An Exploration Stage Company

Management's Discussion & Analysis

For the fiscal years ended December 31, 2011 and March 31, 2011

On January 24, 2012 pursuant to subsection 4.8(2) of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102"), the Company filed notice of its intention to change its financial year-end from March 31 to December 31. The change is effective December 31, 2011.

The following discussion and analysis of the financial position and results of operations for Colt Resources Inc. (the "Company") should be read in conjunction with the Audited Consolidated Financial Statements for the nine-month fiscal year ended December 31, 2011 and with the Audited Consolidated Financial Statements for the twelve-month fiscal year ended March 31, 2011.

The reader is encouraged to visit www.sedar.com for more information relating to the Company and its ongoing disclosures.

FORWARD LOOKING STATEMENTS

Certain of the information contained in this Management Discussion and Analysis (MD&A) may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. In this MD&A, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements.

Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described in this MD&A and any other document published by the Company. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this document to reflect subsequent information, events or circumstances or otherwise, except if required by applicable laws.

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OVERVIEW

Incorporated in April of 2000, Colt Resources Inc. (the "Company") is a junior mining Exploration Company engaged in the acquisition, exploration and development of mineral property interests. The Company's mining properties are located in Portugal and Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the ticker symbol "GTP", OTCQX under the ticker symbol "COLTF" and the Frankfurt Stock Exchange under the ticker symbol PO1. The Company is currently a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec.

On January 24, 2012 pursuant to subsection 4.8(2) of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102"), the Company filed notice of its intention to change its financial year-end from March 31 to December 31. The change is effective December 31, 2011.

The following discussion updates our plan of operations for the fiscal year ending December 31, 2012 and it also analyses the financial condition for the nine month ended December 31, 2011 and compares it to the twelve months ending March 31, 2011.

COMPANY HIGHLIGHTS

The fiscal year ended December 31, 2011 was marked by volatility in the financial markets and, in particular, the market for mineral commodities. Gold and tungsten prices remained strong during the reporting period and this provides a solid background for the development of the Company's focus projects and their positioning with the investment community. Financial uncertainty, nonetheless, remains relevant across the globe and management remains cautious in its outlook.

During the reporting period, the company closed a public financing and a concurrent private placement. In addition, the company received several warrant conversions. The proceeds of these activities netted $18,417,738 to be used to fund the Company's exploration programs and for working capital purposes.

During the reporting period, the Company executed a purchase and sale agreement and acquired 100% of the outstanding shares of QSPA, a Portuguese company through its subsidiary ColtInvestco SGPS. In addition to the acquisition of QSPA, the company secured key surface rights for its Tungsten project "Tabuaço". This will provide the Company with unhindered access for exploration and for the future development of the project.

Over the reporting period, the Company focused on two major projects: Tabuaço (Tungsten) and Montemor (Gold). In terms of its Tungsten mineral asset, the Company was able to accelerate the exploration programs, which lead to the publication of an Initial NI43-101 Resources Estimate in November 7, 2011. In terms of its Gold mineral asset, the Company completed all of the requirements to earn 100% of the Montemor-Boa Fé Gold project. On November 3, 2011 the company announced it had been granted the Experimental Mining License for the Montemor Boa Fé Project and the much larger Montemor gold exploration concession which surrounds it in the Alentejo region of Southern Portugal.

PLAN OF OPERATIONS

General

For the fiscal year ending December 31, 2012 the Company's focus will be aimed at expanding and accelerating the exploration campaigns for gold, tungsten and base metals in Portugal. The company-wide exploration budget for the new fiscal year is currently projected to be approximately $9.0 million, including $5.5 million for the southern Portuguese projects and $2.5m projected for its northern Portuguese projects, and may be re-evaluated at any time during the period. Corporate general and administrative overhead for the coming fiscal year is expected to be consistent with this reporting period.

Montemor and Boa Fé Gold Project

In southern Portugal, having received government permits to proceed with the planned exploration and development activities at the Montemor exploration concession and the Boa Fé experimental mining license, the company has commenced an aggressive exploration and development campaign. During the first half of 2012, the company plans to focus the bulk of its exploration efforts on drilling and trenching the previous identified gold mineralized deposits within the Boa Fé experimental mining license and in doing so perform a data validation exercise. This will permit the use of data collected previously with Colt's data so as to accelerate the development of these assets. The company intends to have a NI 43-101 compliant resource estimate prepared during the year.

During the second half of the year, the company intends to expand the exploration campaign to areas known to be poorly tested both within the Boa Fé experimental mining license area and also within the surrounding Montemor exploration concession. Work will include soil geochemistry, stream sediment surveys, aero magnetic and aero radiometric surveys, resistivity and seismic. As targets develop, trenching and drilling will follow.

Given the advanced nature of the Boa Fé experimental license deposits, the company will prepare several metallurgical and engineering studies during 2012 designed to support an optimized development program for the project so as to consider the viability of fast tracking the project toward mine development.

Tabuaço Tungsten Project

In northern Portugal, an initial NI43-101 resource estimate report for the Company's Tabuaço tungsten deposit located in the Armamar-Meda exploration concession was prepared and published in November 2011.

During 2012, the company intends to upgrade the initial resource estimate through a campaign of infill drilling. Additionally, exploration drilling designed to test for nearby targets will accelerate. Subsequent to the end of the reporting period, the company reported the discovery of the Aveleira mineralized zone, 750m north of the initially reported resources at Tabuaço. This discovery will be tested together with others during 2012.

Other Projects

At San Antonio, in the Penedono gold concession, the Company continued to test several of the veins known to host gold mineralisation. Results during 2011 indicated that the geometry and grade continuity of the mineralized veins was complex. The company therefore decided to seek a joint venture partner so as to share the risk. Management plans to form an exploration partnership during 2012.

At Santa Margarida do Sado, management plans to drill a series of deep holes to test for base metal mineralization that may be indicated by geophysical results identified by work performed during 2010 and 2011.

In terms of the Company's properties in Canada, management is currently reviewing these projects and their strategic relevance given Colt's expanding activities in Portugal and clear focus on more advanced stage projects in that region. The Company may acquire additional property interests during the incumbent fiscal year and will make budget provisions accordingly.

EXPLORATION HIGHLIGHTS

The Company's diamond drilling, property evaluation and exploration programs are under the supervision of Jeff Volk, SRK Consulting USA and Gareth O'Donnovan SRK Exploration Services, both qualified persons as defined by NI 43-101 standards of disclosure for mineral projects.

During the fiscal year ended December 31, 2011, the Company commissioned SRK to prepare an NI 43-101 compliant resource estimation report for the Tabuaço deposit located within the Armamar-Meda Exploration Concession. This technical report was filed on Sedar on December 21, 2011.

The Company's technical reports are available under the Company's profile on SEDAR at www.sedar.com.

1. Montemor and Boa Fé Gold Concession

On November 3, 2011 the Company announced it had earned 100% of the experimental mining license for the Boa Fé Gold Project. As a result, the Company proceeded to make the final payment in accordance of the terms of the COLT-AIOC joint venture. Final settlement was carried out by issuing cash payment of €125,000 ($175,000) and by issuing 3 million restricted common shares valued at 1,740,000$ on the date of issue.

The Montemor (Boa Fé) gold project and larger Montemor regional gold exploration concession are located approximately 95 km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal.

During the second quarter of the current fiscal year ended December 31, 2011, activity was focused on the continuing validation and analysis of the extensive database representing over 20 years of exploration work at Boa Fé and Montemor that was provided at the time of the acquisition and which formed the basis for the NI43-101 report prepared by SRK Consulting (U.S.) Inc. (see Press Release of March 7, 2011). Work included geological and structural analysis, 3D modeling of mineralization and statistical analysis of the data so as to optimize drilling, trenching and other exploration testing when fieldwork commences. Fieldwork was not performed during the period as the company was waiting for permits to be granted.

During the third quarter of the current reporting year, activity was again focused on the continuing validation and analysis of the extensive database of exploration work at Boa Fé and Montemor that was provided at the time of the acquisition. Additional work included the setting up of a field facility, organization of field logistics, training of field staff and delineation of an exploration work program with a view to a quick start immediately upon granting of the exploration title. Fieldwork was not performed during the period as the company was waiting for permits to be granted.

Titles over the Boa Fé experimental mining concession and the Montemor exploration concession were granted on November 2nd, 2011, and field work commenced immediately. A first drill rig was brought to the Chaminé deposit in the middle of November and a second drill rig by end of November, both to carry out validation drilling at that gold deposit. By end of 2011 a total of 7 diamond drill holes had been completed at the Chaminé deposit, for a total of 665m.

As at December 31, 2011, the Company has invested and capitalized $3,119,841 with respect to the Montemor Gold Project acquisition ($474,524 as at March 31, 2011). This represents a total of $2,645,317 including $1,740,000 in shares as required in acquisition of 100% of the project over the reporting period ($137,828 for the fiscal year ended March 31, 2011).

2. Armamar-Meda Tungsten Concession

The Armamar-Meda concession ("Armamar-Meda" or the "Concession") covers approximately 109.2 km^2 and is located in north central Portugal; the area and is contiguous with the Penedono, Moimenta-Almendra and Cedovim concessions.

During the second and third quarters of the fiscal year ended December 31, 2011, the primary objective continued to focus exploration on the Tabuaço tungsten deposit, with a view to providing sufficient data to support the preparation of an initial NI43-101 resource estimate later in the year. Twenty-one drill holes were completed (using 5 drill rigs) for a total of 2677m drilled by the end of the period. In addition, field exploration including field mapping and chip sampling of outcrops designed to identify additional mineralized outcrops was performed both locally and regionally.

Results indicated the existence of tungsten bearing skarn horizons with the potential to host an economic deposit. Given the very positive results it was decided to maintain the number of drill rigs at five so as to provide sufficient data to support the preparation of an initial NI43-101 resource estimate later in the year. (See press releases dated May 9, 2011 and May 24, 2011).

In the fourth quarter of the year drilling was continued at Tabuaço in order to test possible extensions of the tungsten deposit to the South, the North, as well as to the West underneath the granite intrusion. An additional ten holes were completed for a total of 1115m.

An initial NI43-101 technical report including a resource statement was released on December 21, 2011 by SRK. The resource (Table 1) was based on a tungsten scheelite skarn model with carbonate and schistose country rock subject to contact metasomatism by a granite intrusion. The skarn occurs as upper massive and lower banded horizons dipping at shallow angle (20-30^{o}) south-west. The resource model was based on two drilling campaigns carried out by the Company from 2009 to October 2011 comprising 32 diamond drill holes for a total of 3,427.5m.

Table 1 SRK Mineral Resource Statement for Tabuaço, 21 December 2011

Resource Classification	Tonnage (kt)	Grade (WO_3%)	Contained Metal (t $WO_{3)}$	Contained Metal (lbs $WO_{3)}$	Contained Metal (MTU $WO_{3)}$
Indicated	760	0.58	4,600	9,700,000	440,000
Inferred	1,330	0.57	8,000	16,700,000	760,000

As at September 30, 2011, the Company has invested and capitalized $2,694,234 ($1,075,907 as at March 31, 2011) with respect to its Armamar- Meda Concession and Exploration License. This represents a total investment of $1,618,327 over the reporting period ($545,284 for the fiscal year ended March 31, 2011).

3. Penedono Gold Concession

The Penedono concession ("Penedono gold project" or the "Project") covers a total area of approximately 51.2 km^2 and is located in north central Portugal, a two hour drive from the coastal city of Porto or a four hour drive from Lisbon, the capital city. The concession is surrounded by and contiguous with the Armamar-Meda and Moimenta-Almendra concessions.

During the second quarter of the fiscal year ended December 31, 2011, investigation of the Turgueira sheeted-vein gold deposit was continued by drilling a further eight diamond drill holes for a total of 665m, plus one additional 28m long trench. The results confirmed the presence of a system of well mineralized but narrow veins, with disseminated but low gold grades in the enclosing altered granite and greisen. Field work at Turgueira was terminated at the end of the second quarter. Towards the end of the second quarter field work returned to the Santo António gold deposit, where channel sampling was taken from the old pit on vein No.1.

During the third quarter of the current reporting year the primary objective was to test for depth extensions of veins Nos. 1 and 11 at Santo Antonio gold target (old Penedono mine). Seven drill holes were completed over these two veins (using 1 drill rig) for a total of 279m drilled by the end of the period. The Santo Antonio drill program was continued on the third quarter of 2011, by drilling another two holes on vein No.11, for a total of 73m. The results from the Santo Antonio drilling program indicated the presence of potentially economic gold grades on surface and at depth, however with characteristic vein "pinch-and-swell" effects. Field work was interrupted at Penedono concession by end of October 2011.

As at December 31, 2011, the Company had invested and capitalized $2,432,769 ($2,082,706 as at March 31, 2011) with respect to its Penedono Concession and Exploration License. This represents a total investment of $350,063 over the reporting period ($589,628 for the fiscal year ended March 31, 2011).

4. Moimenta-Almendra Concession

Located in northern Portugal, approximately 100 km east of city of Porto, the Moimenta-Almendra concession ("Moimenta-Almendra" or the "Concession") consists of 2 separate blocks totaling 283.15 km^2 in area. These concession blocks are contiguous with the Penedono, Armamar-Meda and Cedovim concessions and are named, from west to east, Castainço block (102 km^2) and Almendra block (181 km^2).

During the second quarter of the fiscal year ended December 31, 2011, work performed at Moimenta-Almendra included surface prospecting and sampling. Permission was received from the archeological authorities to go ahead with trenching and drilling in the Muchões Skarn Tungsten Belt.

Trenching and channel sampling was carried out over the coinciding Au-As-Bi anomaly in soils, previously identified at the Numão vein and greisen gold prospect. The gold assay results for the samples taken indicated localized gold grades over narrow widths dispersed on an overall barren granite country rock.

Further geologic prospecting and rock sampling carried out in the Sobradais belt (Freixo de Numão tungsten prospect) indicated the presence of high tungsten contents in grab samples taken from scheelite-mineralized skarns found on outcrop, warranting further field work.

During the third quarter of the current reporting year, additional field prospecting and sampling for tungsten and tin mineralization was carried out at the Freixo de Numão zone (including the Sobradais belt).

Finally during the fourth quarter a test program was carried out over the most promising area along the Muchões skarn tungsten belt, comprising four shallow drill holes totaling 204m and four short trenches totaling 104m. The results of this program indicated that the Muchões tungsten mineralization is generally low in average grade, narrow in width and discontinuous.

As at December 31, 2011, the Company has invested and capitalized $289,166 ($236,768 as at March 31, 2011). This represents a total investment of $52,398 over the reporting period ($95,505 for the fiscal year ended March 31, 2011).

5. Santa Margarida do Sado VMS Concession

The Santa Margarida do Sado concession ("Santa Margarida" or the "Concession") consists of 180.17 km^2 of prospective ground located in southern Portugal approximately 110 km by highway SSE of Lisbon. The concession extends from near the Atlantic coast in a SE direction for approximately 45 km. Situated near the center of the concession is the town of Grandola.

During the second quarter of the fiscal year ended December 31, 2011, an update report regarding the soil geochemistry orientation survey carried out over the nearby Lagoa Salgada deposit was received. The best results were produced by Ultra trace 0-5 cm, Ultra trace 10-20 cm and Sodium pyrophosphate extractions. The ultra-trace 0-5 cm methods identified anomalies for Au, Cu and Pb, ultra trace 10-20 cm identified anomalies for Cu and Zn, while the Sodium pyrophosphate identified anomalies for Bi, Co, Cd, Mo, Hg and Sb.

The results suggest that anomalies can be detected in soils above a blind massive sulphide body through more than 130 meters of cover. Mo, Co and Hg are relatively good indicators of blind mineralization and could be useful pathfinders.

During the third quarter of the current reporting year, the focus was on testing the previously selected gravity anomaly targets through the execution of ground electro-magnetic surveys.

Two distinct types of EM surveys were done, namely TEM carried out over 6 gravity anomalies tested with an array of square loops with 100m x 100m in size, having identified 2 deep-seated electrical conductors underneath 2 gravity anomalies (Porqueira and Padrões).

Another EM survey, Squid EM, was carried out over 9 gravity anomalies with 15 survey lines with an array consisting of rectangular double loops of 250m x 300m. The results of the Squid EM survey indicates the presence of very weak and deep conductors, located one at Porqueira, the other at a nearby location known by Palhaço.

In total, 15 gravity anomaly targets have been investigated by these surveys. The gravity anomalies were ranked and based on those results follow-up drilling will be undertaken at the most promising targets of "Porqueira" and "Palhaço".

As at December 31, 2011, the Company has invested and capitalized $346,825 ($171,145 as at March 31, 2011) with respect to its Santa Margarida do Sado Concession and Exploration License. This represents a total of $175,680 over the reporting period ($137,828 for the fiscal year ended March 31, 2011).

6. Cedovim Concession

The Cedovim exploration concession was granted on November 2nd, 2011. This concession is located in northern Portugal, approximately 100 km east of the city of Porto. It is composed of two separate blocks totaling 218.13 km^2 in surface area, and is contiguous with the Armamar-Meda and Moimenta-Almendra concessions.

Work done at this concession for the remainder of the fourth quarter of 2011 was restricted to data compilation and assessment, with a view to resuming field exploration work in early 2012, for investigation of the area's gold and tungsten mineralization.

As at December 31, 2011, the Company did not have any capitalization of expenditures for this project.

CANADIAN PROPERTIES

1. Extra High Property, British Columbia

During the fiscal year ended December 31, 2011 no fieldwork was performed. Work was instead confined to desk-based data review and analysis.

As at September 30, 2011, the Company has invested and capitalized $534,012 ($534,012 as at March 31, 2011) with respect to its Extra High Property. There was no material investment in this property over the reporting period.

2. Gaspésie Mineral Property, Québec

During the fiscal year ended December 31, 2011 no fieldwork was performed. Work was instead confined to desk-based data review and analysis.

As at December 31, 2011, the Company has invested $190,507 ($190,507 as at March 31, 2011) with respect to its Gaspésie Mineral Property. There was no material investment in this property over the reporting period.

CORPORATE DEVELOPMENT ACTIVITIES (Acquisitions, Divestitures and Financings)

Acquisition of QSPA Sociedade Viticola SA and surface rights for tungsten project

On August 24, 2011, the Company acquired 100% of the outstanding shares of QSPA, a Portuguese company. QSPA operated as an Oporto and Douro wine producer, trader, importer/exporter and bottler. QSPA was acquired in order for the Company to gain key surface rights covering approximately 140 hectares at its Tabuaço (Säo Pedro das Aguias) tungsten project, located in the company`s Armamar-Meda concession in northern Portugal. The acquisition of the key surface rights will provide the Company with unhindered access to the ground for exploration and enable the development of the Tabuaço tungsten project.

As at the end of December 31, 2011, the provisional fair value amounts recognized for QSPA as of the acquisition date were as follows:

	August 24, 2011 Provisional fair value	
	Euros	**$**
Cash and cash equivalents	36,872	52,358
Trade and other receivables	133,379	189,398
Inventories	2,788,988	3,960,363
Prepaid expenses	6,030	8,563
Property, plant and equipment	3,362,413	4,774,626
Biological assets	1,297,972	1,843,120
Surface rights	1,782,857	2,531,657
Trade payables	(22,611)	(32,108)
Fair value of net identifiable assets acquired	**9,385,900**	**13,327,967**
Fair value of consideration transferred		
Cash consideration transferred	3,000,000	4,260,000
Non-interest bearing loans payable in 12-24 months	1,885,900	2,677,977
Common shares	2,000,000	2,840,000
Convertible preferred shares	2,500,000	3,550,000
Total fair value of consideration transferred	**9,385,900**	**13,327,977**

As a result of getting more recent information, adjustments have been made during the period on the purchase price allocation.

Part of the consideration transferred included non-interest bearing loans, 5,000,000 restricted common shares of the Company and 5,000,000 convertible preferred shares of the Company. The loans payable include $1,420,000 (€1,000,000) payable in 12 months' time from its date of issuance (on the acquisition date), and another $1,420,000 (€1,000,000) payable in 24 months' time from its date of issuance (on the acquisition date). These loans are non-interest bearing, and their fair values were estimated using a present value of future cash flows method, applying a discount rate of 4% which approximated the rates on similar loans in the market at that time. The seller of QSPA is restricted from selling the 5,000,000 common shares of QSPA to a maximum of 1,000,000 common shares annually. These shares were valued using the quoted price of the Company's shares on the acquisition date.

The 5,000,000 preferred shares are convertible at any time by the holder into 4,385,965 common shares until August 23, 2016, at which time the holder can require the Company to redeem the shares for cash consideration of $3,550,000 (€2,500,000). This instrument has been accounted for as a compound financial instrument. The fair value of the liability portion, in the amount of $3,550,000 (€2,500,000), was estimated first, using a present value of future cash flows method, applying a discount rate within a range of 4%-5%, with the difference between the fair value of the instrument and its redemption amount being allocated to the residual equity component.

The first and the second tranche of $1,420,000 (€1,000,000) respectively payable to the seller were secured by a mortgage on the land and buildings of QSPA. Refer to Note 17 Loan.

The redemption amount of $3,550,000 (€2,500,000) of the preferred Shares (payable to the seller) was secured by a mortgage on QSPA's land and buildings. Refer to Note 16 Convertible preferred Shares.

These mortgages have a total value of $6,390,000 (€4,500,000). The carrying amount of the land and building amounts to $6,124,213 (€4,639,556) as of December 31, 2011.

(Canadian dollars)	**Acquisition results** **Four months ended December 31, 2011** **$**
Other income	**159,064**
Consulting	**(24,366)**
Salaries	**(71,583)**
Office	**(19,180)**
Bank charges	**(39)**
Insurance	**(6,145)**
Legal	**(3,097)**
Other costs	**(13,907)**
Depreciation expense	**(67,435)**
Loss from operations	**(46,688)**
Interest income	**143**
Interest expense	**-**
Net foreign exchange gain (loss)	**-**
Loss before income tax	**(46,545)**
Future income tax recovery (income)	**38,107**
Total net loss and comprehensive loss	**(8,438)**

If consolidation had been effective January 1, 2011, QSPA's pro-forma contribution to the Company's net revenues and net profit (loss) before tax would have been $230,566 and ($545,393) respectively. This pro-forma performance was determined on the basis of QSPA's stand-alone results for the period ended December 31, 2011 and does not include any amortization or notional fair value adjustments from the preliminary purchase price allocation.

Due to the complexity of the operation, the initial acquisition accounting for the business combination is not yet completed.

Public financing and concurrent private placement financings

During the fiscal year ended December 31, 2011 the Company completed a public offering (the "Offering") of 18,600,000 common shares of the Company (the "Common Shares") at a price of C$0.72 per Common Share, for aggregate gross proceeds of C$13,392,000. The Offering was completed by a syndicate of underwriters led by Canaccord Genuity Corp. and included Desjardins Securities Inc., Laurentian Bank Securities Inc. and D&D Securities Inc. (collectively, the "Underwriters").

Pursuant to the terms of the underwriting agreement dated April 13, 2011 entered into between the Company and the Underwriters, the Company paid the Underwriters a 6% cash commission and granted compensation options to the Underwriters entitling them to purchase that number of Common Shares as is equal to 8% of the aggregate number of Common Shares issued and sold under the Offering for a period of 18 months from the date of closing.

The Company also obtained subscriptions for an additional issuance and sale by way of a private placement of 4,402,000 Common Shares of the Company, at a price of C$0.72 per Common Share, for aggregate gross proceeds of C$3,169,440. In connection with this private placement, the Company paid certain finders a 6% cash commission and grant compensation options to such finders entitling them to purchase that number of Common Shares as is equal to 8% of the aggregate number of Common Shares issued and sold under the private placement for a period of 18 months from the date of closing.

The net proceeds of the Offering are for funding the ongoing exploration and development of the Company's Montemor and Tabuaço projects and for working capital purposes.

Incentive Stock Options

On December 10, 2010, the Board of Directors of the Company, including independent directors of the Company, unanimously approved amendments to the 2007 stock option plan of the Company (the "Stock Option Plan") in order to meet the listing requirements of the TSX Venture Exchange.

Such amendments included the change of the maximum number of common shares issuable under the Stock Option Plan from a variable number of Common Shares representing 20% of the total number of issued and outstanding common shares at any given time to a fixed number of 10,908,118 common shares, which represented approximately 20% of the then-issued and outstanding common shares.

On June 6, 2011, the Board of Directors of the Company, including independent directors of the Company, unanimously approved a further amendment to the Stock Option Plan in order to change the maximum number of common shares issuable under the Stock Option Plan from 10,908,118 common shares to 12,250,000 common shares, which represented 15% of the issued and outstanding common shares as of that date and currently represent less than 13% on an issued and outstanding basis due to subsequent warrant exercises and accounting for the shares issued for the previously discussed Q.S.P.A. acquisition.

During the fiscal year ended December 31, 2011 the Company issued 3,300,000 incentive stock options to management, directors and consultants. The options vested immediately and they have a strike price of $0.73. The incentive stock options granted had a term of five years, with an expiration date of June 4, 2016.

During the fiscal year ended December 31, 2011 the Company issued 400,000 incentive stock options to management, directors and consultants. The options vested immediately and they have a strike price of $0.75. The incentive stock options granted had term of five years, with an expiration date of July 5, 2016.

During the fiscal year ended December 31, 2011, the Company received option exercises totalling 270,000 shares with total proceeds of $83,400 and an average weighted exercise price of $0.31.

Broker Warrants

During the fiscal year ended December 31, 2011, the Company issued 1,799,360 broker warrants resulting from the public financing closed by the company during the month of May. The warrants have a strike price of $0.72 and they expire on November 5, 2012.

During the same period, the Company received warrant exercises totalling 11,982,185 shares with total proceeds of $ 3,399,183 and an average weighted exercise price of $0.28.

SUMMARIZED FINANCIAL RESULTS

For the Quarterly Periods ended:	December 31, 2011 Q3 ($)	September 30, 2011 Q2 ($)	June 30, 2011 Q1 ($)	March 31, 2011 Q4 ($)
Other revenues	123,580	35,484	0	0
Loss before other Items	(1,577,522)	(2,167,576)	(2,167,523)	(1,447,014)
Loss per common share before other items	(0.02)	(0.02)	(0.03)	(0.03)
Net loss for the period	(2,292,851)	(2,244,049)	(2,094,015)	(625,684)
Basic net loss per common share	(0.03)	(0.02)	(0.03)	(0.01)

For the Quarterly Periods ended:	December 31, 2010 Q3 ($)	September 30, 2010 Q2 ($)	June 30, 2010 Q1 ($)	March 31, 2010 Q4 ($)
Total revenues	0	0	0	0
Loss before other items	(948,296)	(948,296)	(459,293)	(464,829)
Loss per common share before other items	(0.03)	(0.03)	(0.01)	(0.015)
Net loss for the period	(1,864,292)	(1,864,292)	(439,438)	(486,326)
Basic net loss per common share	(0.05)	(0.05)	(0.01)	(0.015)

REVIEW OF FINANCIAL RESULTS

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2011, total assets were $30,139,194 as compared to $6,589,733 as at March 31, 2011. Mining interests increased by $4,870,135 from $4,765,569 to $9,635,704. The increase represents the capitalization of all expenditures arising from mineral property exploration and development in Portugal.

During the nine months ended December 31, 2011, cash increased from $1,236,079 as at March 31, 2011 to $3,885,777. In addition, the company held other financial assets with maturities over 90 days totalling $3,003,868 redeemable any time. The increase in cash and other financial assets was primarily the result of the successful closing of a public offering and concurrent private placement with net proceeds of $16,561,440 and the exercise of warrants and options with net proceeds of $3,357,073. During the reporting period, the Company augmented its working capital from $629,517 as at March 31, 2011 to $9,162,184 as at December 31, 2011.

In the past, the Company was successful in financing its liquidity requirements through the issuance of equity and debt securities. Management believes the Company has sufficient liquidity to meet its operating obligations for the next 6 months. As the Company is currently incurring operating losses, additional capital will be required to continue exploration activities on the properties. Subsequent to the fiscal year ended December 31, 2011, on April 17, 2012, the Company announced a brokered and un-brokered private placement with expected gross proceeds of $8.7 million.

Consolidated Statements of Cash Flows for the nine-month period ended December 31, 2011 and the twelve-month period ended March 31, 2011

Operating Activities
Cash flow used in operating activities amounted to $7,958,453 for the nine-month period ended December 31, 2011 as compared to $3,482,703 in the twelve-month period ended March 31, 2011. The increase in cash used was primarily the result of an increase in other financial assets, namely marketable securities with maturities of more than 90 days, increases in net losses, increases in pre-paid expenses, and decreased trade payables during the reporting period.

Financing Activities
Cash provided by financing activities amounted to $18,417,738 for the nine-month period ended December 31, 2011 as compared to $6,332,585 for the twelve-month period ended March 31, 2011. The increase in cash from financing activities is namely the result of a public financing with net proceeds of $16,561,440 and the exercises of warrant and options with net proceeds of $3,357,073 during the reporting period.

Investing Activities
Cash used in investing activities amounted to $7,752,046 for the nine-month period ended December 31, 2011 as compared to $2,098,248 in the twelve-month period ended March 31, 2011. The increase in cash used in investment activities is primarily the result of a business acquisition net of cash of $4,211,329 and to the capitalization of expenditures to exploration and evaluation assets of $3,130,135.

At the end of the reporting period, the Company held approximately $3,885,777 in cash and cash equivalents as compared to $1,236,079 in the comparable period last year.

Schedule of Contractual Obligations

a. As part of it prospection and exploration activities, the Company has contractual obligations which are detailed in Note 13 in the accompanying Consolidated Financial Statements

b. The Company has an operating lease for office space in 2000 McGill College, Montreal, Quebec, which ends on April 30, 2014. The future payments are as follows:

Expected future commitments as at:	December 31, 2011	March 31, 2011
Less than 1 year	98,450	79,884
Later than 1 year and less than 5 years	132,607	299,565
Later than 5 years	-	-

c. The Company has an operating lease for office space in Beloura, Portugal which ends on August 16, 2016. The future payments are as follows:

Expected future commitments as at:	December 31, 2011	March 31, 2011
Less than 1 year	62,172	-
Later than 1 year and less than 5 years	225,374	-
Later than 5 years	-	-

d. Mortgage and guarantees

As part of the acquisition of QSPA, the Company has commitments which are detailed in Note 28 Business acquisition in the accompanying Consolidated Financial Statements

Results of Operations

Nine months ended December 31, 2011 compared to twelve months ended March 31, 2011

For the fiscal year ended December 31, 2011, the Company reported a net and comprehensive loss of $5,912,621 ($4,981,999 for the comparable period) and $6,630,915 ($4,981,999 for the comparable period). The increase in the Company's net and comprehensive loss was due primarily to the issue and recording of 3,700,000 incentive stock options, increased efforts to increase investor awareness, increased office expenses resulting from the opening of offices in Portugal, legal and consulting costs associated with the acquisition of QSPA and the overall increased level of activities of the Company's subsidiaries in Portugal.

Total stock-based compensation expense for the reporting period was $1,254,785 ($1,265,942 in the comparable period).

Investor Relations and Marketing expenses decreased to $1,414,044 ($2,051,013 for the comparable period). The decrease reflected lower expenses associated with preparing and promoting the company to successfully fund its exploration and operating activities and to increase investor awareness globally. The Investor Relations and Marketing expenses for the nine month period ended December 31, 2011 included $556,827 in IR Consulting, $499,029 in travel and $184,497 in Management Cost Allocation.

Salaries increased to $348,342 ($291,095 in the comparable period). Legal expenses increased to $458,926 ($245,865 for the comparable period) reflecting expenses associated with business acquisitions and compliance.

Capitalized exploration costs, reflected in the Company's Consolidated Balance Sheets, increased to $9,635,704 as at December 31, 2011 from $4,765,569 (as at March 31, 2011), reflecting an increase in exploration activities predominantly in the Armamar-Meda (tungsten) and Montemor (gold) projects.

The Company reported a total weighted average number of common shares outstanding of 86,749,732. As a result, the Company reported a net and comprehensive loss per share of $0.07 ($0.04 for the comparable period).
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RISK MANAGEMENT AND GOING CONCERN

This MD&A and the Company's financial statements have been prepared in accordance to International Finance Reporting Standards (IFRS) as applicable to going concerns. However, certain facts and circumstances may cause a significant doubt on the reasonableness of this assumption. The Company is currently pursuing financing alternatives to fund its operations and to continue as a going concern. Although there are no assurances that the Company will be successful in these actions, management is confident that it will be able to secure the necessary funding.

RISK FACTORS

The Company and the securities of the Company involve a high degree of risk, including those risk factors listed below, and should be considered a highly speculative investment. In addition to the other information contained herein, the following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

Commodity Prices
The price of the common shares of the Company, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold, tungsten or other minerals. Gold, tungsten or other mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of such commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold, tungsten or other mineral-producing countries throughout the world. The prices of gold, tungsten or other minerals have fluctuated widely in recent years, and future serious price declines could cause continued development of and commercial production from the Company's properties to be impracticable. Depending on the price of gold, tungsten or other minerals, cash flow from mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on gold, tungsten or other mineral prices that are adequate to make these properties economically viable.

In addition to adversely affecting the Company's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Foreign Exchange Rate Fluctuations
The Company maintains its accounts in Canadian dollars. The Company's current operations in Portugal render it subject to foreign currency fluctuations, which may materially affect its financial positions and results. For example, gold and tungsten are generally sold at prices stated in US dollars, while costs incurred are paid in the currency of the country in which the activities are undertaken (Portugal, in the case of the Penedono Concession and the Armamar-Meda Concession, the Company's two principal Properties). The Company does not currently plan to engage in currency hedging activities.

The most important exchange rate for the Company is currently the rate between the Canadian dollar and the Euro. While the Company is funding work in Portugal, the Company's results could be impaired if the Canadian dollar weakens relative to the Euro.

If the Company commences production on any of its Properties located in Portugal, a weak US dollar relative to the Canadian dollar and the Euro could also impair the Company's financial results since the smelters pay for concentrate in US dollars while the Company would report its financial results in Canadian dollars and the majority of costs would be paid in Euros.

Future Sales of Common Shares by Existing Shareholders
Sales of a large number of common shares of the Company in the public markets, or the potential for such sales, could decrease the trading price of the common shares of the Company and could impair the Company's ability to raise capital through future sales of its common shares. The Company has previously issued its common shares at an effective price per share which is lower than the effective market price of the common shares. Accordingly, a significant number of shareholders of the Company have an investment profit in the common shares that they may seek to liquidate.

Operations/Environmental
Environmental hazards may exist on the Company's Properties which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties, and the Company may be held liable for environmental problems discovered that were caused by former

owners or operators, not only of its existing properties but of properties, if any, in which it previously held an interest.

Mineral Reserves and Resources

The mineral reserves and resources described in the Penedono Technical Report and the Armamar-Meda Technical Report are estimates only and no assurance can be given that inferred, indicated or measured mineral resources will be moved to higher confidence levels or that any additional proven or probable reserves will be discovered or that any particular level of recovery of minerals will in fact be realized or that identified mineral resources will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited.

In addition, the grade of mineral resources ultimately mined may differ from that indicated by drilling results and such differences could be material. Material changes in mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Estimated reserves may have to be recalculated based on actual production experience. Market price fluctuations of metals, as well as increased production costs may lead the Company to determine that it is not economically feasible to continue exploration and development activities at any of its Properties.

Industry Conditions

The exploration of mineral properties involves significant risks which even experience, knowledge and careful evaluation may not be able to avoid, and the Company's operations are subject to all such hazards and risks normally encountered in the exploration, development and production of gold, tungsten and other precious metals or minerals, including unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Further, there is no certainty that the expenditures made by the Company towards the search and evaluation of gold, tungsten or other precious metals or minerals will result in commercial quantities of gold, tungsten or other precious metals or minerals. The price of metals has fluctuated widely, particularly in recent years as it is affected by numerous factors which are beyond the Company's control including international economic and political trends, expectations of inflation or deflation, currency exchange fluctuations, interest rate fluctuations, global or regional consumptive patterns, speculative activities and increased production due to new extraction methods. The effect of these factors on the price of metals, and therefore the economic viability of the Company's interests in the mineral properties cannot be accurately predicted. Furthermore, changing conditions in the financial markets, and Canadian income tax legislation may have a direct impact on the Company's ability to raise funds for exploration expenditures. A drop in the availability of equity financings will likely impede spending. As a result of all these significant risks, it is quite possible that the Company may lose its investments in the Company's mineral property interests.

Statutory and Regulatory Compliance

The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Furthermore, there can be no assurance that all permits which the Company may require for exploration, construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project which the Company may undertake. As the Company's principal Properties are in Portugal, the Company and its subsidiaries will need to comply with the applicable laws, regulations and policies of such country and may face additional risks related to uncertain political and economic environments, changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits and increased financing costs. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the Company's activities, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions there under, including orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Company or its Portuguese subsidiaries may be required to compensate those suffering loss or damage by reason of its mineral exploration and mining activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

The Company is not currently covered by any form of environmental liability insurance. See "Insurance and Uninsured Risks", below.

Existing and possible future laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduced levels of production at producing properties or require abandonment or delays in development of new mining properties.

The Company has a very limited history of operations, is in the early stage of development and has received no significant revenues.

The Company has a very limited history of operations, is in the early stage of development and has received no revenues to date, other than insignificant interest revenues. As such, the Company is subject to many risks common to such enterprises. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that the terms of such financing will be favourable. The Company has not paid dividends in the past and has no intentions of paying dividends for some time in the future.

Title to Properties

Although the Company has taken steps to verify the title to mineral properties in which it has acquired an interest, including the receipt of title opinions in respect of its principal properties, no assurance whatsoever can be given that there are no title defects affecting such properties or that the Company's interests may not be challenged or impugned by third parties. If challenged, and if the challenge is sustained, it will have an adverse effect on the business of the Company. Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect thereto.

The Company's Properties located in Portugal are subject to concessions granted by the Government of Portugal. Even if all of the Company's obligations under the concession agreements have been fulfilled, there are no guarantees that the Company's concessions will be renewed since renewal is subject to the discretion of the Portuguese Government. In addition, if the Company fails to comply with its technical and/or financial commitments under the concession agreements by specific dates as defined thereunder, the Company may be forced to return the Portuguese Properties to the Government of Portugal. Furthermore, the concession agreements may be terminated by the Government of Portugal for a number of reasons including, but not limited to, the Company's inability to comply with its obligations.

Early termination or non-renewal of any of the concession agreements, for any reason, would have a material adverse effect on the Company's business, results of operations and financial condition, as well as on the market price of the Common Shares. See "General Development of the Business – Three-Year History – Agreements Related to the Properties" and "General Development of the Business – Other Material Events and Recent Developments" for a description of the terms and conditions of the concession agreements on the Portuguese Properties.

Competition

The mining industry is competitive in all its phases. The Company competes with major mining companies and other natural resource companies in the acquisition, exploration, financing and development of new properties and projects. Many of these companies are more experienced, larger and better capitalized than the Company. The competitive position of the Company depends upon its ability to obtain sufficient funding and to explore, acquire and develop new and existing mineral-resource properties or projects in a successful and economic manner. Some of the factors which allow producers to remain competitive in the market over the long term are the quality and size of an ore body, cost of production and operation generally, and proximity to market. The Company also competes with other mining companies for skilled geologists and other technical personnel. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all and consequently the Company's revenues, operations and financial condition could be materially adversely affected.

Political
The Company operates in Portugal. The Company does not regard the nature of this country as a deterrent to operations. The Company does not currently maintain political risk insurance.

Insurance and Uninsured Risks
The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Infrastructure
Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

The Company's common shares may be subject to further dilution.
There are a number of outstanding securities and agreements pursuant to which the common shares of the Company may be issued in the future which, when exercised or converted, as the case may be, may result in further dilution to the Company's shareholders. The increase in the number of issued and outstanding common shares of the Company and the possibility of sales of such shares in the future may have a depressive effect on the trading price of the common shares of the Company. In addition, as a result of such additional common shares, the voting power of the Company's existing shareholders will be reduced.

Dependence on Qualified Personnel
The success of the Company is dependent to a significant degree on the contributions of qualified personnel and the Company's success will depend in a large part upon its ability to attract and retain highly skilled personnel. Competition in the mining exploration industry for qualified individuals is

intense, and the Company may not be successful in attracting and/or retaining qualified personnel. The incapacity for the Company to do so may seriously harm its business and operations.

Dependence on Key Personnel
The Company is dependent on the services of certain key officers and employees. The experience of these individuals will be a factor contributing to the Company's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on the business and operations of the Company.

Conflicts of Interest
Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with applicable laws.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING ANNOUNCEMENTS

a) IFRS 9, 'Financial Instruments' was issued in November 2009 to replace IAS 39 'Financial Instruments: Recognition and Measurement' effective January 1, 2015 with earlier adoption permitted. The new standard replaces the multiple classification and measurement models for financial assets and liabilities with a new model that has only two categories: amortised cost and fair value through profit and loss. Under IFRS 9, fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. The Company is currently assessing the impact of this standard.

b) IFRS 10, 'Consolidated Financial Statements' was issued in May 2011 and will supersede the consolidation requirements in SIC-12 'Consolidation – Special Purpose Entities' and IAS 27 'Consolidated and Separate Financial Statements' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in assessing whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is currently assessing the impact of this standard.

c) IFRS 11, 'Joint Arrangements' was issued in May 2011 and will supersede existing IAS 31, 'Joint Ventures' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The Company is currently assessing the impact of this standard.

d) IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this standard.

e) IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this standard.

f) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual period beginning on or after July 1, 2012. The Company is currently assessing the impact of this standard.

g) IAS 12 - Income Taxes ("IAS 12") was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The Company is currently assessing the impact of this standard.

h) IAS 27 replaced the existing IAS 27 ''Consolidated and Separate Financial Statements''. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently assessing the impact of this standard.

i) IAS 28 was amended in 2011 which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently assessing the impact of this standard.

OTHER MATERIAL EVENTS AND HIGHLIGHTS

The Company is presently not a party to any proceedings.

TRENDS

During the fiscal year ended December 31, 2011 the financial markets experienced substantial upward pressure on the prices of Gold and Tungsten. Subsequent to the reporting period the market experienced a correction in the prices of gold and other minerals. While there is some market evidence to support the ongoing strength of the markets for commodities, management remains optimistic but conservative in its outlook.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

Subsequent to December 31, 2011:

On March 8, 2012 the Company announced the exercise of 13.4 million share purchase warrants with total net proceeds of $6.1 million.

On April 17, 2012, the Company announced that it had entered into a bought deal private placement for 10,000,000 common shares at a price of $0.50 per share for gross proceeds of $5,000,000. The Company granted the Underwriters an option to purchase up to an additional 1,500,000 shares at the same price, which is exercisable by the Underwriters at any time up to two business days prior to closing. If this option is fully exercised, total gross proceeds will be $5,750,000. Concurrent the Company also announced a non-brokered private placement for up to 7,400,000 shares at a price of $0.50 per share for gross proceeds of up to $3,700,000.

OUTLOOK

Management will continue to manage its funds rigorously, its primary objective being to optimize return on investment for the Company's shareholders. The Company's development strategy is focused on the discovery of economically-viable deposits that will generate profits from mining and ensure the Company's survival. In applying its development strategy, management will take into account the global exploration context, stock market trends and the prices of metals.