THEMAC Resources Group Limited

Form 51-102F1

Management's Discussion & Analysis (MD&A)

For the nine months ended March 31, 2012

Dated: May 28, 2012

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Vancouver, BC
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This interim report covers financial and technical information related to the nine months ended March 31, 2012 ("the Period") and other relevant information available up to the date of this report. This report should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended March 31, 2012 and related notes (the "Interim Financial Statements"), and the audited consolidated financial statements for the fiscal year ended June 30, 2011 and their related notes.

Financial results are now being prepared and reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis may differ from that used in previous financial reporting. Further details on the transition to IFRS are included in the 'Basis of preparation' section of Notes 2 and 13 to the Interim Financial Statements.

Internal Controls over Financial Reporting ("ICFR")

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com or at the Company's website, www.themacresourcesgroup.com.

Unless otherwise indicated, all amounts are expressed in Canadian dollars.

Cautionary Note on Forward-Looking Statements

When used in this document, words such as 'estimate', 'expect', 'anticipate', 'believe' and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects, and goals for THEMAC Resources Group and therefore involve inherent risks and uncertainties.

Shareholders and prospective investors should be aware that the financial statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risk and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. THEMAC Resources Group undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or such factors which affect this information, except as required by law.

Description of business and project update

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 controlling 100% of the mineral rights of the Project, subject to a 3.25% net smelter return royalty.

About the Copper Flat Project

Copper Flat is a former producing copper-molybdenum mine located in the Las Animas District of Sierra County, New Mexico, approximately 150 miles (242 km) south of Albuquerque, New Mexico, and 20 miles (32 km) southwest of Truth or Consequences, New Mexico. Permitting for a return of the project to production is at an advanced stage, and a prefeasibility study is in progress and targeted for completion during early 2012. The project consists of 26 wholly-owned patented mining claims, 184 unpatented mining claims and 29 placer mining claims totalling 4,241.2 acres (1,717 ha)

Copper Flat was operated for a short period of time in 1982 (March –June 1982) by Quintana Minerals Corporation before operations were curtailed, due to falling copper prices. During this brief period of production, the Copper Flat mine produced 1.48 Mst of ore yielding 7.4 Mlbs. of copper, 2,301 Oz of gold and 55,966 Oz of silver. Permitting for a return of the Project to production is at an advanced stage, and a prefeasibility study is in progress and targeted for completion by the end of the 2nd Q of 2012.

Copper Flat project is a Laramide-age porphyry copper-molybdenum-gold-silver deposit. The gold and silver content of the deposit is evidenced by historic production and metallurgical test work, and gold and silver assay values are included in the deposit's NI 43-101 Mineral Resource statement.

An NI 43-101 Preliminary Economic Assessment dated June 30, 2010 and updated February 25, 2011 and a NI 43-101 Mineral Resource Statement dated January 23, 2012 have been completed for Copper Flat and can be viewed on SEDAR.

Civil infrastructure in place at Copper Flat includes a tailings dam, largely pre-stripped open pit, power lines, water well field and pipeline, access roads, diversion channels and building foundations. The project land package comprises in excess of 1,200 hectares. For more information visit www.themacresourcesgroup.com.

Resource Expanded at the Copper Flat Project

On January 25, 2012, the Company announced the completion of the updated Resource Estimate prepared by M3 Engineering & Technology Corporation (M3) and Independent Mining Company (IMC). Both companies are located in Tucson, Arizona.

This study, which was completed on January 23, 2012, reflects the results of the 2010 and the 2011 drilling program; the re-assay of 2,969 historical pulps to obtain gold and silver values and continued geotechnical and engineering design studies.

Highlights of the updated study are as follows:

- Although slightly different metal prices were used in the January 2012 resource estimate as compared to the June 30, 2010 study comprising part of the Preliminary Economic Analysis (PEA) undertaken by SRK Consulting Inc., the total Measured plus Indicated Resource was increased by 56% to 194,097 ktons.
- As a result of the work programs undertaken during the second half of 2010 and 2011, 41,236 ktons of Indicated Resources that were reported in the 2010 PEA have been converted to the Measured Resource Category.
- As a result of ongoing exploration/development it was possible to convert most of the Inferred Resources reported in the June 30, 2010 PEA to the Indicated Category. In the current resource estimate, only 8,206 Ktons are still classified as Inferred Resources.
- The re-analysis of 2,969 pulps of historical drill samples has permitted IMC to factor both gold and silver values into the current resource model. As a result, additional re-assaying of historical pulps is planned.

January 2012 Updated NI 43-101 Resource

	Tonnage and Grade					Contained Metal			
Classifcation	Ktons	Copper	Moly	Gold	Silver	Copper	Moly	Gold	Silver
		%	%	Oz/ton	Oz/ton	Lbs x 1000	Lbs x 1000	Ozs x 1000	Ozs x 1000
Measured	41,236	0.33	0.011	0.003	0.07	272,158	9,072	124	2,887
Indicated	152,861	0.24	0.007	0.002	0.04	733,733	21,401	306	6,114
Total M+I	194,097	0.26	0.008	0.002	0.05	1,005,891	30,473	430	9,001
Inferred	8,206	0.23	0.004	0.00	0.01	37,748	656	-	82
Cutoff grade, NST/ton is $7.25									

The subject resource classifications were assigned in conformance with NI 43-101 and its standard and guidelines.

The Resource estimate for the Copper Flat deposit is based on the following assumptions:

- The application of the floating cone algorithm to the block model to establish the component of the deposit that has "reasonable prospects of economic extraction". The mineral resources are therefore contained within computer-generated open pit geometry.
- The cutoff grade reflects the estimated cost to process the ore plus site G&A cost which total $7.25/ton.
- Ktons means 1,000 short tons, and a short ton is equivalent to 2,000 lbs.
- Copper and molybdenum grades are dry weight.
- Gold and silver values are reported in Troy ounce/short ton.
- Gold and silver values were not available at the time of this study in the outer edges of the deposit so the inferred grades for gold and silver are respectively shown as zero or near zero.
- The resource is based on a copper price of $2.90 lb., a moly price of $15.75 lb., a gold price of $1,150 per Troy Oz and a silver price of $20.00 per Troy Oz.

History of Copper Flat

Gold was first discovered in the Las Animas Mining District in 1877, and during the next 100 years the district had a reported production of more than 285,000 ounces of gold from both placer operations and underground mines.

Between 1952 and 1967, several companies including Newmont Mining Company, Bear Creek Mining Company and Inspiration Development Company conducted exploration programs on the current project prior to it being acquired by Quintana Minerals in 1967. Following acquisition, Quintana evaluated the known copper mineralization, and in 1982 advanced the Copper Flat deposit into commercial production. During the period, March 1982- June 1982 the mine produced 1.48 Mst of ore that yielded 7.2 million pounds of copper, 2,301 oz. of gold and 55,966 oz. of silver prior to the mine closing, due to declining copper prices.

Recent Exploration History

THEMAC Resources acquired a 100% interest in the Copper Flat project on July 23, 2009, and conducted its first exploration drilling program in 2010 that was designed to confirm previous drilling results. During this program seven core holes totaling 5,031' were completed. Additionally, SRK Consulting Inc. completed a NI 43-101 compliant resource estimate and Preliminary Economic Assessment (PEA). In this resource estimate, SRK reported an Indicated Resource of 107 million short tons grading 0.303% copper and 0.01% molybdenum (645 million pounds of copper and 21.4 million pounds of molybdenum) and an Inferred Resource of 46 million short tons grading 0.24% copper and 0.006% molybdenum (222 million pounds of copper and 5.6 million pounds of molybdenum). It should be noted that gold and silver resources were not included in this resource estimate due to the lack of sufficient assay data.

In addition to the exploration drilling program, environmental studies and permitting related to the future mining operations were initiated.

In 2011 the Company undertook additional core drilling (16 holes totaling 16,537'); re-assayed 2,969 historical pulps to confirm copper and molybdenum assays, as well as to obtain gold and silver data and began re-logging historical core through the use of core photographs.

Additionally, the Company contracted Quantech Geoscience to conduct a Titan 24 ground geophysical survey that provided both MT (Resistivity) and DC/IP (Chargeability) data over the center of the project. This survey outlined the pyrite shell of the Copper Flat deposit and defined the quartz monzonite intrusive hosting the subject mineralization at depth and beneath un-mineralized cover. Finally, as previously stated, IMC updated the 2010 SRK Consulting resource model. This update incorporated the 2011 drilling results and the assay data generated by the re-assaying of the historical pulps. Unlike the SRK study, the IMC resource model had sufficient gold and silver analyses to allow a first estimate of contained gold and silver in the deposit.

Permitting and environmental baseline studies initiated in 2010 continued throughout 2011.

Planned 2012 Exploration Program:

The 2012 Exploration Program consists of continuing the logging of historical core through the use of core photographs; re-assaying of approximately 4,000 additional historical pulps to obtain more gold and silver information and the updating, as well as expansion of the existing geologic map coverage for the project. In addition to the other exploration activities, it is planned to drill approximately 22 angled and vertical core holes totaling 25,000'. This planned drilling is scheduled to begin during April 2012 and conclude during the Fall 2012. The proposed drilling program is designed to accomplish the following:

1. Extend known shallow (< 300' depths) moderate to high grade mineralization in all directions so that the shape and orientation of the final pit design can be optimized.
2. Upgrade additional Inferred Resources to the Indicated category.
3. Further evaluate and better define deeper, higher grade (> 0.50 %) copper mineralization. In this case, the mineralization being targeted occurs at depths of 800'-1,200' below the surface.

In addition to and in conjunction with the exploration drilling program, approximately six steeply inclined core holes will be drilled for geotechnical purposes to provide the information needed to establish the slope of the pit walls for the upcoming Feasibility Study.

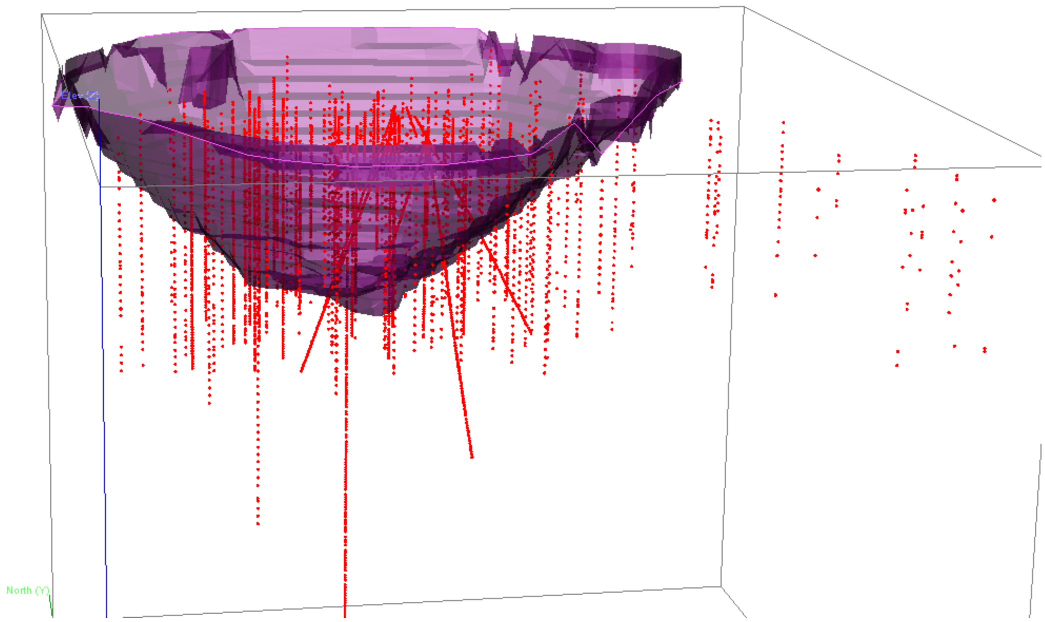
Milestones for the nine months ended March 31, 2012, and to the date of this MD&A

Please refer to the annual MD&A for the fiscal year ended June 30, 2011, available on the SEDAR website at www.sedar.com, for background information about the project, its acquisition, and exploration and development activities up to that date.

AU-AG RE-ASSAY PROGRAM

On October 5, 2011, the Company announced that it had recently completed a re-assay of a statistically selected number of Copper Flat's historical pulps for gold and silver. SRK Consulting ("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.

The following figure shows the distribution of the 4,625 gold and silver assay intervals throughout the existing resource model.



Gold and silver only assay data 3D view looking north

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, Arizona, 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 the second quarter of calendar year 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. The mining sequence and mine plan are complete as well as the milling material and water balance. The existing foundations of the original Copper Flat Mine were covered with topsoil when reclaimed in the 1980s. Portions of the foundations were uncovered and found to be in good condition. The current engineering design incorporates use of the original foundations. New metallurgical test work is wrapping up with results, for the most part, confirming previous recovery estimates or showing improved metal recovery opportunities.

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 high-priority infill holes of this program were completed during 2011, evaluated and 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, 2011, 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.

2011 CORE DRILLING PROGRAM—Results for Holes CF-11-01 through CF-11-07

Please see MD&A, dated September 30, 2011 for the results for Holes CF-11-01 through CF-11-07.

2011 CORE DRILLING PROGRAM—Results for Holes CF-11-08 through CF-11-12

Please see MD&A, dated September 30, 2011 for the results for Holes CF-11-08 through CF-11-12.

Assay Methods

Assaying was undertaken at Skyline Laboratory in Tucson, Arizona. Copper, molybdenum, gold and silver were determined by multiple methods; gold by fire assay with AA finish; silver by AA; and copper and molybdenum by ICP. Reference standards and blanks were inserted in the sample streams, along with duplicate sampling of the core.

Standard procedures for core handling were in place during the program, with core being logged into the core facility at every shift change. A geologist was on site for all sample preparation and shipping.

Permitting

Permitting the many aspects of the project entails numerous interactions and decisions by federal and state agencies, which are in turn subject to challenges by opponents of the project. The permitting, and government and community outreach efforts that have been conducted over the past 2 years have resulted in positive working relationships with the agencies and members of the local communities. The regulations enforced by the agencies are demanding but have been administered fairly and the permitting process has progressed more or less within the targeted schedule. Community relationships continue to build through the quarterly outreach meetings that have been held over the past year, as well as communication and education efforts through a series of Op-Ed articles in the local newspapers, interviews with the newspaper editors, presentations to the local governing bodies and service organizations, and participation in local events. Most recently, these efforts have resulted in resolutions of support passed unanimously be three of the local governing bodies.

The Environmental Impact Statement (EIS) process, administered by the Bureau of Land Management (BLM) is currently underway and progressing toward a scheduled Draft EIS by the end of 2012. A delay is possible due to delays associated with a planned aquifer test, but the Company has been working with the BLM to minimize an overall delay. This is the first copper mine to be permitted under the new State of New Mexico mining regulatory program. In order to minimize to the extent possible conflicts between the BLM and State mining and other environmental regulatory programs, the Company schedules monthly meetings with all parties in attendance to communicate progress, identify real or potential conflicts, and provide current information on the Company's ongoing studies. These and other meetings have contributed to relationships with the agencies that are frank, informative, and productive, and thus conducive to problem solving.

Financings and working capital

Financings

On July 15, 2011, the Company entered into an Amending Loan Agreement (the "Loan Agreement") with Tulla Resources Group Pty Ltd. ("Tulla"). Tulla increased its loan under the original agreement with the Company from its original amount of $5,250,000 to $10,000,000, and then to $12,000,000 in November, 2011, and to $15,000,000 in December, 2011. The advances bear simple interest at 10% per annum and may be repayable at any time by the Company without penalty, and will be required to be repaid on demand by Tulla the earlier of the Company completing an equity financing for greater than $20 million, or June 4, 2013. During the nine months ended March 31, 2012, the Company received $10,100,000 in further advances pursuant to the loan agreement with Tulla, and to March 31, 2012 accrued $810,047 as interest. Tulla is controlled by Mr. Kevin Maloney, a director of the Company. Tulla is also a major shareholder of the Company.

Subsequent to March 31, 2012, the Company initiated discussion with Tulla to increase the ceiling of the loan (Note 10 to the Interim Financial Statements) from $15,000,000 to $25,000,000, with a possible change of the interest rate from 10% to 20% as a condition thereof. Furthermore, consistent with these discussions subsequent to March 31, 2012, Tulla has advanced an additional $1,500,000 to the Company, increasing the principal amount repayable to Tulla to $16,500,000.

Working Capital

As at March 31, 2012, the Company had working capital of $1,099,123 (June 30, 2011: ($520,809) of working capital deficiency; July 1, 2010: ($1,455,185) of working capital deficiency).

Taxes recoverable consisted of Canadian Harmonized Sales Tax (HST) and totalled $11,096 (June 30, 2011: $7,808; July 1, 2010: $7,396).

Prepaid expenses and deposits of $610,628 (June 30, 2011: $17,366; July 1, 2010: $1,800) consists of advances to vendors and contractors of $553,592 (June 30, 2011: $4,862; July 1, 2010: $1,250), lease and rent deposits of $21,015 (June 30, 2011: $12,504; July 1, 2010: $550), and prepaid insurance of $36,021 (June 30, 2011: $Nil; July 1, 2010: $Nil).

Accounts payable and accrued liabilities were $803,646 (June 30, 2011: $615,878; July 1, 2010: $534,621) not including amounts to related parties of $80,500 (June 30, 2011: $154,380; July 1, 2010: $33,250).

As at March 31, 2012, there was $Nil subscriptions received (June 30, 2011: $Nil; July 1, 2010: $921,167).

Long-term debt

As at March 31, 2012, the loan payable of $15,810,047 (June 30, 2011: $4,962,192; July 1, 2010: $Nil), including interest, relates to the Loan Agreement with Tulla, described under Financings above. In addition, the Company has set up a provision for asset retirement obligation of $134,075 with respect to drilling carried out at Copper Flat.

Selected Annual Information

	Years ended June 30 ($)		
	Prepared under IFRS (unaudited)	Prepared under Canadian GAAP (audited)	
	2011	**2010**	**2009**
a) Loss for the year	(2,930,360)	(211,175)	(88,767)
➢ Per share - basic & diluted	(0.13)	(0.02)	(0.01)
b) Comprehensive loss for the year	(3,348,409)	n/a	n/a
➢ Per share - basic & diluted	(0.14)	n/a	n/a
c) Long term liabilities	4,962,192	—	—
d) Total assets	27,701,953	1,833,780	80,014
e) Cash dividends per share	Nil	Nil	Nil

Results of Operations

Nine months ended March 31, 2012 and nine months ended March 31, 2011

Loss for the Period was ($3,434,671) or a loss of ($0.02) per share, compared to a loss of ($2,111,922) during the nine months ended March 31, 2011 or a loss of ($0.04) per share.

Operating expenses were higher in general terms with those of the comparative period as detailed in the following table:

Nine months ended March 31	2012		2011		
	$	% of expenses	$	% of expenses	% change
Office and sundry	763,457	22.22%	47,307	2.24%	1513.84%
Interest expense	747,855	21.77%	—	0.00%	n/a
Share-based payments	744,135	21.67%	1,629,900	77.18%	-54.34%
Investor communications	459,804	13.39%	10,000	0.47%	4498.04%
Directors' fees	220,000	6.41%	—	0.00%	n/a
Accounting and audit	130,049	3.79%	62,255	2.95%	108.90%
Personnel searches	89,381	2.60%	—	0.00%	n/a
Management fees	72,066	2.10%	101,146	4.79%	-28.75%
Consulting	66,250	1.93%	130,500	6.18%	-49.23%
Travel	55,823	1.63%	38,038	1.80%	46.76%
Legal fees	36,556	1.06%	10,587	0.50%	245.29%
Filing fees and transfer agent fees	21,043	0.61%	60,228	2.85%	-65.06%
Other administration expenses	14,443	0.42%	28,494	1.35%	-49.31%
Depreciation	11,216	0.32%	51	0.00%	21892.16%
Foreign exchange loss (gain)	2,593	0.08%	(6,584)	-0.31%	-139.38%
Loss for the period	(3,434,671)	100.00%	(2,111,922)	100.00%	62.63%
Exchange differences on translating foreign operations, net of tax	675,511		(87,244)		
Loss and comprehensive loss for the period	(2,759,160)		(2,199,166)		

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

- Office and sundry expenses are mainly composed of salaries and wages, and other office expenditures for the Copper Flat office in New Mexico (see Note 7 to the Interim Financial Statements).
- The Interest expense represents the interests due on the Loan Agreement described under “Financings”, above and there was no interest expense for the nine months ended March 31, 2011 because there was $Nil amount in loans received as at March 31, 2011, compared to $10,100,000 as at March 31, 2012.
- The non-cash share-based payments related to stock options vesting during the period.
- The increase in investor communications expenditures is the result of increased activity in New Mexico for Community outreach on the merits of the Copper Flat Project.
- Directors' fees are detailed in Section “Transactions with related parties”, below.
- Accounting and audit fees also increased over the previous year due to the ongoing expansion of activities in New Mexico.

- Consulting fees: This expense is with related parties, and was lower than the comparable period of 2011 due to a decrease in the amounts paid or accrued to a director of the Company (see Section "Transaction with related parties").
- Personnel searches included amounts spent in locating personnel for the US subsidiary of the Company, in anticipation of requirements of the Copper Flat project. There were no equivalent expenses during the comparative period in 2011.
- Management fees, travel expenditures and legal fees all increased due to increased activity relating to Copper Flat.
- Remaining amounts are comparable or slightly higher to those incurred during the equivalent period of 2011, also due to the acquisition of the Copper Flat.

Three months ended March 31, 2012 and three months ended March 31, 2011

The details of the last quarter are as follows:

Three months ended March 31	**2012**		**2011**		
	$	**% of expenses**	**$**	**% of expenses**	**% change**
Office and sundry	336,438	23.01%	39,605	2.08%	749.48%
Share-based payments	326,953	22.36%	1,629,900	85.71%	-79.94%
Interest expense	325,916	22.28%	—	0.00%	n/a
Investor communications	241,346	16.51%	—	0.00%	n/a
Directors' fees	80,000	5.47%	—	0.00%	n/a
Personnel searches	53,781	3.68%	—	0.00%	n/a
Accounting and audit	42,010	2.87%	32,557	1.71%	29.04%
Management fees	19,966	1.37%	66,623	3.50%	-70.03%
Filing fees and transfer agent fees	13,763	0.94%	45,025	2.37%	-69.43%
Travel	9,463	0.65%	15,411	0.81%	-38.60%
Other administration expenses	5,723	0.39%	19,247	1.01%	-70.27%
Depreciation	4,339	0.30%	17	0.00%	25,423.53%
Legal fees	4,020	0.27%	2,466	0.13%	63.02%
Consulting	—	0.00%	43,500	2.29%	-100.00%
Foreign exchange (gain) loss	(1,518)	-0.10%	7,415	0.39%	-120.47%
Loss for the period	(1,462,200)	100.00%	(1,901,766)	100.00%	-23.11%
Exchange differences on translating foreign operations, net of tax	(669,179)		(77,721)		
Loss and comprehensive loss for the period	(2,131,379)		(1,979,487)		

The variances over the comparable period are also due to increased activity in New Mexico.

Summary of quarterly results:

	Quarter ended (three-month unaudited figures, unless otherwise specified)							
	Prepared under IFRS							Prepared under Canadian GAAP
	Mar 31, 2012 $	Dec 31, 2011 $	Sep 30, 2011 $	Jun 30, 2011 $	Mar 31, 2011 $	Dec 31, 2010 $	Sep 30, 2010 $	Jun 30, 2010 $
Revenue	—	—	—	3,058	—	—	—	—
Loss for the period	(1,462,200)	(1,009,586)	(962,885)	(818,438)	(1,901,766)	(111,277)	(98,879)	(90,218)
Per share basic & diluted	(0.02)	(0.02)	(0.01)	(0.02)	(0.08)	(0.01)	(0.01)	(0.01)
Total comprehensive income (loss) for the period	(2,131,379)	(1,976,611)	1,348,830	(1,149,243)	(1,979,487)	(136,367)	(83,312)	(90,218)
Per share basic	(0.02)	(0.02)	0.03	(0.02)	(0.08)	(0.01)	(0.01)	(0.01)
Per share diluted	(0.02)	(0.02)	0.01	(0.02)	(0.08)	(0.01)	(0.01)	(0.01)
Total assets	36,813,697	35,120,444	33,817,515	28,176,777	19,560,199	5,651,313	2,447,487	1,833,780
Total liabilities	16,828,268	13,341,100	10,198,542	5,732,450	312,364	4,937,710	1,693,735	1,489,038
Shareholders' equity	19,985,429	21,779,344	23,618,973	22,444,327	19,247,835	713,603	753,752	344,742
Cash dividends declared	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The increase in total assets and liabilities for the three most recent quarters reflects cash advances pursuant to the Loan Agreement as described in section 2 above. The increase in loss for the quarters from March, 2011 to the most recent one reflects the increased overall activity in the Company, specifically relating to activities related to Copper Flat as described in section 2 above including higher share-based payments expense.

Along the same lines, for the four most recent quarters the increase in total assets and shareholder's equity reflects the advances from the Loan Agreement with Tulla and the purchase of Copper Flat with shares and warrants in March 2011.

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. However, the Company maintains access to a loan facility provided by Tulla, and currently has additional borrowing capacity and the loan amount may be increased from time to time, when required.

At March 31, 2012, the Company had cash of $1,361,545 (June 30, 2011: $224,275; July 1, 2010: $24,657) and taxes recoverable of $11,096 (June 30, 2011: $7,808: July 1, 2010: $7,396) and current liabilities of $884,146 (June 30, 2011: $770,258; July 1, 2010: $1,489,038). The Company will depend on future financings from its majority shareholder (Tulla) and other parties to continue its operations.

Capital resources

The Company's ability to raise further funds from the equity markets will largely depend upon general market conditions

Off-balance sheet arrangements

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

Transactions with related parties and payments to key management personnel

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

Nine months ended March 31	2012	2011
Consulting fees and office expenses paid to Ernest Resources Limited, a company controlled by Mr. Barrett Sleeman, a director of the Company.	$ 70,400	$ 117,000
Consulting fees accrued to a Marley Holdings Pty Ltd., a company controlled by Mr. Kevin Maloney, a director of the Company.	-	18,000
Management fees paid to a company controlled by Mr. Steve Vanry, former Chief Financial Officer of the Company	12,710	-
Salary paid to Mr. Andre J. Douchane, President & CEO	167,950	-
Salary paid to Mr. Jeff Lowe, CFO	44,809	-
Management fees paid to InterAmerica Consulting & Development Ltd, a company controlled by Mr. Salvador Miranda, corporate co-secretary of the Company.	59,356	-
Directors fees paid or accrued to:		
Kevin W. Maloney	60,000	-
Barrett Sleeman	11,250	-
John Cook	45,000	-
Kenneth Pickering	48,750	-
Joel Schneyer	52,500	-
Loan advances received from Tulla	10,100,000	-
Interest incurred on loan payable to Tulla	747,955	-
Fair value of options granted to above persons:	$ 727,780	$ 795,986

Transition to International Financial Reporting Standards

On January 1, 2011, the Canadian Accounting Standards Board replaced Canadian GAAP with IFRS for publically accountable enterprises with a transition date of January 1, 2010. IFRS represents standards and interpretations approved by the IASB and are comprised of IFRSs, IASs and interpretations. In the case of the Company, the transition date started on July 1, 2010.

The Company implemented its conversion from Canadian GAAP to IFRS through a transition path that involved the following four phases: scoping and planning ("phase 1"); detailed assessment ("phase 2"); operations implementation ("phase 3") and post implementation ("phase 4"). Phases 1, 2 and 3 were carried out during 2011, and phase 4, which involves the maintenance of sustainable IFRS-compliant data and processes for fiscal year 2012 and beyond, was carried out through the last part of fiscal year 2011 and the beginning of fiscal year 2012.

The IASB continues to amend and add to its current IFRS standards and interpretations with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's first IFRS consolidated financial statements for the year ended June 30, 2012, may differ from the significant accounting policies used in the preparation of the Company's interim consolidated financial statements as at and for the three, six and nine months ended March 31, 2012. The Company has prepared its March 31 condensed interim consolidated financial statements in accordance with IAS34, *Interim Financial Reporting*.

The condensed interim consolidated financial statements for the three and nine months ended March 31, 2012, were prepared in accordance with IAS 34. In addition, the condensed interim consolidated financial statements for the nine months ended March 31, 2012 (as well as those prepared for the two previous interim periods) contain certain incremental annual IFRS disclosures not included in the annual consolidated financial statements for the year ended June 30, 2011, which were prepared in accordance with previous Canadian GAAP. Accordingly, these condensed interim consolidated financial statements should be read together with the annual consolidated financial statements for the year ended June 30, 2011, prepared in accordance with previous Canadian GAAP.

The Company adopted IFRS in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). The first date at which IFRS was applied was July 1, 2011. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS.

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is contained in Note 13 of the Interim Financial Statements.

Optional one-time exemptions applied upon first-time adoption of IFRS

IFRS 1 contains certain optional one-time exemptions from the requirement to apply IFRS on a retrospective basis as at the date of transition. The IFRS 1 optional exemptions applied by the Company in the conversion from Canadian GAAP to IFRS are as follows:

a. Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3, *Business Combinations* ("IFRS 3"), retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has elected to apply IFRS 3 to only those business combinations occurring on or after the date of transition and therefore previous business combinations have not been restated. As a result of this election, no adjustments were required to the Company's opening consolidated statement of financial position as at the date of transition.

b. Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, *Share-based Payment* ("IFRS 2"), to equity instruments that vested before the date of transition or any unvested equity instruments that were granted prior to November 7, 2002. The Company has elected not to apply IFRS 2 to awards that vested prior to the date of transition.

Under IFRS, the fair value of options granted are recognized on a graded-vesting basis over the period during which each tranche of options vest. Canadian GAAP permitted recognition of share-based payments on this basis or on a straight-line basis. Since the Company previously recognized its share-based payments on a straight-line basis under Canadian GAAP an adjustment of $(39,654) was required for the nine-month period ended March 31, 2011 and $(37,987) for year-ended June 30, 2011.

c. Reclassification within Equity

Under Canadian GAAP, a balance within contributed surplus was comprised of the issuance of equity-settled employee benefits and cancellation of shares held in escrow. Upon adoption of IFRS, the balance pertaining to equity-settled employee benefit has been reclassified to "Share-based payment reserves".

d. Cumulative translation differences

IAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires an entity to classify certain translation differences as a separate component of equity. However, IFRS permits an entity to deem the cumulative translation account for all foreign operations to be nil at the date of transition, and reclassify any such amounts determined in accordance with Canadian GAAP at that date to retained earnings. When this is the case, the gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition.

In accordance with this optional IFRS 1 exemption, the Company has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

Beginning on July 1, 2010, foreign exchange amounts arising from the translation of the Company's foreign operations at each reporting date have been recognized within foreign currency reserve and accumulated within equity.

See Note 13 of the Interim Financial Statements for the analysis that represents the reconciliation from Canadian GAAP to IFRS for the respective periods noted.

Financial Instruments

The Company's financial instruments consist of cash, taxes recoverable, prepaid expenses and deposits, bonds, trade and other payables, amounts due to related parties, and subscriptions received. The fair value of cash is measured on the statement of financial position using Level 1 of the fair value hierarchy as it is based on unadjusted quoted prices in active market. The fair value of trade and other receivables, and trade and other payables approximate their carrying values due to their short term nature.

The Company’s financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:

Currency Risk

The Company is subject to currency risks. The Company’s Copper Flat project is located in the United States of America, and many of the Company’s expenditures on this project are denominated in US Dollars. The Company maintains its principal office in Canada, and has monetary assets and liabilities in Canadian and US dollars. The currency exchange rate between the US and Canadian dollars fluctuated from a low of US$0.95 to a high of US$1.06 for C$1 during the nine months ended March 31, 2012. As such, the Company’s results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company.
The Company has not undertaken to mitigate transactional volatility in the Canadian dollar at this time. The Company does not use derivative instruments to reduce its exposure to currency risk.

Interest rate and credit risk

The Company has a cash balance and debt, in the form of a loan facility from a related party, the Tulla loan and normal course trade and other payables. Other than the Tulla loan, which bears interest at 10%, all other amounts owed to related parties do not bear interest, and are therefore not exposed to interest rate variations. The Company has no credit risk arising from operations as the debt can only be called when the Company has sufficient funds to repay, or else it is to be repaid through the issuance of shares. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

Trade and other receivables typically consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk with respect to receivables is remote.

Liquidity risk

Please see page 13 under “Liquidity”

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 risk 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 are subject to significant volatility, which 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 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 with the expansion of operations at Copper Flat, it will be more dependent on public markets, in addition to 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 International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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.

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.

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 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 12,701,720 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 10,000,000 are in escrow.
   - Stock options: 6,223,063 with a weighted average exercise price of $0.62 valid for five years from the date of grant.

The fully diluted capital of the Company as at the date of this MD&A is 136,423,241 including the securities held in escrow, or 113,721,521 excluding such securities.

Subsequent Events

a) Subsequent to March 31, 2012, the Company initiated discussion with Tulla to increase the ceiling of the loan (Note 10 to the Interim Financial Statements) from $15,000,000 to $25,000,000 with a change of the interest rate from 10% to 20% as a condition thereof (the "Restructured Tulla Loan Facility"). Furthermore, consistent with these discussions subsequent to March 31, 2012, Tulla has advanced an additional $1,500,000 to the Company, increasing the principal amount repayable to Tulla to $16,500,000. While the Company is encouraged with recent discussions with Tulla and documentation has been exchanged relating to the increasing the ceiling of the loan, the reader is cautioned that, as of the date of this filing, the Restructured Tulla Loan Facility has not been finalized and executed. All statements other than statements of historical fact, included herein, including without limitation, statements regarding the Restructured Tulla Loan Facility are forward-looking statements that involve various risks, assumptions, estimates and uncertainties. These statements reflect the current internal projections of, expectations or beliefs of the Company and are based on information currently available to the Company. There can be no assurances that such statements will prove to be accurate, and actual results and future events could materially differ.

b) A bond of US$394,832 (Note 7 to the Interim Financial Statements) plus interest of US$3,339 was refunded to the Company.

Directors and officers

The qualified person under NI 43-101 responsible for the review of the technical content of this Management Discussion and Analysis is Mr. Raymond Irwin, P. Geo.

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

Officers
André J. Douchane, President & CEO (1)
Jeff Lowe, Chief Financial Officer (3)
Stephen L. Law, Co-Secretary
Salvador Miranda, Co-Secretary

(1) Mr. Douchane was appointed Chief Executive Officer on August 15, 2011.
(2) Mr. Barrett Sleeman retired as executive director on December 9, 2011, and will continue to serve as non-executive director.
(3) Mr. Lowe was appointed CFO on January 11, 2012.

On behalf of the Board of Directors:

"*André J. Douchane*"

Andre J. Douchane
President & CEO