CARMAX MINING CORP
(formerly Carmax Explorations Ltd)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTH PERIOD ENDED JANUARY 31, 2011

The following discussion and analysis, prepared as of March 31, 2011 has been prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward looking statements.

Additional information related to the Company is available for view on Sedar at www.sedar.com.

1.1 Date of Report: March 28, 2011

1.2 Nature of Business and Overall Performance

Carmax Mining Corp. (the "Company"), (formerly Carmax Explorations Ltd.) is a natural resource company engaged in the mineral exploration field.

Pursuant to shareholders approval received at the annual and special general meeting of the shareholders on August 6, 2010, the Company changed its name to Carmax Mining Corp and consolidated its common shares on a 10 old shares for 1 new share basis.

As a result of the stock consolidation, all capital stock amounts and per share amounts contained in this Management Discussion and Analysis have been restated to reflect the stock consolidation.

As at January 31, 2011, the Company had cash and short term investments on hand of $925,496 compared to $1,039,527 July 31, 2010.

Resource property costs increased to $6,125,834 at January 31, 2011 compared to $5,920,933 at July 31, 2010. The exploration expenditures were predominantly incurred as a result of the exploration undertaken on the Goldtip and Eaglehead properties.

As of January 31, 2011, the Company has three mineral property interests being a 50% interest in the Whiskey Jack Creek property located in the Cairo Township of the Matachewan Area of the Larder Lake mining district of the Province of Ontario, a 60% interest in the Eaglehead property located in the Liard Mining Division of the Province of British Columbia and the Goldtip property comprising a 100% interest in 59 mineral tenures in the Arlin Mining Division of the Province of British Columbia.

The Operator of the Whiskey Jack Creek property is Alexandria Minerals Corp., with whom the Company is currently negotiating a joint venture agreement.

The Eaglehead property consists of 26 contiguous claims comprised of 353 cells and 4 mineral units encompassing approximately 94 square kilometers.

The Company acquired its 60% interest in Eaglehead property by paying $300,000 cash, issuing 250,000 shares and by fulfilling a minimum exploration commitment of $4,000,000 on the Eaglehead property. During the six month period ended October 31, 2010, the Company issued 50,000 common shares and made a cash payment of $50,000 to the optionors. Accordingly the remaining 40% of the property can be acquired once the Company has fulfilled its requirement to spend in aggregate $6,000,000 of exploration expenditures on the property of which approximately $4,982,000 has been incurred.

The Eaglehead property is burdened by a 2.5% net smelter return royalty of which 1.5% can be purchased for $2,000,000.

The Goldtip property consists of a total of 72 mineral tenures in the Atlin Mining Division of the Province of British Columbia. The Company acquired its 100% interest in 59 claims on May 5, 2010 by paying $90,000 in cash and the issuance of 1,000,000 common shares with a fair value of $200,000. The Company also incurred finders' fees comprising of $9,000 in cash and the issuance of 100,000 common shares with a fair value of $20,000. During October 2010 the Company staked an additional 13 claims at a cost of $10,000.

1.3 Selected Annual Information

The following financial data prepared in accordance with generally accepted accounting principles stated in Canadian dollars is presented as at July 31 of each of the 2010, 2009 and 2008 fiscal years:

	FISCAL YEARS ENDED		
	JULY 31 2010	JULY 31 2009	JULY 31 2008
Total revenue	$ -	$ -	$ -
Net loss before interest income and income taxes	$ (379,561)	$ (484,343)	$ (625,902)
Net loss for the year	$ (387,729)	$ (203,458)	$ (116,453)
Basic and diluted loss per share	$ (0.04)	$ (0.02)	$ (0.00)
Total Assets	$ 7,114,246	$ 7,289,593	$ 8,183,585
Total Long Term Liabilities	$ -	$ -	$ -
Cash Dividends per share	$ -	$ -	$ -

1.4 Results of Operations

The Company incurred a net loss of $252,964 during the six month period to January 31, 2011, compared to a net loss of $187,561 in for the comparable period in 2010. The most significant changes for the year arose from a reduction in consulting fees to $nil (2010 - $25,116); management fees were reduced to $40,500 (2010 - $60,000) as a result of the

resignation of Charles Underhill during the latter part of the prior year and the appointment of Jevin Werbes as director during October 2010; investor relations expenses increased to $10,500 (2010 - $nil) as a result of the investor relations contract with KJN Management Ltd; office and sundry expenses decreased to $23,080 (2010 - $28,451); professional fees increased to $47,855 (2010 - $39,541) as a result of increased legal fees due to the share consolidation, name change and other legal work undertaken; promotion and entertainment expenses decreased to $3,293 (2010 - $26,297) as a result of significantly reduced promotional activities; property investigation expenses were reduced to $nil (2010 - $4,755) as a result of reduced activity in seeking new property acquisitions; rent decreased to $12,000 (2010 - $12,601); shareholder communications increased to $10,978 (2010 - $nil); stock based compensation increased to $133,850 (2010 - $nil) as a result of the valuation of options granted to directors, the repricing of options previously granted to directors and the valuation of options granted to a consultant pursuant to an investor relations contract; and transfer agent and regulatory fees increased to $20,860 (2010 - $3,865) as a result of the Company consolidating its common stock and also completing its financing during the period. Travel expenses also increased to $1,586 (2010 - $nil).

Interest income decreased to $5,205 (2010 - $18,073) as a result of the Company holding lower cash balances until the completion of the financing and interest rates on deposits generally being lower than the prior year. A future income tax recovery $46,333 (2010 - $nil) was also recorded.

Exploration expenditures on the Whiskey Jack Creek property during the six month period ended January 31, 2011 totaled $nil (six months ended January 31, 2010 - $10,000), and exploration expenditures incurred on the Eaglehead property totaled $72,813 (six months ended January 31, 2011 - $70,815). The Company also incurred $68,922 (six months ended January 31, 2011 - $nil) of exploration expenditures of the Goldtip property.

Eaglehead Property

To date, there has been a total of 24,902 meters (81,701 feet) drilled in 95 drill holes on the Eaglehead property. During the past four years, the Company has drilled a total of 36 holes representing 12,669 meters (41,566 feet). Previous operators drilled a total of 59 holes for a total of 12, 233 meters (40,135 feet) on the property. During October 31, 2010 the Company retained Agnerian Consulting Ltd to undertake a review of exploration results to date and prepare a 43-101 compliant report, which was completed during the current quarter and was published on Sedar on January 12, 2011. (See www.sedar.com.)

Whiskey Jack Creek Property

A 2008-2009 winter drill program consisting of 3 diamond drill holes has been completed by Carmax's partner, Alexandria Minerals Corp. on the Whiskey Jack Creek property.

The three holes were drilled stepping out from drill hole MAT-08-7 drilled in late 2007 which returned 2.25 g/t Au over 6.00 m at a depth of 165.5m.

A further program has been recommended for the claims.

Goldtip Property

On May 5, 2010, the Company acquired its 100% interest 59 mineral tenures in the Goldtip property. The Company staked a further 13 claims during six month period ended January 31, 2011 at a cost of $10,000. During the six month period ended January 31, 2011 the Company incurred $68,922 in order to further evaluate the potential of the property.

1.5 Summary of Quarterly Results

The following is a summary of the Company's quarterly results for the period from February 1, 2009 to January 31, 2011 reported in Canadian currency.

	QUARTER ENDED			
	JANUARY 31 2011	OCTOBER 31 2010	JULY 31 2010	APRIL 30 2010
Total revenue	$ -	$ -	$ -	$ -
Net loss before income taxes	$ (180,429)	$ (118,868)	$ (73,184)	$ (97,984)
Net income (loss) for the period	$ (160,096)	$ (92,868)	$ (102,184)	$ (97,984)
Basic income (loss) per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

	QUARTER ENDED			
	JANUARY 31 2010	OCTOBER 31 2009	JULY 31 2009	APRIL 30 2009
Total revenue	$ -	$ -	$ -	-
Net loss before income taxes	$ (83,099)	$ (104,462)	$ (117,867)	(103,657)
Net income (loss) for the period	$ (83,099)	$ (104,462)	$ (62,867)	(103,657)
Basic income (loss) per share	$ (0.01)	$ (0.01)	$ (0.01)	(0.01)

The Company reported a net loss of $160,096 for the three month period ending January 31, 2011 compared to $83,099 for the three month period ended January 31, 2011. The basic loss per share for the three month period ended January 31, 2011 was ($0.01) versus ($0.01) for the comparable period of 2010.

The most significant changes for the year arose from a reduction in consulting fees to $nil (2010 - $14,900); management fees were reduced to $24,000 (2010 - $30,000) as a result of the resignation of Charles Underhill during the latter part of the prior year and the appointment of Jevin Werbes as director during October 2010; investor relations expenses increased to $9,000 (2010 - $nil) as a result of the investor relations contract with KJN Management Ltd; office and sundry expenses decreased to $7,891 (2010 - $14,729); professional fees decreased to $9,495 (2010 - $13,721; promotion and entertainment expenses decreased to $429 (2010 - $11,245); property investigation expenses were reduced to $nil (2010 - $1,000) as a result of reduced activity in seeking new property acquisitions; rent decreased to $6,000 (2010 - $6,354); shareholder communications increased to $1,825 (2010 - $nil); stock based compensation increased to $119,250 (2010 -

$nil) as a result of the valuation of options granted to directors, and the valuation of options granted to a consultant pursuant to an investor relations contract; and transfer agent and regulatory fees increased to $5,487 (2010 - $3,251). Travel expenses also increased to $1,067 (2010 - $nil).

Interest income decreased to $4,105 (2010 - $14,605) as a result of the Company holding lower cash balances until the completion of the financing and interest rates on deposits generally being lower than the prior year. A future income tax recovery $20,333 (2010 - $nil) was also recorded.

Exploration expenditures on the Whiskey Jack Creek property during the three month period ended January 31, 2011 totaled $nil (three months ended January 31, 2010 - $9,000), and exploration expenditures incurred on the Eaglehead property totaled $39,156 (three months ended January 31, 2010 - $46,727). The Company also incurred $nil (three months ended January 31, 2011 - $nil) of exploration expenditures of the Goldtip property.

1.6 Results of Operations for the Quarter Ended July 31, 2010

During the fourth quarter, the Company incurred losses of $102,184 as compared to a loss of $62,867 for the comparable quarter of the 2009 fiscal year. The most significant changes for the year arose from a decrease in management fees to $15,000 (2009 - $30,000) as a director resigned in the prior quarter of 2010; an increase in office and sundry expenses to $18,115 (2009 - $15,714); Part XII.6 tax expenses decreased to $Nil (2009 - $2,078); professional fees increased to $11,165 (2009 - $5,577); promotion and entertaining expenses decreased to $2,344 (2009 - $15,102); property investigation expenses increased to $Nil (2009 - $20,991); rent increased to $10,566 (2009 - $6,681) due to increased rental charges in new offices; transfer agent and regulatory fees increased to $4,910 (2009 – $1,256) and travel expenses decreased to $Nil (2009 - $7,439), a result of investigating potential mineral property acquisitions.

Interest income was reduced by $1,492 (2009 - $4,033 increase) as a result of cash balances being lower during the period. Finally, the future income tax expense was $29,000 (2009 - $257,020 recovery).

The Company also experienced a decrease in the value of its Alexandria Minerals investment during the period of $2,000 (2009 - increase in value of $1,000).

During the three month period ended July 31, 2010, $Nil exploration expenditures were incurred by the Company on the Whiskey Jack Creek property and $13,575 was incurred on the Eaglehead property. Also, during the three month period ended July 31, 2010 the Company claimed a BC mining and exploration tax credit in respect of expenditures incurred on the Eaglehead property of $21,040 (2009 - $322,770), which has yet to be received. The Company also completed the acquisition of the Goldtip property for cash and stock consideration aggregating $319,000.

The Company reported a net loss of $102,184 for the three month period ending July 31, 2010 compared to a net loss of $62,867 for the comparable period in the prior year. The basic loss per share for the three month periods ended July 31, 2010 and 2009 were ($0.01) and ($0.01) respectively.

1.7 Liquidity

As at January 31, 2011 the Company has total assets of $7,233,811.

The primary assets of the Company were cash and short term investments $175,496 and $750,000 respectively, a BC mining and exploration tax credit receivable of $21,040, reclamation deposits of $110,000, three mineral property interests with a capitalized value of $6,125,834. The Company also had working capital of $966,012 and a future income tax liability of $60,000. It is management's opinion that the Company has adequate working capital to meet the Company's obligations as they come due and that the Company is not exposed to any significant liquidity risks at this time.

On October 6, 2010, the Company completed a private placement comprising 1,009,000 flow-through units and 1,591,000 non-flow-through units at a price of $0.11 per unit for total gross proceeds of $286,000.

Each flow-through unit consists of one flow-through common share and one non-transferable non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional non-flow-through common share at a price of $0.15 for the first year and $0.20 for the second year following the closing of the private placement.

Each non-flow-through unit consists of one non-flow-through common share and one non-transferable non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional non-flow-through common share at a price of $0.15 for the first year and $0.20 for the second year following the closing of the private placement.

As compensation for the placing of the units, a finder's fee payable resulted in the issuance of 171,850 Finders Units at a deemed price of $0.11 per unit. Each Finders Unit is identical in all respects to the non-flow-through units placed in the private placement.

All units issued as a result of the private placement have a hold period which expired on February 6, 2011.

On December 31, 2010, the Company renounced the flow through tax benefit of the flow-through financing to the investors.

The Company granted 271,000 stock options exercisable at $0.24 until October 21, 2013 pursuant to the Company's stock option plan to a consultant, and 725,000 stock options exercisable at $0.26 until October 27, 2015 pursuant to the Company's stock option plan to directors. One-quarter of the options vest every three months subsequent to the date of grant over a period of twelve months.

Stock based compensation of $32,250 and $94,000 respectively has been recorded in respect of these stock option awards.

The Company also re-priced 162,500 stock options outstanding as follows:

- 12,500 from $1.50 to $0.26 expiring January 16, 2011;
- 50,000 from $1.00 to $0.26 expiring March 7, 2012;
- 100,000 from $1.00 to $0.26 April 24, 2013.

and stock based compensation aggregating $7,600 was recorded in respect of this re-pricing transaction.

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	SIX MONTHS ENDED JANUARY 31	
	2011	2010
Risk free rate	**2.28%**	n/a
Dividend yield	**Nil**	n/a
Expected life	**4.5 years**	n/a
Expected volatility	**153%**	n/a
Weighted average fair value per option grant	**$0.23**	n/a

1.8 Capital Resources

At January 31, 2011, the Company's capital resources consist of interests in three mineral properties. The Company's 50% interest in the Whiskey Jack Creek property located in Cairo Township, Matachewan Area, Larder Lake mining district in Province of Ontario has been valued at $478,392; the Company's 60% interest in the Eaglehead property located in the Liard Mining Division in British Columbia has been valued at $5,249,520 and the Company's 100% interest in the Goldtip property is valued at $397,922. These amounts totaling $6,125,834 equal the deferred exploration expenditures, acquisition costs and exploration advances made in respect of the properties to January 31, 2011.

1.9 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.10 Transactions with Related Parties

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable is $2,000 (July 31, 2010 - $Nil) owing to directors officers or companies controlled by the directors or officers.

During the six month periods ended January 31, 2011 and 2010 the Company also incurred the following expenses charged by directors and officers or companies controlled by the directors or officers:

	SIX MONTHS ENDED JANUARY 31,	
	2011	2010
Balance Sheet Items		
Deferred exploration expenditures	**$ 5,412**	$ 69,724
Statement of Operations Items		
Consulting fees	**$ -**	$ 25,116
Management fees	**40,500**	60,000
Office administration	**-**	10,105
Professional fees	**4,700**	-
Property investigation	**-**	3,755
Rent	**12,000**	-
Shareholder communications	**2,700**	-
		$
	$ 59,900	$ 98,976

During the six months ended January 31, 2011, management and administration was provided to the Company by two corporations owned by directors and officers of the Company receiving $3,000 and $5,000 per month respectively. The Corporations are Calico Management Corp. ("Calico") a company beneficially owned and controlled by Jevin Werbes and Petco Enterprises Ltd., a company beneficially owned and controlled by Ernest S. Peters .

On October 15, 2010, Ernest S. Peters resigned as President of the Company and remained as a director. Also on October 15, 2010, Jevin Werbes was appointed President and a director of the Company.

Upon the appointment of Jevin Werbes as President, the Company entered into a management contract with Calico. The agreement is for a minimum term of twelve months, expiring on October 14, 2011. Pursuant to the agreement, Calico will receive $3,000 per month over the term of the agreement. The agreement can be terminated by Calico by giving 90 days written notice to the Company and by the Company delivering twelve months written notice to Calico after the expiry of the initial term.

On November 15, 2010 Barry Sheahan, C.A. resigned as CFO in order to pursue other business opportunities. At that time Mr. Matthew G Wright, C.A. was appointed as CFO.

During February 4, 2011, Mr. Hrayr Agnerian, M.Sc.P. Geo was appointed to the Board of Directors and will become a technical consultant to the Company. Mr. Agnerian was the author of the NI 43-101 report on the Eaglehead property.

1.11 Subsequent Events

None

1.12 Proposed Transactions

None

1.13 Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period.

Significant areas requiring the use of management estimates relate to the determination of impairment of assets, resource property carrying values, determination of liability for taxes as a result of flow-through renunciation reversals, future tax asset valuations, and determination of fair value for stock based compensation and transactions. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from these estimates.

1.14 Changes in Accounting Policies

Recently Issued Accounting Pronouncements and IFRS Transition Plan

The following accounting pronouncements are applicable to future reporting periods. The Company is currently evaluating the effects of adopting these standards:

a) Section 1582, Business Combinations

Section 1582 applies prospectively to the Company's business combinations on or after January 1, 2011. Early adoption of this recommendation is permitted. This section replaces Section 1581, "Business Combination", and harmonizes the Canadian accounting standards with International Financial Reporting Standards ("IFRS"). Under the new guidance, the purchase price used in a business combination will be the new fair value of the shares exchanged at their market price on the date of the exchange.

Currently, when shares are issued, they are valued based on the market price for a reasonable period before and after the date the acquisition is agreed upon and announced. Under the new guidelines, all acquisition costs are expensed where currently they are capitalized as part of the acquisition costs. There are also a number of other differences between the new guidelines and current GAAP. The Company does not expect the adoption of this pronouncement to impact the financial statements.

b) Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests

Section 1601 and 1602 change the accounting and reporting of ownership in interests in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position (balance sheet) within equity, but separately from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling

interest is to be clearly identified and presented on the face of the consolidated statement of income (loss). In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interest of the non-controlling owners. The Company does not expect the adoption of these pronouncements to impact its financial statements in fiscal 2011.

IFRS Transition Plan

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended October 31, 2011. The Company's 2012 interim and annual financial statements will include comparative 2011 financial statements, restated to comply with IFRS.

The Company has established an IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

Phase 1 Comprising a review of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS.

Phase 2 Comprising an in-depth analysis of the impact of those areas identified under phase one.

Phase 3 the implementation of the conversion process, through the preparation of the opening balance sheet as at August 1, 2011

Impact of Adopting IFRS on the Company's Business

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are not significant and the systems and processes can accommodate the necessary changes.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS.

Upon initial adoption of IFRS, generally retrospective application of IFRS is required, effective at the end of its first annual IFRS reporting period. However, IFRS 1 does

allow certain optional exemptions and mandatory exceptions to this general retrospective treatment.

The Company has reviewed the exemptions available and currently believes it will not have to rely on any such exemptions at its transition date of August 1, 2010.

As of the transition date the Company had no unvested stock options and therefore does not need to use the exemption under IFRS 1 with respect to stock based compensation.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) Exploration and Evaluation Expenditures

   IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to certain restrictions.

   Amounts disclosed as exploration advances are expected to be reclassified as prepaid expenses, as we consider exploration advances do not conform to the definition of exploration and evaluation expenditures.

   The Company expects to retain its current policy of deferring exploration and evaluation expenditures until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned.

   The current policy may be subject to change as the Company progresses through its final analysis.

   At the present time, the Company has determined there are no facts or circumstances that would suggest the carrying value of the exploration and evaluation assets at transition date exceed the recoverable cost of such assets. Accordingly we do not expect that the adoption of IFRS will result in any significant change to the related line items within its financial statements.

2) Impairment of (Non-financial) Assets

IFRS, like Canadian GAAP, requires an assessment at each reporting date as to whether there are indicators of impairment of deferred exploration and evaluation costs. The factors considered under IFRS are quite similar to Canadian GAAP, but there are differences.

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of deferred exploration costs will be changed to reflect these differences, however the Company does not expect this change will have an immediate impact to the carrying value of its assets. The Company will perform impairment assessments as at the Transition Date in accordance with IFRS.

3) Share-based Payments

For stock options granted to non-employees Canadian GAAP requires the value of goods or services received (and the corresponding increase in equity) to be measured based on the fair value of the consideration received, or the fair value of the equity instrument, whichever is more reliably measured.

IFRS requires that for transactions with non-employees the fair value of the goods and services received are measured directly at their fair value on the date the Company obtains the goods or the counterparty renders the services.

Under IFRS the recording of stock based compensation is only permitted using the graded vesting method. The Company accordingly adopted the grade vesting method for future stock based compensation recorded subsequent to the transition date.

4) Asset Retirement Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences, however the Company does not expect this change will have an immediate impact to the carrying value of its assets as the Co currently has no legal or constructive reclamation obligations on any of its properties.

5) Property and Equipment

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

As at the date of transition the Company holds no significant property and equipment that requires recognition and measurement under IAS 16 – Property, Plant and Equipment.

6) Income Taxes

The method of accounting for income taxes under IFRS is similar to Canadian GAAP.

Under Canadian GAAP the Company has previously recorded future income tax liabilities arising from the issue of flow-through shares. The accounting treatment under IFRS currently does not allow for the recording of a fit liability on the issue of flow through shares. Accordingly under current IFRS the transition balance sheet will need to reflect the reversal of these amounts as if they had never occurred. The IASB has recently issued an exposure draft suggesting changes to its income tax standard. The exposure draft has received a significant number of comments and it is uncertain what adjustments, if any, will be required to be made before the Company's adoption date. The Company is monitoring the resolution of this difference in accounting treatment.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

The Company's Management Discussion and Analysis for the 2011 interim periods and the year ended July 31, 2011 will include updates on the progress of the transition plan, and, to the extent known, further information regarding the impact of adopting IFRS on key line items in the annual financial statements.

The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending October 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending October 31, 2011 will also include fiscal 2011 financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position as at August 1, 2010.

1.15 Financial Instruments

The Company's financial instruments consist of cash, short term investment, other receivables, reclamation deposits, an investment and accounts payable and accrued liabilities.

It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

1.16 Other Information

Outstanding Share Data

A breakdown of the Company's issued common share position is as follows:

The following details the common shares, share purchase warrants, and stock options outstanding as of the date of this MD&A.

Common Shares

	Number of Shares
Authorized	
Unlimited common shares, without par value	
Issued	
Balance at March 31, 2011	13,605,818

Share Purchase Warrants

Number of Warrants	Exercise Price	Expiry Date
2,771,850	\$0.15 yr 1/\$0.20 yr 2	October 6, 2012

Escrow

At March 31, 2011, no shares were held in escrow.

Stock Options

Number of Shares	Exercise Price	Expiry Date
50,000	\$0.26	March 7, 2012
100,000	\$0.26	April 24, 2013
271,000	\$0.24	October 21, 2013
725,000	\$0.26	October 27, 2015

(1) Stock Options

Stock Options have been granted under the Company's current stock option plan which has been approved by shareholders. Under the terms of the plan, the number of unissued treasury shares equal to 20% of the Company's issued and outstanding shares on a rolling basis have been set aside for the grant of incentive stock options.

Options granted under the Plan contain the following provisions:

- all options will be non-transferable;
- no more than 5% of the issued shares may be granted to any one individual in any 12 month period;
- no more than 2% of the issued shares may be granted to a consultant or any employee performing investor relations activities, in any 12 month period;
- disinterested shareholder approval must be obtained for any reduction in the exercise price of an outstanding option, if the option holder is an insider; and
- options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Corporation's common shares.

There are no other potential share issuance obligations outstanding as of March 31, 2011.

Investor Relations Contracts

On October 15, 2010, the Company entered in an Investor Relations/Corporate Development agreement KJN Management Ltd. ("KJN").which expires on October 14, 2011. Pursuant to the agreement KJN will receive $3,000 per month over the term of the agreement. The Agreement can be terminated by KJN by giving 90 days notice written notice to the Company and by the Company by delivering twelve months written notice to KJN after the expiry of the initial term.

Managements Responsibility for Financial Statements

The information provided in this report, including the financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

March 31, 2011

On behalf of Management and the Board of Directors,

"Jevin Werbes"

Jevin Werbes
President