Management's Discussion & Analysis
For the Year Ended
June 30, 2012

Any statement or reference to dollar amounts herein shall mean lawful money of Canada unless otherwise indicated.

Scope of Management's Financial Analysis

The following analysis should be read in conjunction with the annual audited financial statements of Société d'Exploration Minière Vior Inc. (the "Company" or "Vior") and the accompanying notes for the years ended June 30, 2012 and 2011. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Adoption of International Financial Reporting Standards

In 2008, the Canadian Accounting Standards Board confirmed that all publicly accountable enterprises must adopt IFRS in place of Canadian generally accepted principles ("GAAP") beginning on January 1, 2011 (for entities with a calendar year-end). As such, our financial statements as at June 30, 2012, June 30, 2011 and July 1, 2010, and for the years then ended have been prepared in accordance with IFRS as issued by the IASB. Additionally, our balance sheet as at July 1, 2010, and our comparative financial statements for 2011 have been adjusted to reflect our adoption of IFRS on a retrospective basis, effective on July 1, 2010 (the "Transition Date"). Consequently, all comparative financial information presented in this Management's Discussion and Analysis reflects the consistent, retrospective application of IFRS.

IFRS differ in certain respects from Canadian GAAP. A complete description of our conversion to IFRS, including reconciliations of previously reported Canadian GAAP information, is provided in note 4 to our financial statements as at June 30, 2012, and June 30, 2011, and for the years ended June 30, 2012, and June 30, 2011, which note is incorporated by reference herein.

Forward-Looking Statements

This document contains forward-looking information and statements, which constitute "forward-looking information" under Canadian securities law and which may be material regarding, among other things, the Company's beliefs, plans, objectives, estimates, intentions and expectations. Forward-looking information and statements are typically identified by words such as "anticipate", "believe", "expect", "estimate", "forecast", "goal", "intend", "plan", "will", "may", "should", "could" and similar expressions. Specific forward-looking information in this document includes, but not limited to, statements with respect to the Company's future operating and financial results, its exploration activities, its capital expenditure plans and the ability to execute on its future operating, investing and financing strategies.

These forward-looking information and statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us.

Nature of Activities

The Company, which is governed by the *Quebec Business Corporations Act*, specializes in the acquisition and exploration of mining properties. It has not yet determined whether its mining properties contain ore reserves that are economically recoverable. Whether mining property costs can be recovered depends on the existence of economically recoverable reserves, the Company's ability to obtain the financing necessary to continue exploring and developing the properties and enter into commercial production, or proceeds from the disposal of properties. The Company will have to raise additional funds periodically to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The Company is engaged in the exploration and development of quality gold-bearing properties in known and accessible mining regions of Canada using advanced exploration techniques.

Exploration Activities

Summary of Activities

The technical data that follows have been verified by Marc L'Heureux, geologist and qualified person as defined by *National Instrument 43-101 – Standards of Disclosure for Mineral Projects*.

The Company's exploration expenses for the year ended June 30, 2012, totalled $123,695 ($309,644 in 2011) and were incurred on the Vezza-Noyard property. Expenses incurred during the current year were lower than in the preceding year as the Company devoted most of its efforts in generating and searching for new projects.

Properties

As at June 30, 2012, the Company held a portfolio of four mining properties in Quebec, covering more than 8,736 hectares (10 properties totalling 21,340 hectares in 2011). During the fiscal year, the Company was active mainly on the Vezza-Noyard property.

Vezza-Noyard Properties

The Vezza-Noyard project is located immediately adjacent to the southwest of the Vezza gold deposit held by North American Palladium (TSX: PDL), where measured and indicated resources are estimated at 354,000 ounces of gold at 5.7 g/t, with an inferred resource of 74,300 ounces of gold at 4.8 g/t (source: PDL website). PDL has invested $26 million in 2011 to advance the Vezza gold deposit through exploration and development towards a production decision by the end of 2012. At surface, the Vezza gold deposit is located less than 300 metres away from the northernmost MMI anomaly on the Vezza-Noyard property held by Vior. Historical drilling near the extensions of this MMI anomaly returned 4.2 g/t gold over 5.2 metres, 11.8 g/t gold over 2.25 metres, and 6.1 g/t gold over 1.3 metres.

A technical report on the mineral resource estimate for the Vezza gold deposit, prepared by Scott Wilson RPA and dated April 2, 2010 (source: www.sedar.com), states that gold distribution in the Contact zone at the Vezza deposit indicates the zone is open down-plunge toward the southeast. This suggests the Contact zone may extend onto the Vezza-Noyard property.

In October 2011, the Company drill tested two shallow targets characterized by high resistivity geophysical anomalies located along a favourable geological contact where historical gold showings were discovered in the past. Assay results from the drilling program did not return significant gold values.

To date, no deep drilling has ever been done on the property to test the depth extensions of the Vezza gold deposit. Vior is currently developing an exploration program to follow up on the results of the MMI survey conducted in 2011, and also evaluates the possibility of performing deep drilling to test the extensions at depth of the Vezza mine. The Company also evaluates the option of working the property in partnership.

Beauchastel Property

Held 100% by Vior, this property is located about 15 kilometres west of Rouyn-Noranda. The Beauchastel property consists of 34 contiguous claims (1,331 hectares) straddling the Beauchastel/Duprat Township line. This includes 12 additional wholly-owned claims (530 hectares) acquired from Adventure Gold Inc. ("Adventure Gold") in consideration of a cash payment of $7,500. Adventure Gold retains a 2% NSR royalty, half of which (1%) may be bought back for $1 million. No exploration work was carried out on the property during the year.

Historically, the Company completed in 2010 a 5-hole diamond drilling program totalling 1,070 metres, which was designed to follow up on gold-bearing drill intercepts dating back to 1998, from three shallow drill holes in the "D" Zone. At the time, the Company obtained, in hole BC-98-02, a grade of 1.08 g/t gold over 19.5 metres, including 4.38 g/t gold over 3 metres, as well as another intercept grading 6.72 g/t gold over 3 metres. Hole BC-98-03, located 75 metres further west, intersected 0.91 g/t gold over 19.5 metres, including 1.44 g/t gold over 9 metres. These intersections are all located less than 50 metres below surface.

The first two holes completed in 2010 (BC-10-04 and BC-10-05) were drilled 25 metres behind BC-98-02 and 25 metres in front of BC-98-03 respectively, and tested the "D" Zone to the southwest. Hole BC-10-06 was drilled in the opposite direction from the first two holes (315° rather than 135°) so as to determine the geometry of the gold mineralized zone. The collar was located 154 metres SE of BC-10-04, whereas BC-10-07 was located 50 metres northeast of hole BC-10-04, to test the strike continuity of the "D" Zone. Finally, hole BC-10-08 was drilled 50 metres northeast of hole BC-10-06, at an azimuth of 315°.

Drill holes BC-10-04, BC-10-05, BC-10-06 and BC-10-08 yielded positive results. The first hole intersected low-grade values, at 1 g/t gold over 2 metres (from 65 to 67 metres) and a higher-grade intercept at 4.05 g/t gold over 3 metres, including 8.98 g/t gold over 1 metre (from 94 to 97 metres). The second hole, BC-10-05, intersected a low-grade halo, at 0.907 g/t gold over 9.1 metres, including 5.38 g/t gold over 1 metre at shallow depth (from 4.9 to 14 metres), as well as another interval grading 3.15 g/t gold over 1 metre at a depth of 35 metres. Hole BC-10-06 also intersected a low-grade halo at 0.607 g/t gold over 21 metres, including 6.24 g/t gold over 1 metre, from 128 to 149 metres. Significant results were obtained in drill hole BC-10-08 with 1 g/t gold over 5 metres, including 3.84 g/t over 1 metre, from 110 to 115 metres depth. Based on our current interpretation, the latter two holes (BC-10-06 and BC-10-08) were drilled along the plunge direction of the mineralized zones.

Prior to the 2010 drilling program, a till sampling survey was completed on the property, on which 24 samples were collected along three SW-NE transects targeting historical gold mineralization in the “D” Zone. Visual counts of gold grains in 15-kilogram till samples returned highly anomalous values of up to 1,032 individual grains (sample BC10-015). Three other samples (BC10-001, BC10-002 and BC10-011) each returned over 100 visible gold grains. Three of the highest counts are lined up along a SSE direction while the fourth count appears to be SSW from the maximum of 1,032 gold grains. Almost 80% of the gold grains of the maximum count (sample BC10-015) exhibit pristine shapes while this proportion decreases between 30% to 50% in the three other samples with gold grain counts above 100. The gold-rich till samples define a narrow dispersal train associated with the recent SSE-directed ice flow, which suggests an anomalous train leading toward the “D” Zone or a distinct gold source located further north. Additional till sampling will be needed to better delineate the potential sources of the gold-rich till on the property.

Based on these encouraging results, a follow-up exploration program involving till sampling in under-explored areas, as well as mapping and rock sampling along structures is planned to be conducted on the project before the end of 2012. The Company is also working at developing a partnership to finance exploration work on this project.

Ligneris Property

The Ligneris property constitutes 155 claims totalling 6,176 hectares. It is located approximately 80 kilometres north of the Bousquet Mine Complex and 100 kilometres northeast of the city of Rouyn-Noranda. It overlaps the townships of Celoron, Mazarin, Desboues and Ligneris. The property lies within the Achaean Abitibi subprovince and covers the intersection of the southeast shears of the Laberge and Laflamme deformation zones, which occupy the centre of the property.

Drilling by Placer Dome in 1989-1990 revealed three mineralized areas (Au-Ag-Zn) in the centre of the property: the North, Central and South areas. The North area contains gold, silver and zinc associated with quartz veins cutting pyritiferous graphite and chert. The Central area comprises several distinct zones with an overall lateral continuity of 200-300 metres. The gold and zinc results included 4.05 g/t Au and 3.2% Zn over 0.5 metres in quartz veins containing abundant pyrite and some sphalerite stringers (GM49578). Resampling of several holes by Barrick Gold in 1997 yielded several notable gold grades, including 6.5 g/t Au over 3.9 metres, 4.8 g/t Au over 2.4 metres and 4.1 g/t Au over 1.6 metres.

The south area contains two mineralized zones, South and Southeast. The South Zone reaches up to 100 metres across and surface stripping revealed deformed and sheared units generally characterized by 3 to 5% fine disseminated pyrite. The zone yielded several gold grades up to 6.1 g/t Au over 4.6 metres and 18.5 g/t Au over 7.2 metres in sericite-carbonate schists with 15-30% disseminated pyrite. The Southeast Zone includes an intersection of 6.5 g/t Au over 2.3 metres.

Two other gold showings, D-91-01 and Lac de Foin-NE, occur in the northeast part of the property. Drill hole D-91-01 (Dejour Mines, 1991) graded 4.35 g/t Au and 6.9 g/t Ag over 1.5 metres in sericite schist containing quartz-carbonate veins and veinlets (GM51214). In the Lac de Foin vicinity, a deformation zone was partially uncovered by stripping work over a distance of 300 metres and a sample from trench #2 yielded 1 g/t Au (GM49438).

Vior has held the property since 1985 and enlarged it in recent years. In the first half of the 1980s, Vior carried out geophysical surveys and a geological program, and drilled 20 holes totalling 3,855 metres. From 1985 to 1989, work by Placer Dome consisted of geophysical surveys (HEM, IP), stripping in the Central Zone area, geological surveys, lithogeochemical sampling, and several drilling programs totalling 34,586 metres (GM49578).

In 1989, Vior focused on the northeast part of the property, carrying out geophysical surveys, channel sampling in four trenches, and a 14-hole drilling program. Magnetometer and IP surveys (35 line-km) were added in 2008 and the results recommended follow-up drill testing of four anomalies displaying characteristics of vein-type gold mineralization.

During the fiscal year, the Company compiled and reviewed partially historical data of the Ligneris property. Although the Company is currently looking for a partner to finance future exploration programs on the project, a till and rock sampling program will still be carried out during fall 2012 to generate additional gold targets.

Domergue Property

The Domergue property is located 120 kilometres north of the mining camp of Chibougamau and comprises 27 contiguous claims covering 844 hectares. It is held 50% by Vior and 50% by SOQUEM Inc., which is the operator. The Domergue property displays potential for a volcanogenic massive sulphide (VMS) discovery.

The Domergue property lies within the Frotet-Evans volcano-sedimentary belt, which is host to the former Troilus gold mine (71.2 Mt @ 0.11% Cu and 1 g/t Au) and several VMS deposits, including the Tortigny deposit (the subject of a pending NI-43-101 resource estimate technical report). Other VMS deposits include the De Maurès lens and the Lessard deposit (inferred resource of 740,000 t @ 1.88% Cu, 3.5% Zn, 38.62 g/t Ag and 0.84 g/t Au), respectively 3 kilometres to the south and 10 kilometres to the southeast.

The Domergue property contains several areas of interest that correspond to different conductors occurring along favourable horizons containing sulphide stringers (pyrrhotite and chalcopyrite). Anomaly E, which constitutes the main showing on the property, was discovered in 1988 by SOQUEM. Drill holes targeting input anomalies returned 17.4% Zn and 2.4% Cu over 0.1 metres in hole 038-88-01. Six additional holes (1,220 m), drilled between 1995 and 1996, demonstrated the continuity of the favourable horizon to a vertical depth of 240 metres, with zinc and copper values that included 4.1% Zn, 3% Cu and 30 g/t Ag over 1 metre in hole D95-02. Anomaly C contains an intermediate tuff horizon enriched in zinc, with 2.6% Zn over 3 metres obtained in hole D95-05.

From 1994 to 1998, SOQUEM and Vior carried out geophysical surveys, excavated trenches (11), and drilled holes (19). In 2004, a helicopter-borne VTEM-MAG survey (174 line-km) covered the entire property.

In the fall of 2005, two holes (513 m) were drilled on VTEM anomalies in the vicinity of anomaly F. The highest zinc values were obtained in hole D05-21 further west. An interval grading 212 ppm Zn over 22 metres was encountered from a depth of 191 to 213 metres, including 1,050 ppm Zn over 1.5 metres from 199.5 to 201 metres (GM62301). In the winter of 2006, an InfiniTEM survey was carried out over 8 line-kilometres and the results defined four anomalies that remain untested. No exploration work is planned on this project in a near future.

Douay Property

On August 9, 2011, after completing its initial public offering and consolidating its share capital on a 2-for-1 basis, Aurvista acquired the remaining 50% interest in the properties of the Douay area in consideration of the issuance of 21.25 million shares to Vior. Aurvista had also previously met its work commitments by spending a minimum of $3 million in exploration work on the Douay property prior to December 31, 2011. As of June 30, 2012, Vior held approximately 38% of the share capital of Aurvista.

On July 3, 2012, Aurvista published a new resource calculation on the Douay property following the 35,000-metre drilling program carried out mainly with Vior since fall 2010. The new calculation presents an increase by 50% of the global inferred resource to 2,754,554 ounces of gold at a cut-off grade of 0.3 g/t gold, as well as an increase of 87% of the global indicated resource to 238,433 ounces of gold at a cut-off grade of 0.3 g/t gold. Different cut-off grades were also used for the resource estimate:

Estimated global indicated mineral Resources :

Cut-off grade	Tonnes	Au (g/t)	Au(oz)
> 5.0 g/t	413,000	7.87	104,578
> 3.0 g/t	855,000	5.82	160,042
> 1.0 g/t	1,953,000	3.56	223,472
> 0.5 g/t	2,458,000	2.98	235,466
> 0.3 g/t	2,689,000	2.76	238,433

Estimated Global Inferred Mineral Resources :

Cut-off grade	Tonnes	Au (g/t)	Au (oz)
> 5.0 g/t	537,000	20.38	351,904
> 3.0 g/t	1,317,000	10.55	446,684
> 1.0 g/t	15,840,000	2.12	1,080,930
> 0.5 g/t	61,574,000	1.06	2,093,290
> 0.3 g/t	114,652,000	0.75	2,754,554

NW/JV Property

On February 22, 2011, the Company announced the conclusion of an agreement with Northern Abitibi Mining Corporation ("Northern Abitibi"), under which the Company acquired Northern Abitibi's 50% participating interest in the NW/JV property. The property consists of 80 contiguous claims, entirely surrounded by the Douay property.Historical drill holes on this property intersected significant gold-bearing intervals near the volcanic/sediment contact.

The Company acquired Northern Abitibi's participating interest in the property in consideration of a cash payment of $75,000, 750,000 common shares of Vior, and a 1.5% Net Smelter Return (NSR) royalty, half of which (0.75%) may be bought back at any time for $1 million. The Company previously held a 25% participating interest in the NW/JV property, the remaining 25% interest being held by SOQUEM. The NW/JV property is included within the 2-kilometre area of interest defined under the Douay agreement between Vior and Aurvista.

Aurvista acquired Vior's 75% interest in the NW/JV property, for an amount of $91,875, when it completed its acquisition of a 100% participating interest in the properties of the Douay sector.

Outlook

Vior collaborates actively with Aurvista on the properties of the Douay area so as to maximize results from the approximate 38% interest it holds in Aurvista's share capital.

On other fronts, the Company has a sound financial position and is currently reviewing its portfolio of projects and examining other external opportunities aimed at increasing shareholder value.

Selected Financial Information

	Results for the Years Ended		
	June 30, 2012 $	June 30, 2011 $	June 30, 2010(1) $
Other revenues	166,752	194,925	92,466
Investment in an associate	2,805,541	-	5,031
Other expenses	615,307	793,451	567,817
Deferred tax	605,937	(869,555)	(9,837)
Net income (net loss)	1,751,049	271,029	(460,483)
Basic net earnings (net loss) per share	0.018	0.003	(0.005)
Diluted net earnings (net loss) per share	0.018	0.003	(0.005)

(1) As we adopted IFRS in 2012 with transition date of July 1, 2010, the selected financial information for the year ended June 30, 2010, as presented in our 2011 financial statements and prepared under Canadian GAAP, has not been adjusted.

Results of Operations

Revenues for the year ended June 30, 2012, totalled $166,752 compared to $194,925 for the previous year. The Company receives production royalties from the Mouska mine operated by IAMGOLD Corporation. Royalties decreased during the reporting period as a result of a slowdown in production. The increase in interest income for the current year is attributable to an average increase in cash and cash equivalents and to a slight decrease in interest rates. The Company receives fees for managing operations on the Douay sector projects. Work was carried out mostly between October 2010 and October 2011.

During the year ended June 30, 2012, expenses decreased to reach $615,307 compared to $793,451 for the previous year. The expenses related to the review of financial statements in accordance with IFRS and expenses related to the sale of the properties in the Douay sector explain the change in the “Professional and maintenance fees” caption between the year ended June 30, 2012, and the preceding year. The issuance of 1,940,000 stock options for a total value of $95,055 for the second quarter of the preceding year was accounted for in the “Stock-based compensation” item. The increase in travel expenses during the current year is mainly due to the search for partners for our properties to be optioned.Travelling outside the country, made during the current year to acquire new properties, explain the increase in the “Search for mining properties” item. The share of loss of an associate is recorded and presented in the financial statements of the Company in the subsequent quarter. During the previous year, the Company wrote off partially the NW/JV property following evaluation of capitalized expenses and fully wrote off the abandoned Bourgeoys property.

During the first quarter of the current year, the Company sold its Douay sector properties in consideration of Aurvista shares, thus generating a net gain, considering the escrow discount and the selling costs of $13,925,664. Following the issuance of 6,549,000 shares by Aurvista and a distribution by the Company of 282,100 shares of Aurvista to intermediaries involved in the transaction, the Company will hold 38.06% of the issued common shares of Aurvista. Accordingly, a gain on dilution of investment of $219,992 has been recognized in the statement of income. As at June 30, 2012, the Company has determined that the fair value of its investment in Aurvista was lower than its carrying amount and subsequently recognized an impairment loss of $11,052,860. The investment was reduced to its recoverable amount representing the quoted market price of the Aurvista shares as at June 30, 2012 less a discount for escrow and selling costs.

An increase in the deferred tax of $1,475,492 was generated during the current year mainly by the increase in income before income taxes and the variation in unrecognized deferred tax assets.

Other Information

	Statements of Financial Position as at		
	June 30, 2012	**June 30, 2011**	**July 1, 2010**
	$	**$**	**$**
Investment in an associate	4,200,000	-	-
Total assets	7,685,820	5,710,671	4,948,989
Deferred tax liabilities (assets)	260,137	(384,185)	405,475
Debt component of convertible debentures	248,086	226,363	206,572
Shareholders' Equity	7,018,750	5,245,847	4,147,886

Since its incorporation, the Company has never paid cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs, its future growth, and any other factor that the Board of Directors deems necessary to consider in the circumstances. It is highly unlikely that any dividends will be paid in the near future.

Liquidity and Financing

During the year ended June 30, 2012, cash flows used in operating activities were $132,931 compared to $639,536 in the preceding year. This difference is primarily due to changes in other amounts receivable and accounts payable and accrued liabilities.

Cash flows from financing activities include the issuance of shares under private placements, and the exercise of warrants and stock options. For the year ended June 30, 2012, 1,277,780 shares were issued under a private placement for a total consideration of $115,000. These funds are for exploration purposes. For the year ended June 30, 2011, 500,000 shares were issued under the exercise of warrants for a total consideration of $65,000, 25,000 shares totalling $2,500 were issued following the exercise of stock options, and 681,818 shares totalling $150,000 were issued under a flow-through private placement. These funds are for exploration purposes. In addition, 5,400,000 shares were issued under a private placement for a total consideration of $432,000. These funds are for administration purposes. No exercise of stock options took place in the year ended June 30, 2012

The Company's investing activities mainly include the acquisition of mining properties and the capitalization of exploration work. The Company is entitled to a refundable tax credit for resources, which may reach 38.75% as well as a 7.5% credit on duties refundable for loss on qualified exploration expenditures incurred in the province of Quebec for which deductions were not renounced in favour of flow-through share investors. The 7.5% rate is calculated after the refundable tax credit for resources has been deducted. This rate rose to 8% on January 1, 2012. Acquisition of mining properties and capitalization of exploration work required disbursements of $126,654 for the year ended June 30, 2012, and of $444,752 for the year ended June 30, 2011.

The sale of the NW/JV resulted in proceeds of $91,875 in the current year.

The Company raised $2,976,000 by optioning the Douay sector properties and selling a 25% participating interest in the Douay West project during the comparative fiscal year.

It is management's opinion that the working capital available as at June 30, 2012, which includes $108,804 for exploration, will cover all current expenses for at least the next 12 months. Funds reserved for exploration will cover a part of the 2012.

Quarterly Information

The information presented hereafter details total revenues, net income (net loss), and net earnings (net loss) per participating share over the last eight quarters.

End of Quarter	Total Revenues	Net Income (Net Loss)	Net Earnings (Net Loss) per Share	
			Basic	Diluted
06-30-2012	(48,507)	(136,153)	(0.002)	(0.002)
03-31-2012	1,780,801	749,664	0.008	0.008
12-31-2011	(1,651,883)	(1,362,503)	(0.014)	(0.014)
09-30-2011	3,540,934	2,500,041	0.026	0.026
06-30-2011	62,309	655,392	0.008	0.008
03-31-2011	78,576	(162,544)	(0.002)	(0.002)
12-31-2010	34,354	(157,732)	(0.002)	(0.002)
09-30-2010	19,686	(64,087)	(0.001)	(0.001)

Analysis of Quarterly Results

As the Company's business is mining exploration, it receives no income from operations. Royalties vary accordingly to the level of production, metal prices, and the exchange rate. Quarterly changes in interest income trend with working capital, which increased substantially in the past year. Fees were collected from supervising work on the Douay sector projects optioned and then sold to Aurvista.

Fourth Quarter

The Company posted a net loss of $136,153 in the fourth quarter of this year compared to net income of $655,392 in the fourth quarter of last year. There was no significant change in revenues in this fourth quarter compared to the fourth quarter of last year, with the exception of a $31,298 decrease from fees received for management work on the Douay sector projects. There was no significant change in expenses in this fourth quarter compared to the fourth quarter of last year, with the exception of a $46,864 increase in the cost of search for mining properties related to search for mining properties outside Canada, a $126,958 decrease in the cost of mining properties abandoned or written off, a $84,080 decrease in the investment in an associate and a $778,052 increase in deferred tax resulting mainly from an increase in income before income tax and the variation of unrecognized deferred tax assets.

Contractual Obligations

The following table illustrates the Company's contractual obligations as at June 30, 2012:

		Total Obligations per Period			
	Total obligations	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Exploration costs	108,804	108,804	–	–	–
Lease of administrative offices	41,328	17,712	23,616	–	–
Convertible debentures	250,758	250,758	–	–	–
Total	400,890	377,274	23,616	–	–

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Compensation of Key Management

Key management includes the directors, the president, the vice-president exploration and the chief financial officer. The short-term employee benefits include salaries for key management and fees for directors. The share-based payments are grants of stock options of the Company.

Compensation awarded to key management included:

	2012	2011
	$	$
Short-term employee benefits	310,892	258,504
Share-based payments	-	73,485
Total compensation of key management	310,892	331,989

Related Party Transactions

The Company entered into the following transactions with companies owned by directors:

	2012	2011
	$	$
Expenses capitalized in mining properties	15,057	306,671
Management fees	30,000	30,000
Rent and office expenses	25,714	44,159
Search for mining properties	42	939
	70,813	381,769

These transactions occurred during the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Expenses capitalized in mining properties and the search for mining properties consist mainly of fees related to exploration as well as services provided by a company owned by a director of the Company.

Management fees, rent, and office expenses are generated by an outside management company that provides both administrative and board presidency services. Management fees are paid to the Chairman of the Board, while rent and office expenses are part of the Company's administrative expenses.

Subsequent Events

On August 1, 2012, the Company issued 2,119,344 common shares at a price of $0.05 per share in payment of interest and principal on a convertible debenture totalling $105,967 and payable on July 17, 2012 to Fonds de solidarité FTQ under a subscription agreement issued on July 17, 2009.

On August 28, 2012, the Company issued 3,179,016 common shares at a price of $0.05 per share in payment of interest and principal on a convertible debenture totalling $158,951 and payable on August 12, 2012 to Fonds de solidarité FTQ Nord du Québec under a subscription agreement issued on August 12, 2009.

Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these annual financial statements are described hereafter.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, exploration funds, balances with banks and highly liquid short-term investments with original maturities of three months or less at the acquisition date.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The standards require that financial assets and financial liabilities, including derivative financial instruments, be initially measured at fair value. Subsequent to initial recognition, financial assets and financial liabilities are measured based on their classification: at fair value through profit or loss, available-for-sale investments, loans and receivables or financial liabilities at amortized cost.

At fair value through profit or loss – Financial assets and financial liabilities at fair value through profit or loss are financial assets and financial liabilities held for trading. A financial asset or a liability is classified in this category if acquired or contracted principally for the purpose of selling in the short-term or if so designated by management. Assets in this category principally include embedded derivatives and derivatives which do not qualify for hedge accounting.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are accounted for in the statement of income. Gains and losses arising from changes in fair value are presented in the statement of income in the period in which they arise.

Financial instruments in this category are included in non-current assets and liabilities unless the investments mature in less than 12 months or management intends to dispose of them in less than 12 months.

The Company's financial liabilities in this category comprise an account payable in the form of shares of the associate.

Available for sale – Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Financial assets classified as available for sale are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Unrealized gains and losses are recognized directly in other comprehensive income, except for significant or prolonged decline in value, which are recognized in the statement of loss. Upon derecognition of the financial asset, the accumulated gains or losses previously recognized in accumulated other comprehensive income (loss) are reclassified to the statement of income. Interest on available-for-sale investments, calculated using the effective interest method, is recognized in net income as part of interest income.

Available-for-sale investments are included in non-current assets unless the investments mature in less than 12 months or management intends to dispose of them in less than 12 months.

As at June 30, 2012, the Company does not hold any available-for-sale investments.

Loans and receivables – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables are recognized initially at the amount expected to be received less, when material, a discount to reclass the loans and receivables to fair value. Subsequently, they are measured at amortized cost using the effective interest method less a provision for impairment. They are included in current assets except for those with maturities greater than 12 months after the reporting period, which would be classified as non-current assets.

The Company's loans and receivables include cash, cash equivalents and other amounts receivable in the statement of financial position.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired (other than a financial asset classified as fair value through profit or loss).

The criteria used to determine if there is objective evidence of an impairment loss include:

i) significant financial difficulty of the debtor;

ii) delinquencies in interest or principal payments;

iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is also an indication of impairment.

If such evidence exists, the Company recognizes an impairment loss, as follows:

i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income.This amount represents the loss in accumulated other comprehensive income (loss) that is reclassified to the statement of income.

Impairment losses on financial assets carried at amortized cost and available-for-sale debt securities are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Financial liabilities at amortized cost – Financial liabilities include accounts payable and accrued liabilities and are initially recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. Subsequently, they are measured at amortized cost using the effective interest method, which corresponds to par value due to their short-term maturity. They are classified as current liabilities if the payment is due within 12 months. Otherwise, they are presented in non-current liabilities.

Financial liabilities include the liability component of convertible debentures, which is recognized at fair value upon issuance and then remeasured at amortized cost using the effective interest method. The Company uses a 25% discount rate to calculate the fair value of convertible debentures.

Property, plant and equipment and depreciation

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment, and are depreciated using a straight-line method over their estimated useful lives ranging from five to ten years, which is considered appropriate to reduce the carrying amounts to estimated residual values of the assets. Cost includes expenditures that are directly attributable to the acquisition of the assets. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Investment in an associate

An associate is an entity over which the Company has significant influence, but not control. The financial results of the Company's investments in its associate are included in the Company's results using the equity method. Subsequent to the acquisition date, the Company's share of profits or losses of the associate is recognized in the statement of income and its share of other comprehensive income (loss) of the associate is included in other comprehensive income (loss).

Unrealized gains on transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in the associate are recognized in the statement of income.

At each year-end, the Company assesses whether there is any objective evidence that its interests in the associate are impaired. If impaired, the carrying amount of the Company's share of the underlying assets of the associate is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the statement of income.

Mining properties

The Company records its acquisition of interests in mining properties and areas of geological interest at cost less option payments received and other recoveries. These acquisition costs are recognized as intangible assets. Exploration costs related to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or abandoned. These exploration costs are recognized as tangible assets. The carrying amounts of mining properties are reviewed for impairment when indicators of impairment exist. These costs will be amortized over the estimated recoverable resources in the current mine plan using the unit of production method or written off if the mining properties are sold or projects are abandoned. General exploration costs not related to specific mining properties are expensed as incurred.

Although management has taken actions to verify the ownership rights for mining properties in which the Company owns an interest in accordance with industry standards for the current exploration phase of these properties, these procedures give no assurance to the Company as to title. The title to property may be subject to unrecognized prior agreements and not compliant with regulatory requirements.

Mining properties are reviewed for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the mining property exceeds its recoverable amount. The recoverable amount is the higher of the mining property's fair value less costs to sell and value in use. Value in use is determined using discounted estimated future cash flows. Impairment losses are recognized in the statement of income under caption *Cost of mining properties abandoned or written off.* For the purpose of assessing impairment, mining properties are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairments are reviewed for potential reversals at each reporting date. Impairment can be reversed but is limited to the carrying amount that would have been determined net of depreciation, as if no impairment to the carrying amount would have been recognized.

Jointly controlled operations

A jointly controlled operation involves the use of assets and other resources of the Company and other venturer rather than the establishment of a corporation, partnership or other entity. The Company accounts for the assets it controls and the liabilities and expenses it incurs.

Provisions

Provisions for environmental restoration, restructuring costs and legal claims, where applicable, are recognized when: (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provision due to passage of time is recognized as interest expense. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Company's property, plant and equipment and intangible assets. These obligations consist of costs associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted.

The Company had no provisions as at June 30, 2012, June 30, 2011 and July 1, 2010.

Credit on duties refundable for loss and refundable tax credit for resources

The Company is entitled to a credit on duties refundable for loss of 7.5% (8% since January 1, 2012) under the Mining Duties Act and a refundable tax credit for resources which may reach 38.75% under the Quebec Income Tax Act. Those credits are calculated on qualified exploration expenditures incurred in the province of Quebec.

Those credits are accounted for using the cost reduction method. Accordingly they are recorded as a reduction of the related expenses or capital expenditures in the year the expenses are incurred provided that the Company has reasonable assurance those credits will be realized.

Convertible debentures

The liability and equity components of convertible debentures are presented separately on the statement of financial position upon initial recognition.

The liability component is recognized initially at fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the debentures at maturity.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the debentures and is presented in shareholders' equity as *Equity component of convertible debentures*. The equity component is not re-measured subsequent to initial recognition except on conversion or expiry. A deferred tax liability is recognized with respect to any temporary difference that arises from the initial recognition of the equity component separately from the liability component. The deferred tax is charged directly to the carrying amount of the equity component. Subsequent changes in the deferred tax liability are recognized through the statement of income.

Transaction costs are distributed between liability and equity on a pro-rata basis of their carrying amounts.

Share capital

Share capital issued for non-monetary consideration is generally recorded at the quoted market price of the shares on the date of agreement relating to their issue. Transaction costs are recorded as a reduction of shares.

Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference ("premium") between the amount recognized in common shares and the amount the investors pay for the shares is recognized as a liability which is reversed into the statement of income when eligible expenditures have been made.

The Company recognizes a deferred tax liability for the expenses renounced and a deferred tax expense at the moment the eligible expenditures are made.

Warrants

Fair value of warrants is measured on the date of grant. The fair value of warrants granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the warrants were granted. When warrants are issued as compensation to brokers, on the date of grant, the fair value of warrants is recognized as a share issue expense presented in reduction of *share capital.*

Stock-based compensation plan

The Company has established a stock-based compensation plan, which is described in note 13. Any consideration received from plan members upon the exercise of stock options is credited to share capital. The Company accounts for compensation costs for all forms of stock-based compensation awarded to employees and non-employees, including stock options, using a fair value-based method.

Fair value is measured on the date of grant. The fair value of options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. On the date of grant, the fair value of stock options is recognized as an expense under caption *Stock-based compensation* using the graded vesting method.

Income taxes

The Company provides for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amount and tax bases of assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities arising from the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Revenue recognition

Revenues from royalties are recognized monthly according to estimated extraction recoveries at the beginning of the year and adjusted to actual quantities extracted as at June 30 and December 31 of each year, provided the Company has reasonable assurance that these amounts will be recovered. These royalties correspond to 0.2% of the value of gold recovered on the Mouska mining property.

The fees invoiced to partners are recognized when the services are provided as project operator.

Basic and diluted earnings per share

Basic earnings per share are determined using the weighted average number of participating shares outstanding during the year.

Diluted earnings per share are determined using the weighted average number of participating shares outstanding during the year, plus the effects of dilutive potential participating shares outstanding during the year. For stock options and warrants, the calculation of diluted earnings per share is made using the treasury stock method, as if all dilutive potential participating shares had been exercised at the later of the beginning of the year or the date of issuance, as the case may be, and that the funds obtained thereby be used to purchase participating shares of the Company at the average market value of the participating shares during the year. For convertible debentures, the calculation of diluted earnings per share is made using the if-converted method.

Segment reporting

The Company currently operates in one business segment, being the acquisition and the exploration of mining properties. All of the Company's mining properties are located in Quebec, Canada.

New accounting standards issued but not yet adopted

In June 2011, the IASB amended IAS 1, *Financial Statement Presentation.* The amendment to IAS 1 requires entities to separate items presented in other comprehensive income (loss) into two groups, based on whether or not they may be recycled to the statement of income in the future. Items that will not be recycled such as remeasurements resulting from amendments to IAS 19 will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. The amendment is effective for annual periods beginning on or after July 1, 2012. Early adoption is permitted and full retrospective application is required. Management does not expect the standard to have a significant impact on the Company's financial statements.

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement,* except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss).

In December 2011, the effective date has been postponed to annual periods beginning on or after January 1, 2015. Certain transitional provisions have been amended to provide relief with respect to the application of the effective interest rate method to financial liabilities and to extend the transitional relief to entities applying the standard early.

In May 2011, the IASB issued a group of new standards that address the scope of the reporting entity: IFRS 10, *Consolidated Financial Statements,* IFRS 11, *Joint Arrangements,* IFRS 12, *Disclosure of Interests in Other Entities* and IFRS 13*, Fair Value Measurement.*

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements* and SIC-12*, Consolidation – Special Purpose Entities.* IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control focusing on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The renamed IAS 27 continues to be a standard dealing solely with separate financial statements and its guidance is unchanged.

IFRS 11 has changed the definitions of joint arrangements reducing the types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow an accounting method very similar to the method currently used for joint assets or joint operations.

IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Some amendments were made to existing standards, including IAS 27 *Separate Financial Statements* (IAS 27) and IAS 28 *Investments in Associates and Joint Ventures* (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and reflect the changes in IFRS 10 to 13.

These standards are effective for fiscal years beginning on or after January 1, 2013 and early adoption is permitted. The Company has not yet assessed the impact of these standards or determined whether it will adopt them early.

Disclosure of Outstanding Share Date

The Company is authorized to issue an unlimited number of common shares without par value. As at October 17, 2012, 103,699,721 shares were outstanding.

The Company has a stock option plan under which stock options may be granted up to a maximum of 9,467,312. As at October 17, 2012, 3,285,000 stock options were outstanding. Their expiry dates vary from December 16, 2012, to November 1, 2020.

Also as at October 17, 2012, 502,400 warrants were outstanding. Their expiry dates vary from September 24, 2013, to August 24, 2015.

As at October 17, 2012, no convertible debenture was issued.

Financial risks factors

The Company`s activities expose it to various financial risks, such as credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other amounts receivable. Financial assets included in other amounts receivable consist of interest, royalties and amounts receivable from a partner. The credit risk related to these amounts is due to the partners' possible inability to settle their debts. Management believes that the credit risk with respect to financial assets included in amounts receivable is remote, that the credit risk related to royalties is minimal, as the Company signed an agreement with a major mining company and that the credit risk related to amounts receivable from a partner is minimal, this partner having already the funds to assume exploration work related to these amounts receivable. The credit risk on cash and cash equivalents is limited because the Company deals with a Canadian bank and its subsidiaries. The Company minimizes its exposure to issuer risk by investing only in products having a high quality investment-grade rating. Exposure to these risks is closely monitored and maintained within the limits stated in the investment policy of the Company, which is revised regularly.

Liquidity risk

Liquidity risk is the risk that a company may be unable to fulfill its financial obligations related to financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidities to meet liabilities when due. As at June 30, 2012, the Company had a cash and cash equivalent balance of $2,730,754 including $108,804 to be spent in exploration expenses ($2,847,672 as at June 30, 2011 of which $116,314 to be spent in exploration expenses) to settle current liabilities of $78,163 ($238,461 as at June 30, 2011). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. It is the intention of the Company to pay the interest and principal of convertible debentures in shares of the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's current policy is to invest excess cash principally in term deposits and/or in interest-bearing accounts held with a Canadian bank and its subsidiaries.

For the year ended June 30, 2012, a ± 1% change in bank balance or term deposit interest rates would result in an estimated impact of $27,300 ($28,500 impact for the year ended June 30, 2011) on the statements of income and comprehensive income.

Foreign exchange risk

The Company's functional currency is the Canadian dollar and virtually all of purchases are made in this currency. As a result, the Company's exposure to foreign exchange risk is minimal.

Other Risk Factors and Uncertainties

Exploration Risks

The Company is considered an exploration Company. It has not yet determined whether its mining properties contain ore reserves that are economically recoverable. The recoverability of mining property costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain the financing necessary to continue the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of assets.

Risk on the Uncertainty of Title

Although the Company has taken steps to verify title to mining properties in which it has an interest in accordance with industry standards for the current exploration phase of such properties, these measures do not guarantee the Company's title. The property title may be subject to unregistered prior agreements and non compliant with regulatory requirements.

Key Personnel

The success of the Company rests in its capacity to attract and retain qualified staff. There is strong competition in the industry, and the Company's success depends in large part on its ability to retain senior officers and qualified geologists. Inability to recruit qualified personnel and the loss of key personnel could compromise the speed and success of operations.

Environmental Risk

The Company is exposed to various environmental situations that can occur during exploration work. The Company maintains an environmental management program including operational plans and practices.

Additional Information and Continuous Disclosure

This Management's Discussion & Analysis is dated October 17, 2012. The Company regularly provides additional information through press releases, material change reports, financial statements, and information circulars on SEDAR (www.sedar.com).

(signed) Claude St-Jacques	*(signed) Gaétan Mercier*
President and CEO	Chief Financial Officer