Adex Mining Inc.
Management`s Discussion and Analysis
June 30, 2012

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Discussion dated August 2, 2012

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Adex Mining Inc. ("Adex" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six month periods ended June 30, 2012. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion, dated August 2, 2012, should be read in conjunction with the Company`s condensed consolidated interim consolidated financial statements as at and for the three and six month periods ended June 30, 2012 together with the notes thereto, and the Company's audited annual consolidated financial statements for the year ended December 31, 2011, and the related MD&A. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34.

The Company trades on the TSX Venture Exchange under the symbol "ADE". Further information about the Company and its operations can be obtained from the offices of the Company, the Company website, www.adexmining.com, or from www.sedar.com.

OVERVIEW OF THE BUSINESS AND OVERALL PERFORMANCE

The Company holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the "Property" or "Mount Pleasant"). Within the mineral rights area, the Company owns approximately 405 hectares of land, plus the buildings, machinery, equipment and tailings impoundment facility which comprise the dormant Mount Pleasant mine. Also within the mineral rights area there are two distinct poly-metallic mineral deposits, the Fire Tower Zone ("FTZ") and the North Zone ("NZ"). The principal metals include tungsten and molybdenum in the FTZ and tin, indium and zinc in the NZ.

The fundamental philosophy of the Company is to maximize shareholder value by seeking the highest value for its mineral and metal products. To this extent, the Company is evaluating the capability to create products beyond the traditional mineral concentrates and may progress to sell higher valued products such as ammonium paratungstate, tin metal, indium metal and zinc metal.

The Property was previously owned by Billiton Exploration Canada Limited which started production of tungsten concentrate from the FTZ in 1983, but ceased operations in 1985 when the rapidly decreasing price of tungsten metal made it uneconomic-to continue. Approximately one million tonnes of tungsten ore was mined and processed during this short period of operations. The price of tungsten had not recovered by 1988 and as a result the FTZ mine workings were allowed to flood and the facilities placed on care and maintenance. The Company has owned the Property since 1995. During the period from 1995 to 1997 the Company embarked on various development activities, including the preparation of a feasibility study on the NZ. During the period from 1998 to 2006, the Company kept its claims to the Property in good standing, but activities on the property were limited.

The Fire Tower Zone

In December 2008, Company completed and filed an updated NI 43-101 compliant technical report (the "FTZ Technical Report") entitled "A Technical Review of the Mount Pleasant Property, Including an Updated Mineral Resource Estimate on the Fire Tower Zone, Southwestern New Brunswick for Adex Mining Inc." dated December 1, 2008. The FTZ Technical Report was prepared by Paul Dunbar, M.Sc., P.Geo. Senior Associate Geologist of Watts, Griffis and McOuat Limited ("WGM"), Dorota A. El-Rassi, M.Sc., P.Eng., Geological Engineer of SRK Consulting ('SRK") and John S. Rogers, P.Eng., of Aker Metals, a division of Aker Solutions Canada Inc.**,** all under the supervision of Trevor Boyd, P.Geo., the Company's Geological Consultant and a qualified person as defined by NI 43-101, who also supervised the preparation of the technical information contained in this MD&A in compliance with NI 43-101. The FTZ Technical Report (available on www.sedar.com) provides a resource estimate for the Property's tungsten – molybdenum bearing FTZ, the details of which are as follows:

FIRE TOWER ZONE - MINERAL RESOURCE ESTIMATE, MOUNT PLEASANT MINE PROPERTY

Area	Tonnes	% WO_3 (tungsten)	% MoS_2 (molybdenum)	%As (arsenic)	%Bi (bismuth)
Indicated					
Fire Tower West	9,148,900	0.32	0.21	0.29	0.04
Fire Tower North	4,340,100	0.35	0.20	1.15	0.09
Total Indicated	13,489,000	0.33	0.21	0.57	0.06
Inferred					
Fire Tower West	831,000	0.26	0.20	0.21	0.04
Fire Tower North	10,700	0.26	0.17	0.26	0.05
Total Inferred	841,700	0.26	0.20	0.21	0.04

The FTZ resource estimate was based on a cut-off grade of 0.3% WO_3 equivalent, equal to % WO_3 + 1.5 x % MoS_2. The 0.3% WO_3 equivalent cut-off grade was based on a value of the mineralized material of US$30/tonne at a tungsten price of US$100/MTU (US$10.0/kg WO_3), a mine life of ten or more years, and the previous ten-year price relationship between W and Mo. In consultation with SRK Consulting and WGM and based upon these metal prices, the Company has agreed that 0.3% WO_3 equivalent is the minimum acceptable cut-off grade for the FTZ.

The Company engaged Aker Solutions Canada Inc., part of Aker Solutions ASA, to conduct a scoping study on the FTZ. An important initial step in assessing the economic potential of the FTZ's tungsten-molybdenum mineralization, the scoping study was commenced on June 30, 2008 and completed in December 2008.

The scoping study generated capital and operating cost estimates for the FTZ. In support of these cost estimates, the study included a mining equipment list and capital cost estimate, proposed tailings management systems and projected additional site infrastructure needs, as well as a number of other deliverables. The FTZ scoping study reached its conclusions on the basis of the “indicated” resource estimates for the FTZ.

The results of the FTZ scoping study indicate an unlevered pre-tax internal rate of return of 27.1% and a pre-tax net present value of $164 million. The FTZ scoping study also indicates that the tungsten-molybdenum FTZ can be brought into production at a capital cost of $130 million, and that the FTZ is capable of generating $1.160 billion in revenue over a 13 year life of mine. A summary of the results of the FTZ scoping study is attached as an appendix to the FTZ Technical Report.

The results of the FTZ scoping study may be impacted by changes in metal prices.. In addition, mineral resources that are not mineral reserves do not have demonstrated economic viability.

North Zone

In April 2012, the Company completed and filed an updated NI 43-101-compliant technical report (the “NZ Technical Report”) entitled “Technical Report Mount Pleasant Property, Including an Updated Mineral Resource Estimate (the “Mineral Resource Estimate”) on the NZ, Southwestern New Brunswick for Adex Mining Inc.” dated March 19, 2012. The NZ Technical Report was prepared by Steven McCutcheon, Ph.D., P.Geo., McCutcheon Geo-Consulting, John Reddick, M.Sc., P.Geo., Reddick Consulting Inc., Watts, Griffis and McOuat Limited (“WGM”) Senior Associate Geologist ,J. Dean Thibault, P.Eng., Thibault & Associates Inc. And Michael Kociumbas, P.Geo., Senior Geologist and Vice-President WGM. The NZ Technical Report (available on www.sedar.com) provides a resource estimate for the Property’s tin – indium – zinc bearing NZ, details of which are as follows:

2012 MINERAL RESOURCES
NORTH ZONE, MOUNT PLEASANT PROPERTY

Mineral Resource Class	Tonnage (Millions of tonnes)	Cut Sn Grade (%)	Cut Zn Grade (%)	Cut In Grade (ppm)
Indicated	12.4	0.38	0.86	63.5
Inferred	2.8	0.30	1.13	69.8

1. Resources were estimated using composites within a Block Model with block dimensions of 5x5x5 m and using an inverse distance squared grade interpolation method. Top cuts were applied to Sn, Zn and In assays before compositing. A cutoff of US$75 Gross Metal Value ("GMV") was applied and a recovery of 100% is assumed;
2. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues;
3. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category; and
4. The mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council November 27, 2010.

CONTAINED METAL, NORTH ZONE, MOUNT PLEASANT PROPERTY (CAPPED*)

Mineral Resource Class	Contained Sn (kg)	Contained Zn (kg)	Contained In (kg)
Indicated	47,000,000	107,000,000	789,000
Inferred	8,600,000	32,000,000	198,000

1. Top cuts of 3% Sn and 4% Sn were applied to Sn assays before compositing; top cuts of 5% Zn and 8% Zn were applied to Zn assays before compositing and top cuts of 500 ppm In and 600 ppm In were applied to In assays before compositing. The top cuts applied varied according to the domain. A cutoff of US$75 GMV was applied and a recovery of 100% is assumed; and
2. Figures may not total due to rounding.

On January 25, 2010, the Company reported the results of a Preliminary Economic Assessment (the "PA"). The PA identified zones contained within the above mentioned Mineral Resource Estimate that were used to establish the first 10 years of mine life. The resources outlined are as follows:

	Tonnes	%Sn	g/t In	% Zn	%Cu
Indicated	1,894,000	0.76	212	1.93	0.24
Inferred	1,000,000	0.74	154	1.82	0.22
Total	2,894,000				

The PA indicates that there are two potentially viable production options for the NZ, including the production of tin concentrate, indium sponge and zinc metal, and the production of tin concentrate and zinc-indium concentrate. Based on a 10-year projected life on the resources identified above in the NZ and a production rate of 850 tonnes per day ("tpd"), the PA shows pre-tax internal rates of return ("IRR") for the tin concentrate, indium sponge and zinc metal production ("Option B") and the tin concentrate and zinc-indium concentrate production option of 28.87% and 23.49% ("Option A"), respectively. The PA also indicates an after-tax NPV and IRR for the Option B of $47.2 million and 22.55%, respectively, and an after-tax NPV and IRR for Option A of $18.1 million and 18.0%, respectively as highlighted in the following table.

North Zone Processing Options – Preliminary Assessment – January 10, 2010

Processing option	Option B Production of tin concentrate, indium sponge and zinc metal	Option A Production of tin concentrate and zinc-indium concentrate
Estimated mine life	10 years	10 years
Production rate	850 tpd	850 tpd
Pre-production capital	$71.1 million	$41.1 million
Internal rate of return	28.87%	23.49%
Net present value	$79.9 million	$32.7 million
After-tax internal rate of return	22.5%	18.0%
After-tax net present value	$47.2 million	$18.1 million

During the fourth quarter of 2009 the Company successfully completed bench scale testing for the production of high purity zinc metal and indium sponge. The bench scale process development work completed in 2009 indicated that this unique hydrometallurgical process technology is capable of producing indium in excess of 88% purity.

During 2010 and early 2011 the Company completed a mini-pilot program to advance the development of its hydromet process. This work resulted in the production of indium sponge metal grading 96.25% indium and zinc metal grading 98.89% zinc. Feed for this successful mini-pilot run originated from zinc/indium concentrate from previous testwork on the NZ.

The hydromet process, developed for Adex by Thibault & Associates Inc. of Fredericton involves leaching a base metal sulphide concentrate containing approximately 4,500 ppm indium and recovering the indium and zinc through a series of solvent extraction and solution purification processes. Adex is considering patent applications with respect to certain aspects of this hydromet process technology. Potential indium production at Mount Pleasant is about 40 tonnes per year ("tpy") based on daily processing rate of 850 tonnes. Under the Option B production model there is also potential to produce about 4,000 tonnes of zinc metal and 3,200 tonnes of tin concentrate per year from the NZ.

Adex engaged SGS Lakefield to perform bench scale, locked cycle testing and pilot plant testing to produce tin concentrate and zinc-indium concentrates. The zinc-indium concentrate could potentially feed the hydromet process. The test program has completed extensive bench testing and a pilot plant run of approximately 60 tonnes of mineralized NZ material over a 120 hour period, and the results were reported by the Company on March 7, 2011. A zinc/indium concentrate grading 48.2% zinc and assaying 5,310 parts per million ("PPM") indium with 95.6% zinc and 91.7% indium recovery was produced in locked cycle test work ("LCT") completed in February and March, 2011. Final test work in the tin concentrate process is pending.

In late 2010, the Company completed a diamond drill program with the aim of upgrading the NZ NI 43-101 compliant "inferred" resources to "indicated" category. The drill program was also aimed at expanding high grade portions of the sub-zones identified above the 250 meter depth level. The program also obtained roof pillar geotechnical information in support of the planned definitive feasibility study ("DFS") for commercial development of the North Zone. In total, 3,734 metres of drilling was completed in 26 holes. An updated NI 43-101 resource estimate is pending.

Despite the definition drilling purpose of the program, exciting new exploration results were generated. Hole AM-10-10, drilled in an underexplored part of the North Zone, intersected four metres of 4.67% tin ("Sn"), 14.5% zinc ("Zn"), 980 g/t indium ("In") and 0.56% copper ("Cu") beneath a historical hole which in the 1970s had intersected 41 metres of 4.08% Zn and 0.10% Sn. No indium analyses had been completed on core from the historical hole. The intersection suggests the discovery of a new-high grade sub-zone open both laterally and at depth.

During the first quarter of 2010, the Company completed a Tailings Leachability and Wastewater Treatability

Study involving a concept for the treatment of future tailings and wastewater from both metallurgical and hydrometallurgical operations as defined by the PA. The study defines a water and tailings management concept for the NZ based on sub-aerial disposal of tailings, multi-stage wastewater treatment and reclaim of water from the tailings polishing pond. Results of the test program indicate that the overall management concept is technically viable.

The PA and the economic analyses contained therein are preliminary in nature and contain some "Inferred" mineral resources that are considered too speculative geologically to support the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PA will be realized with more detailed work. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Pending Environmental Protocols

The Company maintains reclamation bonds consisting of Province of New Brunswick, 8.5% bonds maturing June 28, 2013. The bonds are pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine shafts. The bonds are held for the benefit of the Company, and interest is paid bi-annually, as long as the Company continues to treat the acid water run-off appropriately. Interest is held on deposit by, and is disbursed at the discretion of the Ministry of Finance of the Province of New Brunswick. Upon maturity of the bonds at June 28, 2013 the funds will be redeployed as per the then current requirements of the Department of Environment.

The Company's Mount Pleasant property is governed by an Approval to Operate, which was granted by the New Brunswick Ministry of Environment in November 2007 and is valid until September 2012. Under the terms of the Approval to Operate, the Company has been granted permission by the Ministry of Environment to operate the Property, Tailings Impoundment Facility and Mine Water Treatment Plant on a "Care and Maintenance" basis. However, the Company is required to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and the Company provides the Ministry of Environment with monthly water quality monitoring reports and the results of its monthly water sampling and testing. Application has been completed, and approved by the Ministry of Environment, to renew the Approval to Operate for the period October 2012 to September 2017

Under the Approval to Operate, the Company is permitted to carry out exploration activities and metallurgical test work on its Mount Pleasant property. Consequently, the current security posted with the Province of New Brunswick is sufficient for the Company to continue exploration activities and metallurgical test work at the Property. However, the Company may face a review of its posted security by the Ministry of Environment when the Company advances to feasibility studies on its mineral deposits or commences the dewatering of its past-producing underground tungsten mine located on the Mount Pleasant property. Dewatering activities may also trigger a provincial Environmental Impact Assessment ("EIA") and may require the Company to upgrade its current Mine Water Treatment Plant. The Company will, therefore, enter into direct consultations with the provincial Ministry of Environment prior to initiating feasibility or dewatering activities, in order to ascertain any changes that may be required with respect to the existing security, or any obligations that may arise under a EIA.

Financing Transaction

On October 19, 2010 the Company completed a private placement (the "Private Placement") transaction with Great Harvest Canadian Investment Company Limited ("Great Harvest") (see "note 8 - Shareholders Equity" of the June 30, 2012 notes to the financial statements) of 40,000,000 units (the "Units") at a price of $0.12 per unit, with each Unit consisting of one common share of Adex and one common share purchase warrant (a "Series A Warrant"), raising gross proceeds of $4.8 million. Each Series A Warrant entitles the holder thereof to acquire one common share at a price of $0.18 at any time prior to the earlier of (i) October 19, 2011, and (ii) the 30th day following the delivery of a DFS on either or both of the North Zone or the Fire Tower Zone of the Property.

Other transactions contemplated in the Private Placement agreement with Great Harvest include requiring Great Harvest, subject to (i) the results of the DFS being satisfactory to Great Harvest and (ii) the then capital requirements of the Company as determined at the relevant time by the board of directors of the Company, to provide or arrange for the provision to the Company of loan facilities (the "Facilities") in an aggregate amount of up to $50,000,000 to be used for the commercial development of the Property, on such terms and conditions as may be agreed upon between the Company and the relevant financier(s). If an aggregate minimum of $10 million of the Facilities are made available to be drawn down by the Company within 180 days of the delivery to Great Harvest of the report of the results of the Feasibility Study, Great Harvest will have the right (the "Share Purchase Right") to purchase, within 40 days of the Facilities being available to be drawn down by the Company, 1.2 common shares for each dollar of the facilities made available to be drawn down by the Company within one year of the completion of the Feasibility Study. The exercise price per common share pursuant to the Share Purchase Right will be equal to the volume weighted average trading price of the common shares on the TSX Venture Exchange (the "TSXV") for the five trading days ending the day immediately prior to the Facilities being available to be drawn down by the Company less the maximum discount therefrom permitted by the TSXV. The maximum number of common shares issuable pursuant to the Share Purchase Right is 60,000,000. The issuance of common shares pursuant to the exercise of the Share Purchase Right will be subject to further approval of the TSXV to be obtained following the Share Purchase Right becoming exercisable.

In connection with the above Private Placement, the agent to the transaction, was (i) paid a cash finder's fee of seven percent of the gross proceeds, (ii) issued by the Company as an additional finder's fee 2,800,000 Series A Warrants (seven percent of the Series A Warrants comprising part of the Private Placement), and (iii) issued by the Company as an additional finder's fee 2,800,000 common share purchase warrants ("Series B Warrants") (seven percent of the number of Series A Warrants comprising part of the Private Placement). Each Series B Warrant entitled the holder to acquire one common share at an exercise price of $0.20 per common share until October 19, 2011, provided that (i) the Series B Warrants only became exercisable when Series A Warrants were actually exercised, and (ii) the Series B Warrants were only exercisable at any time to the extent of the number of Series B Warrants as was equal to 7% of the number of Series A Warrants comprising part of the Units which have been exercised at such time. These warrants expired unexercised on October 19, 2011. In addition, the agent is entitled (i) to be paid by the Company a retainer of $144,000 payable in 12 equal monthly installments of $12,000, the first of which was paid on the closing of the Private Placement, (ii) to be paid an additional cash finder's fee equal to 7% of the gross proceeds realized by the Company on the exercise, if any, of the Series A Warrants comprising part of the Units issued pursuant to the Private Placement (a maximum of $504,000), and (iii) to be paid by the Company an additional cash finder's fee equal to 1.5% of the principal amount of each loan made available by Great Harvest or a third party financier arranged for by Great Harvest to be drawn down by the Company, to a maximum of $750,000.
Assuming the completion of all of the transactions contemplated by the Agreement, the total capital provided to Adex as a result of such transactions is expected to be in excess of $65 million (dependent on the trading price of the Common Shares at the time of the exercise of the Share Purchase Right). With this capital, the Company will be well positioned to commercially develop the Property, which includes two potentially economic mineral deposits, FTZ and the NZ.

On May 17, 2011, 40,000,000 Series A Warrants were exercised at an exercise price of $0.18 per common share, providing gross proceeds of $7,200,000.

OUTLOOK

Adex has commenced a flow sheet definition study and a mine dewatering plan as part of a definitive feasibility study ("DFS") on the company's Mount Pleasant Mine property. Thibault & Associates Inc. of Fredericton, New Brunswick has been engaged to conduct the studies. The Mount Pleasant DFS will help Adex prepare for a potential production decision by early 2013 and full production within 2 years thereafter.

RESULTS OF OPERATIONS

The Company's net loss for the three month period ended June 30, 2012 was $531,567 or ($0.00) per share (loss of $1,118,341 or ($0.01) per share for the three month period ended June 30, 2011). The principal components of net loss during the three month period ended June 30, 2012 were administrative and general expenses of $425,278 ($1,004,377 for the three month period ended June 30, 2011), mineral property expenses of $74,953 ($110,557 for the three month period ended June 30, 2011) and stock based compensation of $33,185 ($8,729 for the three month period ended June 30, 2011).

The Company's net loss for the six month period ended June 30, 2012 was $1,010,875 or ($0.01) per share (loss of $1,530,250 or ($0.01) per share for the six month period ended June 30, 2011). The principal components of net loss during the six month period ended June 30, 2012 were administrative and general expenses of $763,145 ($1,264,088 for the six month period ended June 30, 2011), mineral property expenses of $179,188 ($224,339 for the six month period ended June 30, 2011) and stock based compensation of $80,719 ($49,945 for the six month period ended June 30, 2011).

Interest earned on funds on deposit for the six month period ended June 30, 2012 was $12,961 ($8,458 for the six month period ended June 30, 2011) and is comprised of interest earned on the Company's cashable GIC.

ADMINISTRATIVE AND GENERAL EXPENSES

The change in administrative and general expenses for the six month period ended June 30, 2012 as compared to the six month period ended June 30, 2011 is mainly due to a one time retirement allowance charge in 2011. Excepting this one time charge in the previous six months ending June 30, 2011, the additional variances are substantially due to a an increase in professional fees and board compensation and a decrease in business development expenses.

The following table illustrates spending activity related to administrative and general expenses for the three and six month periods ended June 30, 2012:

	For the three months ended June 30		**For the six months ended June 30**	
	2012	2011	**2012**	2011
	$	$	**$**	$
Wages, benefits and consulting	**165,466**	117,075	**305,125**	183,360
Professional fees (legal & audit)	**93,448**	118,640	**150,130**	145,905
Directors fees	**52,725**	37,500	**94,250**	75,000
Shareholder communications & promotion	**43,488**	72,458	**74,800**	110,412
Travel	**34,276**	45,110	**66,559**	60,310
Office rent	**12,950**	12,951	**25,047**	24,152
Regulatory and filing fees	**7,616**	17,151	**15,698**	26,304
Insurance	**6,994**	7,300	**13,987**	14,599
Office costs	**5,265**	15,192	**12,949**	27,046
Business development	**3,050**	36,000	**4,600**	72,000
Retirement allowance	**-**	525,000	**-**	525,000
	425,278	1,004,377	**763,145**	1,264,088

MINERAL PROPERTY EXPENDITURES

Deferred expenditures added to the carrying value of mineral properties relates to the metallurgical studies and production process development as described in *Overview of the business and overall performance* above.

There has been no change to the general nature of mineral property expenses between the three and six month periods ended June 30, 2012 and June 30, 2011. Expenses incurred during these periods were primarily related to care and maintenance activities required to ensure environmental compliance, safety and security at the Property. There has not been any major change in environmental compliance activity, however the related expense increase reflects the timing of purchase and utilization of water quality treatment supplies.

The following table illustrates spending activity related to the capitalized costs and period expenses for the Company's Mt. Pleasant mine site for the three month period ended June 30, 2012:

	For the three month period ended June 30		**For the six month period ended June 30**	
	2012	2011	**2012**	2011
	$	$	**$**	$
Technical reports	**77,757**	-	**237,571**	-
Wastewater treatment studies	**38,575**	-	**175,151**	-
Drilling, exploration and reporting	**4,200**	18,251	**58,952**	127,327
Process development	**-**	189,318	**34,363**	491,638
Metallurgical studies	**-**	37,234	**-**	53,378
Tailings impoundment facility	**14,237**	-	**18,373**	-
NRC-IRAP funding	**-**	-	**-**	(20,754)
Additions to mineral properties	**134,769**	244,802	**524,410**	651,589
Wages	**33,320**	56,232	**66,390**	92,604
Utilities	**7,226**	9,212	**35,696**	37,074
Environmental compliance	**17,427**	14,496	**35,534**	36,629
Maintenance	**12,356**	21,941	**28,166**	47,534
Depreciation	**13,426**	16,322	**25,758**	32,644
Other	**4,621**	5,447	**10,715**	1,739
Property taxes	**5,597**	5,529	**11,194**	11,058
Travel, meals & entertainment	**898**	487	**3,415**	3,271
Consulting	**325**	-	**1,790**	-
Rental income	**(6,000)**	(6,000)	**(12,000)**	(12,000)
Interest income	**(14,243)**	(13,107)	**(27,470)**	(26,214)
Mineral property expenses	**74,953**	110,557	**179,188**	224,339
Total mineral property expenditures	**209,722**	355,359	**703,598**	875,928

The Company has received funding by The National Research Council of Canada – Industrial Research Assistance Program ("NRC-IRAP") related to its zinc-indium hydrometallurgical flow sheet pilot program (funding to a maximum of $248,000) and tin metal added value flow sheet (funding to a maximum of $39,500). As of December 31, 2011, the Company has completed both of these projects and all funding has been received.

SUMMARY OF QUARTERLY RESULTS

A summary of the eight most recent quarters is as follows:

	June 30 2012 $	March 31 2012 $	December 31 2011 $	September 30 2011 $
Net loss for the period	531,567	479,308	658,161	588,175
Net loss per share (basic and diluted)	0.00	0.00	0.00	0.00

	June 30 2011 $	March 31 2011 $	December 31 2010 $	September 30 2010 $
Net loss for the period	1,118,341	411,908	638,971	312,290
Net loss per share (basic and diluted)	0.01	0.00	0.00	0.00

The Company does not consider the effects of seasonality to be significant. The primary drivers for large variations in quarterly results are:

- The net loss for the three months ended June 30, 2011 was effected by increased expenditures related to administrative management re-organization and business development .
- The net loss for the three months ended December 31, 2010 was effected by increased expenditures related to marketing and business development .
- The net loss for the each of the six periods ended September 30, 2010 March 31, 2011, September 30, 2011, December 31, 2011, March 31, 2012, and June 30, 2012 reflect administrative and marketing activities as well as care and maintenance costs related to the Property.

LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

As at June 30, 2012, the Company had net working capital of $3,473,814 ($4,943,693 as at December 31, 2011). The Company currently has sufficient financial resources to complete its current committed development programs which includes the DFS, as well as the development of a water treatment strategy to facilitate the de-watering of the existing mine works. The Company will require the additional financings to ensure the completion of budgeted mine permitting and construction to complete full mine development.

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or related party loans to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company's ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing, however, there is no assurance of the success or sufficiency of these initiatives. If the Company is unsuccessful in raising necessary capital it would consider the sale of assets or projects to continue as a going concern.

FINANCIAL INSTRUMENTS

The carrying amount of financial instruments approximates fair value unless otherwise noted. The Company's financial assets include the cash and cash equivalents, reclamation bond and interest receivable on the reclamation bond. As this bond and interest accrued are on deposit with the province of New Brunswick, the Company does not consider these assets to be subject to significant credit risk. The Company endeavors to mitigate credit risk by holding its cash and cash equivalents with major commercial banks with strong credit ratings.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at June 30, 2012, the Company had 177,211,441 common shares issued and outstanding. The Company also had 7,390,000 common share stock options issued and outstanding pursuant to its stock option plan. Each of the outstanding common share stock options are exercisable to purchase one common share.

The number of common shares outstanding on a fully-diluted basis as at June 30, 2012 is 184,601,441.

On August 2, 2012 250,000 common share stock options with an exercise price of $0.40 expired unexercised.

As at August 2, 2012, the Company had 177,211,441 common shares issued and outstanding and 7,140,000 common share stock options issued and outstanding pursuant to its stock option plan. Each of the outstanding common share stock options are exercisable to purchase one common share.

The number of common shares outstanding on a fully-diluted basis as at August 2, 2012 is 184,351,441.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration

Key management personnel remuneration is comprised of the Company's President & Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

During the three month period ended June 30, 2012 the Company incurred related party expenses of $121,973. ($46,000 during the three month period ended June 30, 2011). These expenses related to the payment of management fees to the Company's senior officers.

During the six month period ended June 30, 2012 the Company incurred related party expenses of $220,773. ($87,700 during the six month period ended June 30, 2011). These expenses related to the payment of management fees to the Company's senior officers.

Included in stock-based compensation for the three month period ending June 30, 2012 is $6,878 (nil for the three month period ending June 30,2011) attributable to key management personnel.

Included in stock-based compensation for the six month period ending June 30, 2012 is $22,927 ($9,155 for the six month period ending June 30,2011) attributable to key management personnel.

Related party transactions

During the three month period ended June 30, 2012 the Company incurred directors and committee fees of $52,725 (directors fees of $37,500 during the three month period ended June 30, 2011). These amounts were expensed in the period incurred as administrative and general expenses.

During the six month period ended June 30, 2012 the Company incurred directors and committee fees of $94,250 (directors fees of $75,000 during the six month period ended June 30, 2011). These amounts were expensed in the period incurred as administrative and general expenses.

Included in stock-based compensation for the three month period ending June 30, 2012 is $13,493 ($8,729 for the three month period ending June 30,2011) attributable to the Company's directors.

Included in stock-based compensation for the six month period ending June 30, 2012 is $44,978 ($28,202 for the six month period ending June 30,2011) attributable to the Company's directors.

During the three and six month periods ended June 30, 2012, the Company incurred and paid technical and consulting fees of $800 ($35,550 and $39,150 respectively for the three and six month periods ended June 30, 2011) to independent directors.

These amounts were expensed in the period incurred as administrative and general costs. The amounts paid and owing are in the normal course of business, are non-interest bearing and due on demand. There are no amounts payable to these related parties, excepting the $75,000 balance of the retirement allowance included in accrued liabilities.

Great Harvest, the Company's largest shareholder with 45.14% of the Company's common shares, is controlled by two of the Company's directors, one of whom also acts as the president and chief executive officer. During the three and six month periods ended June 30, 2012, the Company incurred expenses of $16,433 and $26,885 respectively (nil for the three and six month periods ended June 30, 2011) from Great Harvest for travel, administrative and project costs. At June 30, 2012, $26,885 was owing and outstanding to Great Harvest in relation to these costs.

RISK FACTORS

Given the Company's current status as an exploration stage company, there are numerous risk factors that could affect the Company's business prospects and future performance, including the following. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also affect the Company's business prospects and future performance.

Operating history
The Company has a very limited history of operations and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and an absence of revenues. There is no assurance that the Company will be successful in achieving a return on shareholder investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no intention of paying any dividends in the foreseeable future.

Highly speculative business
The nature of the Company's business is highly speculative due to its proposed involvement in the exploration, development and production of minerals. Exploration for minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that any commercial quantities of ore will be discovered by the Company. The commercial viability of a mineral deposit, if discovered, depends upon a number of factors including the particular attributes of the deposit (principally size and grade), the proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes base metal prices to fluctuate substantially over short periods of time. Most of these factors are beyond the control of the Company. Mineral exploration and development are highly speculative and few properties that are explored are ultimately placed into commercial production.

Insufficient resources or reserves
Substantial additional expenditures will be required to establish either resources or reserves on the Company's mineral properties and to develop processes to extract the minerals. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all.

Barriers to commercial production
The Company will rely upon consultants and others for construction and operating expertise. The economics of developing mineral properties are affected by many factors including, but not limited to, the cost of operations, grade of ore, fluctuating mineral markets, costs of processing equipment, competition, extensions on licenses and other factors such as government regulations, including regulations relating to title to mineral concessions, , allowable production, importing and exporting of minerals and environmental protection. Many of the above factors are beyond the control of the Company. Depending on the price of minerals produced, the Company may determine that it is impractical to either commence or continue commercial production.

Additional capital
The exploration and development of the Property will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on the Property. The Company will also require additional funding to acquire further property interests. The ability of the Company to arrange such financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and security holders may suffer additional dilution.

Commodity price and exchange rate fluctuations
The feasibility of mineral exploration is significantly affected by changes in the market price of the minerals expected to be produced. Mineral prices fluctuate widely and are affected by numerous factors beyond the

Company's control. The level of interest rates, the rate of inflation, world supply of minerals and stability of exchange rates can all cause significant fluctuations in mineral prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

Key officers, consultants and employees
The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration and development personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. The Company has not purchased any key-man insurance with respect to any of its directors, officers or consultants and has no current plans to do so.

Title
No assurances can be given that title defects to the Property do not exist. The Property may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title, estate and interest in and to the Property to which the title defect relates.

Title to mineral interests in some jurisdictions is often not susceptible to determination without incurring substantial expense. In accordance with industry practice, the Company conducts such title reviews in connection with its properties as it believes are commensurate with the value of such properties. The actual interest of the Company in certain properties may vary from the Company's records.

Maintaining interests in mineral properties
The Company's continuing right to maintain its ownership in its mineral property interests will be dependent upon compliance with applicable laws and with agreements to which it is a party. There is no assurance that the Company will be able to obtain and/or maintain all required permits and licences to carry on its operations. Additional expenditures will be required by the Company to maintain its interests in its properties. There can be no assurance that the Company will have the funds, will be able to raise the funds or will be able to comply with the provisions of the agreements relating to its properties which would entitle it to an interest therein and if it fails to do so its interest in certain of these properties may be reduced or be lost.

External market factors
The marketability and price of minerals which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. The Company will be affected by changing production costs, the supply or/and demand for minerals, the rate of inflation, the inventory levels of minerals held by competing companies, the political environment and changes in international investment patterns.

Governmental and regulatory requirements
Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent that such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, which may include requirements for the Company to take corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in the development of properties.

Environmental regulations
All phases of the Company's operations are subject to environmental regulation. Environmental legislation is becoming more strict, with 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 can be no assurance that environmental regulation will not adversely affect the Company's operations. Environmental hazards may exist on a property in which the Company holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property. The Company has in place a program of regular environmental monitoring to ensure compliance with existing environmental regulations.

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means standards, and enforcement, fines and penalties for non-compliance are more stringent.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to fully comply with all environmental regulations in all jurisdictions in which it is active.

Conflicts of interest
Certain directors and officers of the Company are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Business Corporations Act* (Ontario), directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers.

Uninsured risks
The Company currently has liability insurance in an amount which management considers adequate. However, in the future, the costs of such insurance may become prohibitive. The nature of the risks for mining companies is such that liabilities might exceed policy limits, certain liabilities and hazards might not be insurable, or the Company might, in the future, elect not to insure itself against such liabilities due to high premium costs or other reasons. Should such liabilities occur, the Company would incur significant costs that would have a material adverse effect upon its financial condition.

Competition in acquiring additional properties
Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable.

Dividend policy
No dividends on the common shares of the Company have been paid by the Company to date. The Company intends to retain its earnings, if any, to finance the growth and development of its business and has no present intention of paying dividends or making any other distributions in the foreseeable future.

COMMITMENTS AND CONTINGENCIES

The Company has a contractual lease obligation related to its corporate premises that requires minimum total lease payments of $12,951 until September 30, 2012. The Company is relocating to a larger premises within the current office building location and has entered into a new lease agreement for tenancy for a period five years and one month, effective October 1, 2012. The new lease contract requires minimum total lease payments of $208,813 over the period of the lease term ending October 31, 2017 2012.

The following table demonstrates the outstanding office lease commitment.

	$
2012	22,741
2013	39,162
2014	39,746
2015	41,500
2016	42,084
2017	36,531
	221,764

The Company has a contractual lease obligation related to equipment at the Mount Pleasant property that requires a minimum total lease payment of $4,464 until August 31, 2012.

The following is a schedule of future minimum lease payments under the finance lease expiring August 31, 2012 together with the balance of the obligation under finance lease.

	$
2012	4,464
Total minimum lease payments	4,464
Amount representing interest at 7%	(38)
Balance of the obligation	4,426

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. No amounts have been accrued for each matter as at June 30, 2012.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, including the risk factors summarized above under the heading “Risk Factors”. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.