ULTRA LITHIUM INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended July 31, 2012 and 2011

Ultra Lithium Inc. (the "Company" or "Ultra Lithium") was incorporated on November 27, 2004 under the Company Act of British Columbia and is involved in the acquisition, exploration and development of resource properties. On March 21, 2006, the Company's common shares were posted for trading on Tier 2 of the TSX Venture Exchange (the "Exchange") under the symbol "JR". On August 27, 2009, the Company changed its name to Ultra Lithium Inc. and commenced trading on the Exchange under the symbol "ULI".

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the three and nine months ended July 31, 2012 and 2011 and is prepared as of September 28, 2012. The MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended July 31, 2012 and the notes thereto which were prepared in accordance with IAS 34 - Interim Financial Reporting and on the basis of International Financial Reporting Standards ("IFRS") and interpretations expected to be effective as at the Company's first IFRS annual reporting date on October 31, 2012. The MD&A should also be read in conjunction with the audited consolidated financial statements and related notes thereto and management's discussion and analysis of the Company as at and for the years ended October 31, 2011, which were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") prior to the conversion to IFRS.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its planned exploration activities, the adequacy of its financial resources and statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve 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 the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Description of Business

Ultra Lithium Inc. is an exploration stage company engaged in the acquisition, exploration and development of resource properties. As at July 31, 2012, the Company has interests in the following resource properties:

1. Mineral Concessions, Serbia

During the year ended October 31, 2011, the Company was granted six Exploration Licenses ("ELs") in the Republic of Serbia through its wholly-owned subsidiary, Ultra Balkans DOO Beograd, for the Trnava, Kragujevac, Valjevo East, Koceljeva, Ladevci and Preljina mineral prospects by the Ministry of Environment, Mining and Spatial Planning. The exploration license applications cover an area of approximately 544 square km in total. During the nine months ended July 31, 2012, the Company was granted one additional exploration license for the Blac mineral prospect which covers an area of approximately 99 square km.

An Exploration License in the Republic of Serbia is granted for a term of three (3) years with the option to extend twice, each for a further two (2) year term. Requirements for every renewal include completion of at least 75% of the submitted and approved work program and reduction of the area of interest by at least 25%.

At July 31, 2012, the Company holds ELs for the following mineral prospects:

	Expiration date
Trnava	May 1, 2012*
Kragujevac	May 1, 2012*
Blace	December 31, 2012
Preljina	June 25, 2015
Ladevci	June 25, 2015
Valjevo	June 20, 2015
Koceljeva	June 25, 2015

* The Company submitted new EL proposals in accordance with the new Serbian laws on mining and geological exploration and anticipates receipt of the new ELs in October 2012.

Property Update:

The Company purchased regional magnetic and gravity data sets. These will be used to plan its multidisciplinary exploration program that includes field reconnaissance, mapping, geochemical sampling and geophysical surveys during 2012. The various geophysical methods include gravity, ground-magnetic and magneto-telluric surveys which will be used to interpret basin geometry and identify potential lithium and boron bearing horizons.

The Trnava mineral prospect covers an area of approximately 100 square km and is located in the central part of Serbia, approximately 120 km south of Belgrade and less than 5 km south-east of the town of Cacak in the Moravica District. Field reconnaissance has started on the Trnava tenement and geochemical assays of a short sampling campaign are expected by the month's end. This mineral prospect is adjacent to Rio Tinto's Janok mineral prospect.

The Trnava mineral prospect will be explored primarily for its lithium and boron potential, as it has several features that warrant further investigation according to Ultra's exploration and target criteria:

- It is part of the NW-SE trending Morava depression (more than 1,000 square km in size) that hosts a promising basin system;
- Favourable lithologies have been identified by past exploration efforts of the Yugoslavian Geological Survey. The geology includes fine-grained, well-layered lacustrine sediments of Tertiary Age along with tuffs/tuffaceous sediments and intrusive rocks of a similar age;
- The basin has an interesting tectonic signature; and
- Gravity lows have been identified during Ultra's desktop studies.

The Kragujevac mineral prospect covers an area of approximately 100 square km and is located approximately 70 km south of Belgrade and less than 10 km north of the town of Kragujevac in the Sumadija District, Central Serbia.

Valjevo East is a highly ranked mineral prospect which covers an area of approximately 78 square km located approximately 60 km south of Belgrade, in the Municipalities of Ljig and Lazarevac, Central Serbia. It is situated adjacent to Pan Global Resources' Valjevo and Ljig mineral prospects.

The Koceljeva mineral prospect is situated approximately 60 km southwest of Belgrade in the Municipalities of Vladimirci and Sabac. It covers an area of almost 66 square km and is situated approximately 20 km east of Rio Tinto's Jadar Li-B deposit (114Mt @ 1.8% Li_2O & 13.1% B_2O_3) where production is estimated to commence in 2016.(2) The Koceljeva property hosts a distinct sedimentary sequence which the Company believes to be geologically correlated to Rio Tinto's Jadar deposit.

The Ladevci and Preljina mineral prospects cover an area of approximately 100 square km each and are located in the central part of Serbia, in the Municipalities of Cacak, Kraljevo and Gornji Milanovac, approximately 100 km south of Belgrade. The tenements comprise the northern part of the NW-SE trending Morava depression (more than 1,000 square km in size) that hosts a promising basin system.

Preljina and Ladevci properties are situated to the north of Trnava tenement and north of Rio Tinto's Janok mineral prospect.

The Republic of Serbia hosts high quality targets for Lithium-Boron mineralization within its Miocene-aged sedimentary basins. Rio Tinto's recent discovery of Jadar Li-B deposit is situated at the western part of the country and production is estimated to commence within 5 years.

The Company is the 100% owner and operator of these seven exploration licenses. The Company opened an office in Belgrade and hired local geological staff.

On July 23, 2012, Ultra Lithium reported that geophysical crews have commenced a comprehensive audio-magnetotelluric survey (AMT) on Ultra Lithium Inc.'s 643-square-kilometre land package in the Republic of Serbia. Data will be used to interpret basin geometry and identify potential lithium- and boron-bearing horizons.

The geophysical surveys are part of a phase I exploration program designed to delineate drill targets by carrying out geophysical surveys, geological mapping and soil sampling. Geophysical surveys and interpretations are being carried out by Beijing Explo-Tech Engineering Co. of Beijing, China. The survey will commence over previously mapped alteration zones and be expanded to cover the remainder of the properties. A total of 19 lines of AMT measurements totalling over 200 kilometres in length, with 800 AMT measuring points, will be completed by October 2012. To complement the AMT survey results, the Company plans to acquire additional gravity measurements at the same time. Further geophysical surveys will then be planned once preliminary results have been compiled and assessed.

On August 27, 2012, Ultra Lithium announced developments on the Property:

- Fieldwork has been completed on the Blace, Ladjevci and Preljina concessions;
- 300 square kilometres of ground geophysical surveys have been completed across the company's 643-square-kilometre property;
- Approximately 400 AMT measuring points have been surveyed with the remaining 400 points to be completed by October 2012;
- Geophysical work is under way on the Valjevo concession in the same Valjevo basin where Pan Global Resources Inc. (TSXV: PGZ) has reported recent drilling success (see Pan Global's news release dated July 18, 2012).

The above technical information has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed on behalf of the company by Shahab Tavakoli, PGeo, geophysicist, MSc, a qualified person under NI 43-101.

See the Company's website (www.ultralithium.com) to view the location maps of Trnava and Kragujevac mineral prospects.

2. Zigzag Property, Ontario ("Zigzag Property")

On August 31, 2009, the Company entered into a mineral property acquisition agreement ("Original Agreement") to acquire a 100% undivided right, title and interest in and to seven mineral claims in the

Zigzag Lake lithium, tantalum, beryllium and gallium property located in the town ship of Crescent Lake, Ontario. The property consists of 129 claim units for a total surface area of 2,064 hectares. As consideration, the Company agreed to pay $112,000, issue 400,000 common shares and incur aggregate exploration expenditures of $226,800 over a period of four years. As at the date of the MD&A, the Company paid $112,000 and issued 300,000 common shares pursuant to Original Agreement and New Agreement.

The Company agreed to pay finder's fees of an aggregate of $14,440 and issue an aggregate of 40,000 common shares of the Company over a period of three years. As at the date of this MD&A, the finder's fees were fully paid.

On March 3, 2010, the Company entered into an option agreement with Canadian Orebodies Inc. ("Orebodies") and the original vendors ("New Agreement") whereby Orebodies has been granted an option to earn an 80% interest in the Zigzag Property. This agreement supersedes the Original Agreement and reduces the Company's option to earning a 20% interest in the Zigzag Property. The Company shall earn the 20% interest by delivering the remaining consideration of $100,000 ($50,000 paid) and 300,000 common shares (200,000 shares issued) over a period of two years. Orebodies shall earn its 80% interest by delivering to the Company $100,000 ($50,000 received) and 650,000 common shares (525,000 shares received) over a period of three years. In addition, Orebodies is required to incur exploration expenditures of $350,000 on the property over a three year period.

Provided that Orebodies makes all of its required payments, including additional cash payments, share issuances and exploration expenditure commitments to the original vendor of the Zigzag Property, Orebodies may give written notice of acceleration, requiring the Company to satisfy its remaining payments within 30 days of such notice.

Commencing March 5, 2014, the Company and Orebodies will be required to pay a pre-production royalty of $10,000 per year, which will be deductible against future payments upon the commencement of commercial production. The royalty will be payable in cash or in common shares.

3. South Big Smokey Valley, Nevada

On February 22, 2010, the Company entered into a mineral property acquisition agreement, through its wholly-owned subsidiary, Ultra Lithium (USA) Inc., to acquire a 100% interest in and up to 364 placer claims (7,280 acres) located in the South Big Smokey Valley, Esmeralda County, Nevada. As consideration, the Company paid US$150,000 and issued an aggregate of 1,500,000 common shares to the vendor. In addition, the Company issued an aggregate of 300,000 common shares as finders' fees related to this acquisition.

The technical information in this section has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed on behalf of the Company by Mr. Phu Van Bui, P.Geo, an Independent Director, and Qualified Person under NI 43-101.

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its resource properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The Company's business will be the acquisition, exploration and development of resource properties. The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that any of its resource properties could be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Consolidated financial statements have been prepared assuming the Company will continue on a going concern basis: The Company's consolidated financial statements have been prepared on the basis that it will continue as a going concern. At July 31, 2012, the Company had working capital of $365,513 as compared to working capital of $395,143 as at October 31, 2011. Management has estimated that the Company has adequate funds from existing working capital to meet its obligations for the next twelve months. If the Company is unable to obtain adequate additional financing, it may be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would likely differ significantly from their going concern assumption carrying values.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Matters: Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing its various option agreements could result in the loss of its rights to such properties.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its resource properties; (ii) the ability to produce minerals from any resource deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Price Fluctuations and Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Title: Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Acquisition of Mineral Concessions under Agreements: The agreement pursuant to which the Company has the right to acquire a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property acquisition agreement over their full term. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Results of Operations

Three months ended July 31, 2012 compared with the three months ended July 31, 2011

During the three months ended July 31, 2012, the Company incurred a loss of $155,338 compared to a loss of $470,825 during the three months ended July 31, 2011. The decrease in loss by $315,487 was primarily attributable to decreases in share-based payments of $10,845, general and administrative expense of $98,600 and impairment of exploration and evaluation assets of $250,000 offset by a decrease in finance income of $409 and increases in finance costs of $509, loss on sale of marketable securities of $27,805 and foreign exchange loss of $15,235.

During the three months ended July 31, 2012, the Company recorded share-based payments of $(938) as compared to $9,907 in the same period of prior year. The decrease in share-based payments was the result of a greater number of options vested during the three months ended July 31, 2011.

General and administrative expense decreased by $98,600 mainly due to decreases in consulting fees of 48,704 and travel and promotion expense of $52,842. During the three months ended July 31, 2011, consulting fees of $76,058 were paid to various consultants of the Company related to the Serbian project. No such expenses were incurred during the three months ended July 31, 2012. During the three months ended July 31, 2011, travel and promotion expenses of $78,275 were incurred as a result of fees paid related to marketing and distribution of investment materials. No such expenses were incurred during the three months ended July 31, 2012.

The impairment of exploration and evaluation assets of $250,000 during the three months ended July 31, 2011 resulted from the Company's decision not to pursue its option agreement to acquire a 100% interest in the Berland Property.

Nine months ended July 31, 2012 compared with the nine months ended July 31, 2011

During the nine months ended July 31, 2012, the Company incurred a loss of $403,362 compared to a loss of $994,587 during the nine months ended July 31, 2011. The decrease in loss by $591,225 was primarily attributable to decreases in share-based payments of $215,693, general and administrative expense of $214,526, finance costs of $416 and impairment of exploration and evaluation assets of $250,000 offset by decreases in gain on sale of marketable securities of $52,960 and finance income of $1,127 and an increase in foreign exchange loss of $35,323.

During the nine months ended July 31, 2012, the Company recorded share-based payments of $3,139 as compared to $218,832 in the same period of prior year. The decrease in share-based payments was the result of a greater number of options vested and granted during the nine months ended July 31, 2011.

Travel and promotion expense decreased by $127,254 as a result of fees paid related to a distribution of investment materials and other marketing efforts carried out during the nine months ended July 31, 2011. No such expenses were incurred during the nine months ended July 31, 2012.

The Company incurred project evaluation costs of $44,990 related to the acquisition of mineral prospects exploration licenses in the Republic of Serbia during the nine months ended July 31, 2011. No such expenses were incurred during the nine months ended July 31, 2012.

Summary of Quarterly Results

Quarter Ended	Revenue	Operating Income/(Loss)	Diluted Loss per Share	Total Assets	Long Term Liabilities	Cash Dividend
	$	$	$	$	$	$
July 31, 2012	Nil	(155,338)	-	1,006,827	Nil	Nil
April 30, 2012	Nil	(143,950)	-	660,161	Nil	Nil
January 31, 2012	Nil	(104,074)	-	804,419	Nil	Nil
October 31, 2011	Nil	(147,335)	-	911,324	Nil	Nil
July 31, 2011	Nil	(470,825)	-	1,054,041	Nil	Nil
April 30, 2011	Nil	(196,226)	-	1,503,836	Nil	Nil
January 31, 2011	Nil	(327,535)	-	1,005,425	Nil	Nil
October 31, 2010	Nil	(105,302)	-	742,468	Nil	Nil

The results from operations for the quarter in fiscal 2010 were reported using pre-transition Canadian GAAP. The results for quarters in fiscal 2011 and 2012 were reported using IFRS.

The following discussion outlines the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factors in establishing the financial health of the Company. Of far greater significance are the resource properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current property, none of which are possible to predict with any accuracy.

There are no general trends regarding the Company's quarterly results, and the Company's business of resource exploration is not seasonal, as it can work on its property on a year-round basis (funding permitting). Quarterly results may vary significantly depending mainly on whether the Company has abandoned any properties or granted any stock options and these factors which may account for material variations in the Company's quarterly net income (losses) are not predictable. The major factor which may cause a material variation in net loss on a quarterly basis is the grant of stock option due to the resulting stock-based compensation charges which may be significant when they arise. This may be seen in the quarters ended October 31, 2010, January 31, 2011 and April 30, 2012. The impairment of exploration and evaluation assets can have a material effect on quarterly results as and when they occur, as seen in the quarter ended July 31, 2011. General and administrative costs tend to be quite similar from period to period, except in certain cases when there is an increase in corporate activities. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Liquidity and Capital Resources

The Company has no revenue generating operations form which it can internally generate funds and since inception date has been incurring losses. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements and the exercise of stock options. The Company also has raised funds through the sale of interests in its mineral properties. When acquiring interests in resource properties through purchase or option, the Company issues common shares or a combination of cash and shares to the vendors of the property as consideration for the property in order to conserve its cash. The Company expects that it will continue to operate at a loss for the foreseeable future and will require additional financing to fund the exploration of its existing properties and the acquisition of potential resource properties.

The Company's cash and cash equivalents at July 31, 2012 were held for working capital purposes and were invested primarily in Guaranteed Investment Certificates with a major Canadian chartered bank. The Company has no exposure to any asset-backed commercial paper. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

As at July 31, 2012, the Company had working capital of $365,513 as compared to working capital of $395,143 as at October 31, 2011, representing a decrease in working capital by $29,630. Net cash and cash equivalents decreased by $2,994 from $359,289 at October 31, 2011 to $356,295 at July 31, 2012. The decrease in cash and cash equivalents resulted mainly from cash utilized for operations of $374,137, exploration and evaluation assets of $164,460, purchase of equipment of $714 offset by net inflows of cash of $478,747 from a private placement financing, $25,000 from property option payment received and $32,570 from the sale of marketable securities.

During the nine months ended July 31, 2012, the Company closed the first tranche of its non-brokered private placement of 10,000,000 units at a price of $0.05 per unit for gross proceeds of $500,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at $0.10 per share expiring July 9, 2014. Share issue costs with respect to the private placement totalled $51,253 which included cash issue costs of $11,253 and finders' fees of $10,000 and 6,000 common shares at a fair value of $30,000. See "*Proposed Transaction*".

During the year ended October 31, 2011, the Company raised gross proceeds of $297,000 from a non-brokered private placement of 5,940,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.10 per share expiring November 30, 2012. Share issue costs with respect to the private placement totaled $32,035 which included cash issue costs of $2,335 and finders' fees of $29,700.

During the year ended October 31, 2011, the Company closed a non-brokered private placement of 7,500,000 units at a price of $0.10 per unit for gross proceeds of $750,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 per share expiring February 17, 2013. Share issue costs with respect to the private placement totalled $84,824 which included cash issue costs of $5,559 and finders' fees of $79,265. The finders' fees were comprised of cash payments of $63,250 and 112,500 units being, 112,500 common shares at a fair value of $12,937 and 56,250 finders' warrants with a fair value of $3,078.

During the year ended October 31, 2011, 580,000 stock options at $0.10 per share were exercised for total proceeds of $58,000 and 1,000,000 warrants at $0.10 per share were exercised for total proceeds of $100,000.

As of the date of this MD&A, financing for the Company's operations is also potentially available through the exercise of vested stock options and outstanding share purchase warrants (See "*Outstanding Share Data – Options and Warrants outstanding*"). However, there can be no assurance that any of these outstanding convertible securities will be exercised, particularly if the trading price of the common shares on the TSX Venture Exchange does not exceed, by a material amount and for a reasonable period, the exercise price of such convertible securities at some time prior to their expiry dates.

Subsequent to July 31, 2012, the Company completed the second tranche of its non-brokered private placement of 10,000,000 units at a price of $0.05 per unit for gross proceeds of $500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at $0.10 per share expiring September 10, 2014. Finders' fees of $10,000 and 600,000 common shares are payable in connection with this second tranche of private placement (See "*Proposed Transaction*").
The Company anticipates that it will have sufficient funds to meet its obligations for the next twelve months. However, if the Company's plans change (as, for example, if it determines to carry our additional work, acquire additional properties or accelerate its presently contemplated work programs) or its current assumptions change or prove inaccurate, the Company may be required to seek additional financing.

The Company currently has interests in several resource properties and is subject to resource property commitments as outlined under note 4 to its condensed interim consolidated financial statements as at and for the three and nine months ended July 31, 2012. As at July 31, 2012, the Company incurred aggregate expenditures of $731,298 on the properties which consisted of option payments in cash of $232,185 and in shares at fair values of $125,700, exploration costs of $368,636 and other expenses of $4,777. The

Company optioned out one of its properties and received $50,000 and shares at a fair value of $112,375. See "*Description of Business*".

The office has an office lease agreement for approximately $6,000 per month expiring on January 31, 2015:

Contractual Obligation	Total	1-3 years	4-5 years	After 5 years
Lease commitments	$243,558	$224,430	$19,128	-

The Company has not had a history of operations or earnings and its overall success will be affected by its current or future business activities. The continued operations of the Company and the recoverability of expenditures incurred to earn an interest in resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

Related Party Transactions

During the three and nine months ended July 31, 2012 and 2011, the Company entered into the following transactions with related parties:

		Three months ended July 31,		Nine months ended July 31,	
Name and Relationship to Company	Transaction	2012	2011	2012	2011
		$	$	$	$
Max Pinsky Personal Law Corporation, a company controlled by Max Pinsky, Secretary of the Company	Legal fees	7,252	2,257	14,734	4,886
Marc Morin, CEO of the Company	Management fees	15,000	7,500	45,000	22,500
Remstar Resources Ltd., a company with a common director and a common officer	Office, rent and administration (1)	24,500	19,500	61,300	48,900
Lornex Capital Corp., a company with common directors and officers	Recoveries for rent (2)	3,000	3,000	9,000	9,000
Metropolitan Energy Corp., a company with common officers	Recoveries for rent (2)	3,900	Nil	11,700	Nil
Prescient Mining Corp., a company with common directors and officers	Recoveries for rent (2)	3,000	3,000	9,000	9,000
Sparrow Ventures Corp., a company with	Recoveries for	3,900	3,900	11,700	11,700

common directors and officers	rent (2)				
Inca One Resources Corp., a company with common directors and officers	Recoveries for rent (2)	1,800	Nil	5,400	Nil

(1) The Company entered into a month-to-month arrangement with Remstar Resources Ltd. ("Remstar") whereby Remstar provides for office premises and support related to accounting, administration and financial reporting. Of the fees paid to Remstar, $17,500 was allocated to the services of Nilda Rivera, CFO of the Company, during the nine months ended July 31, 2012.

(2) The Company entered into a month-to-month arrangement with these companies to rent a portion of its office space.

All related party transactions were recorded at their exchange amounts, which is the amount of consideration established and agreed to by the related parties.

Included in prepaid expenses and deposits was a rent deposit of $10,300 (October 31, 2011 - $2,000) to a company having a director and officer in common.

Included in accounts payable and accrued liabilities were $9,445 (October 31, 2011 - $8,774) payable to a former director, an officer and a director of the Company. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

Included in amounts receivable was $5,600 (October 31, 2011 - $Nil) receivable from a company having a director and an officer in common.

Proposed Transaction

On May 15, 2012, the Company executed a legally binding Framework Agreement ("Agreement") with Beijing Guofang Mining Investment Co. Ltd. ("BGMI ") to jointly explore and develop its Balkans Project in the Republic of Serbia (the "Property"). Under the terms of the Agreement, BGMI may earn up to a 35% interest in the Property under the joint venture by funding up to $3,500,000 of approved exploration expenditures on the Property to be incurred within a period of three years from the date of formation of the joint venture. BGMI will earn a 5% interest for each $500,000 of approved expenditures incurred and up to a 35% interest once the entire $3,500,000 of qualified expenditures has been incurred.

In addition, BGMI and its associates agreed to complete a financing in the amount of $1,000,000 through the purchase of units of securities of the Company at $0.05 per unit. Each unit will consist of one common share of the Company and one common share purchase warrant, with each warrant entitling BGMI and its associates acquire an additional common share of the Company at $0.10 per share for a period of two years. During the period, the Company closed the first tranche of this financing for gross proceeds of $500,000. Subsequent to July 31, 2012, the Company closed the second tranche of the financing for additional gross proceeds of $500,000.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas requiring a significant degree of estimation and judgment relate to going concern assessments, the recoverability of the carrying value of exploration and evaluation assets, the determination of reclamation obligations and fair value measurements for share-based payments and financial instrument disclosures. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years may differ from these estimates.

Changes in Accounting Policies including Initial Adoption

Adoption of IFRS

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34") and IFRS 1, "First time adoption of International Financial Reporting Standards ("IFRS")", using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company adopted IFRS on November 1, 2011, with the transition date of November 1, 2010, representing the date of the Company's opening IFRS balance sheet. Prior to the adoption of IFRS, the Company prepared its consolidated financial statements in accordance with Canadian GAAP. As required by IFRS 1, First-time Adoption of IFRS, the Company will apply the IFRS in effect as at October 31, 2012 on a full retrospective basis, except where permitted or required under an IFRS 1 exemption.

The disclosures related to the transition from Canadian GAAP to IFRS are included in note 9 to the Company's condensed interim consolidated financial statements for the three and nine months ended July 31, 2012. Note 9 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on previously reported statements of financial position as at October 31, 2011, July 31, 2011 and November 1, 2010 and statements of comprehensive loss and cash flows for the three and nine months ended July 31, 2011 and the year ended October 31, 2011. The first date at which IFRS was applied was November 1, 2010.

Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB or the IFRIC. The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

(a) IFRS 7, Financial Instruments: Disclosures and IAS 32, Financial Instruments: Presentation

The IASB has issued amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7") and IAS 32, Financial Instruments: Presentation, requiring incremental disclosures and clarity an entity's ability to offset financial assets and financial liabilities. These amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and the amendments to IAS 32 are applicable for annual periods beginning on or after January 1, 2014. The Company does not expect the implementation to have a material impact on the Company's disclosures.

(b) IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company does not expect the implementation to have a material impact on the Company's results of operations, financial position and disclosures.

(c) IFRS 10, Consolidated Financial Statements

In 2011, the IASB issued IFRS 10 which provides additional guidance to determine whether an investee should be consolidated. The guidance applies to all investees, including special purpose entities. The standard is required to be adopted for periods beginning January 1, 2013.

(d) IFRS 11, Joint Arrangement

In 2011, the IASB issued IFRS 11 which presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method. The standard is required to be adopted for periods beginning January 1, 2013.

(e) IFRS 12, Disclosure of Interests in Other Entities

In 2011, the IASB issued IFRS 12 which aggregates and amends disclosure requirements included within other standards. The standard requires a company to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is required to be adopted for periods beginning January 1, 2013.

(f) IFRS 13, Fair value measurement

IFRS 13, Fair Value Measurement ("IFRS 13"), was issued by the IASB in May 2011, and is effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 13 was issued to remedy the inconsistencies in the requirements for measuring fair value and for disclosing information about fair value measurement in various current IFRSs. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on February 1, 2013. The Company does not expect IFRS 13 to have a material impact on the financial statements.

(g) IAS 1, Presentation of Items of Other Comprehensive Income

The IASB has issued amendments to IAS 1, Presentation of Financial Statements ("IAS 1"), which require entities to group items presented in other comprehensive income ("OCI") on the basis of whether they might at some point be reclassified from OCI to profit or loss at a later date when specified conditions are met. By requiring items of OCI to be grouped on this basis, their potential effect on profit or loss in future periods will be clearer. This amendment is effective for annual periods beginning on or after July 1, 2012 and requires full retrospective application. The Company does not expect IAS 1 to have a material impact on the financial statements.

(h) IAS 27, Separate Financial Statements

The IASB issued amendments to IAS 27 Separate Financial Statements to coincide with the changes made in IFRS 10, but retains the current guidance for separate financial statements.

(i) IAS 28, Investment in Associates and Joint Ventures

The IASB issued amendments to IAS 28 Investments in Associates and Joint Ventures to coincide with the changes made in IFRS 10 and IFRS 11.

Off-Balance-Sheet Arrangements

The Company has not entered into any off-balance-sheet arrangements.

Fair Value of Financial Instruments

1. Fair value of financial instruments

The carrying values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of the instruments. The fair values of marketable securities are based on current bid prices at July 31, 2012.

The following table summarizes the designation and fair value hierarchy under which the Company's financial instruments are valued:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

			July 31, 2012	
	Category	Carrying value	Amount	Fair value hierarchy
			$	
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	356,295	N/A
Receivables	Loans and receivables	Amortized cost	27,880	N/A
Marketable securities	Available for sale	Fair value	22,500	Level 1
			406,675	
Financial liabilities				
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	70,769	N/A

			October 31, 2011	
	Category	Carrying value	Amount	Fair value hierarchy
			$	
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	359,289	N/A
Receivables	Loans and receivables	Amortized cost	18,583	N/A
Marketable securities	Available for sale	Fair value	50,750	Level 1
			428,622	
Financial liabilities				
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	49,902	N/A

2. Financial instrument risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. The investments are with Schedule 1 banks or equivalent, with the majority of its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. Other receivables consist of harmonized sales tax recoverable of $17,390 and other receivables of $27,880 which are not considered past due.

(ii) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at July 31, 2012, the Company had a cash and cash equivalents of $356,295 to settle current liabilities of $70,769 which mainly consist of accounts payable that are considered short term and settled within 30 days. Subsequent to July 31, 2012, the Company completed a private placement financing of $500,000 (See *"Proposed Transaction"*). With the closing of the financing, the Company anticipates that it will have sufficient funds to meet its obligations for the next twelve months. However, if the Company's plans change (as, for example, if it determines to carry our additional work, acquire additional properties or accelerate its presently contemplated work programs) or its current assumptions change or prove inaccurate, the Company may be required to seek additional financing.

(iii) Market risk

(a) Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risks. The Company has subsidiaries in the United States and the Republic of Serbia and holds cash in Canadian, United States, Euros and Serbian Dinar currencies in line with forecasted expenditures. The Company's main risk is associated with fluctuations in the US dollar, Euros and Serbian Dinar and assets and liabilities are translated based on the foreign currency translation policy described in Note 2 to the condensed interim consolidated financial statements of the Company for the three months ended January 31, 2012.

The Company's net exposure to the US dollar, Euros and Serbian Dinar on financial instruments is as follows:

	July 31, 2012	October 31, 2011
	$	$
US dollar:		
Cash	1,631	288
Euro:		
Cash	30,894	565
Serbian Dinar:		
Cash	4,412	23,196
Accounts payable and accrued liabilities	7,413	4,372
Net Serbian Dinar	(3,001)	18,824

The Company has determined that an effect of a 10% increase or decrease in the US dollar, Euros and Serbian Dinar against the Canadian dollar on financial assets and liabilities, as at July 31, 2012, including cash and accounts payable and accrued liabilities denominated in US dollars, Euros and Serbian Dinar, would result in an insignificant change to the net loss and comprehensive loss for the three and nine months ended July 31, 2012. At July 31, 2012, the Company had no hedging agreements in place with respect to foreign exchange rates.

(b) Interest Rate Risk

The interest on cash and short-term investments is typical of Canadian banking rates, which are at present low, however, the conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the consolidated financial statements.

(c) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to the expected output to be produced at its mineral properties described in note 4 to the condensed interim consolidated financial statements for the three and nine months ended July 31, 2012, of which production is not expected in the near future.

Outstanding Share Data

(1) Authorized and Issued Capital Stock

a) Authorized - Unlimited common shares without par value.

b) Issued

As at September 28, 2012, there were 115,772,505 common shares issued and outstanding.

(2) Options and Warrants Outstanding

a) Stock options outstanding at September 28, 2012 are as follows:

Number of Outstanding	Exercise Price	Expiry Date	Number Exercisable
660,000	$0.10	May 12, 2018	660,000
1,160,000	$0.10	February 5, 2019	1,160,000
200,000	$0.10	June 3, 2019	200,000
50,000	$0.10	August 14, 2019	50,000
250,000	$0.10	September 22, 2019	250,000
300,000	$0.10	January 14, 2020	300,000
300,000	$0.10	June 23, 2020	300,000
200,000	$0.10	September 3, 2020	200,000
820,000	$0.10	October 13, 2020	820,000
2,030,000	$0.11	January 24, 2021	2,030,000
261,000	$0.11	February 14, 2013	261,000
150,000	$0.11	February 14, 2021	150,000
10,000	$0.10	August 23, 2021	7,500
250,000	$0.10	April 24, 2017	93,750
6,641,000			6,482,250

b) Warrants outstanding as at September 28, 2012:

Number of Shares	Exercise Price	Expiry date
2,000,000	$0.10	April 6, 2015
5,940,000	$0.10	November 30, 2012
3,806,250	$0.15	February 17, 2013
10,000,000	$0.10	July 9, 2014
10,000,000	$0.10	September 10, 2014
31,746,250		