JAYDEN RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Jayden Resources Inc.("Jayden" or the "Company") as at December 31, 2012 and for the year then ended in comparison to the same period in 2011.

This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012 and supporting notes. These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is March 28, 2012. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Contents of the MD&A

1. Overview

Jayden is a mineral exploration company engaged in resource exploration and project development. In this regard, the Company's plan is to acquire properties of merit and take them through the exploration phase and hopefully through feasibility and on to construction and production.

Jayden is in the advanced stage of exploration on its 80% owned Silver Coin Property. The Silver Coin Property is located approximately 25 kilometres by road north of Stewart, British Columbia in the Skeena Mining Division of British Columbia and consists of 39 claims totalling 1470 net Ha.

Since 2004, the Company, along with its joint venture partner Mountain Boy Minerals Ltd. ("Mountain Boy"), has conducted extensive exploration as well as environmental, metallurgical and resource studies on its Silver Coin Property. In April 2007, Minefill Services calculated a NI 43-101 compliant resource on the Silver Coin Property. Subsequently, the Company conducted aggressive drill campaigns in 2007 and 2008. In December of 2009 Tetra Tech Inc. completed a NI 43-101 compliant Preliminary Economic Assessment, incorporating the new drill holes and issued an update to this report on March 12, 2010.

The Company completed a drill program in September of 2010 with the objectives of confirming historical drill results, filling in undrilled portions of the mineralization, extending the mineralization to the north of the existing resource and obtaining fresh core for continued metallurgical testing. Based on this new drilling, the Company contracted Minarco MineConsult to complete an updated NI 43-101 compliant Technical Report and Preliminary Economic Analysis with an updated resource which was issued April 13, 2011.

Jayden began a significant drill program in May 2011 with the principal objective of reducing hole spacing in the main resource area. This program was completed in September of 2011 with a total of 109 core holes drilling 17,468m. In addition to Jayden's normal core logging/QAQC and assay procedures the Company determined specific gravity for representative samples of much of the 2011 core to bolster the Company's engineering data.

The Company delivered assay data for the 2011 program to Minarco-MineConsult for a new resource calculation and those results are anticipated by the end of quarter 1, 2013 and will be presented as part of a pre-feasibility study of the Silver Coin project.

Jayden has conducted the majority of its exploration on its properties using third party geological consultants and subcontractors.

The Company is taking additional steps to advance the Silver Coin Property toward production including contracting AMEC Earth and Environmental to continue environmental baseline studies begun in 2009 by Cambria Gordon Ltd. This baseline environmental work will be part of the Company's objective to continue advancing the project to the stage of an Environment Assessment and to obtain permits to build and operate the project.

Metallurgical test results, including comminution testing, continues to support the Company's belief that the Silver Coin mineralization can be effectively treated using standard milling practices. During 2011 the Company conducted an aggressive metallurgical test program. The test work has confirmed the Company's previous favourable recovery estimates and confirmed that a gravity circuit may be useful in recovering free gold and electrum, that a bulk sulphide concentrate will recover very high percentages of the gold and silver and that concentrate can be treated effectively by cyanide to recover an overall 87% of the gold and roughly 50% of the silver in a dore.

2. Highlights for the year ended December 31, 2012

- Jayden granted 5,250,000 stock options to directors, officers and consultants at an exercise price of $0.15 per share for a period of five years.
- Jayden entered into an asset purchase agreement with Decade Resources Ltd. ("Decade") to acquire Decade's Grassy 1 and Grassy 2 mineral claims which adjoin the eastern edge of the Silver Coin Property. Under the terms of the agreement the Company must pay $60,000 to Decade by December 31, 2012, On December 12, 2012 the agreement's term was extended to June 30, 2012.
- In July 2012, Paul Hung joined Jayden's Board of Directors. In connection with this appointment both Robert Wolfe and Herrick Lau resigned as directors of the Company. Mr. Wolfe remains as a consulting geologist and Mr. Lau remains the Company's CFO.
- In August 2012, Jayden continued its jurisdiction to the Cayman Islands. Its subsidiary, Jayden Resources (Canada) Inc. remains a BC company.
- In September 2012, Letty Wan was appointed CEO of Jayden and David Eaton became the President. Both remain directors of the Company.
- In October 2012, Jayden made application for a dual stock listing.

3. Results of operations for the three and twelve months ended December 31, 2012

The following table sets forth selected consolidated information for the three and twelve months ended December 31, 2012, 2011 and 2010.

	Three Months ended December 31,			Twelve Months ended December 31,		
	2012	2011	2010	2012	2011	2010
	$	$	$	$	$	$
Other revenue and net income	5	588	2,319	740	21,979	251,370
Administrative expenses	(503,322)	(363,298)	(894,007)	(1,871,459)	(1,650,176)	(4,954,849)
Other operating expenses	-	-	-	(6,085)	(23,536)	(4,493)
Net loss for the year	(503,317)	(362,710)	(891,688)	(1,876,804)	(1,651,733)	(4,707,972)
Basic and diluted loss per share	(0.0031)	(0.0018)	(0.0048)	(0.0860)	(0.0083)	(0.0280)

Because the Company is an exploration company, it has no revenue from mining operations.

The table below sets forth selected results of operations for the Company's eight most recently completed quarters.

	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012	Mar 30, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 30, 2011
Net loss	(503,317)	(379,607)	(237,879)	(756,001)	(362,710)	(171,801)	(442,168)	(675,054)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.03)	(0.00)	(0.00)	(0.00)	(0.04)
Write-down of interests in mineral properties	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	487,100	46,600	-	-	-
Total assets	16,807,255	17,102,571	16,846,320	17,224,905	17,473,443	18,032,549	14,821,649	12,123,702
Working capital	459,427	377,431	893,763	1,299,811	1,849,833	2,858,516	990,007	816,770

Quarter ended December 31, 2012 compared to quarter ended December 31, 2011

For the three-month period ended December 31, 2012, the Company recorded a net loss of $503,317 compared to $362,710 in the comparable period in the prior year. The increase in net loss from the period in the prior year is largely attributable to the period's share-based compensation expense, an increase of $440,500. Overall there was a decrease in all other categories except professional fees and regulatory fees.

By the end of the three month period ended March 31, 2012 the Company's working capital was $1,299,811 and by the end of the next three-month period ended June 30, 2012 this position has decreased to $893,763, and then by the three months ended September 30, 2012 this position had decreased to $377,431, which decrease is accounted for largely by the loan proceeds received during the quarter of $630,825. By the end of the three months ended December 31, 2012 the working capital had increased to $741,929 due to a reclassification of the loan payable from current liability to long term liability.

3.1 Exploration projects

3.1.1 Silver Coin Property:

GEOLOGY

The Silver Coin Property covers an area of intensely altered Lower-Jurassic Age intermediate volcanic rocks. Detailed regional and property scale geologic mapping conducted by government and Company-contracted geologists indicates that the area was a regional paleotopographic high with a stratovolcano centered on the nearby Mount Dilworth. The rocks are cut by a variety of intrusive rocks of both early Jurassic and Eocene Age. During the 2011 field season, the Company conducted detailed geologic mapping of the lithology, alteration and structure of the main resource area. This work confirmed several of the working theories related to controls on the mineralization but also added important new insights on the alteration and structure that may control mineralization.

HISTORY

In 1991, Silver Coin was operated as an underground mine and produced 102,539 tonnes at an average grade of 8.9 g/t Au and 55.50 g/t Ag from the high-grade Facecut Zone, located on the Big Missouri claim. This ore was processed at the nearby Silbak Premier Mill.

Prior to the Company's participation in the Silver Coin Property, a total of 422 holes were drilled with an aggregate depth of approximately 37,401 meters. This historic drilling included 293 underground drill holes with an aggregate depth of approximately 17,500 meters during the period from 1988 to 1994.

In 2004, the Company entered into a joint venture agreement with Mountain Boy Minerals Ltd and since June 2006, the Company has been the operator of the Silver Coin Property, with Mountain Boy serving in advisory and contractor capacities. Mountain Boy was granted a first right to negotiate contracts to provide services in connection with exploration and development work on the Silver Coin Property and this has proven very beneficial to the Company because of their extensive local knowledge and operational capability.

In 2010, the Company contracted AMEC Earth and Environmental to continue with environmental baseline studies started in 2009 by Cambria Gordon Ltd. AMEC has since expanded the water sampling and hydrology program and importantly, confirmed Cambria Gordon's conclusion that No Name Lake is non-fish-bearing. To RIC standards, No Name Lake, a potential site for tailings placement, is devoid of fish and thus remains a potentially viable option for design and operation of the project. AMEC is focusing on surface hydrology studies to characterize flow rates and surface water quality in several critical streams on the property. AMEC has also installed a continuously monitoring weather station on the property to establish baseline air quality and climate data for the project.

Also in 2010, the Company drilled 18 holes totaling 2807 meters with the objective of confirming historical drilling, better understanding the geology and expanding the resource. Based on these new drill results the Company completed a 43-101 compliant Technical Report and Preliminary Economic Analysis dated April 13, 2011. This updated resource estimate represents an overall increase in the average gold grade of 10.9 per cent and an 11.1-per-cent increase in the number of resource ounces previously reported, from 191,300 measured ounces, 644,300 indicated ounces and 655,200 inferred ounces, to 218,410 measured ounces, 624,006 indicated ounces and 813,273 inferred ounces. The updated resource estimate incorporates a total of 732 drill holes (88,645 metres) plus 76 trenches (1,447 metres).

Silver Coin hosts a gold-silver-zinc resource containing a 43-101 resource of 24.13 million tonnes grading 1.08 g/t gold for a total of 842,416 ounces of gold, 4.45 million ounces of silver and 91.17 million pounds of zinc in the measured and indicated categories at a 0.3 gram gold per tonne cut-off grade. The estimated inferred resources comprise an additional 813,273 ounces of gold, 6.69 million ounces of silver and 128 million pounds of zinc. Minarco MineConsult of Beijing, China estimated the resource in a technical report dated April 13, 2011 as follows:

0.3 gt AI Cut-off	Tonnes	Au (g/t)	Ag (g/t)	Zn (%)	Au (oz)	Ag (oz)	Zn (lbs)
Measured	4,372,225	1.55	6.53	0.26	218,410	918,417	25,531,741
Indicated	19,759,025	0.98	5.57	0.15	624,006	3,537,769	65,642,277
M&I	24,131,250	1.08	5.74	0.17	842,416	4,456,186	91,174,018
Inferred	32,443,840	0.78	6.41	0.18	813,273	6,691,185	128,006,920

2011 WORK

In May of 2011, the Company began a drilling program with objectives that included upgrading the inferred resource ounces to the indicated or measured classification, collecting fresh core for metallurgical testing and enhancing the understanding of the geology of the deposit. That drill program was completed in September of 2011 and included 109 holes totalling 17,468m.

During 2011 the Company also advanced metallurgical test work and site-based environmental baseline studies as well as initiated work on detailed site engineering studies.

2011 DRILLING

During the summer of 2011, the Company drilled 109 holes totalling 17,468m. The drill program was successful in drilling significant widths of good grade gold and silver mineralization. Highlights from the program include:

DHID	From	To	Interval	Gold Weighted Average (g/T)	Silver Weighted Average (g/T)	Gold Weighted Average (oz.t)	Silver Weighted Average (oz.t)
SC11-328	41.2	57.68	16.48	1.553	6.625	0.045	0.193
SC11-334	8.2	35.91	27.71	1.334	7.609	0.039	0.222
SC11-341	89.57	106	16.43	2.673	14.247	0.078	0.416
SC11-350	99.2	104.3	5.1	4.235	13.261	0.124	0.387
SC11-351	93.5	150.16	56.66	1.476	4.714	0.043	0.138
SC11-351	189.67	202.69	13.02	2.743	3.761	0.080	0.110
SC11-353	171.05	174.12	3.07	18.747	11.768	0.547	0.343
SC11-354	113.37	129.87	16.5	2.109	16.577	0.062	0.483
SC11-354	143.64	152.42	8.78	2.044	9.038	0.060	0.264
SC11-356	136.25	148.44	12.19	1.188	4.711	0.035	0.137
SC11-356	153.18	160	6.82	2.290	6.980	0.067	0.204
SC11-356	185.93	192.27	6.34	3.701	10.895	0.108	0.318
SC11-357	91.5	94.5	3	24.964	14.650	0.728	0.427
SC11-357	184	200.56	16.56	3.250	10.815	0.095	0.315
SC11-357	204.35	208.85	4.5	2.134	5.267	0.062	0.154
SC11-358	91.5	117	25.5	1.851	3.375	0.054	0.098
SC11-358	133	161.35	28.35	1.252	4.764	0.037	0.139
SC11-358EXT	133	162.87	29.87	1.158	2.050	0.034	0.060
SC11-358EXT	158	159.56	1.56	4.319	2.800	0.126	0.082
SC11-359	112.72	122	9.28	2.596	10.374	0.076	0.303
SC11-360	14.15	24.34	10.19	2.156	7.411	0.063	0.216
SC11-361	58.04	66	7.96	25.239	34.726	0.736	1.013
SC11-362	146	157.6	11.6	2.495	10.265	0.073	0.299
SC11-363	128	155.02	27.02	5.717	13.879	0.167	0.405
SC11-363	156.4	170.84	14.44	1.654	5.873	0.048	0.171
SC11-363	173.5	191	17.5	1.753	4.804	0.051	0.140
SC11-365	89.46	93.49	4.03	3.796	11.191	0.111	0.326
SC11-367	58	80.66	22.66	1.152	4.853	0.034	0.142
SC11-368	128.5	131.56	3.06	7.154	22.348	0.209	0.652
SC11-370	198.1	210.5	12.4	0.940	3.243	0.027	0.095
SC11-370	235.95	249.33	13.38	2.816	34.248	0.082	0.999
SC11-373	247.8	248.76	0.96	13.630	83.900	0.398	2.447
SC11-376	44.5	46	1.5	9.900	5.200	0.289	0.152
SC11-404	64.46	80.58	16.12	7.104	10.768	0.207	0.314
SC11-409	15.24	21	5.76	2.687	47.630	0.078	1.389
SC11-409	26.7	29.98	3.28	3.542	118.630	0.103	3.460
SC11-417	58.71	71.16	12.45	3.643	22.107	0.106	0.645
SC11-417	82.97	89	6.03	7.919	28.684	0.231	0.837
SC11-421	42	51	9	1.642	62.052	0.048	1.810

SC11-422	18.29	25.36	7.07	2.079	10.537	0.061	0.307
SC11-422	30.18	33.22	3.04	6.902	32.200	0.201	0.939
SC11-424	78.45	96.93	18.48	11.684	18.885	0.341	0.551
SC11-425	35.97	45.11	9.14	5.102	21.881	0.149	0.638
SC11-431	5.33	8.68	3.35	5.595	41.847	0.163	1.221
SC11-433	40.53	43.58	3.05	5.668	16.711	0.165	0.487
SC11-434	46.44	49	2.56	7.959	47.965	0.232	1.399
SC11-437	39.7	46.66	6.96	4.339	14.609	0.127	0.426
SC11-437	112.54	117	4.46	14.979	60.272	0.437	1.758
SC11-438	66.57	69.49	2.92	6.612	9.547	0.193	0.278
SC11-439	125.07	126.57	1.5	5.224	22.100	0.152	0.645
SC11-439	147	148.5	1.5	21.220	9.800	0.619	0.286
SC11-440	33.53	37.05	3.52	6.787	30.132	0.198	0.879

In 2011, the Company also advanced metallurgical studies that incorporate lower sample head grades that are closer to the expected ore grades for current modeled open pit. The recently completed laboratory testing used a blended master composite sample (1.2 g/t Au, 4 g/t Ag) and other variability samples (grading from 0.5 g/t to 2.5 g/t Au) obtained from drill core intervals. These samples were used to simulate the response that would be expected in processing such ore by gravity and flotation, with the option of cyanide leaching of the flotation concentrate.

These metallurgical results indicate that the lower grade feeds responded very well to standard flotation procedures. Further, the test data indicates that gravity pre-treatment is effective in recovering coarse gold and electrum which in turn improves the gold and silver leach response. The combined gravity and flotation recovery is expected to be approximately 96% for gold and 87% for silver. Leach recovery of the sulphide concentrate varied, with gold dissolution ranging from 85% to 95%, with lower grade concentrates trending toward the lower recoveries. Silver leach dissolution rates ranged from 40% to 60%. A typical flotation concentrate might be expected to grade 29 g/t Au and 93 g/t Ag, contained in less than 5% of the original feed weight, thereby greatly reducing the size of a leach circuit. Optionally, with additional flotation cleaning the final concentrate can be upgraded further to as little as 2% of the original feed weight. This indicates excellent upgrading potential which may allow the Company the option to sell or treat the concentrate offsite. In summary, the preliminary metallurgical testing shows excellent flotation response that allows for a variety of process options to be considered in advancing the project.

Environmental baseline studies continued on the site in 2011, including monitoring the Company's continuously recording meteorological station and certain improvements have been made to expand the data we collect from our network of stream sites.

Long Lake Hydro is a private company developing a significant hydroelectric power project that will produce power year round from turbines less than four kilometers from our proposed plant site. New public BC hydro lines will connect to the turbines and the Company will have access to dependable public-utility power within a few kilometers of the property with minimal capital expenditure.

In late 2011, the Company initiated infrastructure studies to advance understanding of important development aspects of Silver Coin. The Company contracted Allnorth Consultants Ltd. to design infrastructure such as road access, building design and location, routing between the proposed open pit mine and the mill and waste facilities, design of electric transmission lines to bring power to the project from the Long Lake Hydro turbines and associated costs for all this construction and infrastructure development.

During 2011 the Company also made several important advances in its ownership of the project. These include the acquisition of the 4 large INDI claims from Nanika Resources and the addition of a number of cell claims staked by the Company both within and peripheral to the core claim block. Also during 2011, the Company completed its required expenditure of $4 million on the project to earn an additional 10% to bring its total ownership in Silver Coin to 80%. To allow greater flexibility in future operational planning, the Company entered into an option to purchase the two Grassy claims from Decade Resources. These claims are east of and contiguous to the main Silver Coin block and can provide additional space for future operations at the site.

The Company also expanded the scope of work from AMEC to include detailed design of waste rock facilities and tailings impoundments based on recent work by Minarco to develop a mine and mill plan for the project.

2012 WORK

During 2012, the Company has focused on advancing technical and engineering studies through its main contractors, AMEC Earth and Environmental, All North Consultants Ltd. and Minarco Mineconsult in support of developing a plan for building the projects and demonstrating its economic viability. Based on these studies, the Company expects to publish a pre-feasibility report in either the 4th quarter of 2012 or the 1st quarter of 2013.

During 2012, the Company did not do any field work while it focused on completing the pre-feasibility study.

In summary, the Silver Coin Property hosts a substantial gold and silver resource, it is amenable to low cost open pit mining, the metallurgy of the mineralization is excellent offering high recoveries and flexible options for concentrate treatment, reliable electric power is available just a few kilometers from the site, it is road accessible and the Granduc Road links Silver Coin with the deep water seaport at Stewart, B.C.

4. Liquidity and capital resources

The following table summarizes the Company's cash on hand, working capital and cash flow

As at December 31,		2012		2011
Cash and equivalents	$	227,074	$	1,537,340
Working capital		741,929		1,849,833
Year ended December 31,		2012		2011
Net cash used in operating activities		(1,590,172)		(1,851,313)
Net cash used in investing activities		(735,966)		(4,930,597)
Net cash provided by financing activities		1,015,872		7,894,701
Net change in cash	$	(1,310,266)	$	1,112,791

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company required additional funds in 2011 to continue its exploration program and during year ended December 31, 2011 received $7,894,701 upon the exercise of warrants.

During the year ended 2012, the Company entered into loan agreements with the CEO and director of the Company whereby $1,015,872 was loaned to the Company with no interest or term of agreement.

To maintain the Silver Coin Property in good standing, no work or payments are required on the majority of the claims until October 2017, with the exception of the Kansas claim which is a Crown Grant and therefore subject to an annual tax payment of $24. Several recently acquired cell claims, which overlie some of the older Silver Coin legacy claims, have annual payments due in October 2012 and September 2013.

Jayden's completed its 2011 plans of reducing drill-hole spacing, preliminary metallurgical test-work, initiating mine planning and baseline environmental studies, continued surface geologic mapping, and securing adequate supplies of water and power. These items are required for the project to proceed toward feasibility.

The Company will need to continue to raise more funds in order to proceed with its exploration plans.

4.1.1. Share capital

On 8 August 2012, the Company changed its place of jurisdiction and was registered as an exempted company with limited liability by way of continuation in the Cayman Islands. Concurrent with the continuation in the Cayman Islands and in accordance with the Articles, the authorized share capital of the Company was concurrently changed to 5,000,000,000 shares without par value, with an aggregate consideration for which such shares may be issued of C$10,000,000,000.

Prior to that the Company had an authorized share capital of an unlimited number of common shares of which 251,396,301 shares were issued and outstanding at December 31, 2012.

In May 2010, the Company completed a rights offering in which one right was issued for each share held, where each right entitled the holder to acquire an additional common share for $0.05. A total of 91,576,134 shares were issued raising gross proceeds of $4,578,807. Share issue costs of $3,684,062 were incurred. Progress Advanced Holdings Ltd. ("Progress Advanced") agreed to provide a standby commitment under which it would purchase any common shares that were not otherwise subscribed for under the rights offering prior to the expiry time. In consideration, Progress Advanced was granted 22,894,033 warrants where each warrant entitled the company to purchase an additional common share at $0.05 for a period of six months from the closing, subsequently extended to September 30, 2011. The fair value of these warrants was $3,449,070 which was accounted for as part of the total share issue costs.

In October 2011, the Company issued 67,894,033 shares resulting from 45,000,000 share purchase warrants exercisable at a price of $0.15 per share and 22,894,033 share purchase warrants exercisable at a price of $0.05 per share being exercised for gross proceeds of $7,894,701.

The Company has no full share equivalent warrants outstanding as of December 31, 2012 and December 31, 2011.

The Company has no shares remaining in escrow at December 31, 2012.

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be ten years and the vesting is at the direction of the board, however, options granted to consultants performing "investor relations' activities" must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with TSE policies.

In January 2012, the Company granted 5,250,000 stock options to directors, officers and consultants at an exercise price of $0.15 per share for a period of five years.

During the year ended December 31, 2012, 400,000 options were forfeited and 85,000 options expired such that at the end of the year, a total of 17,520,000 options were outstanding and exercisable at prices ranging from $0.15 to $0.20 per share. The weighted average exercise price is $0.19 per share. The maximum number of shares subject to the plan, in the aggregate may not exceed 10% of the Company's issued shares. The Company uses the Black-Sholes option pricing model to estimate the fair value of the options.

During the year ended December 31, 2012 the Company recognized $487,100 (2011 - $46,600) of share-based compensation expense. The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following weighted average assumptions:

	2012	2011
Risk-free interest rate	1.26%	2.65%
Dividend yield	Nil	Nil
Expected volatility	112%	94%
Expected option life	5.0 years	2.0 years

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a realistic measure of fair value of the Company's stock options and warrants at the date of the grant or thereafter.

4.1.2. Contractual commitments

The Company entered into consulting contracts providing the following services:

	Monthly Fee $	Service Provided
Baron Global Financial Canada Ltd.	10,000	Corporate advisor
James Andrew & Company	6,000	Consultant
Lawrence A. Dick Consulting Ltd.	3,000	Consultant
Robert Perry Consulting LLP	US$13,000	Geological services
Carta Exploration Ltd.	6,000	Geological services
TransMax Investing	10,000	Management
Letty Wan	HK$60,000	Management and director's fees

5. Related party transactions

(a) Related party receivables

At December 31, 2012, the Company was owed $257,259 by Baron Capital Limited, a company who has a director who is a close family member to Letty Wan, the CEO and a director of the Company.

(b) Related party expenses

The Group incurred the following material related party transactions during the respective years:

Services provided for the year ended December 31, 2012	Management services	Consulting and advisory services	Rent and office expenses
	$	$	$
Baron Global Financial Canada Ltd. (1)	78,000	-	42,000

Services provided for the year ended December 31, 2011	Management services	and advisory services	Rent and office expenses
	$	$	$
Baron Global Financial Canada Ltd. (1)	78,000	-	42,000
Baron Asia Limited (2)	-	-	20,742

(1) Mr. Herrick Lau Mong Tak and Mr. David Arthur Eaton, CFO and director of the Company, were the managing director and chairman of Baron Global Financial Canada Ltd, respectively.
(2) Ms. Letty Wan Ho Yan, the CEO and a director of the Company, has indirect controlling equity interest in Baron Asia Limited.

According to the commercial agreements between the Company and the related companies, the transactions with Baron Global Financial Canada Ltd. and Baron Asia Limited. will continue after the reporting date until the expiry of the commercial agreements. The commercial agreements for other related party transactions had been terminated during the years. The directors of the Company are of the opinion that the related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

(c) Compensation of key management personnel

Key management personnel are the directors of the Company whose compensation included in staff costs comprised the following:

	Year ended December 31, 2012	2011
	$	$
Employees' remuneration summary		
Salaries and other benefits	317,650	253,934
Director's fees	69,360	23,675
Share-based payments	357,206	-
	744,216	277,609

6. Fourth quarter

For the three-month period ended December 31, 2012, the Company recorded a loss of $503,317 compared to $362,710 in the comparable period the prior year. The increase in net loss from the period in the prior year is largely attributable to the period's share-based compensation expense, an increase of $440,500. Overall there was a decrease in all other categories except professional fees and regulatory fees.

7. Adoption of accounting standards and pronouncements under IFRS

Future accounting changes

The following pronouncements from the IASB will become effective for financial reporting periods beginning on or after January 1, 2013 and have not yet been adopted by the Company. All of these new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application.

- Amendments to IAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

  The amendments to IAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available–for–sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

- Amendments to IAS 32 - Presentation – Offsetting Financial Assets and Financial Liabilities

  The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

- Amendments to IFRS 7 - Disclosures – Offsetting Financial Assets and Financial Liabilities

  IFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under IAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under IAS 32

- IFRS 9 Financial Instruments

  IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

- IFRS 10 Consolidated Financial Statements

  IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

- IFRS 11 Joint Arrangements

  IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

- IFRS 12 Disclosures of Interests in Other Entities

  IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

- IFRS 13 Fair Value Measurement

  IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

  In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

Information on new and amended IFRSs that are expected to have an impact on the Group's accounting policies is provided in note 2(b) of the most recent annual consolidated financial statements as at and for the year ended December 31, 2012.

The directors are in the process of assessing the impact of other new or revised IFRSs upon initial adoption. So far, the directors anticipate that the application of these IFRSs is unlikely to have a significant impact on the Group's results and financial positions.

8. Financial instruments

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the board of directors meets regularly and co-operates closely with key management to identify and evaluate risks and to formulate strategies to manage financial risks. The Group has not used any derivatives or other instruments for hedging purposes and does not hold or issue derivative financial instruments for trading purposes. The most significant risks to which the Group is exposed to are described below.

(i) Currency risk

Some of the operating expenses and cash held are denominated in foreign currencies and as such are subject to currency risk. The Group does not enter into derivative financial instruments to mitigate this risk but the Group does not believe its net exposure to foreign exchange risk is significant.

Foreign currency denominated cash and cash equivalents and payables and accruals, translated into Canadian dollars at the closing rates are as follows:

	At December 31, 2012			
	The Group		The Company	
	USD	Other	USD	Other
	$	$	$	$
Assets:				
Amount due from a related company	-	257,279	-	257,279
Cash and cash equivalents	8,386	117,570	4,565	117,570
Liabilities:				
Payables and accruals	(6,608)	(93,265)	(6,608)	(93,265)
Net exposure	1,778	281,584	(2,043)	281,584

	At December 31, 2011			
	The Group		The Company	
	USD	Other	USD	Other
	$	$	$	$
Assets:				
Cash and cash equivalents	9,881	329,811	4,903	329,811
Liabilities:				
Payables and accruals	(649)	(23,695)	-	(23,695)
Net exposure	9,232	306,116	4,903	306,116

The following table details the Group's sensitivity to a 10% increase or decrease in the Canadian dollar against the foreign currency denominated monetary items above. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 10% change in foreign currency rates. A positive number indicates a decrease in loss for the year where the foreign currencies strengthen against the Canadian dollar. The opposite number will result if the foreign currencies depreciated against the Canadian dollar.

	Year ended December 31,			
	2012		2011	
	USD	Other	USD	Other
	$	$	$	$
Effect on loss after tax for the year and retained profits				
- The Group	(178)	(28,158)	(923)	(30,612)
- The Company	(204)	(28,158)	(490)	(30,612)

(ii) Credit risk

The Group's cash is held in authorized Canadian financial institutions. The Group does not have any asset-backed commercial paper. Management believes that the credit risk concentration with respect to its financial instruments is minimal.

The Group adopts conservative investment strategies. Usually investments are in liquid securities quoted on recognized stock exchanges. No margin trading is allowed. Loans and financial guarantees to individuals on non-Group entities have to be approved by the board of directors. The board monitors the Group's overall investment position and exposure on a day to day basis.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has interest-bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market and non-interest bearing director's loans. Details of which are disclosed in Notes 17 and 19 respectively. The Group's operating cash flows are substantially independent of changes in market interest rates. The Group has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Group is considered minimal. The Group has no interest bearing borrowings.

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

(iv) (iv) Liquidity risk

The Group's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Group manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the board of directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risk.

The following tables detail the remaining contractual maturities at the respective reporting dates of the Group's and Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

The Group	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	One to two years
	$	$	$	$
At December 31, 2012				
Payables and accruals	196,244	196,244	196,244	-
Amounts due to related companies	14,178	14,178	14,178	-
Loans from a director	1,015,872	1,015,872	-	1,015,872
	1,226,294	1,226,294	210,422	1,015,872
At December 31, 2011				
Payables and accruals	182,363	182,363	182,363	-
Amounts due to related companies	18,629	18,629	18,629	-
	200,992	200,992	200,992	-

The Company	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	One to two years
	$	$	$	$
At December 31, 2012				
Payables and accruals	185,166	185,166	185,166	-
Loans from a director	1,015,872	1,015,872	-	1,015,872
	1,201,038	1,201,038	185,166	1,015,872
At December 31, 2011				
Payables and accruals	96,965	96,965	96,965	-
Amounts due to related companies	876	876	876	-
	97,841	97,841	97,841	-

(v) Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to change in market prices of listed equity in respect of its investments classified as available-for-sale investments (Note 16).

The policies to manage other price risk have been followed by the Group since prior years and are considered to be effective.

Sensitivity analysis

The sensitivity analyses below have been determined based on exposure to equity price risk at the reporting date. For sensitivity analysis purposes, the sensitivity rate is 148% and 152% for the years ended December 31, 2012 and 2011 as a result of the volatile financial market. If equity prices had been 148% and 152% higher/lower, other comprehensive income for the years ended December 31, 2012 and 2011 would increase/decrease by approximately $41,490 and $56,723 respectively. This is due to the changes in fair value of listed equity investment classified as available-for-sale investments.

(vi) Fair value measurements recognized in the consolidated statements of financial position

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statements of financial position are grouped into the fair value hierarchy as follows:

	At December 31, 2012			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Available-for-sale investments				
- listed equity securities, at fair value	28,034	-	-	28,034

	At December 31, 2011			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Available-for-sale investments				
- listed equity securities, at fair value	37,318	-	-	37,318

There have been no significant transfers between levels 1 and 2 in the respective reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. The listed equity securities are denominated in Canadian dollars. Fair values have been determined by reference to their quoted bid prices at the reporting dates.

(vi) Categories of financial assets and liabilities

The carrying amounts of the Group's and the Company's financial assets and liabilities as presented in the statements of financial position are as follows:

The Group	At December 31, 2012	At December 31, 2011
	$	$
Financial assets		
Available-for-sale investments	28,034	37,318
At amortized cost		
Cash and cash equivalents	227,074	1,537,340
	255,108	1,574,658
Financial liabilities		
At amortized costs		
- Payables and accruals	(196,244)	(182,363)
- Amounts due to related companies	(14,178)	(18,629)
- Loans from a director	(1,015,872)	-
	(1,226,294)	(200,992)

The Company	At December 31, 2012	At December 31, 2011
	$	$
Financial assets		
Available-for-sale investments	28,034	37,318
Cash and cash equivalents	207,229	1,206,890
	235,263	1,244,208
Financial liabilities		
At amortized costs		
- Payables and accruals	(185,166)	(96,965)
- Amounts due to related companies	-	(876)
- Loans from a director	(1,015,872)	-
	(1,201,038)	(97,841)

9. Internal control over financial reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the year ended December 31, 2012, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements.

The CEO and CFO have evaluated the effectiveness of the Company's DCP and have concluded that the design and operation of the Company's DCP were effective as of December 31, 2012 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). During the year ended December 31, 2012, the Company engaged an international business advisory firm to assess the effectiveness of the Company's ICFR.

During the design and evaluation of the Company's ICFR, management identified certain non-material deficiencies, a number of which have been addressed or are in the process of being addressed in order to enhance the Company's processes and controls. The Company employs entity level and compensating controls to mitigate any deficiencies that may exist in its process controls. Management intends to continue to further enhance the Company's ICFR.

The Company's management, including its CEO and CFO, believe that any DCP and ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

There have been no changes in the Company's ICFR during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

10. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation

The Company's management exercises its judgement in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Company intends to derive future economic benefits from the use of these assets. The Company depreciates its property, plant and equipment in accordance with the accounting policies. The carrying amount of the property, plant and equipment is disclosed in note 9 of its condensed consolidated interim financial statements.

Asset retirement obligations

The Company recognizes the liability for an asset retirement obligation. The relevant costs in associated with the assets retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.

Critical judgements in applying the Company's accounting policies

The following is the critical judgement, apart from those involving estimations that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Exploration and evaluation assets

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Company will take into consideration of the recoverable amounts of the relevant cash generating unit ("CGU"). After taking into account the current economic environment, the management reviews the developing projects and exploration plans and confirms that there is no indicator for impairment on the exploration and evaluation assets of the Group at the reporting dates.

Impairment of available-for-sale investments

For available-for-sale investments, a significant or prolonged decline in fair value below its cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account.

11. Cautionary statement on forward-looking information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, and U.S. dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.