Inter-Citic Minerals Inc.

Management's Discussion and Analysis

This Management's Discussion and Analysis should be read in conjunction with the interim consolidated financial statements for the third quarter ended August 31, 2012 (unaudited), and the audited consolidated financial statements for the year ended November 30, 2011 and the Annual Information Form ("**AIF**") for the year ended November 30, 2011 for Inter-Citic Minerals Inc. ("**Inter-Citic**" or the "**Company**"), and is current as at October 10, 2012. Unless otherwise noted, all financial information is expressed in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and with consistent application of accounting policies. Additional information regarding the Company and its operations and activities can be found on its website at www.inter-citic.com, or on SEDAR at www.sedar.com, including the documents referenced above.

Disclosure of a technical nature in this Management's Discussion and Analysis has been reviewed by Mr. B. Terrence Hennessey, P.Geo., of Micon International Limited, the Company's independent Qualified Person as that term is defined under National Instrument 43-101 ("**NI 43-101**"), as well as Mr. Michael W. Leahey, the Company's internal Qualified Person in respect of geological aspects of the Company's mineral property and Mr. Malcolm J.A. Swallow, P.Eng., the Company's Vice President, Development and internal Qualified Person in respect of engineering matters.

HIGHLIGHTS FOR THE QUARTER

Proposed Acquisition of Inter-Citic

- On August 27, 2012 the Company announced that it had entered into a definitive agreement (the "**Arrangement Agreement**") pursuant to which Western Mining Group Co., Ltd. ("**Western Mining**") would acquire all of the outstanding shares of the Company by way of a plan of arrangement (the "**Arrangement**") for cash consideration of $2.05 per common share.

- The cash consideration of $2.05 per share represents an implied premium of 41.4% to Inter-Citic's closing share price on the TSX of $1.45 on August 24th (last trading day prior to the announcement) and an implied premium of 123% to Inter-Citic's 20-day volume weighted average trading price of $0.9193 on the TSX prior to and including July 6th, being the last trading day prior to the date on which the Company announced it was in negotiations with a third party.

- In addition to shareholder approval, the Arrangement is subject to certain customary conditions, including approval of the Ontario Superior Court of Justice, relevant regulatory approvals in the People's Republic of China and the absence of any material adverse change with respect to the Company. The transaction is expected to close in the fourth quarter of 2012, subject to the satisfaction or waiver of various customary closing conditions. The Board of Directors has unanimously recommended that Inter-Citic shareholders vote in favour of the Arrangement.

- Management's information circular and proxy statement in connection with the special meeting of the shareholders to be held on October 29, 2012 can be found on SEDAR as well as the Company's website www.inter-citic.com.

OVERVIEW

Inter-Citic is a development stage company engaged in the acquisition, exploration and development of exploration stage resource properties. The Company has entered into an earn-in agreement in respect of the Dachang Gold Project – a project with a total land area of approximately 279 km^2 in the Province of Qinghai in the People's Republic of China ("**China**" or the "**PRC**"), that is now in the development phase.

On November 14, 2003, the Company entered into an earn-in agreement with the Qinghai Geological Survey Institute ("**QGSI**") regarding Dachang. On November 24, 2009, the Chinese party to the agreement was changed to the No. 5 Geology and Mineral Exploration Institute ("**No. 5 Institute**"), a company that shares the same parent company as QGSI. Under the terms of this agreement, the Company can earn an 83% interest in the project by contributing 100% of the funds for exploration and development of the project (approximately $28,975,000 or ¥190,000,000 to date), completion of metallurgical and pre-feasibility reports, and making a cash payment of the equivalent of approximately $1,563,000 (¥10,000,000) upon the issuance of all applicable licenses, permits and approvals required to bring the project into production.

The Company has an option to acquire an additional 7% interest in the project based on the valuation of any potential mining project contained in the pre-feasibility report, for a total interest of 90%. The No. 5 Institute will retain a carried interest in the project. As part of the agreement, the Company also has a right of first refusal on any mineral exploration project for which the No. 5 Institute seeks foreign investment.

The necessary permitting activities for mine and mill development for the DMZ and PVZ resources are well underway including the completion of a Geological Resources Report ("**GRR**") and condemnation (or sterilization) drilling. It is anticipated that the Chinese standard Feasibility Study ("**CFS**") and an Environmental and Social Impact Assessment ("**ESIA**"), as required under Chinese regulations, can be completed in due course.

During the quarter, the Company began to mobilize for the 2012 exploration season and started making preparations to open the camp at Dachang. As a result of the announcement to acquire the Company, no significant exploration activity has occurred to date; however, the camp stands ready to commence operations within a reasonable amount of time. See **Development and Exploration Activities and Commitments** section below for information on past exploration programs including a resource estimate update dated June 1, 2012.

As at August 31, 2012, the Company had approximately $5.5 million in net working capital, including restricted cash (advances held in China and committed to continued exploration and development of Dachang). The Company expects annual cash operating expenses to be in the range of $3.5 to $4.5 million, but has flexibility with respect to allocation of funding to ongoing exploration as the project transitions from advanced exploration to development. The Company believes it has sufficient funds for completing the first stage in the permitting process for a mine and mill operation at Dachang, including the completion of a CFS, a Mineral Resources Development and Utilization Program ("**MRDUP**") and the associated Project Application Report ("**PAR**"). Additional financing will be required to advance the project further and to complete all of the necessary permitting activities. Although to date the Company has been successful in sourcing funds necessary to continue its business activities, the Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development (see **Critical Accounting Policies and Estimates - Going Concern** and **Risks and Uncertainties** below).

RESULTS OF OPERATIONS

Selected financial information:

	August 31, 2012	November 30, 2011	November 30, 2010
Balance Sheet:			
Cash and Cash Equivalents, including Restricted Cash	$1,402,424	$8,514,317	$11,648,645
Short-term investments	$5,300,000	$10,500,000	-
Total Assets	$73,550,899	$83,763,616	$64,554,055
Total Long-term Financial Liabilities (excluding Future Income Taxes)	-	-	-
Net Loss:			
Net Loss before the Undernoted	$3,228,698	$4,812,621	$4,275,065
Stock-based compensation	-	1,422,720	1,776,250
Depreciation	262,984	257,567	237,749
Interest income	(97,743)	(94,669)	(66,542)
Net Loss for the period	**$3,393,939**	**$6,398,239**	**$6,222,522**
Net Loss Per Share (Basic and Diluted)	$0.03	$0.06	$0.06
Additional Data			
Net proceeds from issuance of shares and warrants	-	$20,311,466	$18,404,877
Spent on exploration equipment purchases	$32,237	$52,497	$492,042
Spent on exploration and development expenses	$2,564,851	$11,924,781	$10,165,145

Total assets increased by approximately $19 million in 2011 over 2010 as a result of the completion of the $21 million private placement, which increased the Company's cash position and was then deployed to the project for both exploration and development related activities. The decrease to total assets in 2012 versus 2011 reflects cash payments made against 2011 year-end accruals and for the current year's operating expenses as well as the lack of exploration activity. Funds not earmarked for immediate use are invested in guaranteed investment certificates with maturity terms greater than three months but less than one year resulting in higher interest income in 2012 over 2011 and 2010.

The scope and scale of exploration and/or development programs as well as general operating expenses have generally increased year over year as the Company accumulated more data and experience with the project. However, since 2010 the Company has focused on near surface resource expansion in new areas outside the DMZ and PVZ (as these areas are now in the development stage), and anticipates that exploration expenses relating to the DMZ and PVZ will continue at significantly lower levels than was the case in prior years. As the Company continues to focus on development of these areas of the project, permitting and other development related expenses are expected to increase steadily as progress is made in this regard, and although the Company will continue to invest in exploration in prospective areas outside the DMZ and PVZ, the Company has discretion with respect to exploration activity, which is primarily determined based on prior results and availability of adequate funding (see **Cash Resources and Liquidity** and **Critical Accounting Policies and Estimates – Going Concern** below).

Net loss (before interest and certain other items, see above) was higher in 2011 compared to 2010 due in part to a special marketing campaign at the beginning of 2011 year in advance of the Company listing on the OTCQX. A cash deposit in respect of this initiative was recorded as part of other current assets at the end of 2010. In addition, higher professional fees were incurred in 2011 as management and the Board of Directors reviewed the Company's strategy, capital structure and future financing alternatives, including evaluating the appropriateness of listing the Company's shares on the Hong Kong Stock Exchange. See **Specific Items** section below for a detailed analysis of Q3 operating expenses.

DEVELOPMENT AND EXPLORATION ACTIVITIES AND COMMITMENTS

A. Development

- The Company took significant steps in 2011 towards developing a mine and mill facility for the DMZ and PVZ resources at Dachang, including engaging China Nerin Engineering Co., Ltd. ("**NERIN**") and Chinese Research Academy of Environmental Sciences ("**CRAES**") to complete a CFS and ESIA, respectively. Both of these entities are among China's largest institutions in their respective areas of expertise.

- In support of the CFS and associated permitting process, the Company engaged a number of other consultants and contractors to carry out a variety of site specific studies, including geotechnical, structural, seismic and pit slope stability studies, among others.

- The completion of a GRR on the DMZ and PVZ prepared to Chinese formal standards for filing with Chinese regulators.

- The completion of condemnation drilling in and around the DMZ to ensure that no valuable minerals lie below or adjacent to areas of proposed construction for buildings, roads, power lines, pipelines, waste piles or tailings disposal areas, etc.

As at August 31, 2012 approximately $100,000 remains committed in respect of the various development related contracts and studies mentioned above.

The Company's development program is being led by Inter-Citic's Vice-President, Development and the Company's local Chinese partner working with local Chinese engineering staff employed by the Company and other consultants elsewhere in the world.

B. Exploration

The Dachang project is located approximately 160 km from the City of Golmud in the Province of Qinghai, China, at an elevation of approximately 4,500 metres and consists of four exploration licenses covering approximately 279 km^2. Since 2004, the Company has been exploring Dachang including:

1. 1:25,000 scale Geological Mapping over 200 km^2;

2. Soil Geochemical Surveys over areas of approximately 229 km^2 (more than 60,000 conventional B-horizon soil samples collected and tested for gold, arsenic and antimony);

3. 24.6 km of 50 metre pole-dipole IP and resistivity surveying and 32.6 km of 25 metre pole-dipole IP and resistivity surveying;

4. Excavation and sampling of 1,108 trenches totalling more than 109,000 linear metres; and

5. 1,362 diamond drill holes totalling more than 174,000 metres.

<u>Highlights of Past Exploration Activities</u>

- From 2007 to 2009, a detailed in-fill drill program on the DMZ was undertaken by the Company with the aim of defining and confirming continuity of grade and mineralization. The results of this program culminated in the NI 43-101 compliant mineral resource update announced by the Company on July 19, 2010.

- In 2010 and 2011, the Company was focused on near surface resource expansion targeting new areas of the 279 km^2 property known to contain gold mineralization. A total of 50,073 metres of diamond drilling was completed in 419 holes and a further 30,635 metres of shallow trenching was completed with a total of 447 trenches excavated.

- In 2011 the Company filed a NI 43-101 compliant technical report (dated June 28, 2011) on an updated mineral resource estimate that included the results of the 2010 exploration program.

- On June 19, 2012 the Company announced a new mineral resource estimate updated for the results of the 2011 exploration program. See **Mineral Resource Update** section below.

All exploration at Dachang since 2004 was completed under the direction of the Company.

Further details of the Company's exploration results, maps and associated materials and other information regarding ongoing work and findings at Dachang, is available from the Company's website www.inter-citic.com

C. Mineral Resource Update

On June 19, 2012 the Company announced an update to its mineral resource estimate at Dachang as follows:

Dachang Estimated Mineral Resources at June 1, 2012

Location	**Resource Category**	**Tonnes (Mt)**	**Grade (g/t Au)**	**Contained Gold (million oz)**
DMZ and Placer Valley	Measured	5.00	3.55	0.57
	Indicated	12.20	3.34	1.31
Exploration Areas	Indicated	5.32	1.80	0.32
Total Measured and Indicated		**22.52**	**3.04**	**2.20**
DMZ and Placer Valley	Inferred	9.7	2.97	0.93
NR-2 Anomaly	Inferred	1.30	5.81	0.24
Exploration Areas	Inferred	14.91	2.11	1.01
Total Inferred		**25.91**	**2.62**	**2.18**

(Cut-off grade for the above table is 0.5 g/t Au. Totals may not add due to rounding.)

Dachang Estimated Mineral Resources at June 1, 2012
By Area

	Measured + Indicated			Inferred		
	Mass	Grade	Au	Mass	Grade	Au
Location	**(Mt)**	**(g/t)**	**(MM oz)**	**(Mt)**	**(g/t)**	**(MM oz)**
DMZ & PVZ	17.20	3.41	1.88	9.70	2.97	0.93
Acadia	2.47	1.49	0.12	2.50	1.36	0.11
861/XP	2.13	2.17	0.15	1.13	1.77	0.06
NR-1				1.44	2.10	0.10
NR-2				1.30	5.81	0.24
DMZ-X				2.54	2.02	0.17
DMZ-N				0.30	2.81	0.03
Ruby Zone				0.31	2.85	0.03
PVZ-E				1.44	3.06	0.14
South Ruby				0.23	2.27	0.02
Deep Holes				1.81	3.41	0.20
South East-N	0.73	2.29	0.05	1.79	1.76	0.10
South East-S				1.44	1.35	0.06
Combined Total	**22.52**	**3.04**	**2.20**	**25.93**	**2.62**	**2.18**

These estimates of mineral resources are not affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.

MINERAL RESOURCES ESTIMATE TECHNICAL DETAILS

Modelling for exploration areas 861/XP, Acadia, South East North ("**SEN**"), and South East South ("**SES**") was performed using Gemcom Surpac® 6.3 modeling software. Gold grades were estimated by inverse distance squared (ID2) interpolation from 1.0 metre down hole assay composites. Block size was 2 metres (x) by 2 metres (y) by 2 metres (z) with no sub-blocking implemented for the 861/XP and Acadia zones and two units of standard sub-blocking implemented for the SEN and SES zones.

Inter-Citic staff developed sectional interpretations of gold zones corresponding to a cut-off grade of 0.5 g/t over 2.0 metre that were subsequently digitized and wire-framed into three-dimensional solid models. Solid model limits were projected half the distance to a constraining drill hole or 50 metres from the last intercept and were constrained at surface by topographic digital terrain models.

Grade interpolation was peripherally constrained within the wire-framed gold shells using multiple search ellipse passes. Experimental variogram results from the 861/XP zone, striking 280 degrees and dipping 60 degrees to the south, demonstrated a primary axis range of 95 metres along strike, a secondary axis range of 60 metres down dip, and a minor axis range of 5 metres. These results were applied to the Acadia, SEN and SES zones as experimental variogram results could not be resolved for those zones. Interpolation ellipsoid ranges and orientation were locally varied to accommodate domain geometries and sample distribution.

A minimum of 3 and maximum of 12 contributing composites, with no more than 4 from a single drill hole, were used for interpolation. Contributing gold values were capped at 14 g/t based on cumulative frequency and probability plot results. Indicated Mineral Resources are defined as having 5 or more contributing composites, a maximum distance of 50 metres from the block centre, an average distance of 67.5 metres of all contributing composites, and occur in mineralized areas with sufficient demonstrated geological continuity. All other resources interpolated in the 861/XP, Acadia, SEN, and SES are defined as Inferred Mineral Resources.

No new drilling was completed in 2011 on the DMZ and PVZ, and the resource estimate for those areas remains unchanged as described in the Company's press release of June 30, 2011 and the Technical Report dated June 28, 2011 prepared under NI 43-101 by Micon International Co Limited. The resource estimate for the NR-2 Anomaly was not further tested in 2011, and remains unchanged as described in the Company's press release of December 12, 2005.

Maps and associated materials are available on the Company's website: www.inter-citic.com.

The updated mineral resource estimate for new and other exploration areas was prepared for the Company by Mr. Michael W. Leahey, P.Geo., the Company's internal Qualified Person under the requirements of National Instrument 43-101. The estimate complies with the CIM mineral resource definitions referenced in National Instrument 43-101.

D. Capitalized Exploration and Development Costs

A breakdown of capitalized exploration and development costs for the nine month period ended August 31, 2012 is included in the Company's Notes to Interim Consolidated Financial Statements. Capitalized costs consist primarily of drilling and costs for drilling support, including camp and consulting costs, as well as costs associated with other geological testing and mapping, assays, metallurgical testing, and permitting and other development related expenses.

Differences in exploration expenditures from year to year and from quarter to quarter arise primarily as a result of differences in the scope, nature and timing of exploration activity. While it is normally expected that exploration that began in the previous year will conclude in Q1 of the following year, followed by an expectation that Q2 of every year will represent a transitional quarter for the Company as it compiles and analyzes results of exploration from the previous year and subsequently prepares for commencement of exploration for the current year, this is not always the case as exploration at Dachang may start and end earlier or later depending on many factors (weather, for example). As a result, expenditures from quarter to quarter may vary greatly. The Company sets exploration targets during the planning phase for the year, including budgets, and then monitors the productivity onsite against those plans during the season. In addition, development program costs for the DMZ and PVZ are also recorded as capitalized expenses relating to Dachang. To date, the Company has incurred approximately $8.0 million in development costs, of which approximately $1.5 million was incurred in 2012.

During the third quarter, the Company capitalized $910,366 in costs relating to Dachang (compared to $2,517,909 last year) representing a decrease of $1,607,543 (64%). This decrease is primarily due to the lack of significant exploration activity to date as previously mentioned. Development related costs continue to be incurred; however, they have also slowed down as development related studies enter the final stage of completion in this phase of the permitting process.

Previously under Canadian GAAP, for certain payments in relation to Dachang the Company recorded a future income tax liability and a corresponding adjustment to resource properties. As described in Note 5 to the interim consolidated financial statements for the third quarter of 2012, under IFRS the Company does not recognize a future tax liability in respect of these payments.

E. Office Lease

The Company has entered into leases for office space to the year 2014 with minimum lease payments as follows: 2012 - $36,878, 2013 - $103,789 and 2014 - $22,303.

SUMMARY OF QUARTERLY RESULTS

Selected quarterly information for the past eight quarters:

	2012			2011				2010
(unaudited)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net Loss:								
Net Loss before the Undernoted:	$1,299,029	$1,123,838	$805,831	$1,682,665	$901,086	$1,147,608	$1,081,262	$1,223,444
Stock-based compensation	-	-	-	-	-	1,422,720	-	100,650
Depreciation	64,907	99,170	98,907	2,363	3,355	128,162	123,687	2,700
Interest income	(21,392)	(26,573)	(49,778)	(39,019)	(33,390)	(6,980)	(15,280)	(6,808)
Net Loss for the period	**$1,342,544**	**$1,196,435**	**$854,960**	**$1,646,009**	**$871,051**	**$2,691,510**	**$1,189,669**	**$1,319,986**
Net Loss Per Share (Basic and Diluted)	$0.011	$0.010	$0.007	$0.014	$0.008	$0.025	$0.011	$0.012

The seasonality of the Company's exploration program is best demonstrated by depreciation expense as the Company capitalizes depreciation of exploration equipment only while that equipment is in use during the exploration season. Generally, this pattern of activity also influences the timing of overhead expenses incurred. Over the past couple of years, however, certain events also played a significant factor in both the nature and timing of costs incurred by the Company.

In 2011, the Company began the year with a one-time marketing campaign in advance of its OTCQX listing, followed by the completion of a $21 million private placement in Q3, followed by an unsolicited proposal in Q4 (see the Company's press release of October 6, 2011). In addition, throughout the year, significant permitting related contracts were being negotiated and entered into. All of these events had a direct impact on the amount and timing of overhead expenses for the year. Similarly, in 2010 the Company completed a strategic private placement with Zijin in Q2 and was moving the project into the development phase towards the end of year including the establishment of a Beijing office.

See below for specific items of note between Q3 2012 and Q3 2011.

Additional details regarding overall expenses from quarter to quarter can be found in the Company's annual and interim Management's Discussion and Analysis for each period, as applicable, which are available on its website at www.inter-citic.com, or on SEDAR at www.sedar.com.

SPECIFIC ITEMS

The Company's interim consolidated financial statements for the third quarter ended August 31, 2012 include a detailed breakdown of expenses. Notable comparisons between Q3 2012 and 2011 are provided below:

- Many of the fluctuations in operating expenses from year to year reflect the time and effort spent leading up to the announcement of the proposed acquisition of Inter-Citic. Specifically:
  - Salaries and benefits expense increased by $57,912 (18%) to $372,268 in 2012 from $314,356. This increase is attributed to director fees paid in respect of the special committee in its performance of due diligence procedures surrounding the Arrangement.
  - Professional fees increased by $331,871 (211%) to $488,841 in 2012 from $156,970. This increase reflects the significant amount of legal and other professional advice required during the negotiations and due diligence related to the Arrangement.

   - Travel and accommodation expenses increased by $137,053 (112%) to $259,326 in 2012 from $122,273.

- Corporate relations increased by $9,309 (11%) to $96,147 in 2012 from $86,838. This increase is primarily related to timing.

- Office and rent expense decreased by $91,535 (47%) from $193,808 to $102,273 in 2012. The decrease is attributed to a combination of factors including the elimination of Ontario's capital tax, lower maintenance fees relating to the Company's OCTQX listing and a general decrease in other corporate activities not related to the Arrangement.

- Depreciation expense increased by $61,552 (1,835%) to $64,907 in 2012 from $3,355. The Company's policy is to capitalize depreciation of exploration equipment during the exploration season. Due to the lack of significant exploration activity, a greater portion of depreciation was expensed in the quarter.

- Foreign exchange gains and losses from period to period vary depending on the strength of the Canadian dollar relative to the Chinese Yuan Renminbi as well as the US dollar to a lesser extent and when payments are made for services rendered. During Q3 this resulted in a foreign exchange gain of $19,826 compared to a loss of $26,841 in 2011.

- The Company earns interest income on highly liquid interest-bearing investments. Interest income will vary depending on the amount available to invest and the terms of the investments.

RELATED PARTY TRANSACTIONS

Details regarding transactions with related parties are detailed in Note 7 of the Company's notes to interim consolidated financial statements for the nine month period ended August 31, 2012. All related party expenditures were in the normal course of business and measured at the amount of consideration established and agreed to by the parties.

CASH RESOURCES AND LIQUIDITY

As at August 31, 2012, the Company had approximately $6.7 million in cash, cash equivalents, short-term investments and restricted cash (approximately $5.5 million in net working capital, including restricted cash). The Company does not have any material capital lease agreements, nor does the Company hold any investments in asset-backed securities.

However, by its very nature as a development stage exploration company, the Company continued to generate negative cash flow from operations (including changes in non-cash working capital items). In 2012, net cash and cash equivalents used in operating activities amounted to $3,026,354 compared to $2,889,020 in 2011. The Company plans to continue to invest in the exploration of Dachang with a view to eventual development of the project and commencement of profitable production sufficient to recover its investment. The Company has discretion with respect to exploration activity, which is primarily determined based on prior results and availability of adequate funding.

In the past, the Company has relied upon equity offerings to fund its operations, and additional financings will be required in the future to fund ongoing operations and to meet the Company's commitments as they come due, including its project commitments (see **Development and Exploration Activities and Commitments** above). As discussed in the Overview, above, although to date the Company has been successful in sourcing funds necessary to continue its business activities, the Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development.

Restricted Cash

Restricted cash relates to advances held in China, held substantially in Canadian dollars and committed to continuing exploration and development of the Dachang Gold Project. The balance of restricted cash will vary depending on the timing of contributions compared to expenditure of those funds on exploration and development related expenses.

OUTSTANDING SHARE DATA

As at October 10, 2012, the Company had outstanding:

- 117,573,645 common shares (an unlimited number of common shares, without par value, were authorized),
- 8,712,826 stock options, each of which is convertible to one common share of the Company at a weighted average price per stock option of $1.15, for a weighted-average period per stock option of 2.05 years. Exercise prices range from $0.50 to $1.95.
- 5,968,420 share purchase warrants, each of which is convertible to one common share of the Company at a weighted average price per share purchase warrant of $2.05, for a weighted-average period per share purchase warrant of 0.72 years.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, restricted cash and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the fair values of these financial instruments, unless otherwise noted, approximate their carrying values due to their short-term nature.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in the Company's internal control over financial reporting that occurred during the period beginning on June 1, 2012 and ended on August 31, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies used in the preparation of the Company's financial statements are consistent with those disclosed in the interim consolidated financial statements for the quarter ended August 31, 2012.

The Company considers the following policies critical to understanding the judgements that are involved in the preparation of the consolidated financial statements of the Company and the uncertainties that could impact results of operations, financial condition and cash flows.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Critical accounting estimates represent estimates that are highly uncertain and could materially impact the financial statements.

Going Concern

The interim consolidated financial statements for the quarter ended August 31, 2012 have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the nine month period ended August 31, 2012, cash used in operations was $3,026,354 and the Company reported an accumulated deficit of $57,201,586. Furthermore, the Company has no source of generating revenue from operation and with working capital of $5,547,477 (including, restricted cash) additional financing will be required in the foreseeable future to carry out the Company's business plan. These circumstances cast significant doubt as to the ability of the Company to continue as a going concern.

As mentioned previously, the Company announced that it had entered into a definitive agreement to which Western Mining would acquire all of the outstanding common shares of Inter-Citic. Notwithstanding the successful completion of the Arrangement, the Company's ability to continue as a going concern is dependent upon it securing additional financing. The interim consolidated financial statements for the quarter ended August 31, 2012 do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and the statement of financial position classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

Resource Properties

Management believes that the most critical areas of judgement relate to the Company's resource properties. It is the Company's policy to capitalize exploration and development costs with the expectation for recoupment through successful development and exploitation or sale of the property. To date, the Company has not found any proven or probable reserves or engaged in any production activities, and there is no guarantee that this will occur in the future. Mineral resource exploration and development is extremely risky and speculative by nature, as there is no guarantee that mineral deposits will be found and, even if they are, that they can be mined economically. In the event that exploration on the property, confirmation of the Company's interest in the underlying mining claims, the Company's ability to obtain appropriate financing to put the property into production, and profitability of future production are not successful, assets may not be realized or liabilities discharged at their carrying values, and these differences may be material. See **Risks and Uncertainties - Risks Associated with Exploration and Development**, below.

Functional Currency

The functional currency of the Company has been determined to be the Canadian dollar. An entity's functional currency is the currency of the primary economic environment in which it operates in. The primary economic environment can often be identified by considering cash inflows (sources of revenue) and cash outflows (costs incurred in generating revenue) of an entity. The Company currently has no source of operating cash inflows while costs are denominated in Canadian dollars as well as other foreign currencies including the US dollar and the Chinese renminbi. As a result, judgement was applied in arriving at the Company's functional currency by considering such factors as the currency in which the majority of costs are denominated in, the currency in which financing is raised, the currency in which cash resources are held and the degree of autonomy experienced by foreign operations of the Company. In the future, the determination of the Company's functional currency may be impacted by the successful development of Dachang, changes in the foreign currency composition of costs and other factors.

Stock Based Compensation and Share Purchase Warrants

The Company has one stock-based compensation plan. In utilizing the Black-Scholes option pricing model, management is required to make certain estimates (such as volatility) when determining the fair value of stock options and share purchase warrants. These estimates affect the amount recognized as stock-based compensation as well as the fair value allocation to share purchase warrants.

Income Taxes

The measurement of income taxes payable and deferred income tax assets and liabilities require management to make judgements in the interpretation and application of the relevant tax laws. Management did not recognize deferred income tax assets as future taxable profits are not expected until the Company reaches technical feasibility and commercial viability, the timing of which is uncertain as the Company is still in the exploration and development stage with respect to the Dachang Gold Project.

RISKS AND UNCERTAINTIES

The following describes certain principal risks, some or all of which have been described in prior management's discussion and analysis as well as the Company's current AIF, but is not, by its very nature, all-inclusive.

Risks Associated with Exploration and Development

The Company is engaged in mineral exploration and development. To date the Company has not established any mineral reserves or engaged in any production activities, and there is no guarantee that this will occur in the future. The Company has no history of earnings, nor has it previously engaged in the mining and production of gold. Mineral resource exploration and development is extremely risky and speculative by nature, as there is no guarantee that mineral deposits will be found, and even if they are, that they can be mined economically. The mining industry is also subject to market pressures from unpredictable commodity and metal prices, which may have a significant impact on the economic viability of a known deposit. A significant commitment of time and money is required for high cost exploration activity, such as diamond-bore drilling, in order to establish mineral reserves, develop a feasibility study and then to implement construction of a mine and commence production. At any time during this process there are numerous factors that alone or in combination may impede or interfere with intended plans, and the impact of these variables cannot be predicted or determined with certainty. Such factors include, but are not limited to, market (including currency) fluctuations, location of the Company's projects, political stability, government regulations, environmental protection, the nature of the deposit, competition, and availability of ongoing financial and personnel resources, both in sufficient quantity and within required timeframes. Many of these risk factors are discussed in other areas of this section, below, but all can be related directly to the nature of the business of the Company.

In addition, the Company's exploration activities and specifically the nature and location of those activities have associated with them certain operating risks that cannot be predicted but may be significant. Although the Company maintains health and safety standards onsite (including emergency evacuation protocols) to mitigate the risk of injury to individuals working on its exploration projects, there is no guarantee that a serious injury will not occur, nor can the impact of such an event be measured. The Company maintains property, third party liability and personal injury insurance, including an emergency medical evacuation program for certain employees, and the Company performs ongoing review of its health and safety practices, however there may be risks for which insurance may not be sufficient or for which coverage may not be extended.

The Company has relied on the results of prior exploration work and the review of that work by independent and internal qualified persons (as that term is defined in NI 43-101) and others in the assessment of its resource properties. A significant portion of the Company's mineral resource estimate for the Dachang project is based the results of this prior work, and although the results have been independently tested by way of due diligence and test sampling, there is no guarantee that material differences do not exist.

Uncertainty Relating to Mineral Resources

On June 19, 2012, the Company updated its mineral resource estimate for Dachang. Details of the updated mineral resource estimate are included in the **Exploration and Development Activities and Commitments** section above. To date, the Company has not established any mineral reserves or engaged in any production activities. These mineral resources have not been sufficiently drilled to demonstrate economic viability. Additional drilling will be required to upgrade inferred mineral resources to an indicated or measured resource. There can be no certainty that further drilling will enable inferred mineral resource to be upgraded. Although these mineral resource estimates are not currently affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues, this could change in the future. The future economic viability of these mineral resources may be adversely affected by their location, as the Dachang project is situated at an elevation of approximately 4,500 metres above sea level, in a high-cold mountainous area exhibiting desert alpine climate and vegetation with limited infrastructure. The nearest major city centre is approximately 160 km away, with the nearest primary road and power lines approximately 120 km from the property. Although the Company believes that the mineral resources have reasonable prospects for economic extraction, there is no guarantee that this will in fact be the case and confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability.

Commodity Prices

The price of Inter-Citic's common shares, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold. Gold and other mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold producing countries throughout the world. The price of gold has fluctuated widely in recent years, and future serious price declines could cause continued development of Dachang to be impracticable. In addition, any future production from Dachang would be dependent on gold prices that are adequate to make the project economic.

In addition to adversely affecting the Company's resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Risks Associated with Operations in China

The Company's current business focus and, as a result, essentially all of the Company's physical assets are located in China, including the Company's interests in Dachang.

As in any jurisdiction, the Company is subject to social, political and economic developments and trends that are beyond its control. The Company's business is in China and the Company is therefore subject to a variety of laws and regulations at state, provincial and municipal or local levels that include laws and regulations concerning the form and manner in which foreign companies may invest and operate in China. Although China has generally introduced reforms to develop a more market-based economy, there is no guarantee that this trend will continue. The government of China, at all levels, continues to exert significant influence on market activities through laws, regulations and policies which are often ambiguously drafted and subject to divergent interpretation.

As the Company's resource property is located in China, a brief statement on the laws of China as they relate to mining is appropriate. However, as laws continually evolve and suffer from inconsistent application and interpretation, this is only a general statement and is not to be taken as a legal opinion or as an exhaustive summary of the relevant laws. The mining industry in China is regulated through the Mineral Resources Law of China (adopted in 1986 and amended in 1996) and associated policies, rules and regulations at state, provincial and local levels. Under Chinese law, mineral resources are owned by the state and in the past the bulk of activity in the minerals sector has been conducted by state owned or otherwise affiliated or related entities. The Ministry of Land and Resources in China is generally responsible for the administration of exploration and mining claims although there has been some dispute, particularly with respect to gold, as to which agency of the government has ultimate regulatory authority over gold exploitation projects. This leads to uncertainty as to whether all necessary approvals have or could be obtained. Exploration rights (other than those for oil and gas) are issued for a maximum term of three years and are renewable provided minimum expenditure thresholds have been met. Holders of exploration rights have a "privileged" priority to subsequent mining rights, and such rights to mine may be issued based on the nature of the subject deposit provided that the holder meets the conditions and requirements specified at law. However there is no guarantee that exploration and mining rights will be or continue to be granted or renewed, or that any conditions imposed as part of the issuance of these rights can be satisfied, or that the perceived quality of these legal rights will be sufficient to enable the Company to attract the funding required to implement business plans based on these rights. There cannot be any assurance that the competent authorities will not use their discretion to deny or delay the renewal or issuance of existing or desired permits or rights due to factors outside the Company's control. Therefore there can be no assurance that the Company will be able to successfully renew its exploration rights as such expire or obtain mining rights.

A stated objective of the Company is to ultimately become a gold producer in China. Under Chinese laws and regulations, before a gold producer can commence production, it must obtain mining rights and, among other things: (a) an approval of the project evaluation application from the local development and reform commission; (b) a production safety permit from the local administration of work safety; (c) an environmental protection permit from the local environmental protection department; (d) a state-owned land use certificate from the local land and resources department; and (e) certificates of approval for storage and use of explosives. In addition, employees responsible for handling explosives must obtain a certificate of safekeeping of explosive equipment from the local public security bureau. Mining rights also have specific timeframes attached to them within which mining must occur. Specifically, for gold mining, foreign companies may also be required to receive approval from, among others, the Chinese National Development and Reform Commission, a department of the Chinese central government, or the State Council, which government bodies have a role in developing national economic strategies, annual and long term economic plans, and to report on the national economy and social development. There is no guarantee that the conditions necessary for the Company to meet its stated objectives will be satisfied.

The value of the Company's project is ultimately tied to the Company's ability to realize on the sale of its gold production. Since late 2002, with the establishment of the Shanghai Gold Exchange and relaxation of restrictive rules governing the sale of gold, mining companies in China are able to sell gold production at prices indicated by the Shanghai Gold Exchange which to some extent reflects market value. Foreign gold mining companies are generally able to repatriate profits in foreign currencies assuming that they are in compliance with Chinese law and have conducted all of the formalities necessary for such repatriation. Repatriation of capital contributions may not be undertaken without specific approvals. However, the nature of and impact on the interests of the Company of possible further changes or reforms to these rules and policies in the future cannot be predicted. China's control over its currency and hence the Company's ability to advance funds to China (for capital investment or operations) is subject to changes in the valuation of the Renminbi as well as rules and regulations of the State Administration of Foreign Exchange limiting the inflow of foreign currency convertible to Renminbi. Fluctuations in the value of the Renminbi and on the ability of the Company to fund its operations in China may have an adverse effect on the operations and operating costs of the Company.

Changes to the Chinese regulatory regime for the gold exploration and mining industry may have an adverse impact on the Company's results of operations and its ability to reach its stated objectives. The Chinese local, provincial and central authorities exercise a substantial degree of control over the Chinese gold industry. The Company's operations are subject to a range of Chinese laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management. Any changes to these laws, regulations, policies, standards and requirements or to the interpretation or enforcement thereof may increase the Company's operating costs and thus adversely affect its results of operations. There is no assurance that the Company will be able to comply with any new Chinese laws, regulations, policies, standards and requirements applicable to the gold exploration and mining industry or any changes in existing laws, regulations, policies, standards and requirements, economically or at all. Further, any such new Chinese laws, regulations, policies, standards and requirements or any such change in existing laws, regulations, policies, standards and requirements may also constrain the Company's future expansion plans, adversely affect its profitability and limit its ability to meet its stated objective.

Parties engaged in exploration and/or mining operations may be required to compensate persons suffering loss or damage by reason of such activities, and may have civil or criminal fines or penalties imposed for violations of applicable law. Changes to current laws governing the operations and activities of companies involved in mineral exploration and development or more stringent enforcement of existing laws could have a material adverse effect on the Company, could cause increases to capital expenditures or production costs or could cause abandonment of or delays in development of mining assets.

The Company may suffer disadvantages when competing against companies from countries that are not subject to Canadian and US laws, including the US *Foreign Corrupt Practices Act* and the Canadian *Corruption of Foreign Public Officials Act*.

Risk of loss due to disease and other potential endemic health issues is also of concern in China and could impact on the performance of the Company.

It is quite common for foreign companies to form joint ventures with state owned mining enterprises which hold mining licences and to have mining licences transferred to the joint venture, all subject to approval. The Company's project in China is organized as a "Co-operative Joint Venture" company, with a state owned company, in accordance with the Law of the People's Republic of China on Sino-Foreign Co-operative Joint Venture Enterprises and associated policies, rules and regulations. While this connection to government-related entities can benefit the Company, there is often inequality with respect to the influence of the parties with the Chinese government in the event of a dispute. Like other state-sector entities, the actions and priorities of the Company's joint venture partners may be dictated by government policies, many of which may not be apparent to the Company, instead of purely commercial considerations. The Chinese government exerts a substantial degree of subjective control over the application and enforcement of laws and the Chinese judiciary may not act independently. Such inequality in influence and a tendency towards protection of local enterprises in the application of law can prove detrimental in the event of a business dispute arising between joint venture parties.

The Company has investigated title to all of its properties and believes that such title is in good standing. However, given the lack of a comprehensive registration system in China, the properties may be subject to prior unregistered agreements or transfers and undetected defects may affect title. The Company cannot give any assurance that title to its properties will not be challenged. In addition, under Chinese legislation, exploration licenses are granted for an initial period of three years and are extendible thereafter for subsequent two year periods. The legislation also requires a minimum expenditure on exploration by companies holding these licenses prior to extension. Although the Company has always exceeded these minimum requirements by significant amounts, the Company cannot give any assurance that title to its properties will not be challenged.

The Chinese government continues to exert a great deal of control and influence on Chinese society and economic development through laws, policies and regulations. The impact of changes to these laws, policies and regulations on the Company's operations in China, including their impact on the Company's ability to operate in China in the event of changes to foreign investment rules (including with respect to repatriation of profits), possible restrictions on the production and sale of gold or other mining products, the maintenance of business, exploration and/or mining licenses, environmental laws, taxation, or on other matters having an impact on the Company's business and operations, cannot be accurately predicted.

Environmental hazards may occur in connection with the Company's operations as a result of human negligence, force majeure or otherwise. The occurrence of any environmental hazards may delay exploration, increase exploration costs, cause personal injuries or property damage, result in liability to the Company and its directors and/or damage our reputation. Such incidents may also result in a breach of the conditions of the Company's permits or other consents, approvals or authorizations, which may result in fines or penalties or even possible revocation of the Company's exploration permits. In the future, the Company may experience increased costs of production arising from compliance with environmental laws and regulations. Moreover, the development of the Chinese economy and the improvements in the living standards of the population has led to a heightened awareness of environmental protection. As a result, it is possible that more stringent environmental laws, regulations and policies may be implemented in the future, or the existing environmental laws, regulations and policies may be more strictly enforced. The Company may not always be able to comply with existing or future laws, regulations or policies in relation to environmental protection and rehabilitation economically or at all. Should the Company fail to comply with any such existing or future laws, regulations or policies, it may be subject to penalties and liabilities under Chinese laws, and regulations, including but not limited to warnings, fines and suspension of operations. There is no assurance that future changes in environmental regulation, or other areas of regulation, if any, will not adversely affect the Company's operations and results.

In addition, the Chinese government continues to strengthen the enforcement of safety regulations in relation to the mining industry. There can be no assurance that more stringent laws, regulations or policies regarding production safety will not be implemented or that the existing laws, regulations and policies will not be more stringently enforced. The Company may not be able to comply with all existing or future laws, regulations and policies in relation to production safety economically or at all. Should the Company fail to comply with any production safety laws or regulations, it could be required to rectify the production safety problems within a limited period. Failure to rectify any problem could lead to suspension of operations. Should the Company fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous articles, its business, reputation, financial condition and results of operations may be adversely affected, and it may be subject to penalties, civil liabilities or criminal liabilities.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the cost of gold and/or other commodity production in U.S. dollar terms. Certain of the Company's expenditures are paid in Renminbi. Accordingly, a strengthened Renminbi relative to the Canadian dollar would negatively impact the Company.

Dependence on Key Personnel

As an exploration company the Company relies heavily on the availability of individuals and organizations with the necessary skill and knowledge required to execute exploration programs of the scale and scope appropriate to its exploration properties. This includes the availability of individuals and organizations that are capable of efficiently and effectively executing exploration activities such as drilling, compiling and interpreting data, and planning subsequent follow-up work.

The Company's Vice-President, Exploration has more than 20 years of experience as an exploration geologist. The Company's Vice-President, Development has more than 35 years of operations and project management experience in the mining industry. The Company has a qualified and experienced geologist on its Board of Directors, and the Company has an established relationship with a North American based drilling company that has carried out some of the Company's drilling program at Dachang. The Company has relationships with a number of other organizations that have also provided services essential to its exploration activities.

The Company has a high degree of reliance on its management team, and failure to retain the services of key personnel could have a materially negative impact on the Company.

While the competition for these services has increased significantly over the past several years (see discussion below), the Company has been successful in securing services necessary to carry out its business plan to date. However, the availability of these services in the future and the relative cost of securing them cannot be predicted.

Conflicts of Interest

Certain directors of the Company may also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors to be in a position of conflict. Any decision made by any of such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in applicable corporate law.

Competition

Recent increases in the price of gold have resulted in increased activity in the gold exploration and mining industry. Combined with the economic development and opening of China and general scarcity of mineral deposits throughout the world, interest of foreign exploration and mining companies in China has increased significantly. As a result, the Company faces continued competition for financing dollars, personnel and other resources from this competition, the impact of which cannot be predicted.

Environmental Risk

The Dachang Gold Project is located in proximity to the Sanjiangyuan Nature Reserve, established primarily to protect the sources of three major rivers in Asia (the Yangtze, Yellow and Lancang rivers). To date, the project has received all relevant government support and approvals, and the Company is committed to preserve and protect the environment within which it operates, and has a policy of adopting and applying the highest standards for environmental protection in its activities, in addition to being active in the betterment of the lives of local people. However the impact of possible future liabilities or impediments to development associated with or as a result of environmental matters cannot be measured or predicted, and there is no assurance that present or future environmental regulations will not adversely affect the operations of the Company.

Source of Financing

The Company has no source of operating cash flow to fund its exploration and development projects. Any further significant work would likely require additional equity or debt financing. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fulfill its obligations on existing or future exploration projects. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration, and the possible partial or total loss of the Company's interests in China.

Moreover, global financial conditions have been subject to increased volatility. Such events may impact the ability of the Company to obtain equity or debt financing in the future or on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the value and the price of the Company's common shares could also be adversely affected.

Dividends

The Company has not, since the date of its incorporation, declared or paid any dividends on its common shares and does not currently intend to pay dividends. Earnings, if any, will be retained to finance further growth and development of the business of the Company.

Resale of Shares

The continued operation of the Company will be dependent upon its ability to procure additional financing and generate operating revenues. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In addition, sales or availability for sale of substantial amounts of the shares of the Company could adversely affect the prevailing market prices for those shares. In such event, the probability of resale of shares purchased would be diminished. Moreover, a decline in the market prices or demand of the shares of the Company could impair the ability of the Company to raise additional capital through the sale of shares.

Exploration and development of mineral properties, and as a result investing in the securities of the Company, involves a high degree of inherent risk. The marketability of the natural resources that may be discovered will be affected by numerous factors beyond the control of the Company. The return, if any, on the investment in shares of a resource company is subject to market conditions that are beyond the control of the Company. Some of the factors affecting resource exploration and development generally include the proximity and capacity of resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure and land use, importing and exporting minerals and environmental protection. The effect of these factors cannot be accurately predicted and any or all of these risk factors facing exploration and development companies generally, and the Company in particular, could result in a material adverse impact on the Company's business, operations and financial condition.

Canadian Corporate Governance Requirements and Securities Laws

The Company complies with the corporate governance and securities laws of Canada, which may differ from those of the United States and elsewhere**.**

OUTLOOK

Over the next year the Company will continue to focus on the permitting initiatives related to the development of a mine and mill facility and associated gold refining and production facility based around the resources established at the DMZ and PVZ. Exploration efforts will likely continue however on a measured basis in surrounding areas outside of the DMZ and PVZ resource with the objective of discovering and outlining a second potential open pit gold deposit.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis ("**MD&A**") contains or incorporates by reference "**forward looking information**" which means disclosure regarding possible events, conditions, acquisitions, or results of operations that is based on assumptions about future conditions and courses of action based upon management's good faith expectations and beliefs concerning future developments and their potential effect on the Company. These may include statements with respect to the future financial and operating performance of Inter-Citic Minerals Inc., its current and proposed subsidiaries, its current mineral projects, the estimation of mineral resources, working capital requirements, capital and exploration expenditures, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, title disputes or claims and limitations of insurance coverage. In some cases forward looking statements can be identified by the use of such words as "**plans**", "**proposes**", "**expects**", "**is expected**", "**budget**", "**scheduled**", "**estimates**", "**forecasts**", "**intends**", "**anticipates**", "**believes**" or variations of such words and phrases. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the performance or achievements expressed or implied by the forward looking statements. There can be no assurance that future developments will be in accordance with such expectations or that the effect of future developments on the Company will be those anticipated by management. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of exploration activities; future mineral prices; accidents, labour disputes and other risks of the mining industry; political instability; insurrection or war; arbitrary changes in law; delays in obtaining governmental approvals or financing or in the completion of the company's exploration programs. As a result, actual actions, events or results may differ materially from those described in forward looking statements. Forward looking statements are made as of the date of this MD&A and the Company disclaims any obligation to update any forward looking statements, whether as a result of new information, future events or otherwise. There can be 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.