Form 51-102F1

Management's Discussion & Analysis (MD&A)

THEMAC RESOURCES GROUP LIMITED

FOR THE YEAR ENDED JUNE 30, 2011

1.- Date of this report: October 26, 2011.

This report covers financial information related to the year ended June 30, 2011 and other relevant information available up to the date of this report. This report should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2011 and the related notes (the "Financial Statements").

2.- Overall Performance

Description of Business

THEMAC Resources Group Limited (the "Company") was incorporated on February 24, 1997 under the Business Corporations Act (Yukon), Canada. The Company is in the business of acquiring, exploring and developing natural resource properties in various parts of the world.

The Company is a reporting issuer in the provinces of British Columbia and Alberta, Canada, and trades its shares on the TSX Venture Exchange ("TSXV") under the symbol MAC.

On March 4th, 2011, the Company, through its New Mexico, USA subsidiary, New Mexico Copper Corporation ("NMCC") completed the acquisition of the Copper Flat project located in Sierra County, New Mexico, USA ("Copper Flat" or the "Project") from a subsidiary of ECR Minerals plc. (formerly Electrum Resources plc, formerly Mercator Gold plc.) ("ECR"), a UK public corporation listed on the Alternative Investment Market (AIM) of the London Stock Exchange (ticker: ECR). On May 16th, 2011, the Company made the final option payment to the underlying owners of the Copper Flat project, now owning 100% of it.

Milestones for the fiscal year ended June 30, 2011, and to the date of this MD&A

On March 12, 2010, the Company entered into a Heads of Agreement with ECR Minerals plc (formerly Electrum Resources plc, formerly Mercator Gold plc) ("ECR"), a UK public corporation listed on the Alternative Investment Market (AIM) of the London Stock Exchange (ticker: ECR), followed by a definitive transaction agreement on June 28, 2010 (the "Transaction Agreement"). Pursuant to the Transaction Agreement, the Company would acquire all of the assets of Copper Flat Corporation ("CFC"), a private New Mexico, USA, company that held an option to acquire 100% of a project known as Copper Flat, subject to a 3.25% Overriding Royalty (the "Acquisition").

In consideration for the Acquisition, completed on March 4, 2011, the Company issued ECR on that date 10,500,000 common shares and 10,500,000 warrants. Each warrant entitles the holder to acquire an additional common share for a period of 5 years after closing of the acquisition, at a price of $0.28 per share (Note 6(b) to the consolidated annual financial statements for the fiscal year ended June 30, 2011). In addition, the Company assumed all of the obligations held by CFC with the underlying owners of the Copper Flat project.

On the date of closing, CFC held the right to acquire the Copper Flat property pursuant to the terms of an option and purchase agreement dated July 23, 2009 with the Hydro Resources Corporation, a New Mexico corporation, Cu Flat, LLC, a New Mexico limited liability company, and GCM, Inc. as amended by a First Amendment of Option and Purchase Agreement dated January 20, 2010 (the "CFC Option Agreement"). In order to earn a 100% interest in the Copper Flat Property, CFC was required to pay:

i) USD $150,000 on or before August 14, 2009 (paid by CFC before Transaction Agreement);

ii) USD $150,000 on or before January 31, 2010 (paid by CFC before Transaction Agreement);

iii) USD $850,000 to be paid on or before March 31, 2010 (paid);

iv) USD $1,850,000 to be paid on or before August 14, 2010 (paid);

v) USD $7,000,000 to be paid on or before February 14, 2011 (a deferral fee of USD $150,000 paid on this date, with the last option payment deferred to May 16, 2011, paid then).

With the final option payment made on May 16, 2011, the Company now owns 100% of the Copper Flat project.

On September 9, 2010, the Company entered into an option agreement to acquire the water rights related to Copper Flat from the underlying owners. The Company is required to pay the following amounts:

i) USD $200,000 upon written acknowledgement by the office of the New Mexico State Engineer of the filing by the optionor of amended declarations for the water rights. (Paid)

ii) USD $300,000 on September 30, 2010 (Paid)

iii) USD $1,000,000 on May 16, 2011, in connection with the last option payment on the Copper Flat project (paid).

iv) In addition to the amounts paid for water rights, the Company is required to pay US $700,000 within 60 days after the Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department issues a permit for the commercial operation of the mine, or on August 1, 2018, whichever occurs first.

Pursuant to the terms of the Transaction Agreement, the Company incurred all of the obligations of CFC in respect of the Copper Flat project until closing. This funding was originally characterized as a loan to CFC, repayable within six months of termination of the Transaction Agreement in the event that the Acquisition was not completed. On closing of the Acquisition, the Company forgave the indebtedness owed by CFC to the Company and the amount was allocated to the acquisition price.

The cost of the acquisition of the Copper Flat project can be summarized as follows:

Nature of cost	Amount $
Shares and warrants issued to ECR	11,550,000
Copper Flat option payments	9,571,810
Water rights	1,483,150
Foreign advances for CFC expenses	2,516,419
Legal fees incurred for the transaction	233,153
Acquisition of Copper Flat	25,354,532

The property is subject to a 3.25% net smelter return royalty, and quarterly advance royalty payments of US$50,000 (for copper prices under US$2.00/lb) or US$112,500 (for copper prices greater than US$2.00/lb).

As an interim commitment with respect to the transaction, ECR and its nominees purchased, through a non-brokered private placement, a total of 5,582,556 subscription receipts of the Company at a price $0.15 per subscription receipt for cash proceeds of $837,383. This placement closed on May 3, 2010. Each subscription receipt converted to one unit upon completion of the Acquisition on March 4, 2011, each unit consisting of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company until May 3, 2013. ECR directly owns 4,000,000 of these units.

The Company posted a bond for $380,013 in connection with drilling permits obtained for Copper Flat. As at June 30, 2011, no drill holes had been completed.

The Copper Flat Property

On March 1, 2011, the Company filed a Filing Statement with full details of the acquisition and proposed activities for Copper Flat, and a technical report pursuant to National Instrument 43-101 ("NI 43-101"). Readers who would like the complete information are encouraged to view these documents available on www.sedar.com.

The Copper Flat copper-molybdenum-gold-silver project (the "Property"), located in New Mexico, USA, is a former producing mine with substantial infrastructure still in place.

The Property consists of 1590 hectares of fee simple lands, patented mining claims and The Bureau of Land Management ("BLM") lands located approximately 6 miles northeast of the town of Hillsboro in Sierra County, state of New Mexico, a centre of significant past mining activity. The Property itself has been the subject of considerable exploration and development activity, and was placed into full production at a rate of 15,000 tons per day for a period of 3 months in 1982 by Quintana Minerals, during which 1.2 million short tons of ore were mined and approximately 7.4 million lbs of copper, 2,301 oz of gold and 55,966 oz of silver were produced. Quintana placed the Property on care and maintenance after three months due to declining copper prices - which at the time were in the order of USD 70 cents per pound. Major infrastructure remains in place including tailings structures, 19 miles of power lines plus substation, office building, equipment foundations, access roads and a major system of diversion dams and channels. A pre strip of the ore body has been completed, which along with the infrastructure in place represents a considerable portion of the capital investment that would be required if the Project were to be brought back into production. Test work along with actual production has consistently demonstrated copper recovery of 92% and the production of concentrates with an average copper grade of 28%.

Access to the Property is by a 5 km gravel road departing from paved State Highway 152. The deposit area is within a roughly circular block of andesitic volcanic rocks about 6 km in diameter. These andesitic rocks have been intruded by a quartz monzonite porphyry stock. The stock and resulting breccia pipe contain the mineralization with the pipe itself containing the higher grades. The pipe is a continuous orebody composed of an altered quartz monzonite porphyry in a matrix of quartz and sulphides. The deposit consists entirely of hypogene copper mineralization with nearly all of the copper occurring as chalcopyrite. The pipe as currently defined is approximately 400 meters by 183 meters and over 305 meters in depth with opportunities to extend it in depth. Previous drilling on 30 meter centers has indicated internal continuity and consistency of grade.

A preliminary review of the Project was completed for ECR by SRK Consulting of Lakewood, Colorado ("SRK") in August of 2009. ECR expended in excess of one million US dollars on the Property, conducting a 1500 meter drill program, geotechnical sampling, permit initiation and engineering reviews, and making land payments. This is in addition to the 35,000 meters of drilling and many thousands of assays done by the previous owners - virtually all of which are still available. A significant portion of these samples has been reanalyzed to confirm previous values for Cu, Mo, Au, and Ag by Skyline Labs of Tucson for ECR.

During May, 2010, the Company received from SRK a NI 43-101 compliant resource report, estimating that the Property contained 107 million short tons grading an average of 0.303% copper (645 million pounds) and .015% Mo (21.4 million pounds) classified as Indicated Resources with an additional 46 million short tons grading an average of 0.240% copper (222 million pounds) and .0065% Mo (5.6 million pounds) classified as Inferred Resources. The resource is stated above a 0.12% copper cut-off and contained within a potentially economic open pit. If indicated to be necessary, the Company would reassay all or a portion of the remaining existing pulps from previous work starting in late December, 2011, in order to bring the Gold and Silver content of the deposit into the Economic Model in compliance with NI 43-101 standards.

The Mineral Resources are reported in accordance with NI 43-101 and have been estimated in conformity with the generally accepted Estimation of Mineral Resource and Mineral Reserves Best Practices guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM").

The SRK Mineral Resource statement for the Copper Flat deposit is presented in Tables 1 and 2 below.

Table 1: SRK Mineral Resource Statement, Copper Flat Deposit(1), May 6, 2010

Resource Classification	Quantity (Mst)	Grade Cu (%)	Contained Metal Copper Cu (M-Lbs)	Grade Mo (%)	Contained Metal Molybdenum Mo (M-Lbs)
Indicated(2)	107	0.303	645	0.010	21.4
Inferred(2)	46	0.240	222	0.006	5.6

(1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on metal price assumptions of US$3.50/lb of copper, and a metallurgical recovery of 90.9% for copper. Economic assumptions used for reporting molybdenum were a metal price of US$10.00/lb of molybdenum, and a metallurgical recovery of 54.3%. Gold and silver were not used in the pit limits optimization for reporting resources.

(2) Reported at a cut-off grade of 0.12 % Cu contained within a potentially economically open pit.

The Mineral Resources are reported at a cut-off grade to reflect reasonable prospects for economic extraction, which were evaluated by designing a series of conceptual pit shells using the Lerchs-Grossman optimizing algorithm.

SRK considers that the majority of the Copper Flat copper deposit so far outlined is amenable to open pit mining, and has not considered underground mining methods for deeper portions of the deposit.

After review of several scenarios considering different metal prices, design criteria and operating cost assumptions, SRK assumed a copper price of US$3.50/lb; a metallurgical recovery of 90.9%; mining costs of US$1.72/short ton mined; processing and G&A costs of US$5.49/short ton processed; and slope angles of 45º in all areas.

SRK was provided a database of all available drill-hole and underground sampling data, comprising collar, survey, assay, and lithology information, on March 24, 2010. This database includes data from some 191 drill-holes accounting for 134,610ft (41,029m) of drilling/underground drifting. Of this total, some 129,014ft (39,324m) has non-zero values for total copper. Drilling was conducted during 1968-1973 by Inspiration Development, during 1974-1979 by Quintana Minerals and during the early 1990s by Gold Express Corporation. Copper Flat Corporation, a wholly owned subsidiary of ECR, conducted a 7 diamond drill-hole program of confirmation drilling in 2009-2010.

Approximately 10% of the pulp and core duplicate pulps archived on site were re-assayed for copper, molybdenum, gold and silver at SRK's request. The re-assay data have been validated by SRK and the data is suitable for use in resource estimation.

All raw assay data was composited into 30ft (9.144m) down-hole lengths. The composite length was selected to reflect the anticipated selective mining unit, with mining currently envisioned using a 30ft (9.144m) bench height.

In order to constrain grade estimation, grade polygons were constructed in 100ft spaced N-S sections using a nominal 0.12% Cu cut-off. Additional higher grade polygons were constructed using a nominal 0.3% Cu cut-off in order to better restrict a geologically continuous higher grade core of the deposit.

A regular celled block model of the deposit was created in Vulcan™ software, based on a block size of 50ft x 50ft x 30ft (15.24m x 15.24m x 9.144m), which is considered appropriate with respect to the current drill-hole spacing as well as the selective mining unit size typical of the likely type and scale of operations. Block grades for copper were estimated by inverse distance weighting and all block grade estimates were made using length weighted composite drill-hole data.

The Mineral Resources of the Copper Flat deposit have been classified in accordance with the CIM Definition Standards for Mineral Resources and Mineral Reserves. Blocks in the model which have been estimated using a minimum of two drill-holes at maximum average block-composite separation distance of 185ft have been classified as Indicated Mineral Resources. Blocks in the model that do not meet the criteria for Indicated Mineral Resources but which are within a maximum average distance of 380ft from one or more drill-holes have been classified as Inferred Mineral Resources.

There are no known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant factors which could materially affect the Mineral Resources estimated.

The resource estimate was completed by Jeffrey Volk, CPG, FAusIMM, an independent qualified person, as this term is defined in NI 43-101. The effective date of this resource estimate is May 6, 2010 and based on data received by SRK in March, 2010.

Mr. Barrett Sleeman, a director of the Company, was the Qualified Person under NI 43-101 at the time the technical information contained in this disclosure was reviewed.

Subsequent to the end of the Year, on October 5, 2011 the Company provided an update on the Copper Flat project including gold-silver historic pulp re-assay program, pre-feasibility progress and 2011 drill program progress.

AU-AG RE-ASSAY PROGRAM

THEMAC Resources Group Ltd recently completed a re-assay of a statistically selected number of Copper Flat's historical pulps for gold and silver. SRK was requested, as part of the Preliminary Economic Assessment, to ascertain if there are a sufficient number of the gold and silver assays for inclusion in the resource estimation. From a total copper-moly assay record database of 15,018 samples, a sub-set of 4,625 samples (2,969 of which were re-assayed pulps) were shown to contain 0.1 grams of gold and 2.36 grams of silver per ton.

For their evaluations, SRK assumed that copper, silver and gold were geologically related. Essentially, the thought was that copper, silver and gold occurred in the deposit at the same sites and were deposited by the same geological processes. SRK carried out a geostatistical analysis of gold and copper illustrating gold as being well correlated with copper. SRK's conclusions and recommendations state that gold be estimated using co-kriging estimation and that gold and silver be incorporated in the resource model.

This data has been provided to IMC, a geologic resource estimating firm in Tucson that is currently working on a NI 43-101 compliant resource model for incorporation in the ongoing pre-feasibility being conducted by M3 Engineering of Tucson, Arizona. IMC will include the gold and silver data in their resource modeling for pre-feasibility. IMC reviewed the SRK analyses of the gold-silver re-assays, and concluded (using different geostatistical methods, i.e. not co-kriging) no additional re-assaying of the pulps will be necessary to incorporate Au-Ag into the resource-reserve calculations for pre-feasibility work indicating that the 4,625 assay intervals are sufficient.

PRE-FEASIBILITY PROGRESS UPDATE

The pre-feasibility study is currently scheduled for completion in early first quarter, 2012. All trade off studies have been completed, a preferred tailings disposal plan was selected, milling equipment has been sized and configured, site general arrangement plans are being finalized, and an initial economic model has been built. Mining sequence will fallout of IMC's resource and mine plan report later this year as will the milling material and water balance. Both are currently under study. The existing foundations of the original Copper Flat Mine were covered with topsoil when reclaimed in the 1980s. The foundations were recently excavated and found to be in excellent condition. The current engineering design incorporates use of the original foundations.

COPPER FLAT DRILLING PROGRAM—2011

A forty-seven hole drilling program and accompanying exploration permit was approved through the state and federal agencies in May, 2011, with drilling initiated in June 2011. This is designed as a pre-feasibility and feasibility drilling program to address resource and engineering questions at Copper Flat. Fourteen, Phase 1, high priority infill holes of this program were completed as at the date of this MD&A, are being evaluated and will be used to design the drilling needed for the final feasibility.

Leading up to the drilling program, a Titan 24 DCIP/MT survey was completed in March 2011 by Quantec Geosciences over the Copper Flat area. In June, Emblem Exploration Services were contracted to interpret the results. The survey consisted of 9 Titan-24 "spreads" approximately 2500 meters in length, with lines 1 and 2 each composed of 3 end-to-end spreads and lines 3, 4, and 5 one spread each. Lines 1 and 5 are oriented NNE and lines 2, 3 and 4 are oriented WNW. The survey and lines were designed to intersect over the known intrusive exposure at Copper Flat, with the exception of line 4 which lies well south of the intrusive. Both MT and DC/IP were acquired on all 5 lines, with MT used for deep resistivity investigation which allows for a high degree of lateral resolution; and IP used in the search for sulfide mineralization. The MT resistivity data was used to determine the potential subsurface extent and geometry of the intrusive stock (where the current Copper Flat resource is defined); and the IP data was used to determine the location of sulfide mineralization. The data and interpretations from the survey were used to guide some of the drill hole placements during this 2011 drilling program.

All geological information gained through phase 1 will be incorporated into the overall pre-feasibility evaluations that are progressing at Copper Flat. Initial drill results will be released as soon as internal analysis and QAQC procedures have been completed and verified.

Project outlook

The Company plans to advance Copper Flat in the next 12 months by focusing initial work on feasibility and engineering, mine design and permitting, and development drilling of the deposit. The feasibility and engineering will begin with overviews of past plans and engineering with refinements to focus on water use and conservation, energy applications for savings and innovation, and engineering optimizations. Mine permitting has been initiated, and past permitting studies and reports will be integrated with new requirements working closely with the BLM and the New Mexico State agencies, while also initiating community and stakeholder outreach. Development drilling and geotechnical analyses will be synergized with mine design and engineering needs, along with testing of newly recognized mineralized zones.

Project Management Team

As announced on May 12, 2011, Copper Flat will be managed as follows: Mike Anglin, who has held numerous senior roles with BHP Billiton, will act as Executive Adviser to both THEMAC and NMCC during the permitting phases of Copper Flat and the anticipated construction phase thereafter. General Manager of NMCC will be W. Ferol Baker. Reporting to Mr. Baker will be Ed Fidler as Feasibility Study Manager. Acting as Project Director is Ann Carpenter, who has over 30 years of international mineral development experience, most recently as President and Chief Operating Officer of US Gold Corporation. Other key project management team members for the feasibility and permitting phase of the Copper Flat include Steve Raugust (technical) and Jens Deichman (facilitator), each with over 25 years of experience in the environmental permitting

Financings

On July 22, 2010, the Company received $407,827 (in addition to the $103,284 that was received on June 10, 2010), from Marley Holdings Pty Ltd. ("Marley), a company controlled by Mr. Kevin Maloney, a director of the Company, for the exercise of 5,111,111 warrants.

During the year ended June 30, 2011, the Company received cash proceeds of $56,480 on the exercise of 353,000 stock options with an exercise price of $0.16 per share.

On March 3, 2011, The Company issued 40,000,000 units to Tulla Resources Group Pty Ltd ("Tulla"), a Company controlled by a director of the Company, for cash proceeds of $10,200,000. Each unit was comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.34 per share until March 4, 2016.

On May 5, 2011, the Company received $4,900,000 pursuant to a $5,250,000 loan agreement with Tulla (the "Loan Agreement"), which had been approved by the TSXV in connection with the completion of the acquisition of the Copper Flat. The loan bears interest at 10% per annum and will mature 15 months after being made. The loan may be repaid by the Company at any time without penalty, and will be required to be repaid the earlier of the Company completing an equity financing for greater than $20 million, or June 4, 2013.

Subsequent to June 30, 2011, the Company entered into an Amending Loan Agreement with Tulla. Tulla will increase its loan under the original agreement with the Company from its original amount of $5,250,000 to $10,000,000. The advance bears simple interest at 10% per annum and is repayable on or before June 4, 2012.

Working Capital

As at June 30, 2011, the Company had a working capital deficiency of $520,809 (2010:$1,455,185). Current assets do not include advances of $25,354,532 made for the purchase of the Copper Flat, or advances of $2,183,010 made for exploration and development at Copper Flat.

Taxes recoverable totalled $7,808 (2010: $7,396).

Prepaid expenses and deposits of $17,366 (2010: $1,800) consists of $550 as a one-month office rent deposit, $1,250 prepaid TSXV sustaining fees, $72 prepaid legal expenditures, $3,540 in prepaid consulting fees, $964 in bank deposit, $10,026 in prepaid drilling expenses and $964 in prepaid rent for an office in New Mexico.

Accounts payable and accrued liabilities were $615,878 (2010: $534,621) not including amounts to related parties of $154,380 (2010: $33,250).

The loan payable of $4,962,192 (2010: $nil) was received pursuant to the Loan Agreement described under Financings above.

3.- Selected Annual Information

	Years ended June 30 ($)		
	2011	2010	2009
a) Loss for the year	(2,930,361)	(211,175)	(88,767)
➢ Per share - basic & diluted	(0.13)	(0.02)	(0.01)
b) Long term liabilities	4,962,192	-	-
c) Total assets	28,176,777	1,833,780	80,014
d) Cash dividends per share	Nil	Nil	Nil

4.- Results of Operations

Year ended June 30, 2011 and 2010

Loss from operations was $2,855,686 for the Year, compared to a $192,033 loss during the equivalent period of 2010.

Operating expenses were higher in general terms with those of the equivalent period during the previous year, as detailed in the following table:

Years ended June 30	2011	% of expenses	2010	% of expenses	% change
Stock-based compensation	1,711,468	59.93%	-	0.00%	n/a
Personnel searches	230,047	8.06%	-	0.00%	n/a
Consulting	168,000	5.88%	74,000	38.54%	127.03%
Investor communications	157,834	5.53%	-	0.00%	n/a
Management fees	123,968	4.34%	25,140	13.09%	393.11%
Office and sundry	120,484	4.22%	8,654	4.51%	1292.23%
Director's fees	113,877	3.99%	-	0.00%	n/a
Accounting and audit	78,784	2.76%	24,010	12.50%	228.13%
Filing fees and transfer agent fees	63,673	2.23%	23,609	12.29%	169.70%
Travel	52,927	1.85%	15,094	7.86%	250.65%
Legal fees	15,036	0.53%	9,229	4.81%	62.92%
Rent	9,840	0.34%	8,640	4.50%	13.89%
Interest and bank charges	5,199	0.18%	1,976	1.03%	163.11%
Telephone and communications	3,203	0.11%	884	0.46%	262.33%
Printing and photocopying	775	0.03%	701	0.37%	10.56%
Amortization	571	0.02%	96	0.05%	494.79%
Loss from operations	(2,855,686)	100.00%	(192,033)	100.00%	n/a
Other items:					
Foreign exchange loss	(15,541)		(8,475)		
Interest income	3,058		-		
Loss on settlement of debt	-		(10,667)		
Interest expense	(62,192)		-		
Loss and comprehensive loss for the year	(2,930,361)		(211,175)		

The following comments apply to items with larger variances or significant amounts:

- The non-cash stock-based compensation is the largest expense item, most of it incurred in March, 2011, when the Company granted options to its directors, officers, employees and consultants, in connection with the closing of transaction with ECR. There were no options granted or vested during fiscal 2010.
- Personnel searches included amounts spent in finding the right key personnel for the US subsidiary of the Company, in anticipation of requirements of the Copper Flat project. Most of these expenses took place during the last quarter of the fiscal year. There were no equivalent expenses during fiscal 2010.
- Consulting fees: This expense is with related parties, and was higher than the comparable period of 2010 due to an increase in the amounts paid or accrued to the President of the Company (see Section 9).
- Director's fees: This expense is with related parties. Directors of the Company began receiving compensation upon the completion of the Acquisition in section 2.
- Management fees, accounting and audit costs, filing fees and transfer agent fees, interest and bank charges, investor communications, and travel expenditures all increased due to increased activity in the Company, specifically relating to the Proposed Transaction (see Section 10).
- Remaining amounts are comparable or slightly higher to those incurred during the equivalent period of 2010, also due to the proposed acquisition of the Copper Flat (see Section 10).

<u>Three months ended June 30, 2011 and 2010</u>

Quarters ended June 30	**2011**	**% of expenses**	**2010**	**% of expenses**	**% change**
Personnel searches	230,047	32.98%	-	0.00%	n/a
Investor communications	147,834	21.19%	-	0.00%	n/a
Director's fees	113,877	16.33%	12,143	14.70%	837.80%
Office and sundry	73,177	10.49%	33,500	40.56%	118.44%
Stock-based compensation	41,914	6.01%	-	0.00%	n/a
Consulting	37,500	5.38%	663	0.80%	5556.11%
Management fees	22,822	3.27%	-	0.00%	n/a
Accounting and audit	16,529	2.37%	10,150	12.29%	62.85%
Travel	14,889	2.13%	11,220	13.58%	32.70%
Legal fees	4,449	0.64%	272	0.33%	1535.66%
Filing fees and transfer agent fees	3,445	0.49%	9,824	11.89%	-64.93%
Interest and bank charges	1,478	0.21%	-	0.00%	n/a
Telephone and communications	540	0.08%	-	0.00%	n/a
Amortization	520	0.07%	24	0.03%	2066.67%
Printing and photocopying	42	0.01%	491	0.59%	-91.45%
Capital taxes	-	0.00%	111	0.13%	-100.00%
Loss on settlement of debt	-	0.00%	2,460	2.98%	-100.00%
Rent	(11,537)	-1.65%	1,734	2.10%	-765.34%
Loss from operations	(697,526)	100.00%	(82,592)	100.00%	n/a
Other items:					
Foreign exchange loss	(32,265)		(7,626)		
Interest income	3,058		-		
Interest expense	(62,192)		-		
Loss and comprehensive loss for the period	(788,925)		(90,218)		

- Personnel searches included amounts spent in finding the right key personnel for the US subsidiary of the Company, in anticipation of requirements of the Copper Flat project. Most of these expenses took place during the last quarter of the fiscal year. There were no equivalent expenses during fiscal 2010.
- Director's fees: This expense is with related parties. Directors of the Company began receiving compensation upon the completion of the Acquisition in section 2.

5.- Summary of quarterly results:

	Quarter ended (three-month unaudited figures, unless otherwise specified)							
	Jun 30, 2011 $	Mar 31, 2011 $	Dec 31, 2010 $	Sep 30, 2010 $	Jun 30, 2010 $	Mar 31, 2010 $	Dec 31, 2009 $	Sep 30, 2009 $
a) Revenue	3,058	-	-	-	-	-	-	-
b) Loss for the quarter:	(788,925)	(1,942,706)	(102,348)	(96,382)	(90,218)	(48,793)	(44,294)	(27,870)
Per share basic & diluted	(0.02)	(0.09)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
c) Long term liabilities	4,162,192	-	-	-	-	-	-	-
d) Total assets	28,176,777	19,560,199	5,651,313	2,453,206	1,833,780	1,151,672	21,125	64,077

The increase in total assets for the June 2011 quarter reflects cash advances from the loan payable as described in section 2 above.

The increase in net loss for the June 2011 and March 2011 quarters reflects increased activity relating to Copper Flat, including the large amount represented by the non-cash stock-based compensation taking place during the March, 2011, quarter. The increase in total assets for the June 2011 and March 2011 quarters reflects the completion of a $10.2 million financing with Tulla in March 2011.

The increase in total assets for the December and September 2010 quarters is due to the cash received on exercise of warrants, the loan advance received from Marley and advances made to Copper Flat.

The increase in total assets for the June and March 2010 quarters is due to the private placement of shares closed in February 2010, and the amounts received of the private placement of subscription receipts detailed in Sections 2 and 11.

The higher comparable loss in the June and March 2011 quarters reflects the increase in activity relating to the Copper Flat.

6.- Liquidity

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 are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and future obligations compared to the Company's current cash position and expected cash receipts. The objective of the Company is to manage its liquidity risk by maintaining sufficient cash to meet its anticipated operational needs. Due to the relatively low cash position of the Company, the Company is exposed to liquidity risk

At June 30, 2011, the Company had cash of $224,275 and taxes recoverable of $7,808 (2010: $24,657 and $7,396, respectively) and current liabilities of $5,732,450 (2010: $1,489,038). The Company will depend on future financings from its majority shareholder and other parties to continue its operations.

7.- Capital resources

The Company's ability to raise further funds from the equity markets will largely depend upon general market conditions, and the Company's success in finding and acquiring new exploration properties and finding financing alternatives.

8.- Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

9.- Transactions with related parties

During the Year, the Company incurred the following expenditures in respect of transactions with related parties:

- $150,000 (2010: $50,000) were paid or accrued in consulting fees and $6,000 (2010: $6,000) in office expenses to Ernest Resources Limited, a company controlled by Mr. Barrett Sleeman, a director of the Company, and its former president.
- $18,000 (2010: $24,000) were accrued in consulting fees to Marley Holdings Pty Ltd., a company controlled by Mr. Kevin W. Maloney, a director of the Company.
- The Company issued 5,111,111 units priced at $0.10 per unit, for gross proceeds of $511,111 to Marley Holdings Pty Ltd., a company controlled by a director of the Company for the exercise of 5,111,111 share purchase warrants. $103,294 of this amount had been previously advanced.
- The Company issued 40,000,000 units to Tulla, a Company controlled by Mr. Kevin Maloney, for cash proceeds of $10,200,000. Each unit was comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.34 per share until March 4, 2016.
- Amounts due to related parties as at June 30, 2011 were $154,380 (2010: $33,250) due in director’s fees to Mr. Kevin W. Maloney, Mr. John Cook, Mr. Ken Pickering, Mr. Stephen Law, and Mercantile Resource Finance, Inc, a company controlled by Joel Schneyer, and consulting fees to Mr. Kevin W. Maloney and Mr. Barrett Sleeman.
- During the Year, the Company received $4,900,000 pursuant to $5,250,000 loan agreement with Tulla which had been approved by the TSXV in connection with the acquisition of the Copper Flat. An additional $62,192 was accrued as interest.

10.-Proposed transactions

With the completion of the acquisition of Copper Flat, there are no further proposed transactions at this stage.

11.-Changes in accounting policies

Accounting policies to be implemented effective July 1, 2011

Transition to International Financial Reporting Standards ("IFRS")

The Company will issue its first annual and interim consolidated financial statements prepared under IFRS for its fiscal year ended June 30, 2012 and three months ended September 30, 2011, respectively, with restatement of comparative financial information presented. Any opening balance sheet adjustments relating to the adoption of IFRS will be reflected in the July 1, 2010 consolidated opening balance sheet which will be issued as part of the comparative financial information in the September 30, 2011 unaudited interim financial statements.

The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements.

In order to address these risks the Company's staff has taken certain training courses to help them identify the differences between Canadian generally accepted accounting principles ("GAAP") and IFRS that affect the Company, and has retained an experienced consultant who is assisting with the scoping, assessment, design and implementation phases of IFRS. Based on this review, no material restatements of opening balances as at July 1, 2010 ("the date of transition") are expected on the initial implementation of IFRS by the Company. Work is currently underway to quantify the adjustments necessary to convert the Company's interim and annual consolidated financial statements for the year ending June 30, 2011 to comply with IFRS. This includes identifying and selecting the appropriate accounting policies to follow, preparation of a July 1, 2010 consolidated opening balance sheet and 2010 comparative data under IFRS, with reconciliations from Canadian GAAP, and production of appropriate accompanying note disclosures for all periods presented. The implementation phase will culminate in the preparation of our financial reporting under IFRS beginning in the quarter ending September 30, 2011. This work is due to be complete on schedule.

Impact on Information Systems and Technology

It is anticipated that the adoption of IFRS will have some impact on information systems requirements. The main reasons for these impacts include:

- additional information required as a result of enhanced note disclosures;
- tracking of differences between IFRS and Canadian GAAP during the transition period; and
- tracking sufficient level of details within the accounting records to allow management to maintain adherence with IFRS going forward.

Management have assessed the impact on system requirements for the convergence and post-convergence periods. On account of not being heavily reliant on any complex information systems or other technology at this stage, the Company does not anticipate any significant impact to applications arising from the transition to IFRS.

Impact on Reporting and Internal Controls

For all accounting policy changes identified, the Company will assess their impact on the design and effectiveness of reporting processes and internal control over financial reporting and will ensure that all changes in accounting policies include the appropriate additional controls and procedures for future IFRS reporting requirements. Given the low number of expected changes as a result of converting to IFRS no significant impacts in this area are expected.

<u>First-time adoption of International Financial Reporting Standards</u>

Adoption of IFRS requires the application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 gives entities adopting IFRS for the first time a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The following are the optional exemptions available under IFRS 1 that the Company currently intends to elect on transition to IFRS and should not be regarded as a complete list of optional exemptions available. The Company continues to review all IFRS 1 exemptions and will implement those determined to be most appropriate in our transition to IFRS.

IFRS 1 – Share-based payments

IFRS 1 permits first-time adopters to not apply IFRS 2, *Share-based Payment*, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS. The Company has elected this exemption under IFRS 1 which removes the requirement to retrospectively restate equity options that were granted after 7 November 2002 and vested before the date of transition to IFRS.

IFRS 1 – Effects of Changes in Foreign Exchange Rates

While the Company does not have any cumulative translation differences related to investments in foreign operations under Canadian GAAP, these may arise under IAS 21, *Effects of Changes in Foreign Exchange Rates*, on account of translating the financial results of any foreign operations into the chosen presentation currency. By electing to apply this exemption the cumulative translation differences for all foreign operations are deemed to be nil at the date of transition

<u>Potential Significant Impacts on Transition to IFRS</u>

IFRS 2 – Share-based Payment

The key area identified with the greatest potential issues and its impact on the Company's financial statements is share-based payments. The Company issues share option awards to consultants and directors on an ongoing basis. The eligibility is dependent on staff classification and performance. The vesting conditions are solely time–based and are accounted for using graded vesting. Under the Company's stock option plan, options typically vest in three separate tranches over 18 months and have a five year term. Under Canadian GAAP the Company has measured the fair value of each option at the date of grant based on the average life of the instrument and then recognized the compensation expense on a straight-line basis over this period. IFRS will require the Company to measure the initial fair value of each option granted based on the date that the option is expected to vest. Accordingly each tranche or installment will be accounted for as a separate arrangement and measured accordingly. IFRS also removes the option to account for forfeitures as they occur. On transition to IFRS, management will need to estimate the forfeitures that are anticipated to arise as at the grant date and include this in the fair value measurement of all share-based payments. These differences are not expected to result in an opening balance sheet adjustment given that all outstanding share option awards were fully vested as at the date of transition and therefore are in scope of the IFRS 1 exemption described above. However all share options issued by the Company subsequent to the date of transition during the 2011 fiscal year will need to be re-measured in accordance with IFRS 2 which will result in additional adjustments to amounts previously reported under Canadian GAAP.

IAS 21 – Effects of Changes in Foreign Exchange Rates

The Company has analyzed the implications of IFRS provisions regarding the identification of the appropriate functional currency to be used by the Company and its subsidiary. It is believed that, should the acquisition of Copper Flat complete, the functional currency of the Company's subsidiary will most likely be the US dollar. However, should this acquisition fail and the Company's subsidiary continue as it has in the past, its functional currency will be the Canadian dollar. It is expected that the functional currency and the presentation currency used by the Company when preparing consolidated financial will continue to be the Canadian dollar.

The Company is currently studying the implications of IFRS accounting for transactions in foreign currencies, addressing the appropriate exchange rates to use for translating the different balance sheet and income statement, and how the financial effects of changes in exchange rates are to be recognized in its financial statements. It is expected that foreign exchange differences arising from the translation of foreign operations into a presentation currency that is different from the functional currency will be presented outside of net income (i.e. included in other comprehensive income) and recognized as a separate component within equity (i.e. foreign currency translation reserve).

The Company will further asses other accounting policy decisions which will be impacted by the adoption of IFRS.

12.-Financial Instruments

The Company's financial instruments consist of cash, receivables, advances to CFC, accounts payable and accrued liabilities, amounts due to related parties, and subscriptions received. The fair value of these financial instruments approximate their carrying values.

The Company only invests its cash in an interest-bearing current bank account or term deposits, instruments that are deemed to be very low risk.

13.-Risk elements

Forward-Looking Statements.

Certain statements made and information contained in this MD&A and elsewhere constitutes "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described under Risk Factors.

In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment and sufficient labour and that the political environment within the jurisdictions where the company operates or is planning to operate will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Risk Factors

Development-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible.

Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company is aware of these factors while assessing potential acquisitions, and closely monitors its activities and those factors that could impact them, and employs experienced consulting to assist in its risk management and to make timely adequate decisions.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company is aware of these risks in its search for mineral properties.

The price of the commodities being explored is also a significant risk factor, as a substantial decline in their price could result in a decision to acquire or abandon a specific project. Commodity prices fluctuate and are affected by numerous factors, including expectations with respect to the rate of inflation, exchange rates, interest rates, global and regional political and economic crises and governmental policies. Environmental laws and regulation could also impact the viability of a project.

Operating in a specific country has legal, political and currency risks that must be carefully considered to ensure their level is commensurate to the Company's assessment of a project.

Market volatility during the current reporting period

The capital markets around the world experienced an unprecedented volatility during the fiscal year ended June 30, 2009. While the markets seem to have stabilized as at the date of this MD&A, a further period of volatility could affect the Company ability to secure public financing, as well as adversely affect the market price of its common shares.

Given the Company’s present situation, while it may affect the trading price of its common shares, it is not expected that this volatility will have an effect on the Company’s limited operations or on its financial statements for the next few months. The Company has depended on financing from its majority shareholder in the past, but if the proposed transaction described in Section 10 closes, it will be more dependent on public markets and the support from controlling shareholders.

Management’s responsibility over financial information

The Company’s management is responsible for presentation and preparation of the financial statements and the MD&A. The consolidated financial statements have been prepared in accordance with Canadian GAAP

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators

The consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

14.-Cautionary note for USA readers

As a corporation, the Company is subject to certain rules and regulations issued by the British Columbia Securities Commission the Company is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, on security of samples and mineral reserve estimates. Further, the Company describes any mineral resources associated with its properties utilizing terminology such as “inferred” or “indicated” which are terms recognized by Canadian regulators but not recognized by the United States’ Securities and Exchange Commission.

15.-Other MD&A requirements

a) Copies of all previously published financial statements, management discussions, meeting materials, etc., are available on the SEDAR website at www.sedar.com

b) Information pursuant to sections of National Instrument 51-102:

i) Section 5.3: The Company's continued operations are dependent on its ability to find a suitable exploration property and to raise adequate funds from the capital markets or other sources of financing.

ii) Section 5.4: Outstanding share data as at the date of this MD&A:

- Common shares:
  - Authorized: unlimited number, without par value.
  - Issued and outstanding: 74,117,622 (of which 25,403,439 remain in escrow.)
- Warrants:
  - 5,582,556 with exercise price of $0.28 until May 13, 2013.
  - 10,500,000 with an exercise price of $0.28 until March 4, 2016.
  - 40,000,000 with an exercise price of $0.34 until March 4, 2016, of which 20,000,000 are in escrow.
- Stock options: 5,448,063 with a weighted average exercise price of $0.62 valid for five years from the date of granting.

  Options granted to directors and officers of the Company are as follows:

Option Holder	Position	#Options	Exercise price	Expiry date
André J. Douchane	Officer (CEO)	1,000,000	$0.80	August 26, 2016
Barrett Sleeman	Director	258,983	$0.51	March 4, 2016
		108,628	$0.60	March 4, 2016
Kevin Maloney	Director	258,983	$0.51	March 4, 2016
		108,628	$0.60	March 4, 2016
Stephen Law	Officer (Co-Secretary)	258,983	$0.51	March 4, 2016
		108,628	$0.60	March 4, 2016
Patrick Harford	Director of subsidiary	258,983	$0.51	March 4, 2016
		108,628	$0.60	March 4, 2016
Salvador Miranda	Officer (Co-Secretary)	147,990	$0.51	March 4, 2016
		62,012	$0.60	March 4, 2016
Steve Vanry	Officer (CFO)	150,000	$0.60	March 4, 2016
Joel Schneyer	Director	200,000	$0.60	March 4, 2016
John Cook	Director	200,000	$0.60	March 4, 2016
Ken Pickering	Director	200,000	$0.65	March 27, 2016
W. Ferol Baker	Director	300,000	$0.67	June 1, 2016
		3,730,446	$0.63	

The fully diluted capital of the Company as at the date of this MD&A 135,648,241 (this includes all common shares, share purchase warrants and stock options, including shares and warrants held in escrow).

Directors and officers

The in-house qualified person under NI 43-101 responsible for the review of the technical content of this Management Discussion and Analysis is Mr. Barrett Sleeman.

Directors
Kevin W. Maloney (Chairman)
John Cook
Kenneth (Ken) Pickering (1)
Barrett Sleeman
Joel Schneyer (2)

Officers
André J. Douchane, President & CEO (3)
Steve Vanry, Chief Financial Officer
Stephen L. Law, Co-Secretary (4)
Salvador Miranda, Co-Secretary (5)

(1) Appointment announced on March 28, 2011.
(2) Appointment effective February 22, 2011.
(3) Mr. Douchane was appointed Chief Executive Officer on August 15, 2011.
(4) Mr. Stephen Law's resignation from the Board and his appointment as Co-Secretary was announced on April 21, 2011.
(5) Appointed on closing of the acquisition of Copper Flat on March 4, 2011.

On behalf of the Board of Directors:

"*André J. Douchane*"

André J. Douchane
President & CEO

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