

**AMANTA RESOURCES LTD.**

**Form 51-102F1**

**Management Discussion and Analysis**

**For the Year Ended**

**February 29, 2012**

*(All amounts expressed in Canadian dollars, unless otherwise indicated)*

## **1. Introduction**

### **1.1 Date**

The following management discussion and analysis of the financial position of Amanta Resources Ltd. (“Amanta” or “the Company”) and results of operations of the Company should be read in conjunction with the audited financial statements including the notes thereto for the years ended February 29, 2012 and February 28, 2011. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards in Canadian dollars. This MD&A was prepared with information available as of June 25, 2012. Additional information and disclosure relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com)

### **1.2 Overview**

Amanta is a mineral exploration and development company focused on properties in South East Asia. Its primary assets include the Luang Namtha copper and associated minerals project in Laos as well as the Mae Lama and Mae Chedi tungsten properties and the Langu gold project in Thailand. The Company trades on the TSX Venture Exchange under the symbol AMH.

## **2. Forward-Looking Statements**

This MD&A contains “forward-looking statements” within the meaning of applicable Canadian securities legislation, which include all statements, other than statements of historical fact, which address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. These include, without limitation:

- the Company’s anticipated results and developments in the Company’s operations in future periods
- planned exploration and development of its properties
- planned expenditures and budgets
- evaluation of the potential impact of future accounting changes
- estimates concerning recovery of accounts receivable, share-based compensation and carrying value of properties
- other matters that may occur in the future.

These statements relate to analyses and other information that are based on expectations of future performance and planned work programs.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that may be encountered if the property is developed.

With respect to forward-looking statements and information contained herein, the Company has made a number of assumptions with respect to, including among other things, the price of copper and other metals, economic and political conditions, and continuity of operations. Although the Company believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-

looking statements or information contained or incorporated by reference herein will prove to be accurate.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

- fluctuations in mineral prices;
- the Company's dependence on one mineral project;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Company's lack of operating revenues;
- the Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs;
- risks related to the Company's principal property being located in Laos, including political, economic and regulatory instability;
- governmental regulations and the ability to obtain necessary licenses and permits;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- fluctuations in the currency markets (particularly the Lao kip, Thai baht, Canadian dollar and United States dollar);
- changes in environmental laws and regulations which may increase costs of doing business and restrict the Company's operations;
- risks related to the Company's dependence on key personnel; and
- estimates used in the Company's financial statements proving to be incorrect.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

### **3. International Financial Reporting Standards ("IFRS")**

Effective March 1, 2011, the Company has converted to IFRS as mandated by regulatory bodies in Canada. A detailed description of IFRS which are used by the Company is included in note 14 to the audited financial statements for the year ended February 28, 2012.

#### **3.1 IFRS Overview**

Canadian public companies are required to prepare their financial statements in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), for fiscal years beginning on or after January 1, 2011. The Company therefore reported its interim, commencing with the quarter ending May 31, 2011, and annual financial results during the year ending February 29, 2012, in accordance with IFRS. The Company also provided in its 2011-2012 interim

and annual financial results comparative data for the corresponding periods in 2010-2011 on an IFRS basis, including an opening balance sheet as at March 1, 2010.

IFRS are applied retrospectively, except in certain circumstances as allowed or required under IFRS 1 *First-time Adoption of International Financial Reporting Standards* (see below). Accordingly, the Company also provided in its financial statements for the year ended February 29, 2012, a reconciliation of previously disclosed comparative period financial statements prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) to IFRS.

### 3.2 Impact of Adoption of IFRS

The Company has identified a number of key accounting areas where there are potential differences between IFRS and Canadian GAAP and which may have an impact on the Company’s financial results. These have been summarized below based on the standards currently issued and applicable to the Company. This is not a complete list of differences between IFRS and Canadian GAAP and several standards are in the process of being amended by the IASB.

#### *(a) Other capital assets*

Canadian GAAP requires that other capital assets (property, plant and equipment) be recorded at cost less accumulated depreciation and impairment provisions. Under IFRS, other capital assets may be measured using either the cost model, the model used in Canadian GAAP, or the revaluation model, under which assets are recorded at fair value and revalued at each reporting date. The Company will continue to use the cost model.

In addition, IFRS requires that each significant item within property and equipment be depreciated separately, including significant components of assets. The Company has determined that no changes to its depreciation policies are required to comply with IFRS.

#### *(b) Mineral properties*

The Company’s accounting policy for mineral property expenditures is to capitalize costs related to the acquisition and exploration of mineral properties. This policy choice is allowed under IFRS and the Company will continue to apply this method of accounting for mineral properties.

Under IFRS, the costs of mineral properties previously classified separately under Canadian GAAP must be allocated either to other property and equipment or to intangible assets based on the nature of the properties and costs. The Company has determined that the rights it has to its mineral properties are intangible assets and have included them as exploration and evaluation assets on its financial statements.

#### *(c) Impairment of assets*

Under Canadian GAAP, asset impairment is identified if the recorded amount of the asset exceeds its fair value. The impairment threshold under IFRS is defined as the

higher of its fair value less costs to sell and the expected discounted future cash flows from the assets. The Company has determined that this change will not affect the recorded amount of any of its assets.

IFRS, unlike Canadian GAAP, also allows impairment provisions to be reversed in future periods if the recoverable amount exceeds the recorded value. The Company has determined that this change will not affect the carrying amount of any of its assets.

*(d) Share-based payments*

IFRS requires that share-based payments made to employees with different vesting periods be treated as separate awards for the purpose of determining their fair value. In addition, IFRS requires that the number of anticipated forfeitures be estimated at the grant date and incorporated into the calculation of share-based compensation expense. Under Canadian GAAP, share-based payments with different vesting periods can be treated as a single award and forfeitures recorded as they occur.

The Company has determined that these requirements will result in an accelerated recognition of share-based compensation on a prospective basis.

As noted, initial adoption of IFRS requires retroactive application as at the transition date, with adjustments arising on the conversion to IFRS from Canadian GAAP recognized in opening retained earnings. However, to assist with the difficulties associated with reformulating historical accounting information, IFRS 1 *First-time Adoption of International Financial Reporting Standards* provides for a number of optional exemptions and mandatory exceptions which generally allow prospective rather than retrospective treatment under certain conditions. The following summarizes the most significant of these as they apply to the Company:

*(a) Share-based payments (optional exemption)*

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share Based Payments* to equity instruments that were granted subsequent to November 7, 2002, or that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 *Share Based Payments* to equity instruments that vested prior to March 1, 2010.

*(b) Estimates (mandatory exemption)*

In accordance with IFRS 1, an entity's estimates in accordance with IFRS at the date of transition to IFRS must be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were made in error. The Company's IFRS estimates at March 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

An analysis of the potential business impacts on the conversion to IFRS on such activities as hedging, debt covenants, performance measures and compensation arrangements has been completed. No significant impacts were noted as, at this time, the Company's business affairs are typically not driven by financial results.

Impacts on the Company's information technology systems of the conversion to IFRS are minimal. Changes to the calculation of share-based payments will require amendments to information systems which capture and report on these transactions, which have been implemented by the Company.

No significant changes to the control environment are expected as a result of the conversion to IFRS other than those controls governing the conversion process itself. Conversion controls implemented include skills training, process documentation and the engagement of both the Company's auditors and consultants in the conversion process.

#### **4. Overall Performance**

##### **4.1 Summary**

The ongoing depressed economic environment which began during 2008, along with depressed capital markets for exploration companies in particular, continues to affect the Company's ability to raise additional capital. The Company will need to raise additional funds in the short term to carry out its planned exploration program in 2012-13. The Company expects that raising sufficient funding for its exploration programs will continue for some time and continues to manage its costs tightly. With the Company's sole focus now being on Laos, the Company announced on June 5, 2012, subsequent to the February 29, 2012 year end, to terminate its gold and tungsten projects in Thailand and is in the process of closing its Bangkok office.

##### **4.2 Luang Namtha Copper-Silver/Molybdenum-Gold Project in the Lao PDR**

###### **4.2.1 Work Programs 2008-2012**

On June 20, 2008, a formal ceremony was held in Vientiane, Laos, to mark the signing of the Copper Mineral Exploration Agreement between the Government of the Lao PDR and Amanta Resources Ltd. for the Luang Namtha copper and associated minerals project. Detailed surface, geochemical – including stream sediment and soil sampling – mapping, and ground geophysics programs as well as a reconnaissance drilling program have been completed.

In April 2009, Amanta and Japan Oil, Gas and Metals National Corporation (JOGMEC) entered into a Joint Exploration Agreement (JEA) and Amanta has acted as Project Operator responsible for the execution of agreed field programs. Only a small part of the potential of the Luang Namtha concession area has been examined and fieldwork has demonstrated extensive volcanic-hosted copper/silver mineralization in several parts of the concession area, including Pakieng, Nam Bo and Chakamping. At the Houakhoua target, to the north of Pakieng, copper-bearing porphyritic intrusive rocks have been discovered.

To date, most of the detailed exploration activity has focussed on the Pakieng area, where outcropping mineralization occurs over an area extending to about 10 km<sup>2</sup> and where a molybdenum/gold target has been discovered. The 14-hole reconnaissance-drilling program at Pakieng tested the copper and molybdenum anomalies and confirmed the continuity of the surface mineralization to depth showing significant intersections of high copper/silver grades and molybdenum/gold. The drilling results for this program were reported in the Company's earlier news releases.

The Company is pleased to note that, following a review of the performance of some 150 current exploration and mining licence holders in the country, Amanta is one of only four licence holders to receive a 1 (AA) rating from the Lao Department of Mines.

#### *4.2.2 Proposed 2012-13 Program*

The work program for the 2012-13 field season will see the Company concentrate its efforts on detailed drilling of the Pakieng copper/silver mineralized targets, with the aim of drilling out potential economic resources. The program will focus on the drilling of four diamond drill holes to an average depth of 500 meters to test for the possible presence of significant underlying porphyry copper and gold mineralization in the Pakieng area of the concession area.

The location of the drill holes will be close to the original holes PK8, PK10, PK11 and PK12 which were part of the earlier reconnaissance drilling program and which intercepted significant molybdenum/gold mineralization. These earlier drill holes reached an average depth of about 160 meters, due to the capacity of the smaller drill rig available, and did not penetrate the deeper parts of the obviously present large intrusive system.

The Company also intends to continue reconnaissance drilling on the molybdenum/gold mineralization target, on targets in Chakamping/Nambo and in the newer identified area of Houakhoua. Road and other access to key areas of the concession will be upgraded and extended, while ongoing mapping and sampling will continue throughout the concession area. The Company will strengthen the geology group and upgrade the sample preparation and administrative support units and the detailed work program will be described in a future news release.

Based on its current progress and its belief that northern Laos represents a new mineral province, Amanta has already established a strong presence in the country and is focusing its efforts on enhancing its unique position as the leading junior exploration company in Laos.

#### *4.3 JEA with JOGMEC at Luang Namtha*

On April 10, 2009, the Company entered into a JEA with JOGMEC for the further exploration and development of the Luang Namtha copper and associated minerals project. With the commencement of the JEA with JOGMEC the Company's Board of Directors has decided to focus its ongoing activities solely on copper and associated minerals exploration in Laos and will continue to assess additional acquisition and development opportunities in that country.

On October 18, 2011, the Company announced that JOGMEC confirmed its ongoing participation in the Luang Namtha project. By investing US\$ 3 million in the project, JOGMEC completed its initial financial obligations under the JEA between the parties and now holds an Option to acquire a 51% interest in the project, following the completion of a feasibility study.

Subsequent to the February 29, 2012 year end, on May 28, 2012, at a meeting of the Luang Namtha Joint Venture management committee, held in Vancouver, Amanta and JOGMEC agreed on a work program and budget for the next phase of the Luang Namtha JV. A budget of US\$1,467,000 was agreed on and the program will focus on the drilling of four diamond drill

holes to an average depth of 500 meters to test for the possible presence of significant underlying porphyry copper and gold mineralization in the Pakieng area of the concession area.

The location of the drill holes will be close to the original holes PK8, PK10, PK11 and PK12 which were part of the earlier reconnaissance drilling program and which intercepted significant molybdenum/gold mineralization. These earlier drill holes reached an average depth of about 160 meters, due to the capacity of the smaller drill rig available, and did not penetrate the deeper parts of the obviously present large intrusive system.

#### 4.4 Joint Venture Agreement between Amanta and CNP

On July 19, 2010, Amanta signed a Joint Venture Agreement (the "JV") between Amanta and CNP Exploration and Mining Import – Export Co., Ltd., an established Lao construction and mining company. Under the terms of the JV, Amanta will hold an 80% position in a Joint Venture Company to be established in the Lao PDR, while CNP will hold a 20% interest. The JV Company will be known as the Lao – Canada Mining Co. Ltd. and Amanta will act as its Project Manager.

Following registration of the Agreement with the Lao Government and incorporation of the JV Company, Amanta and CNP will prepare and submit an application to the Department of Investment for an Investment Licence in respect of a proposed exploration project. The JV Company will make an application to the Lao Government for a concession area of up to 500 km<sup>2</sup>, in Oudom Xai, a northern Lao province. Amanta has agreed to make an initial investment of up to \$2 million for prospecting and exploration activities in the area.

As at February 29, 2012, the Joint Venture was awaiting approval from the Lao PDR for its Foreign Investment License and applications for exploration concessions on the Oudom Xai property in Northern Laos are also pending approval.

#### 4.5 Convertible Loan

On January 5, 2009, the Company entered into a loan agreement for \$1,000,000 with Torakit Investments Ltd. ("Torakit"), a company who at that time had directors in common with the Company. On December 1, 2009, Cypress Consulting Services Inc. ("Cypress"), a private Company controlled by the president of the Company agreed with Torakit Investments Ltd. to acquire the convertible loan agreement dated January 5, 2009. There was no change to the terms of the loan and the principal amount of the loan, \$1,000,000, was repayable on or before January 5, 2012. During the year ended February 29, 2012, the Company and Cypress agreed to extend the maturity date of the loan to April 5, 2013.

#### 4.6 Private Placements

On May 28, 2010, the Company completed a private placement of 2,500,000 units at \$0.10 per unit for total proceeds of \$250,000. Each unit consists of one common share and one half of a non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for a period of 2 years from the closing date at a price of \$0.15 per share during the first year after closing and at a price of \$0.18 per share during the second year after closing.



On January 10, 2011, the Company completed a private placement of 4,780,000 units at \$0.10 per unit for total proceeds of \$478,000. Each unit consists of one common share and one half of a non-transferrable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for a period of one year from the closing date at a price of \$0.15 per share after closing. All of the securities are subject to a hold period which expired on May 11, 2011. The Company paid finders' fees of \$11,880.

As at February 29, 2012, the Company had 77,330,503 common shares outstanding.

## **5. Results of Operations**

### **5.1 Luang Namtha Copper-Silver-Molybdenum Project, Laos**

#### **5.1.1 Background**

June 20, 2008, saw the signing of a five-year Copper Mineral Exploration Agreement between the Government of the Lao PDR and Amanta Resources Ltd. for the Luang Namtha copper and associated minerals project. This represented a significant achievement for Amanta and was the culmination of over two years of negotiation.

#### **5.1.2 JEA with JOGMEC**

On April 14, 2009, the Company entered into a JEA with JOGMEC for the further exploration and development of the Luang Namtha project. JOGMEC was established in February 2004 following the integration of the former Japan National Oil Corporation (JNOC) and Metal Mining Agency of Japan (MMAJ). It is a corporation under the Japanese Ministry of Economics, Trade and Industry (METI) with a mandate of investing in developing minerals projects worldwide to help secure a stable supply of natural resources for Japanese industry.

Under the terms of the JEA, JOGMEC has been granted an Option to acquire an undivided 51% interest in the Luang Namtha project by investing a total of USD\$ 3 million (approx. CAD 3.75 million at the time of signing) by March 31, 2012. Amanta will act as the Project Operator and will earn a fee of up to 10% on project expenditures. JOGMEC may terminate its interest at any time after it spends a minimum of USD\$ 800,000 and will not earn any interest unless it completes the USD\$ 3 million investment and exercises its Option, following which the parties will contribute pro-rata to ongoing project development costs. Should JOGMEC exercise its Option to acquire a 51% project interest, it will have the right to transfer this interest to a qualified nominee, a Japanese company. With the exception of a transfer to a JOGMEC nominee, each party shall have a first right of refusal if either party wishes to sell any part of its interest in the project.

During the year ended February 29, 2012, JOGMEC completed the earn-in requirements and exercised its option to acquire a 51% project interest. In accordance with the JEA, the parties now contribute pro-rata to ongoing project development costs.

Amanta and JOGMEC are committed to the acceleration of the exploration program, especially the evaluation of the Pakieng copper/silver deposits through further drilling and in other exploration targets in the concession area during the 2012-13 field season. The funding under

the JEA will assure that the completion of the exploration programs at Luang Namtha can continue uninterrupted and at the level of effort that this promising project merits. The agreement relates solely to the Luang Namtha project.

### 5.1.3 The Project

The Luang Namtha exploration area is considered highly prospective for copper and associated minerals including silver, gold and molybdenum. Amanta commenced its prospecting activities in August, 2008.

Prospecting and exploration programs have included a stream sediment sampling program, geological mapping and surface sampling programs, land-sat interpretation, geophysics and geochemical surveys. This activity has identified widespread copper and silver mineralization over very significant areas of the concession. Even at this early stage, the potential for a major copper/silver and molybdenum/silver resources is very apparent.

Initially mainly characterized by the occurrence of large boulders and some isolated outcrops of volcanic material showing high grades of silver and copper, the mapping of the centrally located Pakieng area has now enabled the Company to define an area of some 10 km<sup>2</sup>, over which consistently high grade copper/silver outcropping material is evident. Additionally, a significant molybdenum occurrence was discovered, associated with silver and gold.

Early drilling results from the Pakieng area exhibited high grade copper and silver intercepts including 3.1% copper (Cu) and 100 g/t silver (Ag); and 2.9% Cu and 261 g/t Ag. A significant molybdenum (Mo) anomaly has also been identified in the Northwest of the area and an 8-meter long channel sample in outcropping material averaged 0.2% Mo, with a high of 0.8% Mo. Good silver and gold (Au) values are also in evidence. A 162 meter deep drill hole intersected a mineralised section over the lower 32 meters, with mineralization continuing below the bottom of the hole. The 32 meters intersection averaged 0.10% Mo, with 11 g/t Ag and about 0.25 g/t Au. Within this, a very high-grade section measured 0.3 % Mo, with 31 g/t Ag and 1.0 g/t Au, over 8 meters, including a 4 meter section assaying 0.5% Mo, with 51 g/t Ag and 1.6 g/t Au. Most commercial molybdenum mines have grades of 0.05 to 0.08% Mo.

While much of the exploration work has focussed directly on the Pakieng area, field programs by the company's Vietnamese geological contractor examined other prospective areas such as the Nam Bo – Chakamping area, which has now been confirmed as the extension of Pakieng to the East, along the main strike-slip Pakieng fault and along the eastern concession boundary. The preliminary 'geological fact map' shows a multitude of copper mineralized volcanic rocks and quartz veins in outcrop, observed in the streams of the drainage system, suggesting a very large and extensive mineralized area covering, including the Pakieng area, some 60 km<sup>2</sup>. The mapped mineralized outcrops range from a 20-meter wide outcrop in Nam Bo, averaging 0.6% copper and 1 g/t silver, to a 1.5 meter wide quartz vein grading 9.6% Cu and 49 g/t Ag in Chakamping.

Plans are underway for a resource drilling program at Pakieng, combined with reconnaissance drilling programs in the Nam Bo – Chakamping area, as the Company expands its exploration activities at the project area to delineate commercial mineral resources.

## 5.2 Oudom Xai Copper-Silver Project, Laos

On July 19, 2010, Amanta signed a JV between Amanta and CNP Exploration and Mining Import – Export Co., Ltd. Under the terms of the JV, Amanta will hold an 80% position in a Joint Venture Company to be established in the Lao PDR, while CNP will hold a 20% interest. The JV Company will be known as the Lao – Canada Mining Co. Ltd. and Amanta will act as its Project Manager.

Following registration of the Agreement with the Lao Government and incorporation of the JV Company, Amanta and CNP will prepare and submit an application to the Department of Investment for an Investment Licence in respect of a proposed exploration project in Oudom Xai, a northern Lao province. Amanta has agreed to make an initial investment of up to \$2 million in the Joint Venture.

### 5.3 Langu Gold Project, Thailand

#### 5.3.1 Langu

The Langu property originally consisted of four Special Prospecting Licenses (SPLs). Two of the Langu licenses expired on July 2, 2009 and the Company reapplied over the same general ground for one new SPL, thereby relinquishing areas that do not warrant further work. The remaining two SPLs expired on September 28, 2011. The new SPL covers an area of 4,000 rai, approximately 640 hectares, covering the anomalous gold trend and those areas over which mapping and sampling have rendered positive results. The new application is being considered by the Thai Department for Primary Industries and Mining for approval.

The Company completed extensive surface work on the Langu property, including geochemical sampling and geological mapping, trenching and Induced Polarization. Results received appear to confirm that an anomalous gold trend extends for over 6,000 meters along a north-south strike within the Company's Special Prospecting License areas. Phase 1 of a 10,000 meter drill program was completed on the property. The Company believes that the potential of Langu to host an economic resource is excellent, but a large drill program of 25,000 meters combined core and RC drilling is needed to uncover this potential, a program that at the present cost levels would amount to \$3 million dollars.

At February 28, 2011, the Company, in accordance with GAAP, wrote down the cost of the Langu gold property to the value of a recoverable performance bond relating to the two recently expired SPLs.

With the Company's sole focus now being on Laos, the Company announced on June 5, 2012, subsequent to the February 29, 2012 year end, to terminate its gold and tungsten projects in Thailand. Subsequent to the February 29, 2012 year end, the Langu performance bond for the expired SPLs was returned to the Company.

#### 5.3.2 Surat Gold Prospect, Thailand

North of Langu, near the town of Surath Thani, Amanta had previously applied for two SPLs over an area with 'Langu style' mineralization in a similar setting as the Langu project.

With the Company's sole focus now being on Laos, the Company announced on June 5, 2012, subsequent to the February 29, 2012 year end, to terminate its gold and tungsten projects in Thailand.

#### 5.4 Mae Lama Tungsten Property, Thailand

The Company completed extensive surface work on the Mae Lama property, followed by a limited initial drilling program. 18 core drill holes were completed, for a total drilled depth of 2,958 meters. Global Prospectors and Consultants (Global), a Thai mining services company, rehabilitated part of the former mine workings. Additional rehabilitation work would be required at a future date.

The owner of the property, with whom the Company has an agreement to acquire a 100% working interest in the project, previously applied for an extension to the original Mining Licence, the initial term of which has now expired.

At February 28, 2011, the Company, in accordance with GAAP, wrote down the cost of the Mae Lama tungsten property to \$1.

With the Company's sole focus now being on Laos, the Company announced on June 5, 2012, subsequent to the February 29, 2012 year end, to terminate its gold and tungsten projects in Thailand.

#### 5.5 Mae Chedi Tungsten Property, Thailand

In December 2007, the Company was granted a Special Prospecting Licence covering an area of 14 km<sup>2</sup> by the Government of Thailand. The project is located in Chiang Rai Province, northern Thailand, and is the location of a former tungsten/tin mining operation. The Company completed a limited surface sampling and mapping program.

At February 28, 2011, the Company, in accordance with GAAP, wrote down the cost of the Mae Chedi tungsten property to the value of a recoverable performance bond on the property.

With the Company's sole focus now being on Laos, the Company announced on June 5, 2012, subsequent to the February 29, 2012 year end, to terminate its gold and tungsten projects in Thailand.

## 6. Financial Results

### 6.1 Selected Annual Information

The following table summarizes selected financial data of the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the audited financial statements and has been prepared in accordance with IFRS (years ended February 29, 2012 and February 28, 2011) and Canadian GAAP (year ended February 28, 2010).

Description	Year Ended (\$)		
	Feb. 29, 2012	Feb. 28, 2011	Feb. 28, 2010
Total Revenues	0	0	0
General and Administrative Expenses	754,124	1,103,547	745,211
Net loss			
<i>Total</i>	751,914	5,376,495	2,583,808
<i>Per share</i>	0.01	0.08	0.05
<i>Total Assets</i>	2,522,152	2,417,043	6,373,111
<i>Total Long Term Liabilities</i>	1,329,133	1,163,844	1,082,167
<i>Cash Dividends</i>	0	0	0
<i>Shares Outstanding</i>	77,330,503	75,530,503	66,857,249

A precise determination of many assets and liabilities is dependent upon future events, therefore the preparation of financial statements for a period necessarily involves the use of estimates by management that have been made using careful judgment. Actual results may vary from these estimates.

The Company is in the exploration stage and has no mineral production yet. Incidental revenue is derived solely from interest earned on deposits.

At February 29, 2012, the Company had cash of \$54,380 as compared to \$416,102 at February 28, 2011.

At February 29, 2012, the Company had working capital (deficiency) of \$1,505,109 as compared to working capital deficiency of \$633,258 at February 28, 2011.

The Company incurred general and administrative expenses of \$754,124 during the year ended February 29, 2012, compared to \$1,103,547 during the year ended February 28, 2011, reflecting the overall decrease in the Company's activities. Significant increases (decreases) in general and administrative expenses incurred by the Company during years ended February 29, 2012 and February 28, 2011, compared to the previous year were:

	Year ended February 29, 2012	Year ended February 28, 2011
Accounting, audit & legal	\$ 23,091	\$ (25,868)
Consulting fees	(24,747)	(18,324)
Directors fees	(12,000)	-
Filing fees	199	(17,505)
Office & general	46,874	2,525
Salaries and benefits	78,576	50,749
Share-based compensation	(440,543)	405,225
Travel	(8,924)	(49,770)

## 6.2 Summary of Quarterly Results

The following selected unaudited quarterly financial information for the last eight quarters is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance International Financial Reporting Standards (year ended February 29, 2012) and with Canadian GAAP (year ended February 28, 2011).

Description	Three Months Ended (\$)								
	Feb. 29, 2012	Nov. 30, 2011	Aug. 31, 2011	May 31, 2011	Feb. 28, 2011	Nov. 30, 2010	Aug. 31, 2010	May 31, 2010	Feb. 28, 2010
<i>Total Revenues</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Net loss for period</i>									
<i>Total</i>	340,929	124,397	146,881	139,707	4,468,650	160,322	136,208	747,315	2,177,274
<i>Per share</i>	0.003	0.001	0.002	0.002	0.066	0.002	0.002	0.01	0.04

A precise determination of many assets and liabilities is dependent upon future events, therefore the preparation of financial statements for a period necessarily involves the use of estimates by management that have been made using careful judgment. Actual results may vary from these estimates.

The Company incurred general and administrative expenses of \$340,929 during the three months ended February 29, 2012, compared to \$87,281 during the three months ended February 28, 2011. Significant increases (decreases) in general and administrative expenses incurred by the Company during the three months ended February 29, 2012 and February 28, 2011, compared to the previous quarter were:

	Quarter ending February 28, 2012	Quarter ending February 28, 2011
Consulting fees	9,216	(34,963)
Directors fees	(12,000)	-
Interest on convertible loan	(9,786)	(45,180)
Office and general	50,195	(5,554)
Salaries and benefits	125,376	(49,860)
Share-based compensation	151,709	(187,027)
Travel	7,742	(68,073)

## 7. Liquidity

### 7.1 Summary

The consolidated financial statements are prepared on a 'going concern' basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 29, 2012, the Company has a working capital deficiency of \$1,505,109 and has accumulated losses totalling \$19,867,961 since inception.

The Company's ability to continue as a going concern is dependent on the ability of the Company to raise financing through equity issues, joint venture/earn-in arrangements and the attainment of profitable operations. The economic recession which began during 2008 and the depressed capital markets are conditions which make raising funds more challenging for the Company, creating uncertainty that adequate funding will be available in the future, or available under terms acceptable to the Company. Management believes that the Company will need to generate funding in the short-term to carry out its planned 2012-13 exploration program, responding to the current economic environment with specific cost reduction measures, while at the same time pursuing business acquisition and joint venture opportunities with companies having access to capital. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets such as mineral interests, and liabilities, the reported expenses, and the balance sheet classifications used.

## 7.2 Warrants and Options

The Company had the following share purchase warrants and incentive stock options outstanding at February 29, 2012:

### Warrants

<b>Warrants Outstanding</b>	<b>Expiry Dates</b>	<b>Exercise Price</b>
<b>1,250,000</b>	May 21, 2012	\$0.18
<b>1,250,000</b>		

### Options

<b>Number of Shares</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
<b>425,000</b>	June 1, 2012	\$0.10
<b>5,075,000</b>	May 10, 2015	\$0.12
<b>5,500,000</b>		

On May 24, 2011, 1,800,000 warrants expiring on January 5, 2012 were exercised at a price of \$0.10 per share for gross proceeds of \$180,000.

Subsequent to the February 29, 2012 year end, 425,000 options at a price of \$0.10 expired on June 1, 2012. As at June 25, 2012, there are 5,075,000 options outstanding.

Subsequent to the February 29, 2012 year end, 1,250,000 warrants at a price of \$0.18 expired on May 21, 2012. As at June 25, 2012, there are no warrants outstanding.

At June 25, 2012, there are 77,330,503 common shares issued and outstanding.

### 7.3 Convertible Loan

On January 5, 2009, the Company entered into a loan agreement for \$1,000,000 with Torakit Investments Ltd. ("Torakit"), a company who at that time had directors in common with the Company. The loan is unsecured and is repayable in one payment of \$1,000,000 on January 5, 2012. The loan bears interest at the Canadian bank prime rate (as determined by HSBC Bank Canada) plus 2% per annum, payable quarterly in advance. The loan is convertible into 10,000,000 common shares of the Company at any time prior to maturity at a deemed price of \$0.10 per share. Torakit cannot convert the loan if, as a consequence, it will hold 20% or more of the outstanding common shares of the Company. The Company has granted Torakit 10,000,000 transferable share purchase warrants, exercisable at a price of \$0.10 per share and expiring January 5, 2012. The Company granted Torakit the right to purchase a 10% working interest in the Luang Namtha project on the loan maturity date, which may be exercised by Torakit reimbursing the Company for 10% of the direct project expenditures incurred by the Company during the period between the closing date and the maturity date of the original loan agreement.

On December 1, 2009, Cypress Consulting Services Inc. ("Cypress"), a private Company controlled by the president of the Company, agreed with Torakit Investments Ltd. to acquire the convertible loan agreement dated January 5, 2009. There was no change to the terms of the loan and the principal amount of the loan, \$1,000,000, was repayable on or before January 5, 2012. The principal amount of the loan may be converted into a total of up to 10,000,000 common shares of the Company at a deemed price of \$0.10 per share. The conversion restricts Cypress from acquiring 20% or greater of the number of listed shares of the Company.

Torakit retained the 10,000,000 transferable share purchase warrants, exercisable at a price of \$0.10 per share and expiring January 5, 2012. Torakit also retains the right to purchase a 10% working interest in the Luang Namtha project, on the loan maturity date, which may be exercised by reimbursing the Company for 10% of the direct project expenditures incurred by the Company during the period between the closing date and the maturity date of the loan agreement. The warrant and purchase right expired on January 5, 2012.

During the year ended February 29, 2012, the Company and Cypress agreed to extend the maturity date of the loan to April 5, 2013.

## 8. Capital Resources

The Company's primary capital assets are cash and mineral property assets. The Company capitalizes all costs related to the mineral properties until the properties are abandoned and written-off.

The Company presently has no revenue-producing operations and is dependent on the capital markets for project funding.



## 9. Transactions with Related Parties

The Company incurred the following amounts charged by directors of the Company, officers of the Company and companies controlled by directors of the Company.

Year ended February 29, 28	2012	2011
Salaries	\$ 154,567	\$ 279,977
Directors' fees	24,000	36,000
Management and consulting fees	557,176	659,292
Share-based compensation	-	440,543
	<b>\$ 735,753</b>	<b>\$ 1,415,812</b>

Accounts payable at February 29, 2012 includes \$1,026,545 (2011 - \$891,525) arising from unpaid fees and interest payable to directors and officers of the Company and companies controlled by a director of the Company.

The Company has entered into contracts with one director of the Company and a company controlled by a director of the Company until February 28, 2014 for management, geological and consulting services at an aggregate cost of \$35,500 per month. Fees payable on termination of services are 18 times the monthly remuneration payable under the agreements.

During the year ended February 29, 2012, the Company paid salaries to employees who are also close family members of key management personnel in the amount of \$113,850 (2011 - \$104,850)

During the year ended February 29, 2012, directors advanced the Company \$135,861 (2011 - nil). Advances from directors of \$313,392 were outstanding as at February 29, 2012 (2011 - \$187,531). These advances are unsecured and without interest. The directors have agreed not to demand repayment within one year, and accordingly the advances are considered non-current.

These transactions were in the normal course of operations and were measured at the exchange amount agreed to by the related parties.

## 10. Commitments

Commitments not disclosed elsewhere in these financial statements include minimum lease payments due on the Company's office premises and storage facility located in Vancouver and Thailand, and also payments due on operating leases for equipment and automobiles in Thailand and Laos. Future payments over the remaining terms of the leases are estimated to be:

Fiscal year 2013	\$ 60,024
Fiscal year 2014	2,078
	<b>\$ 62,102</b>

Subsequent to year end, the Company terminated its operations in Thailand, including its office and premises leases and local employees, in order to focus its efforts on operations in Laos. The Company expects to pay approximately \$40,000 for severance pay and other costs related to the termination of its commitments in Thailand.

## **11. Proposed Transactions**

There are no transactions proposed that will materially affect the performance of the Company.

## **12. Disclosure Controls and Internal Controls over Financial Reporting**

The Company's Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") are responsible for the establishment and maintenance of a system of disclosure controls and procedures. This system is designed to provide reasonable assurance that information required to be disclosed by the Company under various securities legislation or the rules of regulatory agencies is appropriately reported within the time periods specified.

The Certifying Officers evaluate the system periodically throughout the year. They have concluded that the Company's disclosure controls are effective in providing reasonable assurance that material information relating to the Company is accumulated, reviewed by management and reported within the time periods specified.

The Certifying Officers are also responsible for the establishment of a system of internal controls over financial reporting. This system is designed to provide reasonable assurance regarding the reliability and timeliness of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

Ultimate responsibility for financial reporting rests with the Board of Directors. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and is composed of a majority of independent outside directors. It meets periodically with management and the external auditors to review accounting, auditing and internal control matters and regularly reports its findings and recommendations to the Board of Directors.

## **13. Risks and Uncertainties**

### **13.1 Summary**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

### 13.2 Precious and Base Metal Price Fluctuations

The profitability of the precious and base metal operations in which the Company has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of the precious and base metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the Company's operations and profitability.

### 13.3 Fluctuations in the price of consumed commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents fluctuate affecting the costs of exploration in the Company's operational areas. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on the Company's operating costs or the timing and costs of various projects.

### 13.4 Foreign Exchange Rate Fluctuations

Operations in Laos, Thailand and Canada are subject to foreign currency exchange fluctuations. The Company raises its funds through equity issuances which are priced in Canadian dollars, and the majority of the exploration costs of the Company are denominated in US dollars, Lao kip, and Thai baht. The Company may suffer losses due to adverse foreign currency fluctuations.

### 13.5 Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

### 13.6 Operating Hazards and Risks

Exploration activities may generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, revolution,

delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the normal course of exploration activities

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, delayed production and resultant losses, increased production costs, asset write downs, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

### 13.7 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. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company's projects will be commenced or completed on a timely basis, if at all.

### 13.8 Exploration and Development

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves to replace or expand current reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, none of the Company's properties have any defined ore-bodies with proven reserves.

The economics of developing copper, silver, gold, molybdenum, tungsten and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the prices of copper, silver, gold, tungsten or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the

proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

### 13.9 Business Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration and development opportunities in the mining industry. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

### 13.10 Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

### 13.11 Title to Assets

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

### 13.12 Uncertainty of Funding

The Company has limited financial resources, and the mineral claims in which the Company has an interest or an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

### 13.13 Agreements with Other Parties

The Company has entered into agreements with other parties relating to the exploration, development and production of its properties. The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

### 13.14 Potential Conflicts of Interest

The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### 13.15 Third Party Reliance

The Company's rights to acquire interests in certain mineral properties have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

### 13.16 Absolute Assurance on Financial Statements

The Company's prepares its financial reports in accordance with accounting policies and methods prescribed by International Financial Reporting Standards. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies and practices are described in more detail in the notes to the Company's interim financial statements for the period ended February 29, 2012. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, it cannot provide absolute assurance in that regard.

### 13.17 General Economic Conditions

The unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability.

### 13.18 Substantial Volatility of Share Price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports.

### 13.19 Potential dilution of present and prospective shareholdings

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares.

The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

## **14. Critical Accounting Estimates**

### 14.1 Summary

A detailed description of the Canadian generally accepted accounting principles ("GAAP") which were used by the Company up to February 28, 2011 is included in note 2 to the audited annual financial statements for the year ended February 28, 2011. Effective March 1, 2011, the Company has converted to IFRS as mandated by regulatory bodies in Canada. A detailed description of IFRS which are used by the Company is included in Notes 3 and 4 to the audited financial statements for the period ended February 29, 2012 and February 28, 2011 as well as in this MD&A. The Company considers the following policies to be most critical in understanding the estimates and judgements included in its financial results:

### 14.2 Carrying value of mineral property interests

Mineral property interests are recorded at cost less accumulated impairment losses. All direct costs related to the to the acquisition and exploration of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. On the commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

The amounts shown for mineral property interests and related costs represent acquisition, holding and exploration costs and the recoverability of these amounts is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain the necessary financing to successfully complete their development and to meet the requirements, from time to time, of lenders who are providing this financing and upon future profitable production.

### 14.3 Use of estimates and judgments

The preparation of financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying



values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of amounts receivable and carrying values of property and equipment, the fair value of options and warrants issued, the fair value of reclamation obligations. Actual results may differ from those estimates.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from property and equipment.

#### 14.4 Share-based compensation

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share option reserves is transferred to share capital to recognize the total consideration for the shares issued.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. This model is subject to various assumptions. The assumptions the Company makes will likely change from time to time. At the time the fair value is determined; the methodology the Company uses is based on historical information, as well as anticipated future events.

### **15. Management's Report on Internal Control over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

**16. Additional Information**

Additional information, including quarterly and annual consolidated financial statements, annual information forms, news releases and other disclosure documents may be found by accessing the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com). The Company's website is located at [www.amantaresources.com](http://www.amantaresources.com).

On Behalf of the Board,  
**AMANTA RESOURCES LTD.**

"Gerald D. Wright"

**Gerald D. Wright,**  
**President**