ETHOS CAPITAL CORP.

Management's Discussion & Analysis

For the three month period ended March 31, 2011

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") includes financial information from, and should be read in conjunction with, the unaudited condensed interim financial statements of Ethos Capital Corp. ("the Company") for the three month period ended March 31, 2011 and 2010 and with the audited financial statements of the Company for the year ended December 31, 2010. This MD&A for the three month ended March 31, 2011 reflects the Company's adoption of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A was prepared with information available as of June 22, 2011. Additional information and disclosure relating to the Company can be found on SEDAR at **www.sedar.com**

FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation, which include all statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. These include, without limitation:

- the Company's anticipated results and developments in the Company's operations in future periods
- planned exploration and development of its mineral properties
- planned expenditures and budgets
- evaluation of the potential impact of future accounting changes
- estimates concerning share-based compensation and carrying value of properties
- other matters that may occur in the future.

These statements relate to analyses and other information that are based on expectations of future performance and planned work programs.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the related property is developed.

With respect to forward-looking statements and information contained herein, the Company has made a number of assumptions with respect to, including among other things, the price of gold and other metals, economic and political conditions, and continuity of operations. Although the Company believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-looking statements or information contained or incorporated by reference herein will prove to be accurate.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

- fluctuations in mineral prices;
- the Company's dependence on a limited number of mineral projects;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Company's lack of operating revenues;
- the Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs;

- risks related to the Company's principal property being located in Mexico, including political, economic and regulatory instability;
- governmental regulations and the ability to obtain necessary licenses and permits;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- fluctuations in the currency markets (particularly the Mexican peso, Canadian dollar and United States dollar);
- changes in environmental laws and regulations which may increase costs of doing business and restrict the Company's operations;
- risks related to the Company's dependence on key personnel; and
- estimates used in the Company's financial statements proving to be incorrect.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

OVERVIEW

The Company was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2007, the Company completed an initial public offering ("IPO") and was publicly listed as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("the TSX-V"). In 2008, the Company announced a proposed Qualifying Transaction. In July 2009, the TSX-V accepted the Company's Qualifying Transaction and filing statement, and the Company began trading on the TSX-V as a Tier 2 company under the symbol ECC. In March 2011, Company began trading on the OTCQX under the symbol ETHOF. The Company's principal business activities are the identification, exploration and development of economically viable mineral properties.

HIGHLIGHTS

- In February 2011, the Company appointed Mr. Peter Tallman, P.Geo. as its Chief Operating Officer.

- In March 2011, the Company negotiated an option to acquire a 100% interest in two prospective gold properties located 70 km and 120 km respectively south of Dawson City, Yukon. The Bridget and Hen properties were identified by Shawn Ryan. The two prospective gold properties are strategically located in the White Gold region of the Dawson Range, respectively east and north of Kaminak's Coffee Creek prospects.

- In May 2011, the Company completed a brokered private placement of 5,800,000 units at a price of $1.00 per unit and 4,920,000 flow-through shares at $1.20 per flow-through share, with Canaccord Genuity Corp. acting as lead agent. In addition, the Company completed a non-brokered private placement of 2,450,000 units and 600,000 flow-through shares on the same terms as the brokered private placement. The total gross proceeds of the brokered private placement and the non-brokered private placement were $14,874,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $1.35 per common share, until November 5, 2012. The proceeds of this Offering will be used to advance the Company's Canadian and Mexican projects and for general working capital purposes.

- In June 2011, the Company's field preparations for the exploration in the White Gold District in the Yukon were completed and commenced its $6 million extensive 2011 exploration program. A comprehensive systematic exploration field program is planned, which is comprised of soil sampling, airborne and ground geophysics, trenching, geology and prospecting, with diamond drilling on the already defined gold anomalies.

- In June 2011, the TSX Venture ("TSX-V") accepted for filing the two option agreements to acquire the Bridget and Hen properties. The Company filed independent NI 43-101 Technical Reports entitled Technical Report on the Wolf and Betty Properties and Technical Report on the Hen and Bridget Projects, dated March 20, 2011 and March 31, 2011 respectively. Both reports were prepared by Jean Pautler, P.Geo.

- In June 2011, the Company acquired the option rights to an additional 1,460 claims staked in the White Gold District, Yukon. The new claims are contiguous with and adjacent to the Betty property and Bridget property. 166 contiguous claims were added to the Betty property and 1,294 contiguous claims were staked adjacent to the Bridget property. These newly staked claims are Tie-In Claims under the terms of the property option agreements with Shawn Ryan and Wildwood Exploration Inc., and thus become subject to the terms of those agreements.

Betty and Wolf Mineral Properties, Yukon

In November 2010, the Company obtained the option to acquire a 100% interest in two prospective gold properties located 120 km south of Dawson City, Yukon. The Betty and Wolf properties were identified by experienced target generator Shawn Ryan, and are comprised of 802 claims (approximately 16,228 hectares) plus an additional 16 contiguous claims staked in 2011.

The Betty and Wolf claims are strategically located in the White Gold region of the Dawson Range, respectively northeast and southwest of, and on trend with, Kaminak's Coffee Property. The primary target on the Wolf and Betty properties is a near-surface, bulk tonnage gold setting analogous to Kinross Gold Corporation's recently acquired White Gold Project, and Kaminak Gold Corporation's newly discovered Coffee Project. The Betty and Wolf properties represent promising gold exploration targets in an emerging gold district with historic placer gold production and significant discoveries in 2008 and 2010.

Prospecting, geochemical sampling (601 soil samples) and ground magnetic surveying on the Wolf property has delineated 3 robust anomalies. Anomaly 1, the highest priority target measuring 710 meters in length, is defined by elevated gold (Au), arsenic (As) and antimony (Sb). This is similar to anomalies defined by Kaminak Gold Corporation on the Coffee Project and Underworld Resources on the White Gold project where subsequent trenching and drilling led to the discovery of significant bedrock gold mineralization. This anomaly is characterized by a robust multi-element, multi-line geochemical signature defined by Au (up to 25.2 ppb), As (up to 492 ppm) and Sb (up to 19.0 ppm), coincident with a magnetic low signature. Anomaly 2 consists of a coincident gold (up to 50.1 ppb) antimony (up to 97.7 ppm) geochemical anomaly measuring 610 meters by 300 meters. Anomaly 3 is a multi-line gold (up to 32.5 ppb) anomaly measuring 600 meters in length.

The Betty Property has not been systematically explored since the 1970's when the Marguerite Copper Showing was discovered on the western portion of the current claim block. This property has yet to be systematically explored and represents an attractive gold target for 2011.

(See Contractual Obligations for the terms and conditions required for the Company to exercise its option agreement for these two mineral properties.)

2011 Work Program

The Company's management believes these two new properties represent opportunities for exploration for bulk tonnage gold mineralization in the emerging White Gold District. Summer 2011 exploration plans include airborne magnetic and radiometric surveying, regional ridge-and-spur soil sampling as well as follow-up soil geochemical surveys designed to infill and expand existing data, trenching of existing soil anomalies, ground magnetic surveying and geological mapping. The goal of this work is to identify and prioritize diamond drill targets.

Peter Tallman, P. Geo., Chief Operating Officer to the Company, is a qualified person under the definition of National Instrument 43-101 and has reviewed and approved the disclosure above.

Bridget and Hen Mineral Properties, Yukon

In March 2011, the Company obtained the option, subject to final regulatory approvals (which was received in May 2011), to acquire a 100% interest in the Bridget and Hen mineral properties, which are located respectively 70 km and 120 km south of Dawson City, Yukon. The two properties were also identified by experienced target generator Shawn Ryan, and are comprised of a total of 1,385 claims (approximately 28,950 hectares) plus an additional 1,294 contiguous claims staked in 2011.

The Bridget and Hen claims are strategically located east and north of Kaminak's Coffee Property. Part of the Hen property adjoins Kinross Gold claims containing the new "JP Ross" discovery. The primary target on the Bridget and Hen properties is a near-surface, bulk tonnage gold setting analogous to Kinross Gold Corporation's recently acquired White Gold Project, and Kaminak Gold Corporation's newly discovered Coffee Project. The Casino copper-molybdenum-gold deposit (being developed by Western Copper Corporation) is located nearby.

In 1970, regional silt sampling by Silver Standard Resources Inc. identified the Bridget Property area as one of three significant copper-silver anomalies along with what is now the Minto mine (Capstone Mining Corp.) and the Casino development prospect (Western Copper Corporation) in the region. In 2001 Shawn Ryan following up on government airborne magnetic surveying recognized the association of gold with the historically identified copper targets and the coincidence of this mineralization to magnetic highs.

The Bridget Property was explored by Shawn Ryan over three years between 2005 and 2008. Work included prospecting, geochemical sampling (a total of 1,455 soil samples collected) and ground magnetic surveying (~32 line km) on the Bridget property. Soil sample analyses from the 2008 detailed soil grid indicate a geochemically anomalous area greater than 750 meters in length with copper >200 to 711 ppm coincident with anomalous bismuth (to 155 ppm) and molybdenum (to 322 ppm) associated with a strong magnetic anomaly. The results suggest similarities with the Minto and Casino areas of mineralization.

The Bridget Property is surrounded by parts of the Hen Property and the package is contiguous with the Company's Betty Property).

The Hen property has seen limited exploration. The property covers ~100 square kilometres centred on Henderson Creek which is a current and long-lived area of placer gold mining made famous by the American author Jack London who had a cabin on Henderson Creek during the Klondike gold rush. The Hen property covers an airborne magnetic anomaly and adjoins claims owned by Kinross who have made a gold discovery at the "JP Ross" prospect east of the Hen property boundary.

(See Contractual Obligations for the terms and conditions required for the Company to exercise its option agreement for these two mineral properties.)

2011 Work Program

Summer 2011 exploration plans include airborne magnetics and radiometric surveying plus regional ridge-and-spur soil sampling as well as ground follow-up soil geochemical surveys designed to infill and expand existing data, trenching of existing soil anomalies, ground magnetic surveying and geological mapping. The goal of this work is to identify and prioritize diamond drill targets.
Peter Tallman, P. Geo., Chief Operating Officer to the Company, is a qualified person under the definition of National Instrument 43-101 and has reviewed and approved the disclosure above.

Corrales

At Corrales, carbonate hosted, polymetallic mineralization is exposed in numerous pits and shallow workings thought to date from the 1930's. The mineral occurrences and old workings are associated with extensive alteration that shares many similarities with those surrounding significant known productive systems elsewhere in this world-class polymetallic district. The hydrothermal system as presently defined measures 100 to 300 meters wide and approximately 1,100 meters long. This zone, exposed in essentially flat lying terrain at the edge of an extensive pediment area, is open for extension in three directions.

During the first quarter of 2010, the Company completed an induced polarization/resistivity survey and the results were inconclusive in tracing the surface oxide mineralization due to the presence of conductive overburden. A number of oxide type, zinc-lead-copper-silver occurrences are found within a zone of alteration and bleaching in essentially flat terrain.

During the second quarter of 2010, the Company completed a total of approximately 1,028 meters of percussion drilling in 40 vertical holes over the surface extent of the mineralized zone. Hole depth varied from 13.5 to 31.5 meters and was entirely in oxidized material. Each hole was sampled over its entire length at 1.5 meter intervals and a total of 642 samples were collected.

During the third quarter of 2010, the Company received positive results from its drilling program. Moderate to strongly anomalous values were encountered in 26 of the holes drilled defining a broad / strong / prospective multi-element Zn-Pb-Ag bearing zone. Highlights included hole 10-CO-02 which returned a 19.5 meter section averaging 25.5 g/t Ag, 0.14% Pb and 0.6% Zn and hole 10-C0-15A which returned a 31.5 meter interval averaging 38.05 g/t Ag, 1.2% Pb and 3.47% Zn.

In light of the success of this program, the Company suspended its drilling program at the Santa Teresa mineral property and moved the diamond drill rig to Corrales. A program of six diamond drill holes totalling 1,327 meters was completed. Selected sections of core were split, sampled and sent for analysis. Anomalous lead, zinc and silver values were encountered in every drill hole with hole No. CC-10-02 returning the best intersection with 15.5 meters averaging 9.7 g/t Ag, 1.2% Pb and 0.2% Zn, from 4.5 to 20.0 meters depth.

In 2011, the Company completed a ground magnetic survey of approximately 220 line kilometres. The survey was designed to prioritize drill targets (magnetic anomalies) within a large overburden covered area to the south and southeast of the Company's most recent drilling. This survey delineated a number of high priority targets under cover to the south and southwest of the known mineralization. These target areas have a signature similar to known skrn type mineralization located to the south of the Company's holdings.

During 2011, the Company intends to diamond drill test anomalies outlined by the magnetic survey on the Corrales property.

James M. Dawson, P. Eng., a consultant to the Company who supervised the work, and is a qualified person under the definition of National Instrument 43-101, has reviewed and approved the disclosure above.

Santa Teresa, Mexico

During the first quarter of 2010, at the Santa Teresa mineral property, extensive surface and underground mapping were carried out and this resulted in the identification of two main exploration targets, being the San Jose and the La Florida zones.

The San Jose zone is at least 500 meters long and has had limited artisanal production dating from the early 1900's, from at least 4 sets of adits and internal shafts. The sampling program on the oxidized zinc-lead-copper-silver mineralization returned average grades in the area of 4 to 6% combined lead and zinc, 1 to 3 oz/ton of silver with locally significant copper and gallium with grab samples assaying as high as high 340g/ton of gallium.

The La Florida zone has been traced on surface for approximately 600 meters and had limited production from a number of underground workings over a vertical extent of approximately 120 meters. Several narrow vein/shear zones of oxidized zinc-lead mineralization are present within a permissive zone roughly 75 meters wide. The old workings targeted zinc/lead mineralization in steeply dipping composite veins and/or shears roughly 1.0 to 2.5 meters wide averaging 2 to 4% combined zinc/lead with low silver values averaging 5 to 10 g/ton. There is evidence of minor stringer-type mineralization between the wider structures and the presence of vanadium and gallium that may make a bulk-mineable scenario possible. Of the 81 samples taken from the old workings, 31 samples returned values greater than 1,000 ppm of vanadium (0.18% V2O5) and 5 samples returned values greater than 10,000 ppm of vanadium (1.8% V2O5). 19 samples reported values greater than 20 g/ton of gallium to a high of 161.5 g/ton of gallium. The Company plans to complete a program of detailed mapping and sampling of the underground workings to establish average grades over the entire width of the permissive zone.

James M. Dawson, P. Eng., a consultant to the Company who supervised the work, and is a qualified person under the definition of National Instrument 43-101, has reviewed and approved the disclosure above.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

A detailed description of the Canadian generally accepted accounting principles ("GAAP") which were used by the Company up to December 31, 2010 is included in note 2 to the audited annual financial statements for the year ended December 31, 2010. Effective January 1, 2011, the Company has converted to IFRS as mandated by regulatory bodies in Canada. A detailed description of IFRS which are used by the Company is included in note 3 and 4 to the unaudited condensed interim financial statements for the three months ended March 31, 2011 and 2010.

The preparation of financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of accounts receivable and future income tax assets, impairment of assets, measurement of share-based payments and valuation of reclamation obligations.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from property and equipment.

Mineral interests and other assets owned are recorded at cost less accumulated depreciation and accumulated impairment losses. All direct costs related to the to the acquisition of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. On the commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base.

Although the Company has taken steps to verify title to the mineral properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

Exploration and evaluation expenditures, inclusive of exploration programs required under option agreements, net of incidental revenues, are charged to operations in the period incurred, until such time as it has been determined that a property has economically recoverable reserves and a decision to commence commercial production has occurred, in which case subsequent exploration expenditures and the costs incurred to develop a property are capitalized. Exploration and evaluation expenditures include value-added taxes and presumptive income taxes incurred in foreign jurisdictions when recoverability of these taxes is uncertain.

From time to time, the Company grants common share purchase options to directors, officers, employees and non-employees. The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share option reserves is transferred to share capital to recognize the total consideration for the shares issued.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS Overview

Canadian public companies are required to prepare their financial statements in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), for fiscal years beginning on or after January 1, 2011. Accordingly, commencing during the year ended December 31, 2011 the Company will report its interim and annual financial results in accordance with IFRS. The Company also will provide in its 2011 interim and annual financial results comparative data for the corresponding periods in 2010 on an IFRS basis, including an opening balance sheet as at January 1, 2010.

IFRS are applied retrospectively, except in certain circumstances as allowed or required under IFRS 1 First-time Adoption of International Financial Reporting Standards (see below). Accordingly, the Company has provided a reconciliation of previously disclosed comparative period financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") to IFRS (See note 3 of its unaudited interim condensed financial statements for the three months ended March 31, 2011 and 2010).

Impact of Adoption of IFRS

The Company has identified a number of key accounting areas where there are differences between IFRS and Canadian GAAP which have an impact on the Company's financial results. These have been summarized below based on the standards currently issued and applicable to the Company. This is not a complete list of differences between IFRS and Canadian GAAP and several standards are in the process of being amended by the IASB.

(a) Other Capital Assets

Canadian GAAP requires that other capital assets (property, plant and equipment) be recorded at cost less accumulated depreciation and impairment provisions. Under IFRS, other capital assets may be measured using either the cost model, the model used in Canadian GAAP, or the revaluation model, under which assets are recorded at fair value and revalued at each reporting date. The Company will continue to use the cost model.

In addition, IFRS requires that each significant item within capital assets be depreciated separately, including significant components of assets. The Company has determined that no changes to its depreciation policies are required to comply with IFRS.

(b) Mineral Interests

The Company's accounting policy for mineral property expenditures is to capitalize costs related to the acquisition of mineral properties and expense costs related to exploration of the properties as incurred. This policy choice is allowed under IFRS and the Company will now apply this method of accounting for mineral interests. This resulted in a reduction in the carrying value of its mineral interests.

Under IFRS, mineral properties cannot be recognized as a tangible asset until legal title or exploration rights are obtained. The Company is recording its cash and share option payments as an intangible asset, described as "mineral interests", until the Company fulfills all the requirements under the mineral property option agreement and obtains title to the mineral properties.

(c) Impairment of assets

Under Canadian GAAP, asset impairment is identified if the recorded amount of the asset exceeds its fair value. The impairment threshold under IFRS is defined as the higher of its fair value less costs to sell and the expected discounted future cash flows from the assets. The Company has determined that this change will not affect the recorded amount of any of its assets.

IFRS, unlike Canadian GAAP, also allows impairment provisions to be reversed in future periods if the recoverable amount exceeds the recorded value. The Company has determined that this change will not affect the carrying amount of any of its assets.

(d) Share-based payments

IFRS requires that share-based payments to employees with different vesting periods be treated as separate awards for the purpose of determining their fair value. In addition, IFRS requires that the number of anticipated forfeitures be estimated at the grant date and incorporated into the calculation of share-based compensation expense. Under Canadian GAAP, share-based payments with different vesting periods can be treated as a single award and forfeitures recorded as they occur. The Company's IFRS charges at January 1, 2010 are materially consistent with its Canadian GAAP charges for the same date.

As noted, initial adoption of IFRS requires retroactive application as at the transition date, with adjustments arising on the conversion to IFRS from Canadian GAAP recognized in opening retained earnings. However, to assist with the difficulties associated with reformulating historical accounting information, IFRS 1 First-time Adoption of International Financial Reporting Standards provides for a number of optional exemptions and mandatory exceptions which generally allow prospective rather than retrospective treatment under certain conditions. The following summarizes the most significant of these as they apply to the Company:

(e) Share-based payments

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share Based Payments to equity instruments that were granted subsequent to November 7, 2002, or that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has no equity instruments granted prior to November 7, 2002 and has elected not to apply IFRS 2 Share Based Payments to equity instruments that vested prior to January 1, 2010.

(f) Estimates

In accordance with IFRS 1, an entity's estimates in accordance with IFRS at the date of transition to IFRS must be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were made in error. The Company's IFRS estimates at January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

An analysis of the potential business impacts on the conversion to IFRS on such activities as performance measures and compensation arrangements has been completed. No significant impacts were noted as, at this time, the Company's business affairs are typically not driven by financial results.

Impacts on the Company's information technology systems on the conversion to IFRS are minimal.

No significant changes to the control environment are expected as a result of the conversion to IFRS other than those controls governing the conversion process itself. Conversion controls implemented include skills training, process documentation and the engagement of both the Company's auditors and controls consultants in the conversion process.

RESULTS OF OPERATIONS

Three month period ended March 31, 2011, compared to the three month period ended March 31, 2010

The Company incurred a net loss of $669,516 for the three month period ended March 31, 2011 ($0.03 loss per common share) compared to a net loss of $209,662 ($0.02 loss per common share) for the three month period ended March 31, 2010, an increase of $459,854.

The Company incurred $336,922 in exploration costs in Q1-2011, primarily on the Corrales mineral property and on staking costs in the Yukon, compared to $116,501 during the comparative quarter, an increase of $220,421.

The Company incurred $101,496 in consulting fees and $16,230 in salaries in Q1-2011, compared to $24,000 and $nil respectively during the comparative quarter, an increase of $77,496 and $16,230 respectively as exploration activities during Q1-2011 continued to ramp up.

During Quarter 1 2011, the Company incurred higher overall administrative expenditures as it expanded its exploration portfolio, prepared to increase its exploration activities in the Yukon and in Mexico, and as it continued to investigate new opportunities. As a result, listing fees, office and administrative costs and professional fees rose by an aggregate of $71,575 when compared to the same period in 2011. Additionally, investor relations costs increased by $48,186 as the Company increased its investor relations activities to match its exploration and corporate activities.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial information from the Company's unaudited financial statements for the last eight quarters. Fiscal quarters prior to the quarter ended March 31, 2010 are presented in accordance with Canadian GAAP and were not required to be restated to IFRS.

Quarter Ended	**Revenue**	**(Income)Loss**	**(Income) Loss Per Common Share**	**(Income) Loss Per Common Diluted Share**
31-Mar-11	$0.00	$669,516	$0.03	$0.03
31-Dec-10	$0.00	$347,429	$0.02	$0.02
30-Sep-10	$0.00	$953,125	$0.04	$0.04
30-Jun-10	$0.00	$151,920	$0.02	$0.02
31-Mar-10	$0.00	$209,368	$0.03	$0.03
31-Dec-09	$0.00	$63,362	$0.01	$0.01
30-Sep-09	$0.00	$77,141	$0.01	$0.01
30-Jun-09	$0.00	$47,155	$0.00	$0.00

There no identifiable factors that will cause variations in the selected quarterly financial information.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2011, the Company had working capital of $5,554,048, compared to working capital of $5,601,262 at December 31, 2010, a decrease in working capital of $47,214.

During the first quarter of 2011, the Company received $614,869 from the exercise of warrants and options.

For the first quarter of 2011, the Company incurred $668,759 in cash operating costs, including $336,922 in exploration and staking costs. This is offset by $15,500 in interest income and $7,801 of foreign exchange loss.

In May 2011, the Company completed a brokered private placement of 5,800,000 units at a price of $1.00 per unit and 4,920,000 flow-through shares at $1.20 per flow-through share, with Canaccord Genuity Corp. acting as lead agent. In addition, the Company completed a non-brokered private placement of 2,450,000 units and 600,000 flow-through shares on the same terms as the brokered private placement. The total gross proceeds of the brokered private placement and the non-brokered private placement were $14,874,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $1.35 per common share, until November 5, 2012.

The Company has sufficient working capital to fund its administrative costs, meet its cash option payments for the Santa Teresa and Corrales mineral properties under option from Cardero, the Wolf, Betty, Bridget and Hen mineral properties under option from Ryan, and carry out its planned exploration program to further evaluate the Cardero and Ryan mineral properties and to evaluate other opportunities.

The Company is in the exploration stage and its source of working capital to date has been solely from the sale of its common shares. In the foreseeable future, the Company will likely need to raise additional working capital from the sale of additional common shares to meet its future cash flow requirements.

CONTRACTUAL OBLIGATIONS

Santa Teresa and Corrales Option Agreement

During 2008, the Company signed a Letter of Intent with Cardero Resource Corp. ("Cardero") pursuant to which the Company was granted an option to earn a 70% working interest in two of Cardero's mineral prospects in Mexico. Subsequently during the same year, the Company and Cardero signed a Letter Agreement ("the Amending Agreement") amending the terms of the Letter of Intent. In consideration of Cardero entering into the Amending Agreement, the Company agreed to issue 100,000 common shares of the Company to Cardero within 5 days after the Letter of Intent and the Amending Agreement is accepted for filing by the TSVV ("the Acceptance Date"). The Company also agreed to pay to an individual at arm's length to the Company a finder's fee of 200,000 common shares of the Company over a three year period, including 50,000 common shares on the Acceptance Date, in consideration of that individual identifying and assisting with the acquisition of the Cardero mineral properties in the Qualifying Transaction. In July 2009, the TSXV accepted the Company's Qualifying Transaction and the Company issued the required common shares.

On December 1, 2010, the Company entered into an amending agreement (the "2nd Amending Agreement") with Cardero, which provides that Ethos and Cardero agreed to reduce the common shares issuable by Ethos to 1,000,300 common shares from 1,334,000 common shares, and to reduce the total cash payments to CDN$300,000 from CDN$500,000.

Pursuant to the Original Letter of Intent, the Amending Agreement, and the 2nd Amending Agreement, the Company has an exclusive option ("the Option") to earn an undivided seventy (70%) percent right, title and working interest in two of Cardero's mineral properties in Mexico, the Santa Teresa and Corrales properties ("the Mineral Properties") respectively by:

(a) paying to Cardero the sum of $300,000, as follows:

- (i) $100,000 on the Acceptance Date (completed on July 20, 2009);
- (ii) an additional $75,000 on or before December 15, 2010 (completed December 10, 2010); and
- (iii) an additional $125,000 on or before July 17, 2011;

(b) delivering to Cardero 1,000,300 fully-paid and non-assessable common shares of the Company as follows:

   (i) 150,000 common shares of the Company on or before December 15, 2010 (completed December 3, 2010);

   (ii) an additional 250,000 common shares of the Company by July 17, 2011; and

   (iii) an additional 600,300 common shares of the Company on or before July 17, 2012;

(c) during the currency of the Option, assuming all of the liabilities, and performing, in a timely manner, all of the obligations pursuant to each of the third-party agreements to which Cardero or its subsidiaries hold their rights in and to the Mineral Properties; and

(d) otherwise complying with the terms and conditions of this Letter of Intent, Amending Agreement, and 2nd Amending Agreement during the currency of the Option.

The Company can however elect to terminate the option agreement with Cardero at any time.

Betty & Wolf Option Agreements

On December 21, 2010, the TSXV accepted for filing two Option Agreements dated November 30, 2010 between the Company and Shawn Ryan ("Ryan") and Wildwood Exploration Inc. ("Wildwood") whereby the Company has the option to acquire a 100% interest in the Betty and Wolf properties, located in the White Gold area, west-central Yukon by completing the following:

<u>Cash Payments</u>

Property	Within 5 business days of TSXV Acceptance (completed Dec. 23, 2010)	On or before January 15, 2012	On or before November 30, 2012	On or before November 30, 2013	On or before November 30, 2014
Wolf	$100,000	$100,000	$100,000	$100,000	$150,000
Betty	$150,000	$100,000	$100,000	$100,000	$150,000
Totals	$250,000	$200,000	$200,000	$200,000	$300,000
Cumulative	$250,000	$450,000	$650,000	$850,000	$1,150,000

<u>Required Expenditures</u>

Property	**On or before January 15, 2012**	**On or before October 15, 2012**	**On or before October 15, 2013**	**On or before October 15, 2014**	**On or before October 15, 2015**
Wolf	$200,000	$300,000	$500,000	$750,000	$750,000
Betty	$200,000	$300,000	$500,000	$750,000	$750,000
Totals	$400,000	$600,000	$1,000,000	$1,500,000	$1,500,000
Cumulative	$400,000	$1,000,000	$2,000,000	$3,500,000	$5,000,000

Share Payments

Property	Within 5 business days of TSXV Acceptance (completed Dec. 23, 2010)	On or before January 15, 2012	On or before November 30, 2012	On or before November 30, 2013	On or before November 30, 2014
Wolf	250,000	250,000	250,000	250,000	250,000
Betty	250,000	250,000	250,000	250,000	250,000
Totals	500,000	500,000	500,000	500,000	500,000
Cumulative	500,000	1,000,000	1,500,000	2,000,000	2,500,000

The Company will also issue and deliver to Ryan 500,000 common shares upon the Company having incurred expenditures of a total of $4,000,000 on each of the Betty and Wolf properties, and issue and deliver to Ryan an additional 500,000 common shares upon the Company having incurred expenditures of a total of $7,500,000 on each of the Betty and Wolf properties.

In addition, the Company has the option to accelerate all of the above obligations and upon fulfilling all of these obligations, under both option agreements, the Company will make annual cash advance royalty payments of $30,000 to Ryan and Wildwood commencing October 30, 2015 and continuing each year thereafter until commencement of commercial production of each of the respective mineral properties. These advance royalty payments will be deducted from the royalty payable upon commencement of commercial production.
Each of the properties will be subject to a 2% Net Smelter Return ("NSR") royalty in favour of Ryan and Wildwood, with an option in favour of the Company to buyout 1% of the NSR royalty exercisable for CDN$2,500,000 per property.

Bridget and Hen Option Agreements

In May 2011, the TSX-V accepted for filing two Option Agreements dated March 1, 2011 between the Company and Shawn Ryan ("Ryan") and Wildwood Exploration Inc. ("Wildwood") whereby the Company has the option to acquire a 100% interest in the Bridget and Hen properties, located in the White Gold area. Following are the requirements to fulfill the option:

Cash Payments

Property	Within 5 business days of TSXV Acceptance (completed May 31, 2011)	On or before 1st Anniversary of Agreement	On or before 2nd Anniversary of Agreement	On or before 3rd Anniversary of Agreement	On or before 4th Anniversary of Agreement
Bridget	$100,000	$100,000	$100,000	$100,000	$150,000
Hen	$125,000	$150,000	$125,000	$100,000	$150,000
Totals	$225,000	$250,000	$225,000	$200,000	$300,000
Cumulative	$225,000	$475,000	$700,000	$900,000	$1,200,000

Required Expenditures

Property	On or before October 15, 2011	On or before October 15, 2012	On or before October 15, 2013	On or before October 15, 2014	On or before October 15, 2015
Bridget	$200,000	$300,000	$500,000	$750,000	$750,000
Hen	$300,000	$350,000	$500,000	$650,000	$750,000
Totals	$500,000	$650,000	$1,000,000	$1,400,000	$1,500,000
Cumulative	$500,000	$1,150,000	$2,150,000	$3,550,000	$5,050,000

Share Payments

Property	Within 5 business days of TSXV Acceptance (completed May 31, 2011)	On or before 1st Anniversary of Agreement	On or before 2nd Anniversary of Agreement	On or before 3rd Anniversary of Agreement	On or before 4th Anniversary of Agreement
Bridget	250,000	250,000	250,000	250,000	250,000
Hen	350,000	350,000	350,000	350,000	350,000
Totals	600,000	600,000	600,000	600,000	600,000
Cumulative	600,000	1,200,000	1,800,000	2,400,000	3,000,000

The Company will also issue and deliver to Ryan 250,000 common shares upon the Company having incurred expenditures of a total of $4,000,000 on the Bridget property, and issue and deliver to Ryan an additional 250,000 common shares upon the Company having incurred expenditures of a total of $7,500,000 on the Bridget property.

The Company will also issue and deliver to Ryan 350,000 common shares upon the Company having incurred expenditures of a total of $4,000,000 on the Hen property, and issue and deliver to Ryan an additional 350,000 common shares upon the Company having incurred expenditures of a total of $7,500,000 on the Hen property.

Each of the properties will be subject to a 2% NSR royalty in favour of Ryan and Wildwood, with an option in favour of the Company to buyout 1% of the NSR royalty exercisable for CDN$2,500,000 per property.

The Bridget and Hen option agreements, taken together with the Betty and Wolf option agreements are being treated by the TSXV as a Fundamental Acquisition. Consequently, the property acquisitions pursuant to the Bridget and Hen option agreements are subject to the acceptance of the TSXV, which acceptance is, among other things, subject to the Company completing and filing NI 43-101 compliant technical reports on each of the Bridget, Hen, Betty and Wolf properties. The Company engaged Jean Paulter, P.Geo, JP Exploration Service Inc., to prepare these technical reports which have now been completed and are currently being reviewed by the TSXV. The Company will not make any cash payments or share issuances under the Bridget and Hen option agreements until the technical reports have been accepted for filing by the TSXV. Any shares subsequently issued by the Company under these option agreements will be subject to a four-month hold period.

OFF-BALANCE SHEET ARRANGEMENTS

None

TRANSACTIONS WITH RELATED PARTIES

During the three months ended March 31, 2011, the Company accrued $56,590 (2010 – $nil) to a publicly listed company with a common Director, for reimbursement of exploration costs. During the three month period ended March 31, 2011, the Company paid or accrued $60,000 (2010 – $24,000) in consulting fees to private companies individually controlled by Officers and Directors of the Company. $79,157 (2010 – $6,876) was payable at March 31, 2011. These transactions were measured at the agreed exchange amount between the parties except for the reimbursement of expenditures which was based on third party costs.

PROPOSED TRANSACTIONS

None

RISKS AND UNCERTAINTIES

The Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash and mineral property agreements under option. It has no history of earnings, and it is not expected to generate earnings or pay dividends in the foreseeable future.

Precious and Base Metal Price Fluctuations

The profitability of the precious and base metal operations in which the Company has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of the precious and base metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the Company's operations and profitability.

Fluctuations in the price of consumed commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents fluctuate affecting the costs of exploration in our operational areas. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of various projects.

Foreign Exchange Rate Fluctuations

Operations in Mexico and Canada are subject to foreign currency exchange fluctuations. The Company raises its funds through equity issuances which are priced in Canadian dollars, and until recently the majority of the exploration costs of the Company are denominated in United States dollars and Mexican pesos. The Company may suffer losses due to adverse foreign currency fluctuations.

Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

Operating Hazards and Risks
Exploration activities may generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, revolution, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the normal course of exploration activities

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, delayed production and resultant losses, increased production costs, asset write downs, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Infrastructure
Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company's projects will be commenced or completed on a timely basis, if at all.

Exploration and Development
There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves to replace or expand current reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, none of the Company's properties have any defined ore-bodies with proven reserves.

The economics of developing silver, gold and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the prices of silver, gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

Business Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration and development opportunities in the mining industry. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

Title to Assets

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Uncertainty of Funding

The Company has limited financial resources, and the mineral claims in which the Company has an interest or an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Agreements with Other Parties

The Company has entered into agreements with other parties relating to the exploration, development and production of its properties. The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Third Party Reliance

The Company's rights to acquire interests in certain mineral properties have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

Absolute Assurance on Financial Statements

We prepare our financial reports in accordance with accounting policies and methods prescribed by IFRS and previously under Canadian GAAP. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies and practices are described in more detail in the notes to our unaudited condensed interim financial statements for the three months ended March 31, 2011 and 2010 and our audited annual financial statements for the year ended December 31, 2010. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, we have implemented and continue to analyze our internal control systems for financial reporting. Although we believe our financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance in that regard.

General Economic Conditions

The unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability.

Substantial Volatility of Share Price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports.

Potential dilution of present and prospective shareholdings

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

Please also refer to the section under risk factors in the Company's prospectus for the IPO and the filing statement for its Qualifying Transaction. These documents can be viewed on SEDAR at www.sedar.com.

FINANCIAL INSTRUMENTS

As disclosed in its audited financial statements for the year ended December 31, 2010 and its unaudited interim condensed financial statements for the three month period ended March 31, 2011, the Company has identified several financial instruments that it utilizes in its day-to-day operations. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

MANAGEMENT UPDATE

In February 2011, the Company appointed Mr. Peter Tallman, P.Geo., as its Chief Operating Officer. Mr. Tallman is a Registered Professional Geologist with over 29 years of experience in management and mineral exploration worldwide, with an emphasis on Eastern Canada. Mr. Tallman was involved in the discovery and delineation of the million ounce Hope Brook Gold Mine with BP-Selco during 1982 -- 1987, and the Beaver Brook Antimony Mine with Noranda during 1988 -- 1991. Mr. Tallman has also previously held positions such as Vice President, Exploration for Prime Equities International Corp., Vice President of Rockvale Resources Limited. In 2002 Mr. Tallman was appointed as and is currently, President, CEO and director of Messina Minerals Inc., which discovered the Boomerang zinc deposit in 2005. He currently remains a director of Messina. Mr. Tallman graduated with a B.Sc. from the University of Western Ontario in 1984.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the three month period ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

INVESTOR RELATIONS

In September 2010, the Company renewed a one year consulting agreement with Mr. Andrew Hay of Vancouver, BC to perform investor relations services for the Company. The Company pays Mr. Hay a consulting fee of $4,500 per month and granted Mr. Hay stock options to purchase an additional 40,000 common shares of the Company at $0.42 per common share for a period of 5 years, subject to vesting provisions.

In February 2011, the Company retained Deutsche Investor-Relations GmbH ("DIRG") to provide the Company with investor relations services in Europe. DIRG is based in Berlin, Germany. The Company pays DIRG a monthly retainer of 2,500 Euro per month for a period of one year, subject to automatic yearly renewal, unless cancelled upon 3 months notice by either party. The Company has also granted DIRG options to purchase up to 70,500 common shares of the Company at a price of $0.94 per common share for a period of 2 years, subject to vesting provisions.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at June 22, 2011, the Company had the following common shares and stock options outstanding:

Common shares	40,798,159
Stock options	3,508,404
Warrants	2,948,996
Fully diluted common shares outstanding	47,255,559