g/t
		Also	112	113	1	2.35	1.165	6.40	4.51
	Footwall Zone		231	249	18	0.29	0.321	1.08	0.87
		Including	234	237	3	0.71	1.032	3.27	2.56
		Including	236	237	1	1.25	1.690	5.50	4.29
			267	290	23	0.60	0.085	0.34	0.76
		Including	267	268	1	7.24	0.043	0.25	7.32
			403	406	3	2.98	0.037	0.25	3.05
		Including	403	404	1	8.31	0.052	0.25	8.41
			523	524	1	5.36	0.003	0.25	5.37

Note: AuEQ(Au Equivalent)calculated at US \$800 per oz Au and \$2.00 per lb for Cu and \$20 per oz for Ag: AuEQ = Au+(Cu*22.05*2.00/800*31.1035)+(Ag*20/800)

Hole AT-11-01 increased from an overall mineralized core section (September 16, 2011) from 408m at 0.59 g/t AuEq to (November 28, 2011 results) 489m at 0.57 g/t AuEq along with one section between 394m to 447m (53m) being re-assayed as part of the Company's QA/QC procedures. The re-assaying marginally increased the grade of this interval from 53m at 2.44 g/t AuEq to 53m at 2.48 g/t AuEq.

Holes AT-11-04 and 05 were drilled to test near surface anomalies in the main zone as identified from surface and down hole geophysics. Hole AT-11-06 was drilled north to south into an untested area to the south west of the Main Zone. Hole AT-11-07 was drilled south to north through the Main Zone and into the Footwall Zone. Assays are pending on core from Holes AT-11-08, 09 and 10 which were drilled through the Main Zone with the Footwall Zone ("FWZ") as the main target to further test the FWZ to the north. Assays from these last three holes of the 2011 drill program are expected in January 2012.

The above noted and tabled intercepts are not true widths. Further drilling and analysis is required to establish the true widths of these intercepts. The above drilling is not included in any previous NI 43-101 compliant resource calculations conducted on the Atikwa Lake property.

- **Qualified Persons and Assaying**

The stated AuEQ herein are head grades and metallurgical recoveries and net smelter returns are assumed to be 100%. Assaying for the 2011 drill core was completed by ALS (Minerals) Canada Ltd., of North Vancouver, B.C. The Qualified Person ("QP") for the Atikwa Lake Property is Mr. Robert (Bob) Laakso, P.Eng., of Holland Landing, Ontario.

7.2 WHITESIDES-CARSCALLEN PROPERTIES (WEST TIMMINS, ONTARIO) (GOLD, BASE METALS)

Pursuant to a purchase and settlement agreement dated March 21, 2011 with Xstrata Copper Canada ("Xstrata") and completed on December 8, 2011, the Company acquired a 100% interest, subject to royalty and a back-in right to Xstrata, in 11 mining tenements in the Whitesides and Carscallen townships, Ontario, situated in the West Timmins, Ontario region, in consideration for the transfer all of its interests in the Chance Property, located in Timmins, Ontario to Xstrata, and to discontinue all litigation regarding such properties against Xstrata, with each party to bear its own costs.

The acquisition of the Properties is subject to a royalty and back-in right to Xstrata. Should a deposit containing 250,000 metric tonnes or more of contained copper be discovered, Xstrata may elect to earn back into 51% of the Properties by payment of 2.5 times the Company's exploration expenditure, increasing to 70% if Xstrata undertakes a Feasibility Study, or incurs \$12,000,000 of feasibility study expenditures. If Xstrata does not back into the Properties, it is entitled to a 2% Net Smelter Return royalty.

The Company is preparing a surface exploration program that will include at least 1000m of drilling for the first quarter of 2012.

7.3 YUKON BRO PROPERTY (FARO, YUKON TERRITORY) (MASSIVE SULPHIDE-SILVER-LEAD-ZINC)

Pursuant to an agreement dated October 28, 2009, the Company acquired a 100% interest in four mineral claims known as the Bro Property located about 120 road kilometres southeast of Faro, Yukon Territory, Canada, for consideration of the issuance of 2,000,000 common shares of the Company (issued November 5, 2009). The property is subject to a 2% net smelter royalty, of which the Company may purchase one-half at any time for \$1,000,000. A finder's fee of 150,000 common shares was paid in connection with the acquisition. The above transactions received TSX-V approval on November 4, 2009.

The Bro property is primarily a silver, lead, zinc prospect with exploration potential for gold and copper. Historical work on the property including surface work carried out by Noranda between 1975 and 1979, and other operators to 1994, confirmed that the property hosts the above noted base and precious metal mineralization.

Several historical geological reports' conclusions were to conduct more drilling to determine the source of the +/- 40 meter wide massive gossan zone with high values of up to 5.5 % copper, 34 % lead, 1.4 % zinc, 550 grams per ton silver, and 2.7 grams per ton gold. The Company is reviewing all available data to develop a drill program to follow up on the 40 meter wide gossan zone.

Prior Noranda diamond drilling returned gold values as high as 0.33 ounces (11 grams) per ton gold over 5.3 feet.

The property is located in the Ketzá-Seagull district of the Cassiar Terrane. The Ketzá-Seagull district is underlain by thick successions of miogeoclinal clastic, volcanic and carbonate rocks, ranging in age from Upper Proterozoic to Mississippian that were deformed during the Mesozoic arc-continental collision. Fonseca (1998) attributes mineralization in the Ketzá Mine area, (Minefile Occurrence 105F019) consisting of gold rich manto, magnetite-gold scarns and oxide gold occurrences and deposits. Similar mineralizing events may be present in the Seagull area where the Bro property is located.

No work is planned for the Bro property at this time.

7.4 CHANCE PROPERTY (NORTH EASTERN ONTARIO) (BASE METALS)

In July 2008, the Company commenced an action in the Ontario Superior Court of Justice against Xstrata to enforce the Company's rights under the joint venture agreement between the Company and Xstrata, relating to the Chance property. The Company also claimed damages plus legal costs and related relief. Due to the inherent uncertainties of litigation, the likely outcome could not be ascertained. Accordingly, no amounts had been accrued to provide for this action and the Company had fully written off acquisition and exploration costs for the Chance Property.

Pursuant to a Purchase and Settlement Agreement dated March 21, 2011 with Xstrata Copper Canada, the Company entered into a binding commercial agreement to acquire Xstrata's interests in 11 mining tenements in the Whitesides and Carscallen townships, Ontario ("the Properties"), situated in the West Timmins, Ontario, region. In consideration for the commercial acquisition of the Properties, the Company has agreed to transfer all of its interests in the Chance Property, located in Timmins, Ontario to Xstrata, and to discontinue all litigation regarding such properties against Xstrata, with each party to bear its own costs. The acquisition of the Properties is subject to a royalty and back-in right to Xstrata. Should a deposit containing 250,000 metric tonnes or more of contained copper be discovered, Xstrata may elect to earn back into 51% of the Properties by payment of 2.5 times the Company's exploration expenditure, increasing to 70% if Xstrata undertakes a Feasibility Study, or incurs \$12,000,000 of feasibility study

expenditures. If Xstrata does not back into the Properties, it is entitled to a 2% Net Smelter Return royalty. This transaction closed on December 8, 2011. Closing was delayed beyond the originally targeted date so as to enable Xstrata to be in a position to transfer a 100% interest in the Whitesides-Carscallen properties to the Company.

7.5 DINGMAN-MADOC PROPERTY (SOUTH EASTERN ONTARIO) (GOLD)

In December 2007, the Company acquired a 100% interest, subject to a retained royalty, in the mineral rights to the Dingman Gold Property located approximately 55 kilometres north of Belleville, Ontario.

Pursuant to an Option agreement with UCC entered into on July 31, 2009, the Company granted to UCC the sole and exclusive right and option to acquire all the Company's interest in the Dingman Gold Property (including its interest in the mining claims, surface agreements and royalty buy back agreements). Under the terms of the agreement, in circumstances where UCC does not incur at least \$1,000,000 in expenditures (incurred) on the property over the 24 months following the exercise of the option, the Company will have the right to reacquire the property for 5,000,000 shares of UCC. Prior to the disposal, the total mineral interest recorded in the property was \$2,294,434. As consideration, UCC paid the sum of \$40,000 and issued the Company a total of 11,744,752 common shares, representing approximately 36.9% of UCC. The fair value of these shares upon initial recognition was \$2,095,264. As a result, a loss of \$159,170 was recorded on the disposition.

7.6 MATACHEWAN GROUP (NORTH EASTERN ONTARIO) (COPPER-GOLD-SILVER)

Pursuant to an Offer to Purchase dated June 11, 2010, the Company sold its interest in 33 unpatented mining claims in the Matachewan Group, that were previously written off, for proceeds of \$175,000.

7.7 COCHRANE AND MAISONVILLE, PROPERTIES

In October 2010, the Company completed the sale of its Cochrane and Maisonville properties in Ontario, which were previously written off, for proceeds of \$9,903.

8. LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents and term deposits as at August 31, 2011 were \$755,892 compared to \$225,979 as at August 31, 2010. Factors that could impact on the Company's liquidity are monitored regularly and include the market price of the Company's trading securities for the purposes of raising financing, exploration expenditures, and operating costs.

Most significant cash transactions include the following:

- \$727,605 cash outflow on mineral exploration and acquisition expenditures
- \$108,492 net proceeds received on sale of mineral interests
- \$353,925 net proceeds received on sale of investment in UCC
- \$1,455,000 gross proceeds received on private placement financing activities
- \$80,500 gross proceeds received on option and warrant exercises

Working capital surplus was \$1,756,736 as at August 31, 2011. This compares to working capital surplus of \$183,204 as at August 31, 2010.

Receivables at the end of the period were \$88,556 which represents \$81,193 in HST input tax credits and \$7,363 in amounts owing by companies with common directors for office expense recoveries. Advances and prepaid expenses were \$40,249.

Accounts payable and accrued liabilities of \$154,629 consist of trade payables and vacation accrual. Due to related parties of \$25,228 is payable to directors, officers, and companies with common directors for services and expense reimbursements.

8.1 Operating Cash Flow

The Company is still considered to be in the exploration and development stage and as such does not earn any significant revenue. Interest earned on term deposits totalled \$2,448 for the year ended August 31, 2011. Cash expended on operations before changes in non-working capital items for the year was \$499,869 compared to \$448,568 for the 2010 comparative year. Changes in non-cash working capital items for the year were a cash outflow of \$6,735 compared to an outflow of \$317,467 for the year ended August 31, 2010.

Cash used by operations after taking into effect changes in working capital items for the year ended August 31, 2011 was \$506,604. This compares to an outflow of \$766,035 for the comparative period.

8.2 Investing Activities

Cash outflow from investing activities were \$1,127,721 for the year ended August 31, 2011.

The Company spent \$13,615 on the purchase of office furniture and computer equipment.

Cash expenditures on mineral interest costs of \$727,605 consist of \$727,605 spent on mineral property exploration and \$nil spent on mineral property acquisition costs.

The Company received net proceeds of \$353,925 from the sale of its investment in UCC and net proceeds of \$108,492 from the sale of mineral interests that were previously written off.

8.3 Financing Activities

Cash inflows from financing activities for the year ended August 31, 2011 were \$1,423,812 compared to \$1,181,204 for the comparative period and included the following:

- Gross proceeds of private placements of \$1,455,000.
- Gross proceeds of option and warrant exercises of \$80,500.

In October 2010, the Company raised gross proceeds of \$605,000 by way of a non-brokered private placement consisting of 6,050,000 flow-through units at \$0.10 per unit. Insiders subscribed for 725,000 units of the offering. Each unit is comprised of one flow-through common share and one-half of one share purchase warrant, each whole warrant entitling the holder to acquire one further common share of the Company at \$0.15 per share over a one year term. Agent fees of \$24,000 cash and 240,000 compensation warrants, each warrant entitling the holder to acquire one common share of the Company at \$0.10 per share over a one year term, were paid in connection with the financing. All of the shares and the warrant units issued pursuant to the private placement are subject to a hold period and restricted from trading until February 2, 2011.

In August 2011, the Company raised gross proceeds of \$850,000 by way of a non-brokered private placement consisting of 8,500,000 flow-through units at \$0.10 per unit. Insiders subscribed for 8,150,000 units of the offering. Each unit is comprised of one flow-through common share and one-half of one share purchase warrant, each whole warrant entitling the holder to acquire one further common share of the Company at \$0.15 per share over a one year term. Agent and due diligence fees of \$64,000 cash and 640,000 compensation unit warrants, each unit warrant entitling the holder to acquire one non flow-

through unit of the Company (consisting of one non flow-through common share and one-half of a warrant, each whole warrant entitling the holder to acquire one further common share at \$0.15 per share over a one year term) at \$0.10 per unit over a one year term, were paid in connection with the financing. All of the shares and the warrant units issued pursuant to the private placement are subject to a hold period and restricted from trading until December 13 to December 20, 2011. \$25,000 in share subscriptions from this placement was received subsequent to year end in September 2011.

Subsequent to year end, in November 2011, the Company raised gross proceeds of \$190,000 by way of a non-brokered private placement consisting of 3,800,000 units at \$0.05 per unit. Insiders subscribed for 1,200,000 units of the offering. Each unit is comprised of one common share and one share purchase warrant entitling the holder to acquire one further common share of the Company at \$0.10 per share over a two year term. Agent fees of \$1,250 cash was paid in connection with the financing. All of the shares issued pursuant to the private placement are subject to a hold period and restricted from trading until March 31, 2012.

Subsequent to year end, in December 2011, the Company raised gross proceeds of \$342,000 by way of a non-brokered private placement consisting of 6,840,000 flow-through units at \$0.05 per unit. Insiders subscribed for 2,680,000 units of the offering. Each unit is comprised of one flow-through common share and one share purchase warrant entitling the holder to acquire one further common share of the Company at \$0.10 per share over a one year term. Agent fees of \$3,500 cash was paid in connection with the financing. All of the shares issued pursuant to the private placement are subject to a hold period and restricted from trading until April 24 to April 30, 2012.

Share issue costs of \$133,911 (\$101,699 cash and \$32,212 value of agent warrants) at August 31, 2011 relate to agent fees and legal fees incurred in connection with the private placements.

Due to related parties consists of amounts owing for unpaid salaries and expense reimbursement.

8.4 Commitments

The Company is committed to make certain cash payments, share issuances and exploration expenditures in order to keep its properties in good standing, as described under “*Results of Operations - Mineral Properties*” above.

The Company is committed to certain management contracts as described under “*Related Party Transactions*” below.

The Company is co-tenant to an Office Lease for a three year term commencing May 1, 2011. The base rent is as follows: Year 1 - \$16 per square foot per year (\$36,112 per year); Year 2 - \$16.50 per square foot per year (\$37,240.50 per year); and Year 3 \$17.00 per square foot per year (\$38,369 per year). Under the terms of the Office Lease there are also operating costs which for 2011 the Company estimates to be \$11 per square foot. The operating costs will be adjusted annually. The Company and its Co-Tenant have agreed to each pay for 50% of the rent due and owing.

On May 1, 2011, the Company signed a management consulting agreement with an unrelated party for \$5,000 per month, and granted 500,000 incentive stock options with an exercise price of \$0.10 for a term of one year. The agreement includes a provision for payment of finder’s fees of 5% on the first \$1,000,000 and 2% on amounts over \$1,000,000 in monies raised by the consultant to the Company’s benefit, subject to regulatory approval. The agreement may be terminated by either party with 30 days written notice.

On May 11, 2011, the Company signed a three month consulting agreement with an unrelated party for \$10,000 for the three month term, and granted 1,000,000 incentive stock options with an exercise price of \$0.10 for a term of one year. On August 11, 2011, the agreement was extended to December 15, 2011 for a fee of \$15,000 for the four month term. On October 3, 2011 as amended November 22, 2011, the

Company terminated the agreement. The consultant's 1,000,000 incentive stock options expired on December 3, 2011 and the consultant was paid \$3,000 cash in full and final settlement for the termination.

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian (flow-through) qualifying exploration expenditures. The Company has indemnified the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the 2011 calendar year, the Company raised proceeds of \$1,192,000 from the sale of flow-through common shares. The Company is committed to spending the flow-through unit proceeds on exploration activities and to renouncing \$1,191,082 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through shares. This amount will not be available to the Company for future deduction from taxable income. The Company is required to fulfill its renunciation commitment at December 31, 2011 and may have until December 2012 to complete its qualifying exploration expenditures under the look back rule. As at November 30, 2011, the Company spent approximately \$768,000 in qualifying exploration expenditures and has a remaining commitment to spend \$431,080.

During the 2010 calendar year, the Company raised proceeds of \$931,000 from the sale of flow-through common shares. The Company is committed to spending the flow-through unit proceeds on exploration activities and to renouncing \$920,875 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through shares. This amount will not be available to the Company for future deduction from taxable income. The Company fulfilled its renunciation commitment at December 31, 2010 and completed its qualifying exploration expenditure commitment during the 2010 fiscal year.

8.5 Sources of Financing

The Company's financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. The Company closed a \$342,000 flow-through private placement in December 2011 which monies will be used to fund exploration on the Atikwa Lake and Whitesides-Carscallen properties, and the Company holds 5,385,852 shares of UCC that it may sell to fund general working capital requirements. Management is of the opinion that the Company will continue to be able to meet its liabilities as they become payable.

9. OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

10. RELATED PARTY TRANSACTIONS

On January 1, 2010, as amended on July 28, 2010, the Company signed a management consulting agreement to pay \$8,000 per month to a company of which the Chairman is a director, for the term of the contract expiring December 31, 2011. On July 28, 2010, the Company signed a management agreement to pay the Chairman \$2,000 per month with provisions for severance and bonus payment for the term of the contract expiring on December 31, 2011. Both of these agreements were cancelled on July 1, 2011 and replaced by a single Consulting, Management and Key Personnel Agreement to pay \$15,000 per month to a company of which the Chairman is a director, for the term of the contract expiring December 31, 2014. During the year, the Company paid \$20,000 salary and \$110,000 management fees to the Chairman and the company of which he is a director (2010 - \$20,000 salary and \$84,000 management fees).

Pursuant to a management contract dated November 1, 2009, the Company is committed to pay the President of the Company a monthly remuneration of \$5,000 per month for a minimum twelve month term, and thereafter continuing until such time as the parties mutually agree. This contract was terminated subsequent to year end effective September 30, 2011 due to the resignation of the President.

During the year ended August 31, 2010, a company with a common director and an unrelated party provided a \$150,000 demand loan to the Company that was secured by 500,000 shares of the Company's investment in UCC and bore interest at a rate of 4.25% per annum compounded annually. As further consideration for providing the loan, each party was given 37,500 shares of UCC which was recorded as financing charges. The UCC shares had a fair value of \$25,965. The loan was repaid on May 31, 2010 with accrued interest of \$288 to each party.

The above noted commitments are summarized in the following chart of charges paid or payable during the year ended August 31, 2011 and year ended August 31, 2010 to directors and officers of the Company and companies with common directors:

	2011	2010
Consulting fees	\$135,250	\$ 103,650
Project management fees	135,868	94,590
Salaries and benefits	68,000	80,675
Travel and automobile	926	1,080
Financing fee	-	18,375
Loan interest	-	288

During the year, the Company recovered \$6,182 in office rent and expenses from two companies with related directors that are co-tenant and sub-tenant to the Company's office lease. During the 2010 fiscal year, the Company recovered \$10,307 in office rent and expenses from a Company related by virtue of common directors. In full and final settlement of the amount owing, the Company acquired furniture and equipment from the related company.

Advances and prepaid expenses includes salary advances of \$nil (2010 - \$8,000) paid to two directors of the Company and \$16,800 (2010 - \$8,960) to a company with a common director.

Included in amounts receivable is \$7,363 (2010 - \$nil) receivable from two companies controlled by directors of the Company.

Due to related parties represents \$25,228 (2010 - \$10,217) owed to directors and officers of the Company and companies with related directors for salaries and expense reimbursements, which is due on demand and is non-interest bearing.

One of the vendors of the Bro Property option agreement is now a director of the Company, who prior to becoming a director of the Company was issued 1,000,000 common shares of the Company as consideration pursuant to the transaction.

Incentive stock options have been granted to related parties.

Other than the reimbursement of general administrative and business expenses, no other monies were paid to related parties. All related party transactions are in the normal course of business and priced within industry standards.

11. CAPITALIZATION

Shareholder's equity was \$10,755,827 as at August 31, 2011 compared to shareholder's equity of \$9,662,815 as at August 31, 2010.

11.1 Share Capital

Outstanding share data as at the date of this report is as follows:

Authorized: Unlimited number of common shares

Issued and outstanding:

	Number	Amount
Balance, August 31, 2009	43,051,871	\$ 26,832,233
Shares issued for mineral interests		
Bro Property	2,000,000	100,000
Finder's fee on property acquisition	150,000	7,500
Shares issued for mineral interests	2,150,000	107,500
Shares issued		
Warrants exercised	6,517,500	490,000
Options exercised	700,000	78,500
Non Flow-Through Private Placements	9,420,000	494,200
Flow-Through Private Placements	5,675,000	406,000
Less: Future income tax benefits on expenditures renounced to shareholders	-	(64,382)
Less: Private Placement financing costs	-	(4,586)
Shares issued	22,312,500	1,399,732
Balance, August 31, 2010	67,514,371	\$ 28,339,465
Shares issued		
Warrants exercised	705,000	77,289
Options exercised	100,000	13,000
Flow-Through Private Placements	14,550,000	1,455,000
Less: Future income tax benefits on expenditures renounced to shareholders	-	(230,219)
Less: Private Placement financing costs	-	(133,911)
Less: Share subscriptions	-	(25,000)
Shares issued	15,355,000	1,156,159
Balance, August 31, 2011	82,869,371	\$29,495,624
Shares issued		
Non Flow-Through Private Placements	3,800,000	190,000
Flow-Through Private Placements	6,840,000	342,000
Less: Private Placement financing costs	-	(8,372)
Shares issued	10,640,000	523,628
Balance, December 29, 2011	93,509,371	\$30,019,252

Subsequent to year end, in November 2011, the Company raised gross proceeds of \$190,000 by way of a non-brokered private placement consisting of 3,800,000 units at \$0.05 per unit. Insiders subscribed for 1,200,000 units of the offering. Each unit is comprised of one common share and one share purchase warrant entitling the holder to acquire one further common share of the Company at \$0.10 per share over a two year term. Agent fees of \$1,250 cash was paid in connection with the financing. All of the shares issued pursuant to the private placement are subject to a hold period and restricted from trading until March 31, 2012.

Subsequent to year end, in December 2011, the Company raised gross proceeds of \$342,000 by way of a non-brokered private placement consisting of 6,840,000 flow-through units at \$0.05 per unit. Insiders subscribed for 2,680,000 units of the offering. Each unit is comprised of one flow-through common share and one share purchase warrant entitling the holder to acquire one further common share of the Company at \$0.10 per share over a one year term. Agent fees of \$3,500 cash was paid in connection with the financing. All of the shares issued pursuant to the private placement are subject to a hold period and restricted from trading until April 24 to April 30, 2012.

As at December 29, 2011, the Company has 93,509,371 common shares issued and outstanding.

11.2 Stock Options

Outstanding option data as at the date of this report is as follows:

	Number	Weighted Average Exercise Price
Balance, August 31, 2009	320,000	\$0.07
Exercised	(700,000)	\$0.09
Cancelled	(20,000)	\$0.10
Granted	4,450,000	\$0.10
Balance, August 31, 2010	4,050,000	\$0.10
Exercised	(100,000)	\$0.10
Cancelled	(1,050,000)	\$0.10
Granted	4,350,000	\$0.10
Balance, August 31, 2011	7,250,000	\$0.10
Exercised	-	-
Cancelled	(1,000,000)	\$0.10
Granted	-	-
Balance, December 29, 2011	6,250,000	\$0.10

Subsequent to year end, in December 2011, 1,000,000 incentive stock options exercisable at \$0.10 per share expired unexercised.

As at December 29, 2011, the Company has 6,250,000 share purchase options outstanding. The following table provides information about share purchase options outstanding and exercisable:

Exercise Price	Number of Options	Weighted Average Remaining Contractual Life	Expiry Date
\$0.10	3,900,000	0.2 years	February 25, 2012
\$0.10	500,000	0.4 years	May 9, 2012
\$0.10	1,650,000	1.2 years	March 2, 2013
\$0.10	200,000	1.2 years	March 23, 2013
	6,250,000	0.5 years	

11.3 Warrants

Outstanding warrant data as at the date of this report is as follows:

	Number	Weighted Average Exercise Price
Balance, August 31, 2009	10,481,000	\$0.15
Exercised	(6,517,500)	\$0.08
Expired	(1,993,500)	\$0.15
Issued	10,165,000	\$0.08
Balance, August 31, 2010	12,135,000	\$0.13
Exercised	(705,000)	\$0.10
Expired	(6,400,000)	\$0.15
Issued	8,475,000	\$0.15
Balance, August 31, 2011	13,505,000	\$0.13
Exercised	-	-
Expired	(8,295,000)	\$0.12
Issued	10,640,000	\$0.10
Balance, December 29, 2011	15,850,000	\$0.11

Subsequent to year end, 10,640,000 share purchase warrants were issued pursuant to two unit private placements as described under 11.1 Share Capital (above), and 8,295,000 warrants expired unexercised.

As at December 29, 2011, the Company has 15,850,000 share purchase warrants outstanding. The following table provides information about share purchase warrants outstanding and exercisable:

Exercise Price	Number of Warrants	Expiry Date
\$0.10	640,000	August 12, 2012
\$0.15	4,320,000	August 12, 2012
\$0.15	250,000	August 19, 2012
\$0.10	4,680,000	December 23, 2012
\$0.10	2,160,000	December 29, 2012
\$0.10	3,800,000	November 30, 2013
	15,850,000	

11.4 Contributed Surplus

	August 31, 2011	August 31, 2010
Balance, beginning of year	\$ 1,323,410	\$ 1,208,410
Stock-based compensation	186,410	133,500
Stock options and warrants exercised	(9,789)	(18,500)
Agents' warrants	32,213	-
Balance, end of year	\$ 1,532,244	\$ 1,323,410

12. BOARD OF DIRECTORS & OFFICERS

The directors of the Company are Donald (Dan) M. Clark (Chairman and CEO), Michael Meyers, Paul Antoniazzi, Alexander (Sandy) Bain, Ferdynand Kiernicki, and Mark Lofthouse. The Chief Financial Officer and Corporate Secretary is Sandra Wong.

13. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based upon historical experience and on various other assumptions that management believe to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain. The Company's accounting policies are described in Note 2 of the notes to the accompanying financial statements for the year ended August 31, 2011.

The Company's accounting policies relating to amortization of equipment; recording of mineral interests, deferred exploration and development expenditures; and impairment of long-lived assets are critical accounting policies that are subject to estimates and assumptions.

Amortization of Equipment

Equipment is recorded at cost, less accumulated amortization. Amortization is calculated using the following rates and methods: computer equipment at 20% straight line basis; computer software at 30% declining balance basis; office furniture and furnishes at 20% declining balance basis; field equipment at 30% declining balance basis. Management is required to make assumptions about the useful lives of equipment when establishing this accounting policy.

Mineral interests, deferred exploration and development expenditures

All costs related to the acquisition, exploration and development of resource properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of resource properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts

capitalized as resource properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

Impairment of Long-lived Assets

The recoverability of long-lived assets which includes equipment and resource properties is assessed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is based on factors such as future asset utilization and the future undiscounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized when the carrying amount of an asset that is held and used exceeds the projected undiscounted future net cash flows expected from its use and disposal less costs to sell, and is measured as the amount by which the carrying amount of the asset exceeds its fair value, which is measured based on discounted cash flows when quoted market prices are not available.

Impairment in the carrying value of non-producing resource properties may occur when one of the following conditions exists:

- (a) the Company's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
- (b) exploration results are not promising and no more work is being planned in the foreseeable future on the property; or
- (c) the remaining lease terms for the property are insufficient to conduct necessary studies, exploration work, or mineral extraction.

Once impairment has been determined in the carrying value of a resource property, it will be written-down to fair value. Amounts shown for resource properties reflect costs incurred to date, less impairments, and are not intended to reflect present or future values.

All estimates used are subject to periodic review and are adjusted as appropriate. Because of the ongoing review process, the Company is able to update its estimates on a timely basis as and when developments affecting the underlying assumptions necessitate such modifications.

14. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Recent Accounting Pronouncements

In February 2008, the Canadian Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies will converge with International Financial Reporting Standards ("IFRS"). AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian generally accepted accounting principles ("GAAP"). This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of September 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

The Company has completed a high-level scoping study and concluded that the IFRS standards will have the most significant impact in the areas of:

- IFRS 1 – First-time adoption of IFRS
- IFRS 2 – Share Based Payments
- IFRS 6 – Exploration and evaluation of mineral resources
- IAS 16 – Property, plant and equipment
- IAS 31 – Interests in joint ventures
- IAS 36 – Impairment of Assets

The Company has updated its accounting procedures so as to collect information required under IFRS but while the Company has begun assessing the adoption of IFRS for 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

15. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair values

The Company's financial instruments includes cash and cash equivalents, term deposits, investment in UCC, amounts receivable, accounts payable and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

		2011
Held for trading (i)	\$	2,101,730
Loans and receivables (ii)	\$	7,363
Other financial liabilities (iii)	\$	179,857

- (i) Cash and cash equivalents, term deposits and investment in UCC
- (ii) Amounts receivable
- (iii) Accounts payable and amounts due to related parties

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

		Level 1	Level 2	Level 3	As at August 31, 2011
Cash	\$	15,466	\$ -	\$ -	\$ 15,466
Term deposit		740,426	-	-	740,426
Investment in UCC (Note 3)		405,194	646,702	-	1,051,896
Shares in escrow (Note 3)		-	293,942	-	293,942

Interest Rate and Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents and amounts receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash and cash equivalents with high credit chartered Canadian financial institutions. As at August 31, 2011, the Company has no financial assets that are past due or impaired due to credit risk defaults.

The following table provides information regarding the aging of amounts receivables at August 31, 2011:

	Neither past due Nor impaired	31- 90 days	91-180 days	181+ days	Carrying Value
Amounts receivable	\$nil	\$7,363	\$nil	\$nil	\$7,363

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and amounts due to related parties. The Company handles its liquidity risk through the management of its capital structure as described in Note 12. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at August 31, 2011:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years	Over 3 years
	\$	\$	\$	\$	\$	\$
Accounts payable	154,629	154,629	154,629	-	-	-
Due to related parties	25,228	25,228	25,228	-	-	-
Total	179,857	179,857	179,857	-	-	-

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the

Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars and all current exploration occurs within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

16. DISCLOSURE CONTROLS AND PROCEDURES

16.1 Disclosure Controls and Procedures and Internal Control Over Financial Reporting

In contrast to the disclosure required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Company is a venture issuer and as such is not required to perform an evaluation of disclosure controls and procedures annually nor to disclose management's conclusions about the effectiveness of these disclosure controls and procedures in its annual MD&A.

The Company does not make representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the Company does not make any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in its annual and interim filings. Investors should be aware that inherent limitations on the ability of management of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

17. RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the 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 or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's

efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

18. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

This Management's Discussion and Analysis contains "forward-looking statements, within the meaning of applicable Canadian Securities legislation", that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and copper, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to the integration of acquisitions, risk relating to international operations, the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and copper; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; fluctuations in metal prices; as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis for the year ended August 31, 2011 filed with the securities regulatory authorities in Canada and available at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes

no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

19. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and two of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

OPAWICA EXPLORATIONS INC.

Donald (Dan) M. Clark

Chief Executive Officer and Chairman of the Board