

# MONSTER MINING CORP.

## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended July 31, 2011

Directors and Officers as at November 18, 2011

Directors:

Robert Eadie  
Bill Harris  
Tara Christie  
Andrew de Verteuil

Officers:

President & CEO – Robert Eadie  
Chief Financial Officer and Corporate Secretary – Gary Arca

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Form 51-102-F1

# MONSTER MINING CORP.

## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended July 31, 2011

### 1.1 Date of This Report

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited financial statements of Monster Mining Corp. (“Monster”, or the “Company”) for the year ended July 31, 2011. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

This MD&A is prepared as of November 18, 2011.

*This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

### 1.2 Overall Performance

#### *Description of Business*

The Company was incorporated in the Province of British Columbia on May 3, 2007 under the Business Corporations Act (British Columbia) under the name “Northex Ventures Inc.” and changed its name to “Monster Mining Corp.” on August 20, 2008. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company completed its Initial Public Offering (“IPO”) pursuant to its prospectus dated April 26, 2011 (the “Prospectus”) and commenced trading on the TSX Venture Exchange (“TSXV”) on May 19, 2011.

#### *Recent Events*

Subsequent to July 31, 2011, the Company began trading on the OTC market, OTCQX International, INTL Trading, Inc. will serve as the Company’s Principal American Liaison (PAL) on OTCQX, responsible for providing guidance on OTCQX requirements.

On October 25, 2011, the Company entered into an option agreement with Midnight Sun Mining Corp. (“Midnight Sun”) granting Midnight Sun the option to acquire a 20% interest in the Company’s Keno Property. In order to exercise the

option, Midnight Sun must incur a total of \$7,500,000 of exploration expenditures on the Keno Property over the next two years, as follows:

- (i) \$200,000 no later than December 31, 2011 (the "Anniversary Date");
- (ii) an additional \$1,000,000 on or before 30 days following the Anniversary Date or January 31, 2012; and
- (iii) an additional \$1,575,000 on or before each six month period following the Anniversary Date, and no later than December 31, 2013.

If Midnight Sun does not incur the aggregate exploration expenditures of \$7,500,000, it will have earned no interest in the Keno-Lightning Property.

### 1.3 **Selected Annual Information**

The highlights of financial data for the Company three most recently completed years ends are as follows:

	<b>Year ended July 31, 2011</b>	<b>Year ended July 31, 2010</b>	Year ended July 31, 2009
(a) Net sales	Nil	Nil	Nil
(b) Loss before other items	<b>(1,459,004)</b>	<b>(108,561)</b>	(73,333)
(c) Net loss	<b>(1,363,620)</b>	<b>(47,561)</b>	(46,339)
(d) Loss per share – basic and diluted	<b>(0.06)</b>	<b>(0.01)</b>	0.00
(e) Total assets	<b>4,766,558</b>	<b>2,086,817</b>	2,023,781
(f) Total long-term liabilities	Nil	<b>122,000</b>	132,000
(g) Cash dividends declared per-share	Nil	Nil	Nil

### 1.4 **Results of Operations**

#### *Discussion of Acquisitions, Operations and Financial Condition*

The following should be read in conjunction with the financial statements of the Company and notes attached hereto.

#### 1.4.1 **Property Activity**

##### **Red Ridge**

On June 4, 2011 the Company entered into an option agreement (the "Agreement") to earn a 100% undivided interest in 30 mining claims in the Whitehorse Mining District, more commonly known as the Red Ridge Property (the "Property")

Pursuant to the Agreement, the Company can exercise the option by paying an aggregate of \$200,000 to the Optionors, issuing an aggregate of 400,000 common shares in the capital of the Company, and incurring an aggregate of \$690,000 of exploration expenditures as follows:

- i) pay \$15,000 upon signing the Agreement (paid);
- ii) issue 50,000 common shares 7 days after acceptance from the TSXV on June 22, 2011 (issued);
- iii) pay an additional \$25,000, issue 50,000 shares and incur exploration expenditures of \$30,000 by June 22, 2012;

- iv) pay an additional \$35,000, issue 100,000 shares and incur exploration expenditures of \$60,000 by June 22, 2013;
- v) pay an additional \$50,000, issue 200,000 shares and incur exploration expenditures of \$200,000 by June 22, 2014;
- vi) pay an additional \$75,000 and incur exploration expenditures of \$400,000 by June 22, 2015;

The Optionors are entitled to receive a 3% NSR, half of which can be purchased by the Company at any time for \$1,500,000.

Commencing on June 22, 2016, the Company will make advance royalty payments of \$20,000 per year, until the earlier of royalty payments being made following production or by June 22, 2021. The advance royalty payments will be offset against amounts later payable to the Optionors upon commencement of production.

#### Property Description and Location

The Red Ridge property is located approximately 40 km south of Whitehorse in the Wheaton River district of southern Yukon. The project comprises 29 two-post un-surveyed Yukon quartz claims covering approximately 530 hectares. Previous investigations have identified six precious- and base-metal mineralized zones on the property associated with a granodiorite intrusion and surrounding hornfelsed metasedimentary rocks.

#### Historical Exploration

Despite the recognition of mineralized veins on Red Ridge early in the 20th Century (Cairnes, D.D. 1912: Wheaton District, Yukon Territory G. S. C. Memoir 31), exploration on the property did not commence until the late 1970's, when Inco undertook an exploration program searching for porphyry copper-molybdenum mineralization. The discovery of the Mt Skukum gold deposit in 1981 spurred precious metal exploration in the region, and exploration for gold and silver commenced on the Red Ridge property in 1985.

Havilah Gold Mines and New Era Developments Limited undertook the only comprehensive exploration program on the property in 1988. The program, which comprised road building, trenching and diamond drilling, tested the known East and Saddle zones and lead to the discovery of the Don, Vance and Miller zones. Trenching returned best results of 1 m of 56.3 oz/ton Ag, 1.40 m of 30.0 oz/ton and 0.45 m of 46.4 oz/ton (TP1, East Zone) and 0.47 m of 44.30 oz/ton Ag (TP1, Don zone) (Henneberry, 1989, Yukon Assessment Report 092736, Interim assessment report, 1988-1989 Stage II exploration program on the Red Ridge property). Diamond drilling was hampered by poor recovery due to broken ground and did not effectively test the targets.

Prize Mining Corporation optioned the property in 2007 and conducted a program of grab and chip sampling on the property. This program returned best results of 8,662 g/t Ag (278.5 oz/t Ag), and 2.144% Cu from chip samples collected at the East zone, and 3,387 g/t Ag, 4.12 g/t Au and 63.70% Pb from a grab sample collected at the Saddle zone (Prize Mining Corporation News Release, November 29, 2007).

#### Geology and mineralization

The Red Ridge property is underlain by a Triassic-Jurassic volcano-sedimentary sequence comprising basal andesitic flows and breccias overlain by Lewes group andesitic flows and tuffs, siliciclastic sedimentary rocks and limestone, Laberge group siliciclastic sedimentary rocks and andesite and Tantalus formation chert pebble conglomerates. This sequence has been intruded by quartz monzonite, granite, granodiorite and diorite of the Cretaceous Coast Plutonic Complex, the eastern flank of which hosts the Red Ridge property. Tertiary Skukum group, which comprises felsic pyroclastic units, tuffs and flows, andesitic and breccias, dacite, basalt and volcanoclastic sedimentary rocks with associated hypabyssal rocks, unconformably overlies the older units. Quaternary Miles Canyon basalt is the youngest observed unit.

Precious metal mineralization is confined to steep to shallow dipping shear zones and quartz-carbonate veins associated with the hypabyssal rocks of the Skukum group and gossanous hornfels. Base metal mineralization appears to be related to a Cretaceous granite pluton.

Results

Table 1. Trench results from Havilah/New Era 1988 exploration program (Henneberry, 1989):

Trench	Location	Zone	Oz/ton Ag	Width (m)
TP1	+31.5 N	East	56.3	1
TP1	+34.5 N	East	30	1.4
TP1	+30.0 N	East	46.4	0.45
TP1	+10.5 N	Don	44.3	0.47

Table 2. Best results of Prize Mining Corporation's 2007 grab and chip sampling program zone (Prize Mining Corporation News Release, November 29, 2007)

Sample #	Zone	Description	Ag (g/t)	Cu (%)	Au (g/t)	Mo (%)	Pb (%)	Zn (%)
RR-1	MILLER SADDL	Grab	153	0.236	0.81		8.46	0.14
RR-5	E SADDL	15cm chip			1.91			
RR-6	E SADDL	50cm chip		0.027	5.07		0.51	0.96
WP293	E SADDL	20cm chip	155	0.029	3.25		1.39	0.23
WP295	E SADDL	Grab	3387	0.384	4.12		63.7	0.22
WP298	E	2m chip	77	0.032	0.64		0.33	0.46
RR-7	EAST	Grab	2681	0.526	0.17			
RR-8	EAST	1m chip	760	0.465	0.17		0.15	0.15
WP299	EAST	1m chip	6082	2.067	0.75		3.25	0.25
WP299B	EAST	1m chip	2160	0.249	0.19			
WP299C	EAST	20cm chip	8662	2.144	0.41		0.33	0.52
RR-3	DON	3m chip	158		1.09		0.46	0.52
RR-4	DON	Grab		0.302	0.13			
WP300	DON	20cm chip	45	0.348		0.109		
WP300B	DON	20cm chip	123	0.063		0.067		
WP300C	DON	20cm chip				0.068		
WP300D	DON	20cm chip		0.31		0.39		
WP300E	DON	20cm chip				0.45		
WP300F	DON	20cm chip				0.874		
RR-7	MOLY	Grab	71	0.311		0.08		
WP301	N Slope	20cm chip				0.19		

### **Keno-Lightning**

By agreement dated August 1, 2007, the Company entered into an option agreement to acquire a 100% interest (the "Option") from the owners (the "Optionors") of certain mining claims situated in the Mayo Mining District, Yukon, more commonly known as the Keno-Lightning Property ("Keno").

In order to maintain the Option in good standing and earn a 100% undivided interest in Keno-Lightning, the Company must pay \$100,000 and issue 700,000 common shares of the Company to the Optionor and incur \$300,000 in exploration expenditures as follows:

- i) pay to the Optionors \$10,000 upon signing the Agreement (paid);
- ii) pay to the Optionors a further \$15,000 on or before the date which is 15 days from listing the Company's shares on a stock exchange (paid);
- iii) pay to the Optionors \$15,000 within each of 12, 24, 36, 48 and 60 months from listing of the Company's shares on a stock exchange (\$45,000 paid);
- iv) issue to the Optionors 700,000 common shares of the Company on or before the date which is 15 days from listing of the Company's shares on a stock exchange (issued); and
- v) incur \$300,000 in exploration expenses on Keno on or before December 31, 2009 (incurred).

Keno-Lightning is subject to a 3% NSR to the Optionors. The Company has the option to purchase up to 2% of this royalty interest for \$300,000 for the first 1%, and \$1,200,000 for the second 1%.

Of the consideration, \$30,000 in cash payments (\$7,500 paid) and 210,000 of the shares (issued) will be paid to a director of the Company).

### **Property Description and Location**

The Keno-Lightning property is located approximately 55 km northwest of Mayo in central Yukon. The project comprises 329 two-post quartz claims covering approximately 6650 hectares in the historic Keno Hill silver district, which represents 35% of the available land in the camp. Keno-Lightning is adjacent to Alexco Resource Corp.'s Bellekeno mine, (Indicated resource of 11.9 million oz Ag at a grade of 920 g/t Ag, Alexco Resource Corp. Annual Financial Report, November 17, 2010) and hosts eight identified precious metal Minfile occurrences. Although staked for its silver mineralization, the Keno-Lightning property is located within the Tintina gold belt, a zone of gold deposits associated with Cretaceous Tombstone suite granitic intrusions. Significant deposits hosted within the Tintina gold belt include the nearby Eagle Gold (Indicated resource of 153.4 Mt at 0.65 g/t Au for 3.21 M oz Au, Cox et al., 2010) and Brewery Creek (Indicated resource of 3.9 Mt at 1.14 g/t Au for 145,000 oz Au, Diment and Simpson, 2009), in addition to numerous prospects including Gold Dome, Clear Creek and Red Mountain.

### **Historical Exploration**

Silver was discovered at Keno Hill district in 1919, and the first claims were staked on Keno-Lightning property that same year. Those claims covered seven Minfile occurrences; Nabob (Minfile No. 105M 006), Silver Basin (Minfile No. 105M 005), Duncan (Minfile No. 105M 003), Caribou (Minfile No. 105M 062), Avenue (Minfile No. 105M 053), Faith (Minfile No. 105M 002) and Homestake (Minfile No. 105M 011), with an eighth, Bema (Minfile No. 105M 073), discovered in 1966. The showings were discovered and staked in the late 1910's and early 1920's, and worked by hand (trenching, underground and open-cut mining) until about 1928. Four of the occurrences (Duncan, Caribou, Faith and Homestake) were hand mined in the 1920's; returning grades of up to 25,462 g/t Ag (Duncan) and 70% Pb (Caribou). Between the late 1940's and late 1980's most of the showings experienced some mechanized trenching, and minor soil geochemical surveying was conducted over the Faith, Avenue and Bema showings. In 2005, Mr. Matthias Bindig of Keno City staked 121 claims, which covered the original eight Minfile occurrences. Between 2005 and 2006 he completed minor prospecting and soil geochemical sampling programs, and undertook reclamation work on some of the

old workings. Additional claims were added to the property in 2007 and the project was optioned to Northex Ventures (now Monster Mining Corp.), who undertook a trenching and geophysics program on the Homestake prospect. In 2008 Monster Mining Corp. completed 1,765.7m of diamond drilling in 17 holes at Homestake and Caribou and 1510m of rotary air blast drilling (RAB) in 53 holes at Homestake, and excavated additional trenches at the Homestake, Caribou and Faith prospects.

Highlights of the 2008 drilling include 1.67 m at 239 g/t Ag including 0.32 m at 1036 g/t Ag (08CH005), 2.96 m of 71.8 g/t Ag (08CH006) and 3.9 m of 50.3 g/t Ag and 1.19 g/t Au (08HS009); The Aho claims were added to the claim group in 2009 and a program of soil geochemical sampling was conducted on the Homestake, Faith and Mt McFauld grids. In 2010 Monster Mining Corp. completed 18 diamond drill holes for a total of 2251.37 m on the Silver Basin and Homestake prospects. Drilling at Silver Basin targeted depth extensions of the No. 3 vein exposed in several historic open cuts, and the Nos. 1, 2, 5, and Main veins exposed in old open cuts, shafts, adits and trenches. At Homestake, drilling targeted high-grade gold and silver zones in the No. 2 and 2a veins, exposed in trenches and significantly mineralized intersections from the 2008 diamond drilling. Best results of this program included 1.98 m of 59 g/t Ag and 9.47 g/t Au (HS10-001) and 0.57 m of 359 g/t Ag and 4880 ppb Au (HS10-009). See website [www.monstermining.com](http://www.monstermining.com) for significant results from the 2008 RAB and 2008 and 2010 diamond drilling programs.

Placer gold has been mined continuously since 1902 on creeks which drain the property. Gold was first discovered on Duncan Creek in 1899 and exploration proceeded upstream into Lightning Creek and Thunder Gulch shortly thereafter. There are currently placer operations mining Lightning Creek and McNeil Gulch, the headwaters of which both drain Keno-Lightning claims.

#### Proposed Exploration and Development

A two-phase drill program is recommended by Jean Pautler, P. Geo. in the Company's 43-101 Technical Report dated March 29, 2011, which is filed on SEDAR.

The Phase I program comprises prospecting, airborne and surface geophysics, trenching and diamond drilling of other prospects outside of the main Homestake and Silver Basin areas. This program is estimated to cost \$ 1,555,950 and comprises:

- 1460 line kilometres of SkyTEM airborne geophysical surveys covering the entire Keno-Lightning claim group to identify blind conductors to a depth of 300 m.
- Program of mapping, prospecting and trenching to locate, identify and test targets generated by the airborne geophysical program.
- 4500 m of diamond drilling testing targets outside of the Homestake and Silver Basin.

A Phase II diamond drill program with an estimated budget of \$1,925,000 is recommended to follow up results from the Phase 1 program above, and previous significant drill and trench intersections on the Homestake. Phase 2 is contingent on positive results from Phase 1.

#### Exploration Activity

In its **news release dated June 15, 2011** the Company engaged the services of SkyTEM Surveys ApS to conduct a 1460 line kilometre time domain electromagnetic (TDEM) survey over Keno-Lightning. The helicopter-borne SkyTEM system is capable of producing high resolution, highly accurate data from surface to depths of up to 300 m and is well-suited to identifying steeply dipping to vertical conductors and resolving minor differences in lithological conductivity. The purposes of the survey are to identify blind sulphide veins and faults in order to generate exploration targets outside of the

known occurrences and assist in structural interpretations of the geology and mineralization on Keno-Lightning. Results of this survey are expected in late November 2011

In its *news release dated September 8, 2011* the Company announced results from trench sampling. Chip samples from trench CH08-01, excavated in 2008 but not previously mapped or sampled at Caribou Hill, one of the six known mineral occurrences identified on the property, returned best results of 3.3 m of 1.38 g/t Au, 2332 g/t Ag, 8.5 % Pb and 1.1 % Zn, 0.3 m of 1855 g/t Ag, 41.5 % Pb and 530 g/t Zn, 0.4 m of 0.62 g/t Au, 1026 g/t Ag, 2.75 % Pb and 6417 g/t Zn, and 0.7 m of 0.57 g/t Au, 982 g/t Ag, 9.33 % Pb and 1.35 % Zn. Further results from the Caribou Hill and Homestake trench sampling program are pending.

The Company contracted Caron Diamond Drilling of Whitehorse, Yukon and Lyncorp Drilling Services of Smithers, BC, to complete a 3000 m diamond drilling program at the Faith Gulch-Caribou Hill and Homestake prospects. At Faith Gulch-Caribou Hill, the drill program was designed to target down-dip and strike extensions of known mineralization, and possible intersections of the Caribou vein, Caribou Hill fault and two un-named north-east striking longitudinal veins in an area that returned anomalous gold and silver values in soils and a coincident high-grade grab sample that returned 4708 g/t Ag, 1.13 g/t Au, 34.1 % Pb and 5.73 % Zn. The Company utilized oriented NQ3 and HQ3 drill core to improve recovery, particularly in mineralized zones, and to better constrain structural parameters. Drilling at Homestake targeted the as yet untested Shaft and No. 1 veins, grab samples from which returned best results up to 3266 g/t Ag, 2.43 g/t Au, 41.8 % Pb and 9748 g/t Zn (Shaft Vein, sample No. 237601) and 4717 g/t Ag, 695 ppb Au, 26 % Pb and 8004 g/t Zn (No. 1 Vein, sample No. 54623). The program concluded in late September.

Field personnel have also commenced a program of mapping, trenching, prospecting and soil sampling at the Caribou Hill, Duncan and Homestake prospects. A 130-sample soil geochemical program conducted in July 2011 between Faith Gulch and Caribou Hill identified a 700 m x 800 m zone of coincident gold and arsenic anomalism over an area interpreted to be the intersection between the Caribou vein, Caribou fault and two north-east trending longitudinal veins. The anomalous zone is open to the east; the soil grid will be expanded during the current season to test for extensions of gold and arsenic anomalism.

In its *news release dated October 5, 2011*, the Company announced results from trench and soil geochemical sampling conducted at the Caribou Hill and Homestake prospects, two of eight identified mineral occurrences. Chip samples from trench CH08-01 at Caribou Hill, which was excavated in 2008 but never sampled, returned 2.0 m of 2953 g/t Ag, 1.01 g/t Au and 8.11 % Pb from an oxidized, gossanous breccia zone exposed within the trench. Previous results from this trench, reported in the *news release of September 8th*, returned best results, further results are pending.

The Company also received the results of a 37-sample soil geochemical program conducted at Faith Gulch and designed to extend a 700 m by 800 m zone of coincident Au-As anomalism identified by a survey conducted in July 2011 and discussed in the September 8, 2011 news release above. The new results expand the area of coincident Au-As anomalism by over 200 m to the south, and returned grades up to 10.1 g/t Ag over an area interpreted to cover the intersection of the Caribou vein, Caribou fault and two un-named north-east trending longitudinal veins. Intersections of veins and cross faults historically have provided the highest grades and most tonnage in the Keno Hill district, and the results of this program advance the Faith Gulch prospect as a drill target for 2012. Anomalism remains open to the south and east.

### **McKay Hill Project**

By agreement dated September 1, 2007 and amended November 21, 2010, the Company entered into an option agreement to acquire a 100% interest in 20 mining claims situated in the Mayo Mining District, Yukon ("McKay Hill").

In order to maintain the option in good standing and to acquire a 100% undivided interest in the McKay Hill property the Company must pay \$110,000, issue 300,000 common shares of the Company to the vendors and incur an aggregate of \$100,000 in exploration expenditures as follows:



- i) pay \$20,000 upon signing the Agreement (paid);
- ii) pay \$15,000 within 15 days from listing of the Company's shares on a stock exchange (paid);
- iii) pay \$15,000 within each of 12, 24, 36, 48 and 60 months from listing of the Company's shares on a stock exchange (\$45,000 paid);
- iv) issue 300,000 common shares 15 days from listing of the Company's shares on a stock exchange (issued); and
- v) incur \$100,000 in exploration expenses on McKay Hill before December 31, 2011 (incurred).

The property is subject to a 3% NSR to the vendors. The Company has the option to purchase up to 2% of this royalty interest for \$300,000 for the first 1%, and \$1,200,000 for the second 1%.

Of the consideration, \$44,000 in cash payments (\$14,000 paid) and 190,000 of the shares (issued) will be paid to a director of the Company.

In 2010, an additional 124 claims were staked by the Company at a cost of \$13,429.

#### Property Description and Location

The McKay Hill Ag-Pb-Zn±Au±Cu project is located on the south slopes of McKay and Horseshoe Hills within the Ogilvie Mountains in central Yukon. The property is located approximately 100 km by air north of Mayo in central Yukon. The project covers approximately 415 hectares and comprises 144 unsurveyed Yukon Quartz claim staked in tranches between 2007 and 2010.

The property covers the 106D 037 (White Hill) and 038 (McKay Hill) Yukon MinFile occurrences, which comprise precious- and base-metal rich quartz-sulfide veins. Much of the historic and recent exploration on the property has focused on the central claims area, and the majority of the project remains untested. McKay Hill is strategically located between several major prospects and deposits, including the Keno Hill silver district, Dublin Gulch's intrusion related gold system (IRGS) Eagle Zone and the recently discovered Rau and Nadaleen trends.

#### Historical Exploration

The central claims of the McKay Hill claim group, which cover the McKay Hill (106D 038) and White Hill (106D 037) MinFile occurrences, were staked between 1922 and 1925. The main showing area was evaluated by Consolidated Mining and Smelting Co. Ltd, the precursor company to Cominco, in 1925, which identified nine veins, primarily as lines of float, on the White Rock, Snowdrift, Carrie and Black Hawk claims. Consolidated Mining optioned the White Rock and Carrie claims along with five other claims in 1926 and carried out trenching on the No. 6 vein in 1927 and 1928. Trenching across the No. 6 vein in 1927 returned average grades of 182 g/t Ag, 29.0 % Pb and 4.9 % Zn across an average width of 1.7 m and was followed up in 1929 by 832 m of drilling on the same vein. Results were reportedly disappointing with only trace galena identified, although it is likely that the veins were not adequately tested as the drill mast had a limited dip range and several drill holes appear to have missed their targets due to fault offsets in the veins. Tetrahedrite showings in the area returned best results of 1302.8 g/t Ag, 4.58 % Pb, and 8.84 % Cu, and 2129.1 g/t Ag, 9.27 % Pb and 15.04 % Cu. East Bay Mining Ltd. shipped 143 tonnes of ore from the No. 6 vein with an average grade of 390.9 g/t Ag and 74.1 % Pb.

In July 2007 Mr. Matthias Bindig restaked the 106D 038 showing and surrounds as the Snoose 1-20 claims and optioned them to Monster. In both 2007 and 2008 Monster conducted prospecting programs to locate the veins, trenches and drill holes reported by Consolidated Mining between 1926 and 1929. Forty two rock samples were collected from outcrop and float during the course of these programs, the results of which verified grades reported by Consolidated Mining. Best results were obtained from the Snowdrift and No. 8 veins. A grab sample from the Snowdrift vein returned 15.6 g/t Au, 668 g/t Ag, 2.40 % Pb, 0.94 % Zn and 3.9 % Cu; a 1.5 m wide chip sample from the same vein returned 1.37 g/t Au, 57.2 g/t Ag, 1.51 % Pb, 4.70 % Zn and 0.63 % Cu. A grab sample from the No. 8 vein returned 16.8 g/t Au, 646 g/t Ag, 27.0% Pb, 0.14% Zn and 0.64% Cu. During the 2007 and 2008 programs, Monster successfully located 17 veins and confirmed

grades reported from these veins in the 1920's. Of these veins, 14 were sampled and 10 returned significant gold and silver analyses.

In 2009 Monster staked an additional 70 claims to cover known vein extensions and the White Hill showing (Minfile occurrence 106D 037), and conducted a YMIP-funded exploration program which successfully located and delineated the White Hill showing and highlighted a 450 m x 300 m zone of soil geochemical anomalism over the Snoose 5-8 and Snoose 16 claims. The property outside of the central claims area remains untested.

### Results

Significant results from the 2007 and 2008 prospecting programs may be found on the Company's website at [www.monstermining.com](http://www.monstermining.com).

Reports on the 2011 geophysical survey and structural mapping and prospecting programs conducted at McKay Hill are in progress. The Company expects to release the results of those reports by the end of November.

### Proposed Exploration and Development

A two-phase drill program is recommended by Jean Pautler, P. Geo. in the Company's 43-101 Technical Report dated March 1, 2011.

Based on the high grade precious and base metal mineralization on the McKay Hill Project, an initial exploration program with a \$100,000 budget is proposed to trace the known veins along strike and down dip, and explore for additional veins by utilizing detailed property wide mapping and prospecting, and VLF-electromagnetic geophysical and soil geochemical surveys. This should be followed by a 1,000m diamond drill program expected to cost \$350,000.

### Franklin Creek

Pursuant to a purchase agreement dated May 5, 2007, as amended on March 14, 2008 and December 1, 2010, between the Company and Dynamic Resources Corp. ("Dynamic") the Company acquired a 100% interest in three claim groups in the Yukon and Northwest Territories, more commonly known as the MAG Claim Group and the ALAN Claim Group, Northwest Territories and 16 claims known as the Franklin Creek Claim Group (Guy 1 – 16) located in the Whitehorse Mining District, Yukon Territory. Consideration paid was as follows:

- i) Payment of \$50,000 in cash (paid);
- ii) issuance of 100,000 common shares (issued); and

By Sale Agreement dated March 25, 2010, between the Company and O'Connor Lake Mines Ltd., ("O'Connor") the Company granted O'Connor an undivided 100% interest in the MAG Claim Group and the ALAN Claim Group, in consideration of O'Connor issuing to the Company 100,000 common shares (received and recorded at \$5,000).

In addition, for the acquisition of the MAG Claim Group, the Company is to receive:

- i) Payment of \$10,000 and 100,000 shares of O'Connor common stock to the Company within 15 business days of O'Connor's shares being listed on the Canadian National Stock Exchange ("CNSX") or the TSXV;
- ii) a further \$10,000 and 100,000 shares to be issued on the first anniversary of the listing date of O'Connor's shares on the CNSX or the TSXV; and
- iii) 1,000,000 shares of O'Connor upon completion of a bankable feasibility study.

In addition, for the acquisition of the ALAN Claim Group, the Company is to receive:

- i) Payment of \$10,000 and 100,000 shares of O'Connor common stock to the Company within 15 business days of O'Connor's shares being listed on the CNSX or the TSXV;
- ii) a further \$10,000 and 100,000 shares to be issued on the first anniversary of the listing date of O'Connor's shares on the CNSX or the TSXV; and
- iii) 1,000,000 shares of O'Connor upon completion of a Bankable Feasibility study.

Under the agreement O'Connor is required to maintain all claims in good standing and to pay to the Company a 2% NSR.

On September 27, 2010, the Company entered into an agreement with Strategic Metals Ltd. ("SMD") to sell the Franklin Creek Claim Group (Guy 1-16).

The Company has agreed to sell an undivided 100% interest in the claims to SMD in consideration of one half (50%) of any of the proceeds from any sale, option or disposition of all or any part of the claims, as well as from SMD's Hopper Claims (Hopper 1 – 168 and 170 mineral claims in the Whitehorse Mining District) and SMD's Gal claims (Gal 1 – 8 mineral claims, also in the Whitehorse Mining District) (the Company and SMD's combined claims collectively referred to as the "Property").

"Proceeds" from the Property include any and all cash payments, share issuances and royalty interests.

The parties agree that the title of the Guy claims will be held in trust by SMD. SMD is entitled to abandon at any time any or all of the claims by giving writing notification to the Company of its intention to do so. The Company will have 30 days to have title transferred back to it, or abandon the claims.

Subsequent to July 31, 2011 the Company received \$25,000 from SMD related to the Hopper claims.

#### Blanche

The Company acquired a 25% interest in the Blanche Claim in the Keno Hill area of the Yukon on August 1, 2007 pursuant to a third party property option agreement whereby the Company was granted the claims as they fell within an area of interest. By agreement dated January 17, 2010, the Company acquired another 50% interest in the Blanche Claim, in consideration of 100,000 shares of the Company.

#### 1.4.2 Results of Operations

The Company incurred a loss for the year ended July 31, 2011 of \$1,363,620 as compared to a loss for the comparative year ended July 31, 2010 of \$47,561 as follows:

<b>Years ended July 31</b>	<b>2011</b>	<b>2010</b>
Accounting and office administration	\$ 78,897	\$ 9,863
Amortization	16,539	1,950
Audit fees	41,120	15,000
Bank charges and interest	2,069	900
Consulting fees	204,485	25,428
Interest expense	733	13,795
Legal and corporate services	101,736	8,570
Transfer agent and filing fees	54,812	-
Management fees	40,000	-
Rent	39,642	9,009
Shareholder communications	162,926	24,046
Stock-based compensation	716,045	-
Unrealized (gain) loss on marketable securities	30,000	(51,000)
Foreign exchange loss	11	-
Interest (income)	(3,395)	-
Future income tax (recovery)	(122,000)	(10,000)
<b>Loss for the period</b>	<b>\$ 1,363,620</b>	<b>\$ 47,561</b>

The Company was in the process of completing its IPO during the year ended July 31, 2011 and commencement of full mining exploration and public company operations. As a result, the Company incurred many related expenditures including audit fees of \$41,120, legal and corporate services of \$101,736, consulting fees \$204,485 and transfer agent and filing fees of \$54,812. Other significant expenses were shareholder communications of \$162,926, management fees of \$40,000 and accounting and office administration of \$78,897 that reflect increased efforts to promote the Company and raise short and long term financing and ongoing corporate overhead expenses, respectively. In the prior period, the Company had no office and no traditional corporate presence as it was contracting exploration services and administration.

The most significant expense is the stock-based compensation expense in the year ended July 31, 2011 of \$716,045 related to options which vested in the year. The expense was calculated at fair value using the Black Scholes option pricing model.

In addition to the above, during the year ended July 31, 2011 the Company reported an unrealized loss on Uldaman Capital Corp. shares of \$30,000. The Company also renounced \$154,499 in exploration expenditures to flow-through shareholders. As a result of this renunciation, during the year ended July 31, 2011, the Company reported non-cash income tax recovery on the statement of operations in the amount of \$122,000.

#### *Investor Relations Activities*

During the year ended July 31, 2011, the Company retained Michael Baybak and Company Inc. ("MBC") to conduct media awareness and investor relations services for a one-year term at US\$8,000 per month. The Company has the right to cancel the agreement after the first six months of service or extend it beyond the initial term. Pursuant to the agreement, the Company has also granted a total of 350,000 incentive stock options, exercisable at \$0.40, to

principals of MBC, for a period of five years. The options were granted pursuant to the Company's Stock Option Plan and vest in accordance with the provisions therein and the policies of the TSX Venture Exchange.

*Financings, Principal Purposes & Milestones*

Pursuant to the IPO, the Company issued 5,000,000 units at a price of \$0.40 per unit for proceeds of \$2,000,000. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at \$0.65 per share for a period of 12 months expiring May 18, 2012, provided that should the Company's shares trade at or above \$0.75 per share for a period of 20 consecutive trading days, the Company may then accelerate the expiry date of the Warrants to not less than 60 days following notice being given of such acceleration. The agent for the offering received a cash commission of \$160,000, being 8% of the gross proceeds of the IPO, a corporate finance fee of \$25,000, warrants to acquire an aggregate of 500,000 shares, exercisable at \$0.65 per share for a period of 12 months expiring May 19, 2012 and \$26,000 for their expenses incurred.

In conjunction with the IPO, the Company granted to its directors, key employees and consultants 2,887,000 incentive stock options, each option allowing the holder to acquire an additional share of the Company at \$0.40 per share for a period of five years from the listing date of the Company shares on the Exchange.

In addition, prior to the IPO, during the year ended July 31, 2011, the Company:

- i) Completed three non-brokered private placements for proceeds of \$1,262,000 pursuant to the issuance of 5,048,000 common shares at \$0.25 per share;
- ii) Completed a non-brokered flow through private placement for proceeds of \$154,499 pursuant to the issuance of 561,815 common shares at \$0.275 per share; and
- iii) Issued 122,812 common shares at a price of \$0.25 pursuant to a debt settlement of \$30,703.

**1.5 Summary of Quarterly Results**

The following is a summary of the Company's financial results for the eight quarterly periods completed to date:

	<u>Q4</u> <u>31-Jul-11</u>	<u>Q3</u> <u>30-Apr-10</u>	<u>Q2</u> <u>31-Jan-11</u>	<u>Q1</u> <u>31-Oct-10</u>
Net Income (Loss):				
Total	\$ (902,109)	\$ (177,217)	\$ (160,604)	\$ (123,690)
Per share – basic and fully diluted income (loss)	\$ (0.03)	\$ (0.01)	\$ (0.01)	\$ (0.01)
	<u>Q4</u> <u>31-Jul-10</u>	<u>Q3</u> <u>30-Apr-10</u>	<u>Q2</u> <u>31-Jan-10</u>	<u>Q1</u> <u>31-Oct-09</u>
Net Income (Loss):				
Total	\$ (24,763)	\$ 22,611	\$ (12,492)	\$ (32,917)
Per share – basic and fully diluted income (loss)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

*Discussion*

For the discussion on the year ended July 31, 2011, please refer to Section 1.4 Results of Operations.

## 1.6 Liquidity

The amounts shown as mineral properties represent net costs to date and do not necessarily represent present or future values. The recoverability of amounts shown for mineral properties and the Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying claims, the ability of the Company to obtain necessary financing to complete their development and upon future profitable production or proceeds from the disposition thereof. These material uncertainties cast doubt on the Company's ability to continue as a going concern.

Management has estimated that the Company will have adequate funds from existing working capital to meet corporate, development, administrative and property obligations for the coming year. As at July 31, 2011, the Company had \$786,376 in cash and cash equivalents, working capital of \$911,965 and no long-term debt. However, the Company will require additional financing from time to time, and while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. (*see 1.4 – Financings, Principal Purpose and Milestones*)

## 1.7 Capital Resources

The only capital resource of the Company are the mineral properties, with historical costs of \$3,493,516 as at July 31, 2011. The Company is committed to further expenditures on the properties, as detailed in Section 1.4 Results of Operations.

## 1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed. The Company has optioned two of its mineral properties from a director of the Company.

## 1.9 Transactions with Related Parties

The Company incurred the following costs with companies controlled by directors of the Company and with companies controlled by significant shareholders:

	<b>July 31, 2011</b>	July 31, 2010
Accounting and office administration	\$ 45,000	\$ 2,500
Consulting fees	37,500	-
Interest	733	13,795
Shareholder communications	15,000	1,250
Management fees	40,000	-
Mineral properties – exploration costs	61,750	9,750
Mineral properties – acquisition cost	170,500	-
Rent	34,000	2,500
	<b>\$ 404,483</b>	<b>\$ 29,795</b>

Included in prepaid expenses at July 31, 2011 is \$5,000 (July 31, 2010: \$30,448) for advances to a company with a director in common.

Included in accounts payable and accrued liabilities at July 31, 2011 is \$3,267 Nil (July 31, 2010: \$39,631) due to companies controlled by directors for consulting, expenses reimbursement and management fees.

These transactions were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

#### **1.10 Fourth Quarter**

The fourth quarter ended July 31, 2011 results differ significantly from other quarters due to the completion of the IPO See Section 1.4 for discussion of variances.

#### **1.11 Proposed Transactions**

N/A

#### **1.12 Critical Accounting Estimates**

##### *Stock-Based Compensation*

The Company has a stock-based compensation plan, whereby stock options are granted in accordance with the policies of regulatory authorities. The fair value of all share purchase options granted is expensed over their vesting period using the graded vesting method with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

The Company uses the Black-Scholes option-pricing model to determine the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value.

#### **1.13 Significant Accounting Policies**

##### *Mineral Properties*

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on an annual basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry norms for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### *Asset Retirement Obligations*

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a obligation associated with the retirement of long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. The obligation is measured initially at fair value using present value methodology and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability will be adjusted for any changes in the amount or timing of the underlying future cash flows and increased by the amount of the implied interest ("accretion") inherent in the use of discounted present value methodology; adjustments to the liability will be charged against earnings as appropriate. Capitalized asset retirement costs are depreciated on the same basis as the related asset and are included in determining the results of operations.

It is possible that the Company's estimates of its ultimate asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required, and the means of reclamation or of cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

### *Impairment of Long-lived Assets*

Canadian GAAP requires that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at July 31, 2011 and 2010.

### *Capital Management*

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, with a view to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets, or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There was no changes in the Company's approach to capital management during the year ended July 31, 2011.

## **1.14 Financial and Other Instruments**

### a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of July 31, 2011. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.



- ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and cash equivalents, the balance of which at July 31, 2011 is \$786,376 (July 31, 2010: \$7,305). Cash and cash equivalents is held at a chartered Canadian financial institution. The Company is also exposed to credit risk relating to the \$165,256 (July 31, 2010: \$400,000) advanced for drilling and geological services, which management believes is not a significant risk.

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company achieves this by maintaining sufficient cash reserves. As at July 31, 2011, the Company was holding cash of \$786,376 (July 31, 2010: \$7,305). The Company's accounts payable and accrued liabilities are due in the short term.

d) Currency Risk

Currency risk is the risk that funds held in currencies other than the operating currency will fluctuate negatively, resulting in a foreign exchange loss. The Company holds all of its cash in Canadian dollars and does not have significant transactions denominated in foreign currencies. As such, the Company is not significantly exposed to currency risk.

### **1.15 International Financial Reporting Standards ("IFRS")**

Canadian publicly accountable enterprises will be required to adopt IFRS in replacement of Canadian generally accepted accounting principles ("GAAP") on January 1, 2011. This transition is effective, and will require the Company to present its financial statements under IFRS, starting with its fiscal quarter end on October 31, 2011, with restated comparative information for the comparative quarter ended October 31, 2010, also under IFRS and a comparative July 31, 2011 Balance sheet.

#### *Management of the IFRS Convergence Project*

We are evaluating our overall readiness to transition from Canadian GAAP to IFRS including the readiness of our staff, directors and auditors.

The IFRS convergence project consists of three primary phases:

- Phase 1: Initial Scoping and Impact Assessment Analysis: to identify areas that will be impacted by the transition to IFRS. This phase is currently in progress.
- Phase 2: Evaluation and Design: to identify changes required to existing accounting policies and information systems, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statements.
- Phase 3: Implementation and Review: to execute the changes to information systems and business processes. This will involve the collection of financial information necessary to compile IFRS compliant financial statements, including embedding IFRS principles in business processes, and audit committee review and approval of the financial statements.

### *IFRS 1 – First Time Adoption of International Financial Reporting Standards*

IFRS 1 sets forth guidance for the initial adoption of IFRS. Commencing for the period ending on October 31, 2011, being the first quarter of the fiscal year, we will restate our comparative fiscal 2011 financial statements for annual and interim periods to be consistent with IFRS. In addition, we will reconcile equity and net earnings from the then-previously reported fiscal 2011 Canadian GAAP amounts to the restated 2011 IFRS amounts. In general, IFRS 1 requires an entity to comply with each IFRS effective at the reporting date for the entity's first IFRS financial statements. This requires that an entity apply IFRS to its opening IFRS balance sheet as at August 1, 2010 (i.e. the balance sheet prepared at the beginning of the earliest comparative period presented in the entity's first IFRS financial statements). In the period leading up to the transition to IFRS, the Accounting Standards Board (the "AcSB") has issued accounting standards that are converged with IFRS such as IFRS 3, Business Combinations and IAS 2, Inventories, and IAS 38, Intangible assets, thus mitigating the impact of adopting IFRS at the mandatory transition date.

In preparation for the transition to IFRS, key members of the IFRS project team attended various seminars and information sessions and reviewed IFRS standards with a focus on identifying existing and emerging issues relating to the conversion to IFRS and ensuring their inclusion in the Company's preliminary conversion project scoping analysis. Based on those transition issues identified, the Company's IFRS project team has performed an evaluation of the impact of the adoption of IFRS on its financial statements, including the optional exemptions which may be elected by the Company under IFRS 1, the transitional standard addressing initial adoption of IFRS.

IFRS requires that first-time adopters to retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and certain optional exemptions to this general principle.

The Company has determined that the IFRS 1 optional exemptions which are likely to be elected by the Company at the time of transition to IFRS on August 1, 2010 are those related to: business combinations; share-based payment transactions; leases; investments in subsidiaries; compound financial instruments; and decommissioning liabilities included in the cost of property, plant and equipment. The IFRS 1 elections relating to insurance contracts and assets and liabilities of subsidiaries, associates and joint ventures will not likely apply to the Company as it does not hold any insurance contracts and the Company has no subsidiaries. In addition, IFRS 1 elections relating to fair value as deemed cost or cumulative translation differences are not expected to be applied. The Company is currently completing its review of the applicability of remaining IFRS 1 elections and will continue to review the impacts of amendments to IFRS standards regarding its present position relating to the above elections prior to the adoption of IFRS on August 1, 2011.

In addition to the identification of IFRS 1 elections, the Company has identified potential transition differences existing between Canadian GAAP and IFRS standards at the date of this prospectus.

### **Financial Instruments**

For IFRS, the measurement and allocation of fair values between the debt and equity components of compound financial instruments issued by the Company is performed differently from the pro-rata method applied under Canadian GAAP. Although the Company's election under IFRS relating to compound financial instruments is expected to eliminate transition variances relating to those debt instruments fully repaid prior to the August 1, 2010 transition date, outstanding debt instruments and compound instruments denominated in foreign currencies, if applicable, will require retrospective restatement at the time of transition to IFRS on August 1, 2010. However, recent and proposed amendments to IFRS standards relating to financial instruments may materially impact the adjustments required. Therefore, the Company's determination of the reported value of the transition adjustments will be subject to its review of these amendments to IFRS standards. Regardless of the outcome of these proposed amendments, however, the Company did not have any outstanding debt instruments or compound instruments at August 1, 2010 and so it is anticipated that there will be no effect on the Company's financial statements.

### Share-Based Payment Transactions

The Company issues stock-based awards in the form of stock options that vest when granted except where granted for investor relations activities, which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months. Under Canadian GAAP, the Company has elected to recognize the fair value of each tranche of the award, determined at the time of the grant, and reports a compensation expense separately over the term of its respective vesting period. The treatment of share-based payment transactions under IFRS 2, Share-Based Payments, is the same, except that the Company will also be required to include, in its fair value calculations, a time to expiry factor. Accordingly, there will be minimal difference to the expense recognized under IFRS as compared to Canadian GAAP. The adoption of IFRS 2 is not expected to have a material impact on the financial results or balance sheet of the Company.

### Other accounting policies

The Company continues to evaluate the impact of IFRS adoption on other areas, such as the accounting for income taxes and decommissioning liabilities (asset retirement obligations), which may result in significant differences from current Canadian GAAP accounting policies.

## 1.16 Other

### 1.16.1 Disclosure of Outstanding Share Capital as at November 18, 2011:

	Number	Book Value
Common Shares	28,925,847	5,287,368

Pursuant to TSXV policy guidelines, at July 31, 2011, 10,455,193 common shares were held in escrow and will be released in 6 instalments, each 6 months, until May 19, 2014.

In conjunction with the IPO completed during the year ended July 31, 2011, the Company issued 2,500,000 warrants exercisable at \$0.65 per share until May 18, 2012 and 500,000 agents' warrants exercisable at \$0.65 per share until May 19, 2012. In addition the Company granted to its directors, key employees and consultant an aggregate of 2,887,000 share purchase options, each option allowing the holder to acquire an additional share of the Company at \$0.40 per share for a period of five years from the listing date of the Company shares on the Exchange. The Company has also granted a total of 350,000 incentive stock options, exercisable at \$0.40, to principals of MBC, for a period of five years, subject to any required vesting provisions.