MINERAL HILL INDUSTRIES LTD.
FORM 51-901F
Management's Discussion and Analysis of Financial results
For the three months ended March 31, 2011 -
Containing information up to and including June 29, 2011

Management Discussion and Analysis ("MD&A") is intended to help the reader understand the financial statements of Mineral Hill Industries Ltd. ("MHI" or the "Company"). The information herein should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010 and unaudited consolidated financial statements for the three months ended March 31, 2011 and 2010. The unaudited consolidated financial statements for the three months ended March 31, 2011 and 2010 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including comparative figures. The audited financial statements for the year ended December 31, 2010 have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). Note 16 to the unaudited interim consolidated financial statements presents the IFRS adjustments made to equity following the transition to IFRS. The following discussion may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on factors and variables beyond management control. All monetary amounts are in Canadian dollars unless otherwise stated.

The reader is encouraged to review the Company's statutory filings on **www.sedar.com** ("Sedar") and to review general information.

Current market conditions

The recent and current global financial conditions are having a negative impact on the economic environment in which the Company operates. Access to public financing has significantly diminished for junior exploration companies as a direct result. If the current conditions continue, the Company's ability to operate will be adversely impacted and the trading price of the Company's shares could continue to be under a downward pressure.

Overview

MHI is engaged in the acquisition, exploration, and development of natural resource properties. The Company's main focus areas are lithium exploration in Québec and gold in northern British Columbia and Nevada County, California, US.

The Company has a 100% owned subsidiary, Cerro Minerales S.A. de CV, based in Mexico, which pursues prospective property acquisitions.

The Company incorporated Veritas Resources Corp, a wholly owned subsidiary in Nevada, US for the purpose of carrying out exploration work on the Liberty Hill Mine.

The Company is a reporting issuer in Alberta and British Columbia and trades on the TSX Venture Exchange under the symbol "MHI".

Highlights and Subsequent Events

The following are highlights of events occurring during the three months ended March 31, 2011 and subsequent thereto:

Financing
The Company announced a private placement of 7,000,000 units at $0.07 per unit for a total proceeds of $490,000. An amount of $47,000 has already been received.

The Company received cash advances amounting to $133,000 from Merfin Management pursuant to a promissory note bearing interest at 8.5% per annum. In addition, an amount of $66,242 due to Merfin Management on outstanding fees, was converted into a loan, bearing interest at 8.5% pa.

Stock options
The Company granted 50,000 options at a strike price of $0.10 to a consultant.

Investment

On June 20, 2011, the Company disposed of its investment in Gitxat'in Mhind World Link to Merfin Management Ltd for an amount equal to its carrying value, in part settlement of loans received from Merfin Management Ltd.

Description of business and overall Performance

Skeena Property, BC

Mineral: Gold

In 2006, the Company completed the acquisition of 100% interest in the mineral claims owned by Praxis Goldfields Inc. which are located in the Skeena Mining Division of British Columbia. Since the Company did not carry any work on the property for the last three years and do not have the necessary funding to carry out future exploration work, the Company is required to impair the carrying value of the property. The Company is currently looking into hiring a consultant for the compliation of a report in the format of a 43-101 with respect to that property.

Québec Lithium Properties

Mineral: Lithium

The Company filed on Sedar (www.sedar.com) an independent NI 43-101 Technical Report completed by Michel Broily PhD, P.Geo, pertaining to the mineral potential of three lithium and molybdenum properties located in the Abitibi subprovince of Québec and associated with the Preissac-Lacorne Batholith Complex. The Preissac-Lacorne area is a well-known Lithium, Berylium, Tantalium and Molybdenum mining camp characterized by numerous showings exposing granitic pegmatite dykes, albitites and quartz veins. Three former molybdenite mines and one lithium mine, the Quebec Lithium, operated from the 1950 to the1970's.

The Company is the second largest claims holder, after Canada Lithium, in Val d'Or.

Chubb Property, Québec

The Chubb Lithium Property, which is located in the Archean Abitibi Greenstone belt in the La Corne Township (NTS sheet 35C05) about 32 km northwest of Val d'Or, Quebec, consists of 20 contiguous mineral claims covering approximately 773.46 hectares.

The Chubb Property was submitted to ground based magnetic and IP/PP surveys, the latter allowing the identification of six NNW-oriented chargeability anomalies whose surface projections correspond to the broad trend defined by the strike of spodumene-bearing granitic pegmatite dykes. Geochemical sampling of three dykes display variable but generally elevated Li_2O concentrations (0.01-2.84 wt. %; Average: 0.89±0.77 wt. % (n=59). The Main Dyke, which is 300 m long, has a somewhat higher average Li_2O concentrations (1.00±0.79 wt. %; n=41) than the other two smaller dykes (0.70±0.66 wt. % (n=8) and 0.56±0.78 wt. % (n=8)).

International Property, Québec

The International Property consists of two main lithium showings: Bouvier and International. It is located in the Saint-Mathieu municipality, Figuery Township and extends 1 km westward form the left bank of the Harricana River, 13 km south of the town of Amos. Magnetic and IP surveys, carried out on the Bouvier showing, identified three NE to EW-oriented chargeability anomalies that display a broad orientation parallel to the general strike of exposed and buried granitic pegmatite dykes. One anomaly overlies new trenches that exposed an EW-oriented spodumene-bearing granitic pegmatite dyke. This dyke reveals variable but generally elevated Li_2O concentrations (0.04-2.91 wt. %; Average: 1.51±0.91 wt. % (n=20)). Results from the International showing pegmatite dyke define variable and moderate Li concentrations (0.01-2.65 Li_2O wt. %; Av: 0.38±68 (n=17).

Athona Property, Québec

The Athona Property comprises 29 mineral claims covering around 1,283 hectares located in the Landrienne Township. The property contains molybdenite mineralization associated with intrusions of albitites and granitic pegmatite dykes. The potential for molybdenum was confirmed by the new assays that included five samples carrying MoS_2 values > 0.25 wt. %, with two samples having greater than 1.69 wt. % MoS_2. Further exploration in the southern part of the property which is more susceptible to contain Li-bearing granitic pegmatite dyke exposures is envisaged.

Canadian and McNeely Property, Québec

The new property is well located on the contact zone of the Lacorne batholiths, approximately 40 kilometres northwest of the mining town of Val d'Or and approximately 700 metres east-southeast of the old Quebec lithium mine property boundary line. It exhibits the potential to host viable lithium mineralization and add more potential to the other three lithium properties.
The major rock units found on the property are hornblende granodiorite-monzonite, associated with the early-intrusive phase of the Preissac-Lacorne batholith, andesitic to rhyolitic lavas and tuffs (Aurora group), and metasediments (biotite schists) of the Lac Caste group. The lithium mineralization is found in granitic pegmatite dikes, containing spodumene as the economic mineral.

Within the property boundary, there are numerous parallel pegmatite dikes trending east-southeast in the contact area between the metasediments and the intrusives of the Lacorne batholiths. The most important of these are three parallel dikes located on the extreme south of lots 25 to 27. These dikes have northwest strikes and they extend toward the south. Their widths vary from 100 to 300 feet. Spodumene-bearing pegmatite bodies have been discovered in several areas on the property and on all contiguous properties. The Canadian Lithium prospect and its extension are considered the most promising exploration target.
In 1955, Canadian Lithium Co. Ltd. drilled a total of 66 diamond-drill holes in the area of the Canadian Lithium prospect, eight of which are located on claims. Best intersections include: 0.98 weight per cent Li2O over three metres, 0.48 weight per cent Li2O over 6.5 metres and 0.51 weight per cent Li2O over 6.5 metres. The Martin McNeely prospect is located approximately 700 metres directly east of the Canadian Lithium prospect. Spodumene-bearing granitic pegmatite dikes with secondary lepidolite and molybdenite intersect amphibolitized peridotite and mafic-volcanic rocks.

There are no known mineral resources on the property, and there can be no assurance that any mineral resources will be discovered on the properties, and if discovered there is no assurance that any mineralization may be economically extracted. Michel Boily, PhD, PGeo, a qualified person as such term is defined by National Instrument 43-101, has reviewed and approved the technical information on the Québec Lithium properties.

Liberty Hill Mine, Nevada County, California USA
Mineral: Gold

The Company has signed on September 30, 2010 an earn-in option agreement (EIO agreement) and a joint venture encompassing 127 gold and precious-metal mining claims, located in the Nevada County, California eight miles north east of Dutch Flat, within easy access of I – 80.
The gold mine project was in production when in 1999, it had to cease due to a litigation which, in 2007, was clarified through the courts. Under the agreement, the company is required to raise $1 million toward the acquisition price of the project and $1.5 million toward processing a previous stockpiled bulk sample of 40,000 cubic yards and the preparation for processing of a further 1.4 million cubic yards of previously exposed material within the gold-bearing channel.

The Company is waiting for the necessary permits from the Californian authorities, which is one of the obligations of the Joint Venture partner under the EIO agreement, to commence the processing of the stockpiled bulk sample.

Results of operations

Three months ended March 31, 2011 compared to three months ended March 31, 2010

Net loss and comprehensive loss for the three months ended March 31, 2011 was $140,738 (loss per share - $0.00) compared to $156,383 (loss per share - $0.00) for the corresponding period in 2010. Being at the exploration stage, the Company did not generate any revenue from operations. The increase in loss of $15,645 was mainly attributable to:

1. a decrease of $15,645 in stock based compensation from $56,270 in 2010 to $16,759 due to higher vesting in 2010; and
2. an increase in tax expense of $13,495 from $Nil in 2010 to $13,495, due to the renunciation of expenses to subscribers of flow through shares.

Selected annual information (audited)

	IFRS	GAAP	GAAP
Summary of Annual Results	December 31 2010	December 31 2009	December 31 2008
	$	$	$
Net revenue	-	-	-
Loss from operations			
- in total	(546,735)	(587,111)	(696,942)
- on a per-share basis	(0.01)	(0.02)	(0.05)
- on a diluted per-share basis	(0.01)	(0.02)	(0.05)
Net loss			
- in total	(2,312,417)	(1,185,938)	(1,041,837)
- on a per-share basis	(0.06)	(0.05)	(0.08)
- on a diluted per-share basis	(0.06)	(0.05)	(0.08)
Total Assets	543,677	2,305,877	2,663,495
Total long-term financial Liabilities	-	-	-
Cash dividends declared per share	-	-	-

Selected Quarterly Information (Unaudited)

	2011 IFRS		**2010 IFRS**				**2009 GAAP**	
Three months ended	**Mar 31 2011**	**Dec 31 2010**	**Sep 30 2010**	**June 30 2010**	**Mar 31 2010**	**Dec 31 2009**	**Sep 30 2009**	**Jun 30 2009**
Total assets	$543,677	$543,677	$2,236,505	$2,301,170	$2,250,659	$2,305,877	$2,638,336	$2,712,748
Resource properties and deferred costs	402,380	402,380	2,093,188	2,009,708	1,920,775	1,867,838	1,702,417	1,644,583
Working capital	(118,553)	(118,553)	(134,742)	(7,305)	142,107	222,322	401,511	16,024
Shareholders' equity	355,987	355,987	2,036,140	2,086,214	2,148,157	2,181,270	2,553,891	2,452,221
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(1,802,990)	(1,802,990)	(91,236)	(261,808)	(156,383)	(505,102)	(379,822)	(136,663)
Earnings (loss) per share	(0.05)	(0.05)	(0.00)	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)

Liquidity

The Company's working capital and deficit positions at March 31, 2011 and December 31, 2010 were as follows:

		March 31 2011		December 31 2010
Working capital (deficit)	$	(217,744)	$	(118,553)
Deficit		(15,357,707)		(15,216,969)

The balance of cash and equivalents available at March 31, 2011 was $17,774, with a working capital deficit of $217,744. The Company is actively seeking financing for its projects and has consequently announced a private placement to raise $490,000.

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada has experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Capital Resources

At March 31, 2011 the Company had share capital and reserves (excluding deficit) totaling $15,677,965 (December 31, 2010: $15,559,461). At the balance sheet date there were 41,915,058 (December 31, 2010: 41,365,058) common shares without par value, and a consolidated deficit of $15,357,707 (December 31, 2010: $15,216,969), resulting in a shareholder's equity of $320,258 (December 31, 2010: $355,987).

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations and Deficit included in its audited consolidated financial statements for the years ended December 31, 2010 and 2009 which are available on SEDAR at 'www. SEDAR .com'.

Related Party Transactions

During the three months ended March 31, 2011, the Company entered into the following transactions with related parties. These transactions were in the normal course of operations and were priced on an arm's length basis.

Key management personnel compensation

The remuneration of key management personnel during the three months ended March 31, 2011 and 2010 were as follows:

	Note		**March 31 2011**		**March 31 2010**
Consulting fees and salaries	(i)	$	49,476	$	49,476
Share based compensation	(ii)	$	15,210	$	56,270

(i) The Company paid or accrued consulting services for $25,230 (2010: $18,230) to Merfin Management Limited, a private company controlled by the Chief Executive Officer and $Nil (2009: $7,000) to Panterra Capital, a company controlled by another director. At March 31, 2011 amounts of $47,121 (2009: $13,748) and $30,135 (2009: $Nil) were due to Merfin Management Limited and to Panterra Capital respectively. During the three months ended March 31, 2011, the Company also paid salaries of $24,246 (2010: $24,246) to the Chief Financial Officer. See also note on recovery of expenses below.

(ii) Share based payments are the fair value of options granted to directors, vested 50% on grant date and 50% on the anniversary of the grant date.

At March 31, 2011, an amount of $7,898 (2009: $Nil) was outstanding to the Chief Executive Officer with respect to expenses incurred on behalf of the Company.

Subsequent to March 31, 2011, an amount of $66,242 due to Merfin Management was converted into a loan, repayable within three years and bears interest at 8.5% per annum.

Other related party transactions

During the three months ended March 31, 2011, the Company charged, as a recovery of expenses from Golden Dawn Minerals Inc., and Nass Valley Gateway Ltd companies related by common directors and officers, a total amount of $42,200 (2010: $49,257) with respect to shared costs relating to salaries and office expenses.

The following were receivable from companies which are related by common directors:

	March 31 2011	December 31 2010	January 1 2010
Island Gateway Ltd.	$ 1,715	$ 4,361	$ 4,361
Nass Valley Gateway Ltd.	-	27,754	70,087
	$ 1,715	$ 32,115	$ 74,448

Advances received from related party

During the three months ended March 31, 2011, the Company received advances of $46,000 from Merfin Management Limited pursuant to a promissory note bearing interest at 8.5%per annum. An amount of $371 (2010: $Nil) was accrued as interest.

Subsequent to March 31, 2011, the Company received additional advances of $97,000 from Merfin Management under similar terms.

Directors and Officers

Hugh Maddin	Chairman (Nass Valley Gateway Ltd.)
Dieter Peter	President, CEO and Director (Nass Valley Gateway Ltd.)
Jayram Hosanee	Chief Financial Officer (Nass Valley Gateway Ltd.)
Andrew H. von Kursell	Director (Nass Valley Gateway Ltd.)
Rafael Pinedo	Director
John Punzo	Director (resigned on June 15, 2011)
Grant A Hendrickson	Director
Josephine See	VP of Corporate Affairs, Treasurer and Corporate Secretary (Nass Valley Gateway Ltd.)

Outstanding Share Data as at June 29, 2011:

	Number outstanding	Exercise Price	Expiry Date
Common shares	41,915,058		
Common shares issuable on exercise:			
Warrants**	18,570,000	$ 0.10	July 14, 2014
Warrants**	900,000	$0.20*	December 3, 2011
Warrants**	1,500,000	$0.10	April 13, 2015
Share options	1,340,200	$0.14	June 25, 2012
Share options	21,000	$0.13	September 9, 2012
Share options	1,052,000	$0.14	October 8, 2012
Share options	1,252,500	$0.055	January 28,2013
Share options	220,000	$0.10	April 15, 2013
Share options	1,855,000	$0.10	November 5, 2013
Share Options	50,000	$0.10	March 1, 2012

* the exercise price at the date of the report
** Equivalent of warrants to purchase one common share

Adoption of International Financial Reporting Standards

In February 2008, the Accounting Standards Bureau announced that the accounting framework under which the financial statements are prepared for all publicly listed companies will be replaced by the International Financial Reporting Standards (IFRS) with effect from 1 January 2011. The first set of annual financial statements under IFRS will be those as at December 31, 2011, including comparative information for the year ended December 31, 2010.

The Company prepared its opening statement of financial position in accordance with *IFRS 1 – First Time Adoption of International Financial Reporting Standards*, as at January 1, 2010 and made the required adjustments to the results for the three months ended March 31, 2010 and the year ended December 31, 2010. The interim consolidated financial statements for the three months ended March 31, 2011 are incorporated by reference in this MD&A and present information relating to the impact of the translation to IFRS, including a complete set of its significant accounting policies. In an attempt to provide the readers with a clear understanding of the requirements of IFRS, management has included its full accounting policies in its first IFRS interim consolidated financial statements.

IFRS 1 – First Time Adoption of International Financial Reporting Standards requires that the policies are applied retrospectively, but offers the possibility to utilize certain exemptions. The Company evaluated the options available and elected to adopt the transition exemption on Business combinations and share based payment transactions.

The only significant adjustment on the balance sheet as at December 31, 2010 was the classification of share option compensation and warrant. The transition from Canadian GAAP to IFRS had no significant impact on the Statement of comprehensive loss and on the statement of cash flows.

The reconciliation of equity and comprehensive income reported under Canadian GAAP and IFRS are shown below.

Reconciliation of equity

	December 31, 2010			March 31, 2010			January 1, 2010		
	GAAP	**Adj**	**IFRS**	**GAAP**	**Adj**	**IFRS**	**GAAP**	**Adj**	**IFRS**
	$	$	$	$	$	$	$	$	$
ASSETS									
Current assets									
Cash and equivalents	19,208	-	19,208	130,067	-	130,067	200,955	-	200,955
Marketable securities	3,068	-	3,068	6,653	-	6,653	4,725	-	4,725
Receivables	1,473	-	1,473	33,034	-	33,034	63,821	-	63,821
Due from related parties	32,115	-	32,115	74,448	-	74,448	74,448	-	74,448
Prepaid expenses	13,273	-	13,273	407	-	407	2,979	-	2,979
	69,137	-	69,137	244,609	-	244,609	346,928	-	346,928
		-			-			-	
Investments and loans	31,350	-	31,350	31,350	-	31,350	31,350	-	31,350
Equipment	40,810	-	40,810	53,925	-	53,925	59,761	-	59,761
Mineral properties	223,566	-	223,566	1,392,234	-	1,392,234	1,340,402	-	1,340,402
Deferred exploration costs	178,814	-	178,814	528,541	-	528,541	527,436	-	527,436
	543,677	-	543,677	2,250,659	-	2,250,659	2,305,877	-	2,305,877
Current liabilities									
Accounts payable and accrued liabilities	130,793	-	130,793	90,235	-	90,235	110,859	-	110,859
Due to related parties	56,897	-	56,897	12,267	-	12,267	13,748	-	13,748
	187,690	-	187,690	102,502	-	102,502	124,607	-	124,607
Shareholders' equity									
Share capital	14,479,661	-	14,479,661	14,215,161	-	14,215,161	14,196,161	-	14,196,161
Share subscriptions	-	-	-	48,000	-	48,000	-	-	-
Contributed surplus *	1,093,295	(329,785)	763,510	932,436	(329,785)	602,651	876,166	(329,785)	546,381
Warrants*	-	329,785	329,785	-	329,785	329,785	-	329,785	329,785
Deficit	(15,216,969)	-	(15,216,969)	(13,047,440)	-	(13,047,440)	(12,891,057)	-	(12,891,057)
	355,987	-	355,987	2,148,157	-	2,148,157	2,181,270	-	2,181,270
	543,677	-	543,677	2,250,659	-	2,250,659	2,305,877	-	2,305,877

* Explanatory note

Reclassification within Equity section

Under Canadian GAAP, a balance within contributed surplus existed to record the issuance of warrants and equity-settled employee benefits. Upon adoption of IFRS, the balances in these accounts have been reclassified to "Reserves – Contributed Surplus" for Equity-settled employee benefit and "Reserves – Warrants".

Adjustment to statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on the statement of cash flow.

Future Developments

The Company will continue to pursue the development of its projects and its efforts to secure further natural resource opportunities with its business alliance partners.

The Company will be pursuing its exploration work on the lithium properties in Québec and the Liberty Hill Mine in California and will revisit the Praxis Goldfields.

Risks and Uncertainties

The Company is engaged in the exploration of mineral deposits. The Company's financial success will be dependent upon the discovery or acquisition of mineral resources and mineral reserves. These activities involve significant risks which are even with careful evaluation, experience and knowledge may not, in some cases, be eliminated.

The following are some of the key risks and uncertainties identified; however, there may be other risks and uncertainties that have not been listed:

- The high degree of volatility in the prices of rock aggregates and metal commodities;
- The demand of commodities can be dependent on global consumption;
- An increasing competition to acquire mineral properties throughout the world;
- No assurance about the economic viability, it is speculative;
- Geology is a field subject to different interpretations that could affect the success of any exploration and development program;
- Exploration and access to the property can be restricted by unexpected and unusual weather conditions such as floods, forest fires, blockades or other natural and environmental occurrences, which are beyond the Company's control;
- Additional costs can be incurred such as availability of experts, work force and equipments;
- Additional expenditures will be required to establish resources or reserves on mineral properties, if nay resources or reserves exist on the properties;
- The rights to the mineral properties must be maintained in accordance with various regulations and agreements;
- There are various government and environmental regulations that must be followed by the Company, which are changing constantly and renewal of permits from Provincial territory, First Nation and Village governments.

Forward looking statements

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by the use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", "plans" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward- looking statements. Forward-looking statements are statements that are not historical facts, and include but not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the markets for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

Forward-looking statements used in this discussion are subject to various risks and uncertainties, most of which are difficult and generally beyond the control of the Company. If risks and uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward-looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors are cautioned not to place undue reliance on such forward-looking statements.

Critical accounting estimates

The preparation of the Company's financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as expenses.

(i) Stock Based Compensation
The Company uses Black-Scholes option pricing model to determine the fair value of awards for stock options granted to employees, officer, directors and consultants and the pricing of share purchase warrants. These estimated are based on historical information and accordingly cannot be relied upon to predict the future behavior. These estimates are set out in Note 10(c) in the financial statements

(ii) Financial Instruments
The carrying values of the financial instruments have been estimated to approximate their respective fair values.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.

"Dieter Peter""
On behalf of the Board
Dieter Peter
Chief Executive Officer
June 29, 2011