MINERAL HILL INDUSTRIES LTD.
FORM 51-901F
Management's discussion and analysis of financial results
For the year ended December 31, 2011 -
Containing information up to and including April 23, 2012

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 years ended December 31, 2011 and 2010. The consolidated financial statements for the year ended December 31, 2011 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 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 and exploration 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 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 year ended December 31, 2011 and subsequent thereto:

Financing

Since January 1, 2011, the Company has raised a total of $953,800 through the issue of 5,961,250 shares and 5,961,250 share purchase warrants, exercisable at a price of $0.22 each in the first year and $0.30 and $0.35 in the second year.

The Company received cash advances amounting to $230,758 from Merfin Management pursuant to promissory notes 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. An amount of $303,878 was repaid to Merfin Management Ltd., which included $6,877 in interest.

The Company consolidated the outstanding shares of the Company on the basis of 1 new share for 12 old shares held. Outstanding warrants and options outstanding were also adjusted in the same proportion.

Stock options
The Company granted 4,166 options at a strike price of $1.20 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 of $24,000, equal to its carrying value, in part settlement of loans received from Merfin Management Ltd.

Mineral Properties
The Company acquired 100% interest in a Lithium property consisting of eight mineral claims and seven pending claims covering approximately 704.64 hectares located approximately 40 km of Val d'Or. That will bring the Company's holding to approximately 4,266 hectares in that region.

Description of business and overall Performance

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.

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 Li_2O over three metres, 0.48 weight per cent Li_2O over 6.5 metres and 0.51 weight per cent Li_2O 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

Year ended December 31, 2011 compared to year ended December 31, 2010

Net loss and comprehensive loss for the year ended December 31, 2011 was $469,685 (loss per share - $0.13) compared to $2,325,912 (loss per share - $0.67) for 2010. Being at the exploration stage, the Company did not generate any revenue from operations. The decrease in loss of $1,856,227 was mainly attributable to:

1. a decrease of $67,918 in investor relations expenses from $99,770 in 2010 to $31,852 due to a reduced promotion program in 2011;
2. a decrease in property investigation costs of $15,014 from $15,014 in 2010 to $Nil due to geological inquiries made in 2010 with respect to the Liberty Hill Mine;
3. a decrease of $24,126 in rent from $81,032 in 2010 to $56,906 due to a reduced office space being leased in 2011;
4. a decrease in recovery of expenses of $72,853 from related parties from $259,357 in 2010 to $186,504 due to reduced services shared to related parties;
5. a decrease of $143,339 in stock based compensation from $217,129 in 2010 to $73,790 due to lower vesting in 2011; and
6. an amount of $1,686,308 due to impairment of mineral properties accounted for in 2010.

Selected annual information (audited)

	IFRS	**IFRS**	**GAAP**
Summary of Annual Results	December 31 2011	December 31 2010	December 31 2009
	$	$	$
Net revenue	-	-	-
Loss from operations			
- in total	(461,267)	(637,947)	(586,994)
- on a per-share basis	(0.13)	(0.20)	(0.29)
- on a diluted per-share basis	(0.13)	(0.20)	(0.29)
Net loss			
- in total	(469,685)	(2,325,912)	(1,185,938)
- on a per-share basis	(0.13)	(0.67)	(0.60)
- on a diluted per-share basis	(0.13)	(0.67)	(0.60)
Total Assets	649,689	543,677	2,305,877
Total long-term financial Liabilities	-	-	-
Cash dividends declared per share	-	-	-

Selected Quarterly Information (Unaudited)

	2011- IFRS				2010 - IFRS			
Three months ended	**Dec 31 2011**	**Sep 30 2011**	**June 30 2011**	**Mar 31 2011**	**Dec 31 2010**	**Sep 30 2010**	**June 30 2010**	**Mar 31 2010**
Total assets	$649,689	$664,312	$617,308	$579,566	$543,677	$2,236,505	$2,301,170	$2,250,659
Exploration and evaluation assets	598,191	598,191	538,191	488,728	402,380	2,093,188	2,009,708	1,920,775
Working capital	(116,015)	(185,281)	(308,968)	(217,744)	(118,553)	(134,742)	(7,305)	142,107
Shareholders' equity	499,142	434,688	253,041	320,258	355,987	2,036,140	2,086,214	2,148,157
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(114,293)	(119,301)	(95,353)	(140,738)	(1,802,990)	(91,236)	(261,808)	(156,383)
Earnings (loss) per share	(0.03)	(0.03)	(0.03)	(0.04)	(0.60)	(0.03)	(0.07)	(0.04)

Liquidity

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

	December 31 2011	December 31 2010
Working capital (deficit)	$ (116,015)	$ (118,553)
Deficit	(15,727,929)	(15,258,244)

The balance of cash and equivalents available at December 31, 2011 was $17,482, with a working capital deficit of $116,015. Subsequently, the Company raised $466,000 through the issue of 2,912,500 shares and 2,912,500 share purchase warrants.

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 December 31, 2011, there were 6,558,287 (2010: 3,447,039) common shares without par value, and a consolidated deficit of $15,727,929 (2010: $15,258,244), resulting in a shareholder's equity of $499,142 (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, 2011 and 2010 which are available on SEDAR at 'www. SEDAR .com'.

Related Party Transactions

During the year ended December 31, 2011, the Company entered into the following transactions with related parties.

Key management personnel compensation
The remuneration of key management personnel during the years ended December 31, 2011 and 2010 were as follows:

	Note		**2011**		**2010**
Consulting fees and salaries	(i)	$	197,920	$	197,920
Stock based compensation	(ii)	$	21,893	$	85,372

(i) The Company paid or accrued consulting services for $100,920 (2010: $72,920) to Merfin Management Limited, a private company controlled by the Chief Executive Officer and $Nil (2010: $28,000) to Panterra Capital, a company controlled by a former director. At December 31, 2011 amounts of $Nil (December 31,2010: $18,864 and January 1, 2010: $13,748) and $30,135 (December 31, 2010: $30,135 and January 1, 2010 $Nil) were due to Merfin Management Limited and to Panterra Capital respectively. During the year ended December 31, 2011, the Company also paid salaries of $97,000 (2010: $97,000) to the Chief Financial Officer. See also note on recovery of expenses below.

(ii) Stock based payments are the fair value of options granted to the Chief Executive Officer and the Chief Financial Officer, which vest partly on grant date and partly on the first and second anniversaries of the grant date.

During the year ended December 31, 2011, an amount of $66,242 due to Merfin Management with respect to accrued consulting fees was converted into a loan, repayable within three years and bears interest at 8.5% per annum (see below advances received from related party). The balance was fully paid during the year ended December 31, 2011.

Other related party transactions

During the year ended December 31, 2011,

(i) the Company charged, as a recovery of expenses, Golden Dawn Minerals Inc., Island Gateway Ltd. and Nass Valley Gateway Ltd. companies related by common directors and officers, a total amount of $186,504 (2010: $259,357) with respect to shared costs relating to salaries, office expenses;

(ii) the Company accrued $1,141 (2010: $Nil) to Golden Dawn Minerals Inc. with respect to printing expenses. At December 31, 2011, the amount of $1,141 (December 31, 2010: $Nil, January 1, 2010: $Nil) was outstanding;

(iii) the Company accrued or paid $13,937 (2010: $7,898) to the Chief executive Officer with respect to expenses incurred on behalf of the Company. At December 31, 2011, an amount of $5,791 (December 31, 2010: $7,898, January 1, 2010: $Nil) was outstanding; and

(iv) the Company recovered $2,000 from Gitxat'in Mhind World Link (a company related by common directors) on a receivable the Company wrote off in the fiscal year 2009.

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

	December 31 2011	December 31 2010	January 1 2010
Island Gateway Ltd.	$ 405	$ 4,361	$ 4,361
Nass Valley Gateway Ltd.	3,900	27,754	70,087
	$ 4,305	$ 32,115	$ 74,448

Advances received from related party
During the year ended December 31, 2011, in addition to the conversion of amounts payable into loans as mentioned above, the Company received advances of $230,758 from Merfin Management Limited pursuant to promissory notes bearing interest at 8.5%per annum. A total amount of $303,877 (2010: $Nil) was refunded to Merfin Management Ltd, which included $6,877 in interest.

Directors and Officers

Dieter Peter	President, CEO and Director
Andrew H. von Kursell	Director
Rafael Pinedo	Director
Grant A Hendrickson	Director
Hugh Maddin	Director
Dean Davison	Director (appointed on July 8, 2011 and resigned on August 18, 2011)
Joseph Breslawski	Director (appointed on July 8, 2011 and resigned on August 18, 2011)
John Punzo	Director (resigned on June 15, 2011)
Jayram Hosanee	Chief Financial Officer
Josephine See	VP of Corporate Affairs, Treasurer and Corporate Secretary

Outstanding Share Data as at April 23, 2012:

	Number outstanding	**Exercise Price***	**Expiry Date**
Common shares	10,052,036		
Common shares issuable on exercise:			
Warrants**	1,547,463	$ 1.20	July 14, 2014
Warrants**	125,000	$1.20	April 13, 2015
Warrants**	3,048,750	$0.22	December 14, 2013
Warrants**	2,912,500	$0.22	February 1, 2014
Share options	110,063	$1.68	June 25, 2012
Share options	166	$1.56	September 9, 2012
Share options	79,654	$1.68	October 8, 2012
Share options	74,746	$0.66	January 28,2013
Share options	18,332	$1.20	April 15, 2013
Share options	144,991	$1.20	November 4, 2013

* As of date
** 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 were 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 year ended December 31, 2010. The consolidated financial statements for the year ended December 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.

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 January 1, 2010 was the increase of $41,275 in contributed surplus with a corresponding increase to the Company's deficit at the date of transition through the application of *IFRS 2 – Share Base Compensation.* The transition from Canadian GAAP to IFRS had no significant impact on the Statement of comprehensive loss and on the statement of cash flows.

Transitional impact

Note 16 in the consolidated financial statements for year ended December 31, 2011 provides detailed explanations of the optional transitional exemptions selected, financial statement presentation changes, and the key Canadian GAAP to IFRS differences for the Company on transition. No change to control activities, business activities and key performance measures, and IT systems was reported for the year ended December 31, 2011

Post-implementation phase

The Company is continuously monitoring of changes in IFRS by the International Accounting Standards Board (IASB) and related regulatory bodies. The IASB has proposed to issue a number of new IFRS standards throughout 2012 and beyond, which may or may not impact the Company. The Company's IFRS project team is monitoring these proposed standards as part of its current phase of the IFRS transition project ("Post implementation review"), and will make any adjustments necessary as and when new IFRS standards are released.

The Audit Committee holds Management responsible for the successful continued reporting of the Company's financial statements under IFRS.

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.

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.

Financial Instruments

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, due from related parties, accounts payable and accrued liabilities and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, marketable securities, receivables and due from related parties. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash and equivalents and marketable securities with high-credit quality financial institutions.

Amounts due to and from related parties are discussed in Note 8 of the financial statements.

Currency risk
The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. 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 anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. 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 have 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.

Interest rate risk
The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash and equivalents as they are currently held in large financial institutions.

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 the Black-Scholes option pricing model to determine the fair value of awards for stock options granted to employees, officers, 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
April 23, 2012