

**ANSELL CAPITAL CORP.**

**Management's Discussion and Analysis**

**Third Quarter Ended**

**April 30, 2011**

## **INTRODUCTION**

This discussion and analysis of financial position and results of operation is prepared as at June 29, 2011 and should be read in conjunction with the annual audited financial statements for the fiscal year ended July 31, 2010. Those financial statements have been prepared in accordance with Canadian generally accepted accounting policies. All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. Additional information related to the Company, including its press releases and quarterly and annual reports, is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute "forward-looking statements". Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under **RISK AND UNCERTAINTIES** in this MD&A.

Risk factors that could affect the Company's future results include, but are not limited to, risks inherent in mineral exploration and development and mining activities in general, volatility and sensitivity to market prices for uranium, political risk arising from operating in the USA and Peru, changes in government regulation and policies including environmental regulations and reclamation requirements, receipt of required permits and approvals from governmental authorities, competition from other companies, ability to attract and retain skilled employees and contractors, and changes in foreign currency exchange rates. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the Company's filings with securities regulatory authorities. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

## **DESCRIPTION OF BUSINESS AND OPERATIONS REVIEW**

Ansell Capital Corp. (the "Company") was incorporated under the Business Corporations Act (BC) on July 26, 2006. The Company's business is Mineral property exploration and development.

On May 7, 2008 Ansell Capital Corp. ("Ansell" or "the Company") signed a letter of intent, with Fury Explorations Ltd. ("Fury") and its wholly owned Mexican subsidiary Fury Explorations Mexico, S. de R.L. de C.V., pursuant to which Ansell can acquire in an arm's-length transaction a 70-per-cent undivided interest in and to five mineral exploration concessions located in Jalisco state, Mexico, 200 kilometres west of Guadalajara and approximately five km south of San Felipe de Hajar.

This mineral property option agreement constituted the Qualifying Transaction as defined in the CPC listings policy of the TSX -V.

## **OPERATIONS REVIEW**

### **Guijoso Property, Mexico**

The Company signed a letter of intent dated May 7, 2008, with Fury Explorations Ltd. ("Fury") and its wholly owned Mexican subsidiary Fury Explorations Mexico, S. de R.L de C.V., pursuant to which Ansell can acquire in an arm's-length transaction a 70-per-cent undivided interest in and to five mineral exploration concessions located in Jalisco state, Mexico, 200 kilometres west of Guadalajara and approximately five km south of San Felipe de Hajar. Fury is a reporting company having its shares posted and called for trading on the TSX Venture Exchange.

The Guijoso project consists of five mineral exploration concessions encompassing approximately 5,080 hectares of mineral prospective lands located at the southern end of the Sierra Madre Occidental (SMO) metallogenic province, a large mid-Tertiary volcanic field which is one of the world's largest epithermal precious metal terranes hosting a majority of Mexico's gold and silver deposits. Rocks in the area around San Felipe de Hajar consist of Cretaceous rhyolite tuff, volcanoclastic and other fine and coarse shallow marine units of the Guerrero terrane intruded by similar-aged granite to diorite plugs and stocks. These older rocks are overlain by younger Pliocene-Pleistocene polymict conglomerates, and basalt flows, which were then covered by Quaternary andesite and basalt flows. Tertiary pyroclastic rhyolite tuffs and interbeds of andesite trending northwest dominate the Guijoso project. Complex intersecting north-south, northwest, northeast and east-west structures cut the central part of the project area.

The Guijoso project is located within a belt of low sulphidation epithermal precious and base metal deposits extending through much of western Mexico. All mineralization discovered to date at the Guijoso project is associated with pervasive, vein and stockwork silicification and adjacent argillic alteration within rhyolite tuffs. Silicification as presently known has been recognized over an area approximately six kms in length by and 1.5 kms in width.

Fury commenced a sampling and mapping program in January 2007 investigating several targets including Area Guijoso, Cerro Guijoso, and Arroyo Higuieritas. The Area Guijoso target has been extensively rock geochemical sampled. Results of vein sampling of three principal veins accruing two kms in strike indicated encouraging silver-gold mineralization to a maximum of 712 g/t Ag and 4.7 g/t Au. Drill results were significantly lower than surface sample results from veins due to poor recoveries and abandoned holes arising out of ground conditions and other factors. The most prospective zone of mineralization is believed to lie at significantly deeper depths (+ 400 m) than the relatively shallow zone (< 150 m) tested by Fury core holes. At the Area Guijoso target, silica textures including chalcedonic > crystalline quartz, cockscomb textures, banding, vuggy, recrystallized, and brecciation suggest that the "top" of the system is intact.

Between March 2, 2007 and March 1, 2008 Fury expended US\$445,269 in the organization and evaluation of the Guijoso project. Work included regional and target-specific geochemical rock sampling, grid rock sampling, mapping, and drilling of 13 core drill holes (DDH 001 through DDH 013) accruing 2,017 m. A geological report and summary of field examination on the Guijoso project dated June 2, 2008 has been prepared by R.A. Lunceford M.Sc., CPG, a Qualified Person for the purpose of preparing a compliant report under National Instrument 43-101. In his report, Mr. Lunceford concludes that further exploration of the Guijoso project is recommended and justified since the drill program undertaken by Fury did not adequately test the potential mineralization in the area covered by the claims.

Mr. Lunceford recommended a 2-phase exploration program on the lands which includes an initial program consisting satellite imagery, geologic mapping, sampling, petrography, and possibly geophysics leading to a second program to include 5,000 meters of drilling. The 2- phase program is estimated to cost of US\$1,115,000.

The Qualifying Report of Mr. Lunceford was filed on Sedar during November 2008.

### **Terms of Acquisition**

Under the terms of the letter agreement entered into with Fury, Ansell can earn a 70% undivided right, title and interest in and to the exploration concessions by paying Fury a non-refundable deposit of US\$25,000 (paid \$25,398), making further cash payments of US\$250,000 (paid \$30,482); issuing 1,800,000 common shares of the Company (issued 400,000 shares valued at \$48,000) and by spending an aggregate of US\$2,000,000 in exploration expenditures in installments over a three year period ending March 2, 2011. The agreement was subsequently amended to allow the Company the option to pay cash at current trading value in lieu of shares to be issued. The Company paid \$50,000 in lieu of the second installment of 400,000 shares, leaving 1,000,000 shares, or the cash equivalent, to be paid.

A finder's fee of 63,000 fully paid and non-assessable shares of Ansell have been issued to an arms length person in connection with the transaction. The terms of the agreement were subject to Ansell completing a financing concurrently with the completion of this Qualifying Transaction and the terms of acquisition being accepted by the TSX Venture Exchange as Ansell's Qualifying Transaction. Prior to April 30, 2009, Exchange approval was received, the concurrent financing completed and the agreement finalized.

Fury acquired its interest in and to the exploration concessions on March 2, 2007 under an option agreement entered into with the registered concession holders.

In order for Fury to acquire a 100% interest in and to the concessions (subject to a 2.5% net smelter return royalty), Fury must make payments to the registered owners of the concessions in the amount of US\$300,000, issue 300,000 common shares of its capital stock and incur exploration expenditures on the concessions in the amount of US\$1,500,000 on or before March 2, 2011.

Fury has reserved a "Back-In Option" which may be exercised by Fury once Ansell has earned its 70% interest in and to the concessions. Fury can exercise its Back-In Option by spending the additional sum of US\$1,000,000 in exploration expenditures on the concession lands on or before March 2, 2014. If the Back-In Option is exercised, Fury's interest in the concession lands will be increased from a 30% undivided interest to a 49% undivided interest.

During the year ended July 31, 2010, the Company determined that early exploration results did not justify further expenditures on the property and that the Company had no further interest in the exploration potential. The Company has abandoned its interest in the property and written off a total of \$301,303 of acquisition and explorations cost on the property.

### **Nevada Properties, U.S.A.**

#### **i) Redrock Property**

In April 2008, the Company entered into an agreement to secure a lease with an option to acquire a 100% interest in and to the Redrock Property located in Lander County, Nevada.

The aggregate consideration payable under the option is US\$2,000,000 (an advance gross production royalty ("GPR"), 1,100,000 common shares of the Company and exploration expenditures to be incurred over 10 years in the amount of US\$2,000,000, with US\$10,000 due and payable upon signing (paid \$12,193) and US\$15,000 in exploration expenditures to be incurred within the first year of the signing of the agreement.

The property is subject to a GPR of 2% where the Company has the right to purchase half of the GPR for US\$2,000,000 net of advance GPR's paid.

ii) North Battle Mountain Property

The Company also entered into an agreement to acquire a 100% interest in the North Battle Mountain Property. The aggregate consideration payable under the option is US\$1,500,000 (an advance GPR), 1,000,000 common shares of the Company and exploration expenditures to be incurred over 10 years in the amount of US\$1,900,000 with US\$7,500 of exploration expenditures required in the first year after signing of the agreement. The Company paid US\$2,500 (\$3,048) and issued 25,000 common shares valued at \$3,500 upon signing the agreement.

The property is subject to GPR of 2%, where the Company has the right to purchase half of the GPR for US\$1,000,000 net of advance GPR's paid.

On July 22, 2009, the Company entered into a Letter of Agreement with Challenger Deep Capital Corp. ("Challenger") pursuant to which the Company agreed to assign its interests in the Redrock and Battle Mountain Properties to Challenger, subject to a retained back in right to participate to the extent of a 25% undivided interest in the further development of either or both properties after Challenger has fulfilled its obligations under the agreement. As consideration, the Company received \$25,000 in fiscal 2009 and \$54,249 in fiscal 2010 as reimbursement of costs incurred and Challenger must incur US\$210,000 of expenditures within two years. Challenger has also agreed to assume all of the Company's obligations in the underlying agreements with the property vendors. An amended agreement was signed to extend the closing date to November 27, 2009. During fiscal 2010 the Company received a further \$54,249 as reimbursement of cost incurred during the year.

During March 2011, the Company received notice that Challenger had incurred US\$210,000 of exploration expenditures on the properties and that Challenger also intended to surrender the leases. The Company at that time decided not to exercise its retained back in right in order to pursue other opportunities. Accordingly, the Company has written off the remaining balance of exploration costs amounting to \$2,675 as it no longer has an interest in the property.

**Pires Property, Brazil**

On February 18, 2010, the company signed a Letter of Intent ("LOI") with Entourage Mining, ("Entourage") an OTC Bulletin Board listed company, wherein the Company agreed to complete due diligence on 6 mineral claims covering 8,798 hectares of mineral explorations lands and incur expenditure on the claims of not less than US\$200,000 in the three month period ending May 1<sup>st</sup>, 2010.

The 6 Pires property claims ("Pires"), currently optioned by Entourage, are located in southern Goiás State, Brazil, 100 km west of Kinross' Paracatu Gold Mine. Entourage has an option to earn a 100% unencumbered interest in the property; there is no Net Smelter Return in the option agreement.

Pursuant to the LOI, the Company agreed to pay Entourage a CDN\$75,000 payment as consideration for Entourage locking up terms so that the Company may acquire all of Entourage's right, title and interest in and to the Pires property and other assets by way of a Plan of Arrangement.

If the Company proceeded with the acquisition, the Company would be required to issue to each Entourage shareholder one common share of Ansell stock for each share of Entourage. Entourage is expected to have approximately 9,600,000 shares issued and outstanding subject to adjustment for warrants and options which may be exercised prior to the effective date of the acquisition.

The Company can proceed with the acquisition of the assets of Entourage following satisfactory completion of a preliminary investigation of the Pires property.

Ansell committed to spend US\$200,000 on the Pires property in the program consisting of:

- Continuing surface sampling in un-sampled or minimally sampled areas of the Property;
- Completion of detailed structural and geological mapping;
- Surface follow-up of high-grade sample sites, including geochem and hand trenching;
- High resolution ground magnetic lines at the most advanced target (Point 1) area to determine efficacy; and
- Drilling (450 m) at Point 1 to confirm 3D orientation of veins, vein density, and gold abundance in fresh bedrock.

Should the Company not proceed with the acquisition, the Company will have earned one quarter of Entourage's earned interest in and to the Pires property which may be re-purchased by Entourage for cost for a period of 18 months from the date Ansell elects not to proceed with the acquisition.

On July 14, 2010, the Company advised Entourage that it would not be proceeding with the Plan of Arrangement, and accordingly the Company has earned its one quarter of Entourage's earned interest.

The Company incurred a total of \$75,000 acquisition costs and \$ 219,038 exploration expenditures on the property, aggregating \$294,038 and these costs were written off during the year ended July 31, 2010.

#### **Kuyakuz Mountain Project, British Columbia, Canada**

The Company has acquired, for the cost of staking, 14 mineral tenures located in the Omineca Mining Division of the Province of British Columbia covering an area of 6,357 Hectares. The claims are located near Richfield Venture's Blackwater Gold Project in Central British Columbia. The claims, known as the Kuyakuz Mountain Project, are located east of the Blackwater Gold Project in an area with similar geological features. Underlying formations are undivided volcanics of the Hazelton Group that are the host of Richfield's Blackwater gold discovery. Available geological information indicates that the acquired claims are located in an area where, despite much cover of overburden and tertiary volcanic rocks, several important gold showings have been found. In addition, the very large "Chu" molybdenum deposit is located 25 km. north.

In September 2010, the Company entered into a Letter of Intent with Driven Capital Corp. ("Driven") a Capital Pool; Company, which was later formalized into an option agreement on February 16, 2011 whereby Driven was granted the option to acquire an undivided 70% interest in the Company's Kuyakuz Mountain property by incurring exploration expenditures of \$1,000,000 over a three year period on the property; paying \$160,000 over two years and issuing to the Company 800,000 shares over two years. Upon signing the agreement Driven made a refundable advance of \$15,000 to the Company. On February 16, 2011, upon the acceptance by the TSX of the 43-101 Report on the property the deposit became non refundable. This agreement comprises Driven's qualifying transaction. The transaction was finalized on April 4, 2011 upon Driven receiving TSX approval for its qualifying transaction.

In order for Driven to earn its 70% interest Ansell will receive consideration aggregating \$160,000 cash and 800,000 shares of Driven in staged tranches, and Driven has an obligation to incur aggregate exploration expenditures of \$1,000,000 as follows:

i) Cash consideration;

\$15,000 as a refundable deposit, (received);  
\$20,000 within five days of the approval date, (received)  
\$50,000 on or the first anniversary of the approval date  
\$75,000 on or before the second anniversary of the approval date

ii) Stock consideration

200,000 shares within 5 days of approval date, ( received)  
200,000 shares on or before the first anniversary of the approval date  
400,000 shares on or before the second anniversary of the approval date

iii) Property exploration commitment aggregating \$1,000,000 as follows:

\$ 100,000 in aggregate on or before the first anniversary of the approval date  
\$ 300,000 in aggregate on or before the second anniversary of the approval date  
\$ 1,000,000 in aggregate on or before the third anniversary of the approval date

Driven has the further option to acquire the remaining 30% undivided interest in the property by issuing an additional 1,200,000 shares to the Company on or before the third anniversary of the approval date.

Ansell will retain a 2% net smelter return royalty ("NSR") upon commercial production. Driven also has the right to acquire the entire NSR by paying Ansell \$1,000,000 on or before the sixth anniversary of the approval date.

### **Vilcoro Gold Property, Peru**

On April 16, 2010, the Company entered into a proposed letter agreement with St Elias Mines Ltd and Emilsen Medina Inga de Brophy, whereby the Company would acquire a option to 65% interest in the Vilcoro Gold Property in northern Peru. To earn its interest the Company would have to make staged cash payments aggregating \$500,000; issue 1,000,000 common shares and incur exploration expenditures aggregating \$2,500,000.

During the quarter ended January 31, 2011, the Company advanced to St. Elias Mines Ltd. \$34,400, which upon closing of the formal agreement would have been considered part of the payments required to earn its interest in the property.

On April 1, 2011, the Company determined that it would not complete on the transaction and has requested the advance be returned.

### **Charlotte Property, Yukon Territory, Canada**

On October 12, 2010, the Company entered into a Letter of Intent ("LOI") with Eagle Trail Properties Inc. ("Eagle Trail") and Guinness Exploration, Inc. ("Guinness") to acquire up to an 85% undivided interest in the Charlotte project in the Yukon Territory (the "property"). On March 4, 2011, the Definitive agreement was executed by all parties.

The effective date of the option agreement was April 29, 2011, the date when all the conditions below were satisfied.

- i) the definitive agreement is completed;
- ii) a NI 43-101 Technical Report is completed;
- iii) regulatory and shareholder approvals are obtained.
- iv) the Company has completed a financing to fund the commencement of the project of \$3,000,000 or greater.

The Company can acquire a 49% interest by paying Eagle Trail \$1,000,000, issuing 12,000,000 units to Eagle Trail and spending \$5,000,000 on expenditures on the property over 3 years, of which \$2,000,000 is to be spent in the first year. Of the cash consideration, \$500,000 is payable on the effective date and the remainder is payable 14 months thereafter. The 12,000,000 units are issuable on the effective date.

Each unit issued to Eagle Trail consists of one common share and 0.67 share purchase warrants with one full warrant being exercisable to purchase one additional common share of the Company at a price of \$0.35 for two years.

The Company will be the operator of the project.

The Company can increase its interests to 85% of which 26% can be earned by the Company delivering to Eagle Trail and Guinness a bankable Feasibility Study on the property and the final 10% can be earned by arranging for the production financing to place the property into commercial production.

The property is encumbered with a 3% net smelter return royalty due and payable to Eagle Trail of which 1% can be purchased by the Company for \$1,500,000 provided the Company has first acquired a 75% undivided interest in and to the Property.

A finder's fee calculated in accordance with the guidelines of the TSX-V is payable in connection with the transaction.

The Company has issued 12,000,000 Units valued at \$3,840,000 and made cash payments aggregating \$500,000 pursuant to the agreement.

### **Dal Property, Yukon Territory, Canada**

On March 4, 2011, entered into an option agreement with Shawn Ryan and Wildwood Exploration Inc. to purchase 178 mining claims comprising an area of approximately 3,600 hectares located in the Dawson Mining District of the Yukon Territory. ("The Dal Property")

In order to earn its 100% interest the Company will pay the vendors \$450,000 cash, (\$125,000 paid); issue 2,000,000 common shares (300,000 issued) and incur expenditures on the property of \$2,200,000. The cash and share consideration is payable in installments over a four year period, and the exploration commitment must be fulfilled by October 15, 2015.

The interest is subject to a 2% net smelter return royalty of which the Company can purchase 1% for \$2,500,000 upon commercial production.

Finders fees payable by the Company comprise \$26,375 cash (\$6,125 paid) and the issuance of 65,938 Common shares issuable over a four year period (15,312 issued).

**SUMMARY**

Our Company's Board and management is a highly qualified team of professionals with essential experience in resource acquisition, exploration, and development, finance and marketing. We are committed to building a highly valued asset base and a strong, loyal shareholder following.

**SELECTED ANNUAL FINANCIAL INFORMATION**

The following financial data prepared in accordance with generally accepted accounting principles stated in Canadian dollars is presented as at July 31 of each of the 2010, 2009 and 2008 fiscal years:

	<b>FISCAL YEARS ENDED</b>		
	<b>JULY 31 2010</b>	<b>JULY 31 2009</b>	<b>JULY 31 2008</b>
<b>Results of Operations</b>			
Total revenue	\$ -	\$ -	\$ -
Net loss before interest income, recovery of costs and write off and impairment of mineral properties and deferred exploration expenditures	\$ (351,336)	\$ (251,775)	\$ (116,977)
Net loss for the year	\$ (649,658)	\$ (246,328)	\$ (101,400)
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)	\$ (0.02)
Cash Dividends per share	\$ -	\$ -	\$ -
<b>Financial Position</b>			
Working Capital	1,375,189	760,591	348,903
Total Assets	\$ 1,807,575	\$ 1,118,193	\$ 390,335
Total Long Term Liabilities	\$ -	\$ -	\$ -
Total Shareholders Equity	1,765,256	1,049,093	374,301
Cash Dividends per share	\$ -	\$ -	\$ -

**RESULTS OF OPERATIONS**

The Company incurred a net loss of \$516,145 and a comprehensive loss of \$492,145 during the nine month period ended April 30, 2011 compared to a net loss of \$584,243 and comprehensive loss of \$584,243 for the comparable period of 2010. The most significant changes for the year arose from an increase in professional fees to \$92,469 (2010 - \$37,846) as a result of increased legal and accounting fees being incurred; office and miscellaneous expenses increased to \$30,534 (2010 - \$29,314); rent, net of recoveries decreased to \$2,231 (2010 - \$13,587); shareholder communications increased to \$60,034 (2010 - \$10,376) as a result of increased promotional activity being undertaken by the Company; stock based compensation increased to \$102,185 (2010 - \$28,541) a direct result of the valuation of stock options to consultants vesting in the period; transfer agent fees increased to \$19,495 (2010 - \$12,302); travel and property evaluation increased to \$86,873 (2010 - \$41,138) as a result of evaluation expenditures being incurred on the Charlotte Property and wages and benefits increased to \$36,573 (2010 - \$29,963). The Company also received interest income of \$4,161 (2010 - \$1,633) and recorded a write down of resource properties of \$2,765 (2010 - 301,303)

All other expenses were consistent with the comparative prior period. Finally a net unrealized gain on an investment of \$24,000 (2010 – \$nil) was recorded as a result of adjusting the valuation of the investment which was acquired in the period to market value.

**SUMMARY OF QUARTERLY RESULTS**

The following is a summary of the Company's quarterly results for the period from February 1, 2009 to January 31, 2011 reported in Canadian currency.

	<b>QUARTER ENDED</b>			
	<b>APRIL 30</b>	<b>JANUARY 31</b>	<b>OCTOBER 31</b>	<b>JULY 31</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
Total revenue	\$ -	\$ -	\$ -	\$ -
Net loss before income taxes	\$ (233,955)	\$ (183,650)	\$ (108,540)	\$ (341,806)
Net income (loss) for the period	\$ (233,955)	\$ (183,650)	\$ (108,540)	\$ (341,806)
Basic income (loss) per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

  

	<b>QUARTER ENDED</b>			
	<b>APRIL 30</b>	<b>JANUARY 31</b>	<b>OCTOBER 31</b>	<b>JULY 31</b>
	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
Total revenue	\$ -	\$ -	\$ -	\$ -
Net loss before income taxes	\$ (468,515)	\$ (54,537)	\$ (61,191)	\$ (136,989)
Net income (loss) for the period	\$ (468,515)	\$ (54,537)	\$ (61,191)	\$ (136,989)
Basic income (loss) per share	\$ (0.03)	\$ (0.00)	\$ (0.00)	\$ (0.03)

The Company reported a net loss of \$183,650 for the three month period ended January 31, 2011 compared to \$54,537 for the three month period ended January 31, 2010. The basic loss per for the three month period ended January 31, 2011 was (\$0.01) versus (\$0.00) for the three month period ended January 31, 2010.

**RESULTS OF OPERATIONS FOR THE QUARTER ENDED APRIL 30, 2011**

The Company incurred a net loss of \$223,955 and a comprehensive loss of \$199,955 during the nine month period ended April 30, 2011 compared to a net loss of \$468,515 and comprehensive loss of \$468,515 for the comparable period of 2010. The most significant changes for the year arose from an increase in professional fees to \$38,998 (2010 - \$21,653) as a result of increased legal and accounting fees being incurred; regulatory and filing fees increased to \$17,685 (2010 – \$10,822); office and miscellaneous expenses decreased to \$10,280 (2010 - \$16,946); rent, net of recoveries decreased to a net recovery of \$1,931 (2010 – net expense of \$10,063); shareholder communications increased to \$19,489 (2010 - \$4,984) as a result of increased promotional activity being undertaken by the Company; stock based compensation increased to \$78,190 - \$28,541 a direct result of the valuation of stock options to consultants vesting in the period; transfer agent fees increased to \$12,927 (2010 - \$6,190); travel and property evaluation decreased to \$5,069 (2010 - \$30,642) as no significant property evaluations were undertaken in the period; wages and benefits increased to \$12,205 (2010 - \$11,997).

The Company also received interest income of \$1,171 (2010 - \$292) and recorded a write down of resource properties of \$2,765 (2010 - 301,303)

All other expenses were consistent with the comparative prior period. Finally a net unrealized gain on an investment of \$24,000 (2010 - \$nil) was recorded as a result of adjusting the valuation of the investment which was acquired in the period to market value.

Net exploration expenditures incurred on the mineral properties held during the three month period ended April 30, 2011 totaled a recovery of \$49,188 (three months ended April 30, 2011 - expenditure of \$184,996), as follows:

	<b>THREE MONTHS ENDED</b>	
	<b>APRIL 30</b>	
	<b>2011</b>	<b>2010</b>
Guijoso Property, Mexico	\$ -	\$ 1,175
Redrock, & North Battle Mountain Nevada (Recovery)	-	-
Pires, Brazil	-	183,821
Kuyakuz, Canada (Recovery)	(52,188)	-
Charlotte, Canada	3,000	-
	<hr/>	<hr/>
Total, net (recovery)	<u>\$ (49,188)</u>	<u>\$ 184,996</u>

### **RESULTS OF OPERATIONS FOR THE QUARTER ENDED JULY 31, 2010**

The Company incurred a net loss of \$344,806 during the three month period ended July 31, 2010 compared to a net loss of \$136,989 for the comparative three month period of 2009. The most significant changes for the year arose from an increase in consulting fees to \$9,000 (2009 - \$2,344) management fees increased to \$12,000 (2009 - \$15,833); office and miscellaneous expenses increased to \$2,970 (2009 - \$546) as a result of increased activity in the Company; professional fees increased to \$29,750 (2009 - \$20,715) as a result of increased legal and accounting fees being incurred; regulatory and filing fees decreased to \$68 (2009- \$5,116); rent decreased to income of \$789 (2009 - expense of \$4,500); shareholder communications increased to \$3,625 (2009 - \$2,076) as a result of increased promotional activity being undertaken by the Company in 2010; stock based compensation decreased to incomes of \$12,174 (2009 - \$82,614) as a result of fewer options being issued with a lower valuation than in the prior year, and the options granted in the current year incorrectly expensed in full in a prior period of 2010; transfer agent fees decreased slightly to \$947 (2009 - \$1,552) travel and promotion decreased to income of \$6,310 (2009 - expense of \$4275) as a result if overaccruals in a prior period of 2010 and wages and benefits increased to \$12,197 (2009 - \$nil) due to the company placing the corporate secretary on payroll during the year.

Interest income increased to \$1,348 (2009 - \$237) as the Company held higher cash balances. Exploration cost recoveries were \$nil (2009 - \$2,511) and write off and impairments of mineral property and deferred exploration expenditures impairments increased to \$294,038 (2009 - \$nil) due to the write off of the Pires property in Brazil.

**LIQUIDITY**

The Company has financed its operations to date primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

As at April 30, 2011, the Company has total assets of \$11,493,477 and working capital of \$6,632,151. (July 31, 2010 - \$1,387,536)

The primary assets of the Company were cash and cash equivalents of \$6,610,300, and four mineral property interests with a capitalized value of \$4,689,969. At April 30, 2011, the Company had working capital of \$6,632,151. It is management's opinion that the Company has adequate working capital to meet the Company's obligations as they come due and that the Company is not exposed to any significant liquidity risks at this time.

During the nine month period ended April 30, 2011 the Company issued common shares as follows:

- i) Completed a brokered private placement comprising 1,875,000 flow-through-units at \$0.40 per unit and 10,400,000 non-flow-through units at \$0.32 per unit for total aggregate gross proceeds of \$4,078,000. Each flow-through unit consists of one common share of the Company and one share purchase warrant. Each whole share purchase warrant is exercisable at a price of \$0.50 to purchase one additional common share at any time before April 29, 2013. Each non-flow-through unit consists of one common share of the Company and one share purchase warrant. Each whole share purchase warrant is exercisable at a price of \$0.40 to purchase one additional common share at any time before April 29, 2012 or \$0.50 prior to April 29, 2013.

In connection with the private placement the Company paid \$285,460 in cash and issued 859,250 agents warrants with a fair value of \$226,620. Each agents warrant is exercisable at a price of \$0.40 to purchase one additional common share at any time before April 29, 2012 or \$0.50 prior to April 29, 2013.

- ii) Completed a non-brokered private placement comprising 4,700,000 non-flow-through-units at \$0.32 per unit for aggregate gross proceeds of \$1,504,000. Each unit consists of one common share of the Company and one share purchase warrant. Each whole share purchase warrant is exercisable at a price of \$0.40 to purchase one additional common share at any time before April 29, 2012 or \$0.50 prior to April 29, 2013.

In connection with the private placement the Company paid \$84,403 in cash and issued 234,623 agents warrants with a fair value of \$61,880. Each agents warrant is exercisable at a price of \$0.40 to purchase one additional common share at any time before April 29, 2012 or \$0.50 prior to April 29, 2013.

In connection with the above two private placements the Company also incurred legal fees, filing fees and other expenses aggregating \$112,817 which have been classified as share issuance costs

- iii) Issued 12,000,000 Units pursuant to the acquisition of the Charlotte mineral property, with a fair value of \$3,840,000. Each unit consists of one common share of the Company and 0.67 of one share purchase warrant. Each whole share purchase warrant is exercisable at a price of \$0.35 to purchase one additional common share at any time before April 29, 2013.
- iv) Issued 300,000 common shares pursuant to the acquisition of the Dal Mineral property, with a fair value of \$90,000. The Company also issued 15,312 common shares pursuant to a finders fee agreement associated with the Dal mineral property with a fair value of \$\$4,594.
- v) Issued 225,000 common shares pursuant to the exercise of stock options at \$0.12 per share for aggregate proceeds of \$27,000, The Company also recorded a reallocation of contributed surplus to share capital of \$21,868 as a result of the options being exercised.
- vi) Issued 415,625 units for proceeds of \$83,125 pursuant to the exercise of brokers' warrants. Each unit consists of one common share and one share purchase warrant which is exercisable at \$0.30 to purchase one additional common share at any time up to 12 months from the effective date or \$0.35 during the next 12 months. The Company also recorded a reallocation of contributed surplus to share capital of \$56,492 as a result of the brokers' warrants being exercised.
- vii) Issued 3,835,000 common shares for proceeds of \$1,185,500 pursuant to the exercise of share purchase warrants at \$0.30 and \$0.35 per warrant. The Company also recorded a reallocation of contributed surplus to share capital of \$39,722 as a result of warrants being exercised which were acquired upon the prior exercise of brokers' warrants.

## **CAPITAL RESOURCES**

At April 30, 2011, the Company's capital resources consist of interests in four mineral properties. The Company's 100% interest in the Kuyakuz Mountain project in British Columbia Canada, valued at \$71,250; the Company's interest in the Charlotte property in Yukon Territory, Canada, valued at \$4,343,000; the Company's interest in the Dal property in Yukon Territory, Canada, valued at \$225,719; and the Company's interest in the Discovery Creek property in Yukon Territory, Canada, valued at \$50,000. These amounts totaling \$4,689,969 equal the deferred exploration expenditures and acquisition costs and exploration advances made in respect of the properties to April 30, 2011.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-Balance Sheet arrangements.

## **FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES**

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, advance receivable, investments, exploration advances and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Management does not believe the Company is exposed to significance financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, as its' operations are primarily in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objectives of the Board are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The type of risk exposure and the way in which such exposure is managed is as follows:

a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is primarily held in large Canadian financial institutions. The Company's receivables consist mainly of GST receivable due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to cash and receivables is remote.

b) Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash. The Company believes that its sources of financing will be sufficient to cover the expected short and long term cash requirements.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

ii) Foreign currency risk

While the Company is in Canada and its capital is raised in Canadian dollars, the Company is conducting a significant portion of its business in the United States and Mexico, whose currencies are the United States dollar and Mexican Peso, respectively. As such, it is subject to risk due to fluctuations in the exchange rates for the United States dollar, Mexican Peso and Canadian dollar. The Company does not enter into derivative financial instruments to mitigate its exposure to foreign currency risk as management considers the risk to be insignificant at this time.

iii) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

**CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

**Newly adopted accounting policy**

Investments

In accordance with the recommendations of Section 3855, "Financial instruments – Recognition and Measurement", of the Canadian Institute of Chartered Accountants ("CICA") Handbook, the Company has designated its investment, over which the Company does not exercise significant influence, as an available-for-sale investment and reports it at fair value. The amounts by which fair value for this investment differs from cost represent unrealized gains or losses which are recognized in other comprehensive income (loss). All realized gains and losses are recognized in net income in the period of disposition. The fair value of the investment is its market value. The market value of publicly traded investments is based on quoted market prices

**Future accounting changes**

The following accounting pronouncements are applicable to future reporting periods. The Company is currently evaluating the effects of adopting these standards:

i) Section 1582, Business Combinations

Section 1582 applies prospectively to the Company's business combinations on or after January 1, 2011. Early adoption of this recommendation is permitted. This section replaces Section 1581, "Business Combination", and harmonizes the Canadian accounting standards with International Financial Reporting Standards ("IFRS"). Under the new guidance, the purchase price used in a business combination will be the new fair value of the shares exchanged at their market price on the date of the exchange.

Currently, when shares are issued, they are valued based on the market price for a reasonable period before and after the date the acquisition is agreed upon and announced. Under the new guidelines, all acquisition costs are expensed where currently they are capitalized as part of the acquisition costs. There are also a number of other differences between the new guidelines and current GAAP. The Company does not expect the adoption of this pronouncement to impact the financial statements.

ii) Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests

Section 1601 and 1602 change the accounting and reporting of ownership in interests in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position (balance sheet) within equity, but separately from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income (loss). In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interest of the non-controlling owners. The Company does not expect the adoption of these pronouncements to impact its financial statements in fiscal 2011.

## **IFRS Transition Plan**

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended October 31, 2011. The Company's 2012 interim and annual financial statements will include comparative 2011 financial statements, restated to comply with IFRS.

The Company has established an IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

- Phase 1 Comprising a review of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS.
- Phase 2 Comprising an in-depth analysis of the impact of those areas identified under phase one.
- Phase 3 the implementation of the conversion process, through the preparation of the opening balance sheet as at August 1, 2011

### *Impact of Adopting IFRS on the Company's Business*

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are not significant and the systems and processes can accommodate the necessary changes.

### *First-time adoption of IFRS*

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS.

Upon initial adoption of IFRS, generally retrospective application of IFRS is required, effective at the end of its first annual IFRS reporting period. However, IFRS 1 does allow certain optional exemptions and mandatory exceptions to this general retrospective treatment.

The Company has reviewed the exemptions available and currently believes it will have to rely on the following exemption at its transition date of August 1, 2010.

- To apply IFRS 2 Share-based Payments only to equity instruments issued after July 31, 2010 which had not vested by the Transition Date.

### *Impact of Adopting IFRS on the Company's Financial Statements*

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting

policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) Exploration and Evaluation Expenditures

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to certain restrictions.

The Company expects to retain its current policy of deferring exploration and evaluation expenditures until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned.

The current policy may be subject to change as the Company progresses through its final analysis.

At the present time, the Company has determined there are no facts or circumstances that would suggest the carrying value of the exploration and evaluation assets at transition date exceed the recoverable cost of such assets. Accordingly we do not expect that the adoption of IFRS will result in any significant change to the related line items within its financial statements.

2) Impairment of (Non-financial) Assets

IFRS, like Canadian GAAP, requires an assessment at each reporting date as to whether there are indicators of impairment of deferred exploration and evaluation costs. The factors considered under IFRS are quite similar to Canadian GAAP, but there are differences.

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of deferred exploration costs will be changed to reflect these differences, however the Company does not expect this change will have an immediate impact to the carrying value of its assets. The Company will perform impairment assessments as at the Transition Date in accordance with IFRS.

3) Share-based Payments

For stock options granted to non-employees Canadian GAAP requires the value of goods or services received (and the corresponding increase in equity) to be measured based on the fair value of the consideration received, or the fair value of the equity instrument, whichever is more reliably measured.

IFRS requires that for transactions with non-employees the fair value of the goods and services received are measured directly at their fair value on the date the Company obtains the goods or the counterparty renders the services.

Under IFRS the recording of stock based compensation is only permitted using the graded vesting method. The Company has adopted the grade vesting method for stock based compensation recorded during the year ended July 31, 2010.

4) Asset Retirement Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences, however the Company does not expect this change will have an immediate impact to the carrying value of its assets as the Co currently has no legal or constructive reclamation obligations on any of its properties.

5) Property and Equipment

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

As at the date of transition the Company holds no significant property and equipment that requires recognition and measurement under IAS 16 – Property, Plant and Equipment.

6) Income Taxes

The method of accounting for income taxes under IFRS is similar to Canadian GAAP.

Under Canadian GAAP the Company has previously recorded future income tax liabilities arising from the issue of flow-through shares. The accounting treatment under IFRS currently does not allow for the recording of a fit liability on the issue of flow through shares. Accordingly under current IFRS the transition balance sheet will need to reflect the reversal of these amounts as if they had never occurred. The IASB has recently issued an exposure draft suggesting changes to its income tax standard. The exposure draft has received a significant number of comments and it is uncertain what adjustments, if any, will be required to be made before the Company's adoption date. The Company is monitoring the resolution of this difference in accounting treatment.

*Subsequent Disclosures*

Further disclosures of the IFRS transition process are expected as follows:

The Company's Management Discussion and Analysis for the 2011 interim periods and the year ended July 31, 2011 will include updates on the progress of the transition plan, and, to the extent known, further information regarding the impact of adopting IFRS on key line items in the annual financial statements.

The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending October 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending October 31, 2011 will also include fiscal 2011 financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position as at August 1, 2010.

**RELATED PARTY TRANSACTIONS**

During the nine month periods ended April 30, 2011 and 2010, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$29,000 (2010 - \$27,000) to companies controlled by officers and directors.
- b) Received net rent recoveries of \$70,933 (2010 - \$51,850) from companies with directors and officers in common.
- c) Paid or accrued professional fees of \$7,550 (2010 - \$9,000) to a company controlled by an officer of the Company.
- d) Paid or accrued wages of \$36,616 (2010 - \$29,963) to a director of the Company.
- e) Paid or accrued consulting fees of \$33,000 (2010 - \$27,000) to two companies controlled by a directors of the Company
- f) Paid or accrued property evaluation costs of \$3,825 (2010 - \$1,700) to a company controlled by a director of the Company

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

On November 15, 2010, Mr. Barry Sheahan, C.A. resigned as CFO of the Company in order to pursue his other business interests. At that time Mr. Matthew G. Wright, C.A. was appointed CFO. Also on February 9, 2011, Mr. Hrayr Agnerian M.Sc. P.Geo was appointed a director of the Company. Mr. Agnerian will provide technical assistance to the Company for the exploration programs to be developed for the 2011 exploration season.

**COMMITMENTS**

- i) On March 21, 2011, the Company entered into a consulting agreement ATC Consulting Ltd. ("ATC") for Corporate Development Services in Canada. The agreement is for a term of up to twelve months, expiring on March 20, 2012. Pursuant to the agreement, ATC will receive \$1,000 per month over the term of the agreement. The agreement can be terminated by either party giving 30 days written notice.
- ii) On March 21, 2011, the Company entered into a consulting agreement Ernest Bartlett III ("Bartlett") for Corporate Development Services in the USA. The agreement is for a term of up to twelve months, expiring on March 20, 2012. Pursuant to the agreement, Bartlett will receive \$500 per month over the term of the agreement. The agreement can be terminated by either party giving 30 days written notice.

**SUBSEQUENT EVENTS**

Subsequent to the period end the Company:

- i) On June 17, 2011, the Company granted 800,000 stock options exercisable at \$0.38 until June 16, 2016.
- ii) Issued 100,000 Common shares pursuant to the exercise of stock options for gross proceeds of \$12,000.
- iii) Issued 4,375 common shares and 4,375 share purchase warrants pursuant to the exercise of brokers' warrants for gross proceeds of \$875.
- v) Issued 250,000 common shares pursuant to the exercise of stock options for gross proceeds of \$87,500.

**OUTSTANDING SHARE DATA**

The following details the common shares, stock options, and warrants outstanding as of the date of this MD&A

**Common Shares**

	Number of Shares
Authorized Unlimited common shares, without par value	
Issued Balance at June 29, 2011	57,075,344

**Stock options**

NUMBER OF STOCK OPTIONS	EXERCISE PRICE	NUMBER EXERCISABLE AT APRIL 30, 2011	EXPIRY DATE
250,000	\$ 0.10	250,000	September 11, 2011
200,000	0.25	150,000	April 14, 2012
525,000	0.12	525,000	May 14, 2014
50,000	0.40	12,500	December 3, 2013
700,000	0.40	-	March 4, 2014
800,000	0.38	-	June 16, 2016

**Share Purchase Warrants**

NUMBER OF WARRANTS	EXERCISE PRICE	NUMBER EXERCISABLE AT APRIL 30, 2011	EXPIRY DATE
3,135,000	\$ 0.35	3,135,000	April 12, 2012
4,832,000	0.40 yr 1/ 0.50 yr 2	4,832,000	April 29, 2013
1,875,000	0.50	1,875,000	April 29, 2013
8,040,000	0.35	8,040,000	April 29, 2003
17,882,000		17,882,000	

### Brokers' Warrants

<u>NUMBER OF BROKERS WARRANTS</u>	<u>EXERCISE PRICE</u>	<u>NUMBER EXERCISABLE AT APRIL 30, 2011</u>	<u>EXPIRY DATE</u>
<u>257,500</u>	\$ 0.20	<u>257,500</u>	April 12, 2012

### Agents Warrants

<u>NUMBER OF AGENTS WARRANTS</u>	<u>EXERCISE PRICE</u>	<u>NUMBER EXERCISABLE AT APRIL 30, 2011</u>	<u>EXPIRY DATE</u>
<u>1,093,873</u>	0.40 yr 1/ \$ 0.50 yr 2	<u>1,093,873</u>	April 29, 2013

## RISKS AND UNCERTAINTIES

### Limited Operating History

The Company is in the early stages of mineral property exploration and development. As a result, it is difficult to evaluate the Company's prospects, and its future success is more uncertain than if it had a longer or more proven history of operations.

### History of Losses

The Company has incurred net losses every period since inception and as of April 30, 2011, had an accumulated deficit of \$1,923,590.

### No History of Dividends

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

### Dilution

The Company does not generate any revenues from operating and does not have sufficient financial resources to undertake by itself all of its planned activities. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders.

### **Capital and Liquidity Risk**

The amount of financial resources available to invest for the enhancement of shareholder value is dependant upon the size of the treasury, profitable operations, and a willingness to utilize debt and issue equity. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

### **Acquisition and Expansion Risk**

The Company intends to expand its operations through organic growth and depending on certain conditions, by identifying a proposed qualifying transaction. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional properties or businesses.

### **Dependence on Key Personnel**

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for professionals is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

### **MD&A PREPARATION**

This MD&A was prepared as of June 29, 2011. This MD&A should be read in conjunction with our latest audited financial statements as at July 31, 2010. This MD&A is intended to assist the reader's understanding of **Ansell Capital Corp.** and its' operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at [www.sedar.com](http://www.sedar.com)

### **Managements Responsibility for Financial Statements**

The information provided in this report, including the financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Ansell Capital's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management quarterly to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee receives a report from the independent auditors annually, and is free to meet with them throughout the year.

# ANSELL CAPITAL CORP

## SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

APRIL 30, 2011

	REDROCK PROPERTY (NEVADA)	NORTH BATTLE PROPERTY (NEVADA)	KUYAKUZ PROPERTY (CANADA)	CHARLOTTE PROPERTY (CANADA)	TOTAL
Balance, July 31, 2010	\$ -	\$ 2,765	\$ 40,000	-	\$ 42,765
Filing and maintenance fees	-	-	-	-	-
Geophysics & Assaying	-	-	11,835	-	11,835
Drilling	-	-	-	-	-
Engineering & Consulting	-	-	64,372	3,000	67,372
Professional fees	-	-	-	-	-
Total Additions For The Period	-	-	76,207	3,000	79,207
Recovered from optionee	-	-	(55,000)	-	(55,000)
Write Offs	-	(2,765)	-	-	(2,765)
Balance, April 30, 2011	\$ -	\$ -	\$ 21,207	\$ 3,000	\$ 21,442