Management Discussion and Analysis of the unaudited Consolidated Financial Statements
For the three month period ended December 31, 2012

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KILO GOLDMINES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
For the three month period ended December 31, 2012

This Management Discussion and Analysis ("MD&A") of Kilo Goldmines Ltd. ("Kilo" or the "Company") is prepared as at February 22, 2013 and provides an analysis of the Company's performance and financial condition for the three months ended December 31, 2012. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee.

*This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements for the period ended September 30, 2012, including the related note disclosure. The Company's interim unaudited financial statements are presented on a consolidated basis with its wholly-owned subsidiary Kilo Goldmines Inc. and the partnership interests described in the notes to the financial statements, and are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following discussion and analysis are quoted in the functional currency of Canadian dollars unless otherwise specified. Additional information relevant to the Company's activities can be found on SEDAR at **www.sedar.com** or the Company's website at **www.kilogold.net.***

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance, and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below. Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Executive Summary

Kilo Goldmines Ltd. is a junior resource company with gold exploration properties in the Democratic Republic of the Congo. The Company is currently engaged in exploration and evaluation of its properties and has no producing asset as yet. The Company delivered its maiden NI 43-101 report in 2011, and is continuing with ongoing exploration to increase the extent of the Mineral Resources. The Company has entered into a joint venture with Randgold Resources Ltd. for gold exploration on certain of the Company's properties.

Principal Business and Corporate History

Kilo Goldmines Ltd. (the "Company") is an Ontario corporation which commenced operations on March 20, 2009. A predecessor corporation, Kilo Goldmines Inc. ("Old Kilo"), commenced operations in January 2006. Prior to March 20, 2009, Kilo Goldmines Ltd. was known as Blue Ribbon Capital Corporation ("Blue Ribbon"), a Capital Pool Company as defined by the TSX Venture Exchange.

The Company is in the process of exploring its mineral resource properties and intends to devote the majority of its efforts to these properties. To date, the Company has not generated revenues and is considered to be in the development stage.

Amalgamation

On September 27, 2007, Old Kilo announced that it had entered into a Letter Agreement (the "Agreement") with Blue Ribbon, a public corporation formed as a capital pool company. Pursuant to the Agreement, Blue Ribbon was able to acquire all of the issued and outstanding shares of Old Kilo (the "Going Public Transaction").

On March 20, 2009, pursuant to the Agreement, Old Kilo amalgamated with Blue Ribbon's wholly-owned subsidiary. Completion of the transaction constituted Blue Ribbon's qualifying transaction. The shareholders of Old Kilo held the majority of the outstanding shares of the Company following the transaction, and accordingly, the transaction has been accounted for as a reverse takeover. Since Blue Ribbon's operations do not constitute an economic unit, the transaction has been accounted for as a capital transaction.

On April 21, 2009, the common shares of the Company began trading on the TSX Venture Exchange under the symbol "KGL".

Corporate Developments

On December 6, 2012 the company announced the signing of a definitive agreement with Randgold Resources plc ("RRL") for a Joint Venture ("JV") on Kilo's KWR Iron Sprl Exploration licences in the Democratic Republic of Congo ("DRC").

Randgold has undertaken to finance all exploration on Kilo's KWR licences for which they will obtain incremental ownership based on milestone events. Randgold has up to five years to establish a pre-feasibility study and a joint venture committee will manage the exploration programmes which will rely on knowledge and expertise from both companies.

The terms of the agreement are:

- RRL to earn 51% for the completion of a pre-feasibility study ("PFS")
- KGL to retain the right to maintain 49% post PFS
- RRL to earn 65% for the completion of a bankable feasibility study ("BFS") should KGL not contribute post PFS
- KGL equity to convert to 1.5% royalty if diluted to 10% or less
- KGL keeps the exploration rights to all minerals not associated with gold
- PFS to be established within 5 years
- BFS to be established within 1 year after PFS, or such longer time to be agreed by the parties

In addition, Kilo announced that it has reached an agreement to buy out its 25% minority partner, Suez Holdings Ltd, which has a free carried interest through production for non-iron commodities in the KWR licences under the current Kilo – Suez JV agreement. The transaction involves an aggregate of 635 000 USD in cash and 356 000 shares over a 6 year period with no initial cash down. The transaction has been approved by the TSXV. The buyout is simultaneous for Suez' gold interest in the KWR licences, as well as Suez' interest in a Kilo DRC subsidiary, KGL ERW Sprl, which holds permit PR 2274, and allows KGL, once the consideration has been paid, to retain Randgold as its sole partner.

Kilo also reported that Rio Tinto is withdrawing from its joint venture for iron ore on the KWR Licences. Kilo and Rio Tinto are inventorising all data and joint venture assets to be handed over to Kilo, and discussions about the withdrawal process are in progress.

Overall Performance

The Company's activities focused on continuing its exploration and evaluation programs on its existing properties in the Democratic Republic of the Congo, investing approximately net $1.4 million in the three month period ended December 31, 2012. The Exploration section below sets out in greater detail the activities on the various properties during the period. The comprehensive loss for the three month period ended December 31, 2012 was $203,479 compared to a loss of $1,460,185 for the three months ended December 31, 2011.

Capital Stock and Financing

On January 31, 2013, the company announced the filing of a preliminary short form prospectus in connection with a fully marketed offering of common shares in the capital of the Company ("Common Shares") at a price per Common Share to be determined in the context of the market, for aggregate minimum gross proceeds of C$10,000,000 (the "Offering"). A syndicate of agents co-led by GMP Securities L.P. and Clarus Securities Inc. and including Byron Capital Markets Ltd. (collectively, the "Agents") has been engaged to act as agents to sell the Common Shares on a best efforts basis.

On January 30, 2013 the company issued 200,000 shares in part settlement of obligations relating to the acquisition of the remaining outside interest in KGL-ERW.

Exploration and Operations

KGL Somituri Sprl

The Somituri Project consists of eight *Permis d'Exploitation* ("PE") (Exploitation Licence), held 71.25% by KGL Somituri Sprl and valid until 2039, covering 606 square kilometres of the Ngayu Archaean Greenstone Belt in Oriental Province of the Democratic Republic of Congo. The PEs are known as Gambi (PE137), Boroda (PE138), Nane (PE140), Imbo (PE9691), Ngazi (PE9692), Mpaka (PE9693), Embolim (PE9694) and Dhahabau (PE9695). With the exception of the Mpaka and Embolim Licences the properties are underlain by Upper Kibalian, clastic metasedimentary rocks, metavolcanics, schists, chemical metasedimentary rocks including banded iron formation ("BIF"), localized dioritic intrusives and the occasional felsic dyke. The western half of the Embolim Licence is underlain with the Upper Kibalian rocks, and the eastern half is underlain with basement granitic rocks. The Mpaka Licence is entirely underlain by basement granitic rocks.

During the three month period ended December 31st, 2012 the exploration program consisted of diamond drilling, drill core sampling, and surface geological mapping on the Somituri Project Imbo Exploitation Licence.

IMBO

A total of 1,604.7 metres of diamond drilling was carried out on the Canal, Kitenge and Senegal Prospects during the three months ended December 31st, 2012.

Six diamond drill holes totalling 1,093.3 metres were completed on the Kitenge Prospect. This includes one hole that was abandoned and completion of one hole which was in progress at the beginning of the period. In-fill resource definition drilling was carried out on a 500 metre portion of the defined 1.5 kilometre Kitenge Main Shear Zone ("KSZ"). KSZ was subjected to exploitation during the colonial-era. KSZ is characterized by a continuous auriferous quartz vein hosted in sheared clastic metasedimentary rocks and minor discontinuous intervals of black shale with silica, sericite and chlorite alteration having a preliminary estimated width in the order of 75 metres.

One diamond drill hole totalling 214.25 metres was completed on the Senegal Prospect. This hole targeted the Senegal Main Shear Zone ("SSZ"), which is the northwestern strike extension of the KSZ, possibly left laterally fault off-set. Only limited geological data has been obtained from the SSZ. Current geological data indicates the SSZ is characterized by an auriferous quartz vein within clastic metasedimentary rocks. Minor black shale and mafic volcanics as well as a felsic dyke were also intersected.

Two diamond drill holes totalling 297.15 metres were completed on the Canal Prospect. These drill holes targeted a gap in the drilling between the southeastern most drill hole on the Adumbi/Canal Prospect and the northwestern most drill hole on the Canal Prospect. Both of these drill holes intersected chemical metasedimentary rocks, including banded iron formation, hosted within clastic metasedimentary rocks. The relationship between the Canal Prospect and the Adumbi Prospect is not fully understood. The Canal Prospect is either a strike continuation of Adumbi Prospect, or, the Canal Prospect is a separate parallel chemical metasedimentary unit hosted within the footwall rocks of the Adumbi Prospect.

No exploration was carried out on the Gambi, Boroda, Nane, Ngazi, Mpaka, Embolim and Dhahabau Licences during the period.

Technical and analytical results obtained during the period detailed in Press Releases available on the Kilo website as well as on SEDAR.

Exploration Expenditures

The table below sets out the expenditures for the three months ended December 31, 2012:

	KGL-Somituri	KGL-Sihu	KGL-ERW	Total
Acquisition and sustaining costs	-	-	-	-
Drilling	274,829	-	-	274,829
Helicopter support	203,759	-	-	203,759
Project Camp	423,208	-	-	423,208
Sampling	113,414	-	-	113,414
Professional fees	85,913	-	-	85,913
Project management/ Administration	209,539	-	-	209,539
Geological and Geochemical	47,947	-	-	47,947
Travel	49,577	-	-	49,577
Trenching	-	-	-	-
Other	21,481	-	-	21,481
Current YTD spend	**1,429,666**	**-**	-	**1,429,666**
Currency Translation Adjustments	334,403	20,873	2,879	358,155
Balance beginning of period: Oct 1, 2012	27,937,690	1,754,005	241,967	29,933,662
Balance end of period: March 31, 2012	**29,701,759**	**1,774,878**	**244,846**	**31,721,483**

For the three months ended December 31, 2012, expenditure on the KGL-Somituri properties was $1,429,666 compared with a spend of $1,287,889 during the comparable period in 2011. Activities included drilling, core sampling, and surface mapping.

The currency translation adjustment reflects movements in the CAD$/US$ exchange rate on translating values from the partnership accounts, expressed in the functional currency of United States dollars, into the presentation currency of these interim consolidated financial statements which is Canadian Dollars.

Other Properties

In December 2012 the Company announced the withdrawal of Rio Tinto from the joint venture. The company decided to relinquish certain of the KGL-ERW properties and an amount of $166,806 was written off accordingly in the quarter ending September 30, 2012.

As noted in the section 'Corporate Developments', the Company announced the signing of a new joint venture with Randgold Resources Limited covering the potential gold assets of the properties now held in KWR Iron Sprl.

Results of Operations

The Company is currently engaged in mineral exploration and evaluation, and does not generate revenues from operations. Costs related to the acquisition and exploration of mineral properties are capitalized by property, whilst regulatory and other expenditures incurred to maintain the administrative infrastructure required to operate in Canada are expensed.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the current quarter ending December 31, 2012 and historically for the preceding eight quarters.

Fiscal Year	2013				2012		2011		
$'000	Dec 2012	Sept 2012	June 2012	Mar 2012	Dec 2011	Sep 2011	June 2011	Mar 2011	Dec 2010
Net revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain/(Loss) before other items	(569)	(779)	(305)	(881)	(760)	(1,381)	(813)	(536)	(1,184)
Currency translation adjustment	366	(822)	594	(505)	(700)	(8)	-	(490)	(478)
Comprehensive loss	(203)	(1,601)	289	(1,386)	(1,460)	(1,389)	(813)	(1026)	(1,662)
Net loss, per share basic and diluted	Nil	0.01	Nil	0.01	0.01	0.01	0.01	Nil	0.02

Factors Affecting Quarterly Results

Fluctuations in quarterly results arise mainly from timing of expensing costs related to the issuance of stock option compensation, and to a lesser degree to administrative costs variations.

For the Three months ended December 31

	2012	2011
Amortization	55,842	59,568
Foreign exchange	55,610	74,384
Office and miscellaneous	67,310	71,992
Management and consulting fees	96,000	144,000
Professional fees	71,856	88,562
Directors' fees	48,221	47,500
Shareholder communication	67,705	29,629
Share-based payments	61,254	123,781
Transfer agent and regulatory fees	5,530	38,526
Travel and promotion	38,484	78,844
Interest and financing costs	3,887	10,608
Interest income	(2,552)	(7,771)
Loss for the period	569,147	759,623
Currency translation adjustment	(365,668)	700,562
Total Comprehensive Loss for the Period	203,479	1,460,185

The comprehensive loss for the three month period ended December 31, 2012 was $203,479 as compared to a loss of $1,460,185 for the three month period ended December 31, 2011, a decrease of $1,256,706, mainly arising from the movement in the currency translation adjustment of $1,066,230. Stock-based compensation decreased by $62,527. Management and consulting fees decreased by $48,000 due to prior year costs which did not recur in the current year, and travel and promotion expenditure decreased by $40,360.

Liquidity and Capital Resources

As at December 31, 2012, the Company had cash resources of $2,859,021 compared to $5,172,059 at September 30, 2012. The Company had working capital of $2,334,593 compared to working capital amounting to $4,206,652 as at September 30, 2012.

In January 2013 the Company issued a preliminary short form prospectus to raise a minimum of $10 million. Management believes the Company’s cash position will be sufficient to meet current planned exploration and operating expenditures and anticipates raising further funds to meet the next phase of exploration and development.

As a mineral exploration and development company with no current production or revenue from mining operations, the Company’s cash flows consist of cash outflows for exploration and evaluation, administrative expenses, salaries, property acquisition, and expenditures for depreciable equipment. Financing activities, such as share issuances and shareholder loans, result in cash inflows to the Company. Since its inception, the Company has relied on capital markets (and in particular, equity markets) to fund its exploration and evaluation activities as well as its investments in machinery and equipment. The Company is dependent on obtaining future financing for exploration and evaluation of its resource properties and for any new projects

The longer term continuation of the Company as a going concern necessitates the creation of a revenue stream from its mineral assets.

CAPITAL DISCLOSURES

Canadian Institute of Chartered Accountants ("CICA") Handbook, requires disclosure of an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and, if it has not complied, the consequences of such non-compliance. The Company's capital is composed of shareholders' equity. The Company's objective is to raise sufficient capital to execute its exploration plan. The Company does not use any capital-based metrics. The Company does not have any externally imposed capital requirements. There have not been any changes to the overall capital risk management strategy during the three months ended December 31, 2012.

Treasury Summary

The Company had the following outstanding as at December 31, 2012:

Shares	218,849,978
Options	18,069,000
Warrants	25,250,000

Full details of share issuances as well as warrant and option transactions are provided in notes 8, 9 and 10 to the unaudited financial statements for the three months ended December 31, 2012.

COURSE OF BUSINESS TRANSACTIONS

Transactions with Related Parties

During the three months ended December 31, 2012, transactions with related parties were:

	2012	2011
Directors fees	47,500	47,500
Management and consulting fees paid to directors and officers	96,000	90,000
Consulting fees paid to a former director/officer and related individuals	-	54,000
Investor relations fees with a company controlled by an individual related to a former director/officer	-	18,000

Included in share-based compensation for the period ended December 31, 2012 is $61,254 (2011 - $123, 781) related to stock options granted to management and directors. Included in the additions to resource properties during the period ended December 31, 2012 is $10,813 (2011 – $Nil) related to stock options granted to management.

Off-Balance Sheet Transactions

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

Proposed Transactions

The Company continues to review property and industry information in search of future opportunities in terms of new property acquisitions and business partnerships.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires that the Company's management make critical judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Recoverability of Mineral Properties and Deferred Exploration Costs

The Company assesses all mineral property and deferred exploration costs and property, plant and equipment at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long term commodity prices, discount rates, foreign exchange rates, future capital requirements, exploration potential and operating performance.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Property, Plant and Equipment - Estimated Useful Lives

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in notes 3(i), 9 and 10.

International Financial Reporting Standards ("IFRS")

In previous years, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company adopted IFRS effective October 1, 2011 and the Company's consolidated financial statements have been prepared in accordance with IFRS.

Note 3 to the audited consolidated financial statements for the year ended September 30, 2012 sets out significant accounting policies in accordance with IFRS.

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements were authorized for issue by the Board of Directors on February 22, 2013.

The accounting policies applied in these interim condensed consolidated financial statements are consistent with the policies and methods of computation applied in the most recent annual consolidated financial statements for the year ending September 30, 2012. These interim condensed consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2012 together with the notes thereto.

Accounting policies have been applied consistently to all periods presented, unless otherwise stated.

The policies applied in the Company's unaudited consolidated financial statements for the three months ended December 31, 2102, are based on IFRS effective as of December 31, 2012.

The Company's unaudited consolidated financial statements have been prepared on the historical cost basis.

The unaudited consolidated financial statements for the three months ended December 31, 2102, are presented in Canadian Dollars. The functional currency of the Company is the Canadian Dollar.

The unaudited consolidated financial statements for the three months ended December 31, 2102, have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. During the three months ended December 31, 2012, the Company incurred a comprehensive loss of $203,479 (2011 - $1,460,185), and as of that date, the Company's deficit was $25,259,231 (September 30, 2012 - $24,690,084). The Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period, but intends to raise financing to fund further exploration. Whilst the Company has been successful in the past in raising funds, there is no assurance it will be able to do so in the future.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	FVTPL
Reclamation bonds	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Fair Values

Except as disclosed elsewhere in these consolidated financial statements, the carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company is not exposed to any significant credit risk as at December 31, 2012. The Company's cash and cash equivalents are on deposit with a highly rated banking group in Canada and holds limited funds in a reputable financial institution in the DRC.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2012, the Company has current assets of $3,235,781 and current liabilities of $901,188. All of the Company's current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms. Current working capital of the Company is $2,334,593 as at December 31, 2012.

Market risk

(i) Interest rate risk

The Company has significant cash and cash equivalents balances and it has no interest-bearing debt. The Company's current policy is to invest its excess cash in highly liquid money market investments such as interest bearing deposit accounts and guaranteed investment certificates. These short term money market investments are subject to interest rate fluctuations.

(ii) Foreign currency risk

The Company's functional currency is primarily the Canadian dollar. The majority of the Company's operating expenses are transacted in Canadian dollars, and the majority of the Company's resource property costs are transacted in United States dollars. As at December 31, 2012, the Company had cash of 2,859,021 United States Dollars and accounts payable and accrued liabilities of 901,188 United States Dollars. As at December 31, 2012, the Company had accounts payable of 57,151 United Kingdom Pounds Sterling; accounts payable of 12,015 South African Rand; and accounts payable of 0 European Euros.

(iii) Price risk

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

Future Accounting Changes

IFRS 9 (Financial Instruments: Classification and Measurement), effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 20153, and has not yet determined the potential impact on the Company's consolidated financial statements.

IFRS 10 Consolidated Financial Statements ("IFRS 10") replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements ("IAS 27") and SIC-12 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2013, and has not yet determined the potential impact on the Company's consolidated financial statements.

IFRS 11 Joint Arrangements ("IFRS 11") introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

IFRS 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning October 1, 2013, and has not yet determined the potential impact on the Company's financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the three months ended December 31, 2012, that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the three months ended December 31, 2012, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

OTHER MD&A REQUIREMENTS

As at January 31, 2013 the Company had 219,049,978 common shares outstanding. If the Company were to issue 25,250,000 common shares upon conversion of all its outstanding warrants and 17,609,000 common shares upon conversion of all its outstanding options it would raise $11,529,800.

QUALIFIED PERSON

The scientific and technical data included in this MD&A has been reviewed by Stanley Robinson, M.Sc., F.GAC., P.Geo., a consultant to the Company, and a Qualified Person pursuant to National Instrument 43-101.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.