An Exploration Stage Company

Management's Discussion & Analysis

For the fiscal years ended March 31, 2011 and 2010

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 years ended March 31, 2011 and 2010, which were prepared in accordance with Canadian Generally Accepted Accounting Principles.

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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NATURE OF ACTIVITIES

Incorporated in April of 2000, Colt Resources Inc. (the "Company") is a junior mining Exploration Company engaged in the acquisition, exploration and, if warranted, the development of mineral property interests. The Company's mining properties are located in Portugal and Canada. All of the Company's properties are in exploration stages and the Company only records income from interest earned from funds on deposit.

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.

The Company operates two wholly-owned subsidiaries in Portugal by the name of Eurocolt Resources Unipessoal Lda. ("Eurocolt") and Aurmont Resources Unipessoal Lda. ("Aurmont"). The President and CEO of Eurocolt and Aurmont is Mr. Jorge Valente.

CORPORATE HIGHLIGHTS

The fiscal year ended March 31, 2011 was marked by relative stability and renewed activity in the financial markets and mineral commodities. Gold prices remained strong during the twelve months of operations of the Company and this has improved the Company's profile with the investment community. Financial uncertainty, nonetheless, remains relevant across the globe and management remains cautiously optimistic in its outlook for fiscal 2012.

During the fiscal year ended March 31, 2011, the Company experienced stronger investor interest for its projects, in particular for the Company's tungsten and gold properties in Portugal. Management continues to address financial markets cautiously and remains optimistic about its ability to raise the necessary funds to successfully complete its exploration activities.

Important corporate events for the fiscal year ended March 31, 2011

- On May 25, 2010 the Company announced its intention to proceed with a second closing on its February 2010 private placement previously announced. The closing consisted of 4,400,000 units at $0.25 per unit, for total gross proceeds of $1,100,000.
- During the three-month period ended June 30, 2010, the Company began the process for listing its common shares in the OTCQX market in the US.
- On June 28, 2010 the Company announced the maturity and settlement of its obligations relating to its convertible debentures. The outstanding, non-converted portion, of the convertible debentures became due and payable at the end of June 2010 and was paid in common shares in accordance with the terms and conditions in the convertible debenture agreement. A total of 883,964 common shares were issued at $0.34 per share.
- On June 28, 2010 the Company announced the extension of the expiry date of the 4,782,170 common share purchase warrants that were attached to the 2007 convertible debentures. The warrants were extended for a period of one year and now expire on June 29, 2011.
- On August 20, 2010 the Company announced its intention to proceed with a third closing on its previously-announced non-brokered private placement totalling 4,900,000 units at $0.25 per unit for a total gross proceed of $1,225,000.
- On August 31, 2010 the Company announced the listing of the Company's common shares on the OTCQX exchange in the US under ticker symbol "COLTF".
- On September 3, 2010, the Company announced the closing of a private placement and the issuance of 3,370,000 stock options to directors, officers and consultants with exercise price of $0.27 and a term of 5 years.

Important corporate events for the fiscal year ended March 31, 2011 (Continued)

- On September 9, 2010, the Company held its annual general and special shareholders meeting.
- On October 27, 2010, the Company closed non-brokered private placements for a total of 9,999,997 units at $0.35 per unit for gross proceeds of $3,499,999.
- On October 8, 2010, the Company announced that Mr. Declan Costelloe joined the Board of Directors.
- On November 8, 2010, the Company announced the issue of 1,400,000 stock options with an exercise price of $0.56.
- On December 2, 2010, the Company announced that Mr. Todd Hennis had joined its advisory board.
- On February 7, 2011, the Company commenced trading its shares on the TSX Venture Exchange under ticker symbol "GTP".
- On February 18, 2011, Mr. Wayne Murton resigned from the Board of Directors and Mr. Jean Depatie was duly appointed.
- On February 28, 2011, Mr. Declan Costelloe was appointed as Chief Operating Officer and executive Vice President.
- On March 25, 2011 the company announced the issue of 750,000 stock options to directors with an exercise price of $0.91 and a term of 5 years.

EXPLORATION HIGHLIGHTS

The Company's diamond drilling and property evaluation / exploration programs were under the supervision of J.W. Murton, P. Eng. and subsequently SRK Consulting USA, both qualified persons as defined by National Instrument 43-101 standards of disclosure for mineral projects.

During the fiscal year ended March 31, 2011, the Company commissioned Mr. Warner Gruenwald, P. Geo of Geoquest Consulting Ltd. to prepare for the Company a technical report compliant with NI 43-101 in respect to the Penedono Exploration Concession and the Armamar-Meda Exploration Concession. Mr. Warner Gruenwald is a qualified person as defined by NI 43-101 standards of disclosure for mineral projects, and is independent of the Company. These technical reports were completed on August 27, 2010 and September 6, 2010 respectively.

During the fiscal year ended March 31, 2011, the Company commissioned Mr. Jim Cuttle and SRK Consulting USA to prepare a technical report compliant with NI-43-101 standards of disclosure for mineral projects in respect to the Santa Margarida do Sado and the Montemor Gold Projects. These technical reports were completed on February 16 and March 7, 2011 respectively.

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

Important exploration events for the fiscal year ended March 31, 2011

- On April 13, 2010 the Company announced the results from a diamond drilling campaign on its Penedono Gold Project. The results indicated high grade intersections 7.73 g/t Au over 0.60 m to 75.64 g/t Au through a 1.6 m wide mine stope with thin vein material.
- On June 7, 2010 the Company announced high grade gold and tungsten results from regional exploration on its Portuguese concessions. In terms of its gold intersects the Company reported from 10 g/t Au to 38.29 g/t Au. In terms of its tungsten intersects, the Company reported results varying from 1.0% to 2.9% WO3.
- On June 14, 2010 the Company intersected of 0.54% WO3 over 21.60 m at Armamar-Meda's Tabuaco Tungsten Project.
- On July 19, 2010 the Company announced its report on exploration work done in Portugal.
- On August 10, 2010 the Company signed an agreement for the eventual acquisition of the Montemor Gold Project in Portugal.

Important exploration events for the fiscal year ended March 31, 2011 (continued)

- On September 2, 2010 the Company announced a metallurgical program for the Tabuaco Tungsten project in Portugal's Armamar-Meda Concession.
- On October 13, 2010 the Company acquired 51% of the rights to apply for the experimental mining permits of the Montemor Gold Project.
- On October 28, 2010 the Company started a trenching and drilling program on the Turgueira region of its Penedono Gold Property.
- On November 29, 2010 the Company announced a definition drilling program for the Tabuaco region of its Armamar-Meda Tungsten Project
- On January 18, 2011 the Company contracted SRK Consulting USA to advance its gold and tungsten assets in Portugal.
- On February 16, 2011 the Company received NI 43-101 compliant technical report on Santa Margarida do Sado concession in Portugal.
- On March 2, 2011 the Company announced it had received positive scoping level metallurgical results on Tabuaco, the company's Tungsten project.
- On March 7, 2011 the Company received NI 43-101 compliant technical report on the Montemor Gold Project in Portugal
- On March 24, 2011 the Company intersected 0.89% WO3 over 15 m and 1.64% over 7 m on its Tungsten project in Portugal

PORTUGUESE PROPERTIES

1. Penedono Gold Property Concession

The Penedono Concession consists of 51.231km^2, which represents a reduction from the original concession area as an annual requirement under Portuguese mining law. The Company has subsequently been successful in negotiating an extension of the concession for an additional 3 years and has increased the size of the concession to 102.471 km^2.

As at March 31, 2011 the Company had invested and capitalized $2,082,706 ($1,493,078 as at March 31, 2010) with respect to its Penedono Concession and Exploration License. This represents a total investment of $589,628 over the reporting period ($489,931 for the previous fiscal year).

2. Armamar-Meda Tungsten Concession

The Armamar Meda Concession consists of 436.81 km^2 which in turn is partially surrounded by the Moimenta-Almendra concession consisting of 566.58 km^2.

As at March 31, 2011, the Company has invested and capitalized $1,075,907 ($530,623 as at March 31, 2010) with respect to its Armamar Meda Concession and Exploration License. This represents a total investment of $545,284 over the reporting period ($322,656 for the previous fiscal year).

3. Moimenta-Almendra Base and Precious Metal Concession

The Moimenta-Almendra Property which has a surface area of approximately 566 km2 and which is partially contiguous to the Company's Penedono and Armamar-Meda Exploration Concessions.

As at March 31, 2011, the Company has invested and capitalized $236,768 ($141,263 as at March 31, 2010). This represents a total investment of $95,505 over the reporting period ($88,321 for the previous fiscal year).

PORTUGUESE PROPERTIES (continued)

4. Santa Margarida do Sado VMS Concession

The Santa Margarida do Sado concession consists of 360.46 km2 of prospective ground situated on the western extension of the Iberian Pyrite Belt, where the favourable basement geology is concealed under Tertiary cover sediments of the Lower Sado Basin. The IPB extends for more than 250 km from southern Spain through southern Portugal and is the host for numerous volcanogenic massive sulphide deposits in both countries, including several giant deposits with (greater than) 100 Mt total geologic resources, such as Rio Tinto and Tharsis in Spain, and Aljustrel and Neves-Corvo in Portugal.

As at March 31, 2011, the Company has invested and capitalized $171,145 ($33,317 as at March 31, 2010) with respect to its Santa Margarida do Sado Concession and Exploration License. This represents a total of $ $137,828 over the reporting period ($33,317 for the previous fiscal year).

5. Montemor Gold Project (under acquisition)

On August 10, 2010 the Company announced it had signed an agreement for the eventual acquisition of the Montemor Gold Project in Portugal.

On January 28, 2009, Iberian Resources Portugal Recursos Minerais Unipessoal Lda (Iberian Resources Portugal), a Portuguese subsidiary of Australian Iron Ore PLC (AIOC), submitted to the DGEG a request for an Experimental Mining License covering the Montemor gold project. The agreement between The Company and AIOC states that upon DGEG approval, The Company will pay AIOC €60,000 and become 51% owner and operator of the project. Upon award of the Experimental Mining License to the Company-AIOC joint venture by the DGEG, The Company will pay AIOC €125,000, issue to AIOC 3,000,000 common shares of The Company, and The Company will become 100% owner of the Montemor gold project. The common shares of The Company to be issued will be escrowed with gradual release of 500,000 shares every four (4) months over a twenty-four (24) month period from the date of granting of the Experimental Mining License.

Subject to approval of the DGEG, The Company will become operator of the Montemor gold project and immediately undertake the responsibility of finalizing and submitting documentation required to obtain an Experimental Mining License for the Montemor gold project area and prepare a NI 43-101 compliant resource estimate

As at March 31, 2011, the Company has invested $474,524 with respect to the Montemor Gold Project acquisition.

CANADIAN PROPERTIES

1. Extra High Property, British Columbia

On January 21, 2008, the Company entered into an Option Agreement (the "2008 Option Agreement") with Kokomo Enterprises Inc. ("Kokomo") whereby The Company was granted the right and option to acquire, in two separate equal tranches, Kokomo's 67% undivided interest in the Extra High Property. Pursuant to the 2008 Option Agreement, The Company exercised the first tranche of the option by making a cash payment of $250,000 to Kokomo and has acquired from Kokomo a 33% undivided interest in the Extra High Property. As a result of exercising the first tranche of the option, The Company now holds a 67% undivided interest in the Extra High Property and has become the operator of the Extra High Property. Furthermore, pursuant to the 2008 Option Agreement, The Company is solely responsible for all exploration and property expenditures in respect of the Extra High Property, which were initiated and incurred by The Company from January 31, 2008 to December 31, 2008.

CANADIAN PROPERTIES (continued)

In order to exercise the second tranche of the option, The Company had to make a cash payment of $250,000 to Kokomo on or before December 31, 2008. And upon The Company making such payment, then The Company would be deemed to have exercised the second tranche of the option and to have acquired from Kokomo the remaining 33% undivided interest in the Extra High Property, subject only to an existing 1.5% NSR Royalty payable to an arm's length party (the "Arm's Length Royalty") and to a 0.5% NSR Royalty payable to Kokomo (the "Kokomo Royalty"). The Company has the option to purchase the Kokomo Royalty for the sum of $500,000 and The Company will also have the option to purchase 50% or 0.75% of the Arm's Length Royalty for the sum of $500,000.

As of December 31, 2008, the Company had not exercised the second tranche of the option, as a result of which, the 2008 Option Agreement was terminated. The Company and Kokomo operate as joint venture partners with The Company holding an initial 67% undivided interest in the Extra High Property and Kokomo holding an initial 33% undivided interest in the Extra High Property. Henceforth, each party shall contribute its proportionate share of the property expenditures. Should any party's interest be diluted to less than a 10% undivided interest in the Extra High Property, then its interest will forever be converted to a 0.5% NSR Royalty.

As at March 31, 2011, the Company has invested and capitalized $534,012 ($533,110 as at March 31, 2010) with respect to its Extra High Property. There was no material investment in this property over the reporting period.

2. Gaspésie Mineral Property, Québec

The Gaspesie Mineral Property consists of four properties comprising 267 claims, covers an area of approximately 153 km^2, and is located in the south-western part of the Gaspésie region, close to St-André-de-Restigouche.

As at March 31, 2011, the Company has invested $190,507 ($135,999 as at March 31, 2010) with respect to its Gaspésie Mineral Property. This represents a total of $54,508 over the reporting period ($0 for the previous fiscal year).

RESULTS FROM OPERATIONS

Fiscal year ended March 31, 2011

For the fiscal year ended March 31, 2011, the Company reported a net and comprehensive loss of $4,994,341 as compared to a net and comprehensive loss of $1,261,244 over the previous fiscal year. The increase in the Company's net and comprehensive loss was due primarily to the increased efforts to increase investor awareness and raise capital, the issuance of stock options to directors, officers and consultants, listing and legal costs related to the OTCQX and TSX-V listings and the overall growth of the company's operating activities.

Investor Relations and Marketing expenses increased to $1,800,218 in 2011 from $106,197 in 2010, reflecting increased expenses associated with preparing and promoting the company to successfully secure the funds required for its exploration and operating activities. The expenses incurred during the fiscal year included $960,342 ($33,174 last fiscal year) in capital market advisory, $287,227 ($67,154 last fiscal year) in investor relations professionals, $116,657 ($0 last fiscal year) in trade-related events, $337,993 ($5,869 last fiscal year) in travel and $98,000 ($0 last fiscal year) in related management consulting fees.

RESULTS FROM OPERATIONS (continued)

Total stock-based compensation expenses increased to $1,265,942 in 2011 from $246,963 in 2010. This reflects the granting of stock options to directors, officers and consultants of the Company.

Listing and legal expenses increased to $205,666 and $245,865 respectively in 2011 from $21,295 and $81,890 in 2010, reflecting increased expenses associated with listing the company's shares on the OTCQX and TSX-V.

Capitalized exploration costs, reflected in the Company's Consolidated Balance Sheets, increased to $4,765,569 in 2011 from $2,867,390 in 2010, reflecting an increase in exploration activities in Penedono, Armamar-Meda and Montemor projects.

The Company reported a total weighted average number of common shares outstanding of 46,205,934. As a result, the Company reported a net and comprehensive loss per share of $0.11 for the fiscal year ended March 31, 2011 as compared to $0.05 in the previous fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2011, total assets were $6,589,733 as compared to $3,542,806 over the previous fiscal year. Mining interests increased by $1,898,179 from $2,867,390 to $4,765,569. The increase represents the capitalization of all expenditures arising from mineral property exploration and development in Portugal.

During the fiscal year ended March 31, 2011, cash increased from $484,445 as at March 31, 2010 to $1,236,079 as at March 31, 2011. This is the result of the successful closing of several private placements during the fiscal year. During this period, the Company improved its working capital from a deficiency of ($189,358) as at March 31, 2010 to $629,517 as at March 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.

Consolidated Statements of Cash Flows for the fiscal year ended March 31, 2011

Operating Activities
Cash flow used in operating activities amounted to $3,482,703 in the reporting period as compared to $559,973 in fiscal 2010. The increase in cash used was primarily the result of increased net losses, increase of trade payables and increase in tax receivables during the reporting period.

Financing Activities
Cash provided by financing activities amounted to $6,332,585 in the reporting period as compared to $1,976,676 in fiscal 2010. The amount provided by financing activites is primarily the result of equity raised for cash through several private placements and warrant exercises during the nine-month period.

Investing Activities
Cash used in investing activities amounted to $2,098,248 as compared to $953,850 in fiscal 2010. The increase is primarily the result of higher levels in capitalized mining expenditures on the Company's Portuguese properties and the acquisition of some fixed assets.

At the end of the reporting period, the Company held approximately $1,236,079 in cash and cash equivalents as compared to $484,445 in fiscal 2010.

Summary of Quarterly Results

For the Quarterly Periods ended:	March 31, 2011 Q4 ($)	December 31, 2010 Q3 ($)	September 30, 2010 Q2 ($)	June 30, 2010 Q1 ($)
Total Revenues	0	0	0	0
Loss before other Items	(1,447,014)	(2,064,927)	(948,296)	(459,293)
Loss per common share before other items	(0.03)	(0.05)	(0.03)	(0.01)
Net loss for the period	(625,684)	(2,064,927)	(1,864,292)	(439,438)
Basic net loss per common share	(0.01)	(0.04)	(0.05)	(0.01)

For the Quarterly Periods ended:	March 31, 2010 Q4 ($)	December 31, 2009 Q3 ($)	September 30, 2009 Q2 ($)	June 30, 2009 Q1 ($)
Total Revenues	0	0	0	0
Loss before other Items	(464,829)	(316,311)	(172,540)	(286,769)
Loss per common share before other items	(0.015)	(0.015)	(0.02)	(0.02)
Net loss for the period	(486,326)	(316,209)	(172,134)	(286,575)
Basic net loss per common share	(0.015)	(0.015)	(0.01)	(0.02)

Convertible Debentures

On June 29, 2007 the Company closed a non-brokered private placement that resulted in the issuance of convertible debentures for a total consideration of $1,465,000. As at March 31, 2010 the convertible debentures had a carrying value of $271,038 (2009 - $287,917) including accrued interest. The debentures were due June 28, 2010, were bearing interest at 10% per annum compounded monthly and were payable at maturity. The debt was convertible into units, each unit consisting of one common share and one share purchase warrant. If converted before June 29, 2010, the conversion price was $0.35 per unit. Each warrant was exercisable to purchase one common share at prior to June 29, 2010 (the expiry date).

During the year the convertible debentures were converted at maturity in shares in accordance to the terms in the debenture agreement at $0.3416 per unit. During the year 4,782,170 common share purchase warrants, which expired on June 29, 2010 were extended until June 29, 2011 and entitle the holders thereof to purchase common shares of the Company at a price of $0.35 per share.

Non-Brokered Private Placement Financings

During the fiscal year ended March 31, 2011 the Company closed non-brokered private placements for a total of 10,840,000 units with total gross proceeds of $2,710,000. Each unit was priced at $0.25 and consisted of one common share and a half common share purchase warrant. Each full warrant was exercisable at $0.45 for one common share with an expiration date of February 25, 2012. Finder fees totaling $38,338 were paid in connection with these private placements.

During the fiscal year ended March 31, 2011 the Company closed non-brokered private placements for a total of 9,999,997 units with total gross proceeds of $3,499,999. Each unit was priced at $0.35 and consisted of one common share and a half common share purchase warrant. Each full warrant was exercisable at $0.45 per share with an expiration date of February 25, 2012. Finder fees totaling $160,420 were paid in connection with these private placements.

Stock Options Granted

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.

The Company uses the relative fair value method using the Black-Scholes option pricing model to value and account for stock options issued during the reporting period. During the fiscal year ended March 31, 2011 the Company issued 5,020,000 stock options (3,370,000 at $0.27, 1,400,000 at $0.56 and 250,000 at $0.91) for management, directors and consultants.

Warrants Issued

On June 24th 2009, the company issued 609,121 warrants resulting from the conversion of a convertible debenture into 609,121 units (each unit comprising of one share and one purchase warrant at $0.30). The purchase warrants expire on June 29th 2011.

On July 7 2009, the company issued 1,000,000 warrants resulting from the June 2009 Non-Brokered Private Placement of 2,000,000 units (each unit comprising of one share and half a warrant at $0.15). The purchase warrants expire on June 30th 2011.

On July 14 2009, the company issued 669,544 warrants resulting from the June 2009 Non-Brokered Private Placement of 1,339,088 units (each unit comprising of one share and half a warrant at $0.15). The purchase warrants expire on June 30th 2011.

On July 31 2009, the company issued 340,909 warrants resulting from the June 2009 Non-Brokered Private Placement of 681,818 units (each unit comprising of one share and half a warrant at $0.15). The purchase warrants expire on June 30th 2011.

On November 16th 2009, the company issued 2,489,500 warrants resulting from the June 2009 Non-Brokered Private Placement of 4,979,000 units (each unit comprising of one share and half a warrant at $0.15). The purchase warrants expire on February 25th 2012

On March 17, 2010, the Company issued 1,260,000 warrants resulting from the February 2010 Non-Brokered Private Placement of 2,520,000 units (each unit comprising of one share and half a warrant at $0.45). The purchase warrants expire on March 23rd 2012

Warrants Issued (continued)

On March 24, 2010, the Company issued 135,000 Finder Warrants resulting from the February 2010 Non-Brokered Private Placement. Each warrant unit is convertible at $0.25 and comprises of one share and one warrant at $0.45. The Purchase Warrants expire on March 23, 2012 and a value of $16,089 was recorded at fiscal year-end in shareholder's equity using the Black Scholes method (85% Volatility, 2.18% risk free rate and 730 days to expiration).

On March 25, 2010, the Company issued 330,000 warrants resulting from the February 2010 Non-Brokered Private Placement of 660,000 units (each unit comprising of one share and half a warrant at $0.45). The purchase warrants expire on February 25, 2012.

In June 2010, the Company extended the expiry of the warrants that were associated with the Convertible Debenture issued in 2007 and have a strike price of $0.35 (original expiry date of June 29 2010). The new expiry date, which was duly approved by the board of directors and by the Canadian National Stock Exchange (CNSX), was set for June 29, 2011.

During the period ended June 30, 2010, the Company issued 2,610,000 warrants and 626,800 finder warrants resulting from the February 2010 Non-Brokered Private Placement of 5,220,000 units (each unit comprising of one share and half a warrant at $0.45). The purchase warrants expire on February 25, 2012.

On September 10, 2010 the Board of Directors passed a resolution to extend the terms and price of the Company's purchase warrants that were issued as part of a private placement which closed in June 2008. The expiry date was extended to February 26, 2012 and the exercise price was amended from $0.30 to $0.45.
As a result of the extension of the modification, the incremental fair value of $142,207 was recorded to deficit with a corresponding credit to contributed surplus using the Black Scholes option pricing model with the following assumptions: Volatility 72%, risk free interest rate 1.42%, expected life 1.4 years and expected dividend of 0%

During the period ended September 30, 2010, the Company issued 3,676,687 warrants and 48,000 finder warrants resulting from the February 2010 Non-Brokered Private Placement units comprising of one share and half a warrant at $0.45. The purchase warrants expire on February 25, 2012.

During the period ended December 31, 2010, the Company issued 4,999,999 warrants resulting from the February 2010 Non-Brokered Private Placement units comprising of one share and half a warrant at $0.45. The purchase warrants expire on February 25, 2012.

RELATED PARTY TRANSACTIONS

(a) Mr. Jorge Valente, the President of the Company's wholly-owned subsidiaries in Portugal receives a monthly consulting fee of €5,000 plus €1,000 per day for his work as senior manager and as a consultant in Mining Engineering. As at March 31, 2011, $47,183 was owed to the related party.

(b) Mr. Wayne Murton provides consulting services for geological consulting services including project evaluation. The former director charges $600 per day whenever his services are required. As at March 31, 2011, $0 was owed to the related party. Mr. Murton resigned from the Board of Directors of the Company on March 25, 2011.

(c) Mr. Aurelio Useche, director and Chief Financial Officer ("CFO"), charges the Company $7,500 per month as professional fees pursuant to his contract with the Company. On May 2010 the contract was renewed with a monthly fee of $10,000. As at March 31, 2011 $0 was owed to the related party.

(d) Mr. James Ladner, an independent director of the firm charges the Company a monthly fee of €1000 as director fees plus expenses. As at March 31, 2011, $4,134 was owed to the related party.

(e) Mr. David Johnson, director, Chief Legal Officer and Corporate Secretary, charges the Company an hourly rate of $250 for professional fees. On May 2010 the company retained his services for a fixed fee of $5,000 per month. As at March 31, 2011 $0 was owed to the related party.

(f) Mr. Declan Costelloe, director, Chief Operating Officer and Executive Vice President charges the company $2000 per day plus expenses for services rendered as a consultant. As at March 31, 2011 $31,695 was owed to the related party.

(g) Mr. Todd Hennis, advisor and consultant to the Company charges a daily rate of 1,200$ for services rendered. As at March 31, 2011 $0 was owed to the related party.

RISK MANAGEMENT AND GOING CONCERN

This MD&A and the Company's financial statements have been prepared using Canadian Generally Accepted Accounting Principles (GAAP) 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 our 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.

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.

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. Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee (the "EIC") of the Canadian Institute of Chartered Accountants ("CICA") issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which clarifies that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-173. The adoption of this standard did not result in any significant changes to its financials assets and financial liabilities in the current period or on the prior period consolidated financial statements.

B. Mining Exploration Costs

In March 2009, the EIC issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition of long-lived assets. EIC-174 is to be applied in interim and annual financial statements for periods ending on or after the date of issuance of EIC-174. The adoption of this section did not have a significant impact on the Company's consolidated financial statements for the current and prior period and has been disclosed as appropriate.

C. Business Combinations

In January 2009, the CICA issued Section 1582, Business Combinations. This section is effective January 1, 2011 and applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period of the Corporation beginning on or after January 1, 2011, which for this Company is January 1, 2011. Early adoption is permitted. This section replaces Section 1581, Business Combinations and harmonizes the Canadian standards with International Financial Reporting Standards (IFRS). The Company does not anticipate that the adoption of this standard will impact its financial results and will adopt this standard concurrently with IFRS.

D. Consolidated Financial Statements and Non-Controlling Interests

CICA HB Section 1601, Consolidated Financial Statements and HB Section 1602, Non-controlling Interests replace CICA HB Section 1600, Consolidated Financial Statements. HB Section 1601 establishes standards for the preparation of consolidated financial statements. HB Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. HB Section 1602 is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. These standards are effective for interim and annual financial statements beginning on or after January 1, 2011, which for this Company is January 1, 2011. The Company believes that the adoption of this standard will not have a material impact on its consolidated financial statements and expects to adopt this standard concurrently with IFRS.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING ANNOUNCEMENTS

E. International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board of Canada (AcSB) confirmed that Canadian publicly accountable enterprises would be required to apply International Financial Reporting Standards (IFRS), replacing Canadian GAAP for the interim and annual financial reporting of the fiscal years commencing on or after January 1, 2011. As such, the consolidated financial statements for the year ended March 31, 2011 are the last set of Canadian GAAP consolidated financial statements to be prepared by the Company. As of the first quarter of fiscal year 2012, the Company's consolidated financial statements will be prepared in accordance with IFRS and will include the comparative figures of 2010 as well as an opening consolidated balance sheet dated April 1, 2010 (the transition date) prepared in accordance with IFRS.
In 2010, the Company's management began assessing the impact of the adoption of IFRS. IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retroactively at the Transition Date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. Accordingly, the Company will also provide a reconciliation of previously disclosed comparative period financial statements prepared in accordance with Canadian GAAP to IFRS. The Company's change over plans to IFRS are continuing,

OTHER MATERIAL EVENTS AND HIGHLIGHTS

The Company is presently not a party to any proceedings.

TRENDS

During the fiscal year ended March 31, 2011 the financial markets experienced substantial upward pressure on the prices of Gold and Tungsten. Although the markets for these commodities are expected to appreciate over the next years, management remains optimistically conservative on its outlook.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company adopted the amendments to CICA Section 3862 for these annual financial statements. The amendments require the use of a fair value hierarchy in order to classify the fair value disclosures related to the Company's financial assets and financial liabilities that are recognized in the balance sheet at fair value. The fair value hierarchy has the following levels:

- Level 1: Quoted market prices in active markets for identical assets and liabilities
- Level 2: Inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Unobservable inputs such as inputs for the assets or liability that are not based on observable market data.

The fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(a) Fair value

The carrying values of the Company's cash and cash equivalents, performance bonds, accounts payable and accrued liabilities and due to related parties approximate their fair values because of the relative short-term maturities of these financial instruments. Cash equivalents and performance bonds are reflected on the balance sheet at amortized costs using level 2 hierarchy.

The Company's convertible debenture is segregated into its debt and equity components at the date of issue, in accordance with the substance of the contractual agreements. The value of the conversion option makes up the equity component of the instrument and was recorded upon initial recognition using the Black-Scholes option pricing model. The debt component of the instrument was recorded at fair value at initial recognition using the residual fair value method and is carried at amortized cost.

(b) Credit risk

The Company is exposed to credit risk with respect to cash and cash equivalents performance bonds. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk by maintaining cash, and performance bonds with reputable financial institutions.

As at March 31, 2011 and March 31, 2010, the Company's maximum exposure to credit risk is as follows:

		March 31, 2011	March 31, 2010
Cash held in bank accounts	$	1,236,079	484,445
Performance bonds (held in Portugal)		124,038	123,300
	$	1,360,117	153,418

The Company is exposed to normal commercial risk as it holds bank accounts in Canada and Portugal. .

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows used in operations and exploration activities, anticipated from investing and financing activities, and taking into account the Company's holdings of cash and cash equivalents.

As at March 31, 2011, the Company has cash and cash equivalents of $1,236,079 ($484,445 as at March 31, 2010) and working capital of $629,517 (as compared to a working capital deficiency of $189,358 as at March 31, 2010). Accounts payable and accrued liabilities have contractual maturities of 30 days or less and are subject to normal trade terms, amounts due to related parties are due on demand.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The Company has sufficient funding to meet its existing obligations as well as administrative overhead costs and planned exploration activities on its mineral property interests in fiscal 2012 but it will require additional funding going forward. While the Company has been successful in raising debt and equity funds in the past, there exists uncertainty whether it will be able to raise sufficient funds beyond fiscal 2012.

(e) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, foreign currency risk and other price risk.

i) Interest rate risk

The Company's cash generally consist of cash and cash equivalents held with reputable financial institutions. Future cash flows from interest income on cash will be affected by interest rate fluctuations. . At March 31, 2011 and 2010 the Company has determined that fluctuations in interest rates will not have a material impact on estimated fair value at year end

(ii) Foreign currency risk

The Company operates in Canada and Portugal. The Company is exposed to foreign currency risk to the extent that financial instruments are denominated in European Euro.

As at March 31, 2011 the Company's exposure to foreign currency risk, based on balance sheet values, were to the European Euro. The Company held financial instruments denominated in European Euros consisting of €90,000 in performance bonds and €404,806 in cash for a total of €494,806.

As at March 31, 2011 the Company used a foreign exchange rate of CDN$1.378 for €1.00.

The Company has not entered into any derivative instruments to mitigate the risk. Our sensitivity analysis assumes all other variables remain constant and are based on above net exposures. A 10% appreciation or depreciation of the Euro dollar vis-à-vis the Canadian dollar would result in approximately $70,000 increase or decrease respectively, in net loss and shareholder equity.

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

DISCLOSURE OVER INTERNAL CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company is a venture market issuer and is not required to certify the design and evaluation of the Company's CD&P and ICFR.

CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008, the Accounting Standards Board of Canada (AcSB) confirmed that Canadian publicly accountable enterprises would be required to apply International Financial Reporting Standards (IFRS), replacing Canadian GAAP for the interim and annual financial reporting of the fiscal years commencing on or after January 1, 2011. As such, the consolidated financial statements for the year ended March 31, 2011 are the last set of Canadian GAAP consolidated financial statements to be prepared by the Company. As of the first quarter of fiscal year 2012, the Company's consolidated financial statements will be prepared in accordance with IFRS and will include the comparative figures of 2010 as well as an opening consolidated balance sheet dated April 1, 2010 (the transition date) prepared in accordance with IFRS.

In 2010, the Company's management began assessing the impact of the adoption of IFRS. IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retroactively at the Transition Date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. Accordingly, the Company will also provide a reconciliation of previously disclosed comparative period financial statements prepared in accordance with Canadian GAAP to IFRS. The Company's change over plans to IFRS are continuing,

SUBSEQUENT EVENTS

Subsequent to March 31, 2011:

a. In March 2011, the Company announced a $15 million bought deal Public Offering comprised of 21,000,000 common shares at $0.72 and a con-current private placement of 3,472,222 shares at $0.72. In April 2011, the Company announced it had obtained receipt for the short form Final Prospectus in connection with the Public Offering announced in March 2011. Also in April 2011, the Company announced the closing of the Public Offering with total gross proceeds of $13,392,000.

b. In April 2011, the Company announced that Richard Quesnel, who had joined the board of directors on March 25, 2011, was stepping down as requested by the TSX Venture Exchange.

c. In June 2011, the Company announced the appointment of Jean Depatie as non-executive chairman of the board of directors.

OUTLOOK

Management is looking forward to the exploration and, if warranted, the development of the Company's mineral property interests.