Management Discussion and Analysis
For the Nine Months Ended August 31, 2012

The following is a discussion and analysis of the operations, results, and financial position of Zimtu Capital Corp. (the "Company") for the nine months ended August 31, 2012, and should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended August 31, 2012, all of which are prepared in Canadian dollars and in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting. The Corporation's financial statements are prepared in accordance with International Financial Reporting Standards "(IFRS"), which replaced Canadian Generally Accepted Accounting Principles ("GAAP") on January 1, 2010. Readers are referred to the Transition to International Financial Reporting Standards section of this MD&A. The condensed interim consolidated financial statements and notes thereto and the following discussion and analysis for the nine months ended August 31, 2012 have not been reviewed by the Company's Auditor.

The effective date of this report is October 24, 2012.

Nature of Business and Overall Performance

History of the Company

The Company was incorporated on July 4, 2006, under the Business Corporations Act of British Columbia under the name "Flow Energy Ltd."

On January 29, 2007, the Company completed its initial public offering with Northern Securities Inc. acting as agent. The Company was listed on the TSX Venture Exchange (the "TSX-V") as a Capital Pool Company on January 31, 2007.

On March 7, 2008, the Company entered into a Share Purchase Agreement with Petrol One Corp. and 0755032 BC Ltd. Under the terms of the Agreement, the Company acquired all of the issued common shares of Zimtu Capital Corp., a private investment company that had assets consisting of a portfolio of equity investments, cash and equipment, totaling approximately $6.0 million.

On July 31, 2008, the Company completed its Qualifying Transaction, defined under section 2.4 of the TSX-V policies. The Company acquired all of the issued and outstanding common shares of 0755032 BC Ltd., completed a private placement of 10,292,658 units for proceeds to the Company of $1,235,119 and changed its name to Zimtu Capital Corp. Subsequent to the completion of the Qualifying Transaction, the Company changed its year end from August 31 to November 30, to be concurrent with that of its wholly owned subsidiary, 0755032 BC Ltd. On December 1, 2008, the Company completed a consolidation of share capital on a 10:1 basis

The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades as a Tier 2 Financial Services Issuer on the TSX-V under the symbol 'ZC'. The Company also trades on the Frankfurt Stock Exchange under the symbol 'ZCT1'.

Business of the Company

The business of the Company focuses on giving its shareholders the opportunity to indirectly invest in diverse early-stage resource investments. The Company's goal is to take advantage of the favourable investment opportunities that arise between the private and public phases of a given investment in the natural resources sector. To that end, the Company conducts its business along two distinct lines: investment and project advisory/management.

1. Investment

The principal investment objectives of the Company are:

- to seek and identify high return investment opportunities in the resource sector through direct investments in project interests or indirect investments by means of equity shareholdings;
- to minimize the risk associated with investments in securities by offering assistance to the target investment through management's industry contacts;
- to preserve its capital and limit the downside risk of its capital;
- to achieve a reasonable rate of capital appreciation; and
- to seek liquidity in its investments.

In pursuit of greater returns and to achieve investment objectives while mitigating risk, the Company, when appropriate, shall focus on natural resource industries, concentrating on early stage exploration and development companies. The Company will obtain detailed knowledge of the relevant business that the investment shall be made in, as well as knowledge about the investee company. The Company will endeavour to work closely with the investee company's management and boards and in some cases, assist in sourcing experienced and qualified persons to add to the board and/or management of the investee companies. The Company will maintain a flexible position with respect to the form of investment taken. Investments will be made in either private or public companies or directly into project title. As a result, the Company may own 100% of the opportunity in the initial stages.

In keeping with its business model, the Company:

a) Has increased its investment shareholdings through participation in private placements and/or Initial Public Offerings ("IPO") of several TSX-V listed companies;

b) Has acquired or disposed of interests in several mineral property claims and/or permits. An objective of the Company is to evaluate and acquire prospective resource properties to make available for sale or joint venture. In this manner, the Company has acquired and disposed of property interests either by selling the property in its entirety or by optioning the property;

c) Provides mineral property advisory services to individuals and/or companies and helps to connect companies with mineral properties of interest; and

d) Provides management & administrative assistance to private or public companies.

Composition of Investment Portfolio*:* The nature and timing of the Company's investments depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company. Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

Investment Committee*:* The Company has an investment committee to monitor its investment portfolio on an ongoing basis. The investment committee's mandate is to review the status of each investment as well as the status of potential investments at least once a month or on an as needed basis. Nominees for the investment committee are recommended by the Board of Directors.

Trading Committee*:* The Company has a trading committee consisting of all members of the Board of Directors and may also include any consultants with relevant experience to the opportunity. On a monthly basis, the trading committee discusses and evaluates the investments of the Company.

Market Conditions: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. The market for the common shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the common shares of the Company will be affected by such volatility.

Shareholdings: The specific shareholdings of the Company are listed in the Company's condensed interim consolidated financial statements for the nine months ended August 31, 2012. The Company considers the following as its core portfolio shareholdings:

Western Potash Corp. (TSX: WPX) ("Western Potash") is a junior mineral exploration company engaged in the acquisition, evaluation and exploration of potash mineral properties in Western Canada. Western Potash's objectives are to define and develop a world-class potash deposit while providing its shareholders with a unique opportunity to participate in the blue-chip dominated potash mining industry. The Company currently has 3,352,654 common shares of Western Potash with a market value of $1,408,115 ($0.42 per share, as at October 23, 2012).

Commerce Resources Corp. (TSX-V: CCE) ("Commerce") is an exploration and development company with a particular focus on tantalum, niobium and rare earth element deposits with a potential for economic grades and large tonnages. Commerce is developing its Upper Fir Tantalum and Niobium Deposit in British Columbia, at the Blue River Project, and is also exploring its Eldor Rare Earth Project in northern Quebec. The Company currently has 3,756,178 common shares of Commerce, with a market value of $638,550 ($0.17 per share, as at October 23, 2012).

Pasinex Resources Limited (CNSX: PSE) ("Pasinex") is a mineral exploration company focused on base and precious metals properties in Turkey. The Company has a strong technical management team with many years of experience in mineral exploration and mining project development. The Company currently has 11,917,500 common shares of Pasinex, with a market value of $595,875 ($0.05 per share, as at October 23, 2012).

Quantum Rare Earth Developments Corp. (TSX-V: QRE) ("Quantum") is a Canadian based exploration company focused on creating shareholder value through the strategic acquisition and advancement of highly prospective niobium and rare earth element projects in politically stable, mining-friendly locations. Quantum's flagship project is the Elk Creek Carbonatite located in southeastern Nebraska, U.S.A. which contains a niobium resource and is also prospective for rare earth element and phosphate mineralization. The Company currently has 2,200,000 common shares of Quantum, with a market value of $286,000 ($0.13 per share, as at October 23, 2012).

Camisha Resources Corp. (TSX-V: CRN.P) ("Camisha") is a Capital Pool Company within the meaning of the policies of the TSX-V. Camisha announced that on September 21, 2012 it entered into an agreement in principal to acquire 100% of Prima Fluorspar Corp. ("Prima"). The resulting company will focus on confirming and expanding the historic mineral resource* of approximately 3.2 million tonnes averaging 32% fluorspar at its 100%-owned, 22,588 ha (55,816 acres) Liard Fluorspar Property in Northern British Columbia, Canada. The Company currently has 3,020,000 common shares of Camisha, with a market value of $271,800 ($0.09 per share, as at October 23, 2012).

Equitas Resources Corp. (TSX-V: EQT) ("Equitas") is in the early stages of the value creation process with the recent acquisition of the Day Copper-Gold Porphyry Project. This core asset will be the Equitas' flagship project and consists of ~7,100 hectares located to the northwest of Prince George, B.C. and 50 kms directly south of Northgate Minerals' Kemess South Mine in the prolific "Toodoggone Region" of B.C. The Company currently has 8,394,000 common shares of Equitas, with a market value of $209,850 ($0.025 per share, as at October 23, 2012).

Lakeland Resources Inc. (TSX-V: LK) ("Lakeland") is focused on the discovery of gold deposits with a 100% focus on Canadian assets principally in Ontario. Lakeland is currently exploring its Midas Gold Property located near Wawa, Ontario. Lakeland aims to create value through the drill bit and build a successful mineral exploration company by combining technical knowledge, a motivated management team and board, strong and clear messaging and supportive investors. The Company currently has 3,446,000 common shares of Lakeland, with a market value of $189,530 ($0.055 per share, as at October 23, 2012).

2. Project Advisory/Management

Mineral Resource Project Management

The Company evaluates and acquires prospective resource properties to make available for sale, option or joint venture. The Company has interests in several mineral property claims.

As at the date hereof, the Company has interests in the following mineral resource properties:

Name	Location	Mineral Type	Interest
Michikamats Project	Newfoundland	REE	100%
Amor Rare Earth Property	Newfoundland	REE	100%
Gem Property	British Columbia	Fluorspar	100%
Joint Venture with Strategic Resource Management Pty Ltd.:			
Kubwa Property	Australia	Iron Ore	50%
Munglinup Graphite	Australia	Graphite	50%
Joint Venture with 877384 Alberta Ltd.:			
AB Frac Sands	Alberta	Frac Sands	50%
Beatty Bat	Saskatchewan	Gold	50%
Saskoba Property	Saskatchewan	Gold	50%
Simon Lake Graphite	Saskatchewan	Graphite	50%
Deep Bay Graphite	Saskatchewan	Graphite	50%
Lac Le Claire	Quebec	REE	50%
Lac Caron	Quebec	Graphite	50%
Henry Graphite	Saskatchewan	Graphite	50%
Irving Lake Gold	Saskatchewan	Gold	50%
Zaharik Lake	Saskatchewan	Graphite	50%
Flora Lake	Newfoundland	Graphite	50%
Labrador Trough	Newfoundland	Graphite	50%
Joint Venture with C&C:			
Hiren Claims	British Columbia	REE	50%
Trident Claims	British Columbia	REE	50%
Rare Claims	British Columbia	REE	50%
Kin Claims	British Columbia	REE	50%
Lindmark Claims	British Columbia	REE	50%
Icey Claims	British Columbia	REE	50%
Monroe Claims	British Columbia	REE	50%
Claire Claims	British Columbia	REE	50%
Joint Venture with Heyman and Brookes:			
Liard Fluorspar Property	British Columbia	Fluorspar	50%
Joint Venture with Michel Robert:			
Quatre Milles	Quebec	Graphite	50%
Joint Venture with MPH Consulting Ltd:			
Griffith and Brougham Graphite	Ontario	Graphite	50%
Portland Graphite Property	Ontario	Graphite	50%
Joint Venture with David Javorsky:			
Zirconium Mountain	British Columbia	REE	50%
Cerium Mountain	British Columbia	REE	50%
Odin Creek Cerium	British Columbia	REE	50%
Parry Creek	British Columbia	REE	50%
Port Hope	British Columbia	REE	50%

The following is a list of the properties farmed out during the nine months ended August 31, 2012:

Name	Sold to	Consideration
Munglinup Graphite Project**	Pinestar Gold Inc.	$62,500 cash ($12,500 received) 1,750,000 common shares
Sun Graphite Property	Galaxy Capital Corp.	$25,000 cash ($7,500 received) 500,000 common shares (250,000 received)
Big North Lake Graphite Property	Big North Graphite Corp.	$20,000 cash ($20,000 received) 750,000 common shares (375,000 received)
Wagon Graphite Property	Strike Graphite Corp.	$12,500 cash ($7,500 received) 375,000 common shares (125,000 received)
Griffith and Brougham Property	Big North Graphite Corp.	$40,000 cash (received) 1,000,000 common shares (500,000 received)
Henry Graphite Property	First Graphite Corp.	$77,500 cash (received) 1,000,000 common shares (350,000 received)
Flora Graphite Property	Olympic Resources Ltd.	$30,000 cash (received) 1,500,000 common shares (750,000 received)
Quatre Milles Extension	Lomiko Metals Inc.	$1,000 cash 600,000 common shares
Gem Property	Prima Fluorspar Corp.	750,000 common shares (received)
Liard Fluorspar Property	Prima Fluorspar Corp.	$20,000 cash (received) 1,000,000 common shares (received)
McWhirter Graphite Property	Olympic Resources Ltd.	$20,000 cash (received subsequent to August 31, 2012) 2,500,000 common shares (received 750,000 shares subsequent to August 31, 2012)

** This transaction was cancelled on May 11, 2012.

The following is a list of the properties farmed out during the year ended November 30, 2011:

Name	Sold to	Consideration
Old Lime Stone	Arctic Star Diamond Corp.	$25,000 cash (received) 500,000 pre-consolidation common shares and 41,667 post-consolidation shares (received)
Cap and Seebach Properties	Arctic Star Diamond Corp.	$145,833 cash (received) 2,500,000 pre-consolidation common shares (received) 138,889 post-consolidation common shares (received) 10% administration fee to be received on exploration expenditures
7 Rare Earth Elements Properties	Critical Elements (formerly First Gold Exploration)	$62,500 cash (received) 2,000,000 common shares (1,500,000 shares received)

Goeland Rare Earth Property	Canada Rare Earth Inc.	$12,500 cash (received) 1,250,000 common shares (750,000 received)
Montviel Rare Earth Property***	Electric Metals Inc.	$62,500 cash ($12,500 received) 1,375,000 common shares (500,000 shares received) 125,000 shares for termination (received)
Lavergne Rare Earth Property	Rare Earth Metals Inc.	$25,000 (received) 900,000 common shares (received)
Blachford Rare Earth Element Property	Solace Resources Corp.	$100,000 cash ($50,000 received) 1,250,000 common shares (500,000 received)
Deep Bay East and Simon Lake Graphite	Strike Graphite (formerly Strike Gold)	$162,500 cash ($87,500 received) 1,500,000 common shares (1,000,000 received)
Quatre Milles Graphite Property	Lomiko Metals Inc.	$25,000 cash ($12,500 received) 2,000,000 common shares (500,000 received)
Black Donald, Little-Bryan and Beidelman-Lyall Graphite Property	Standard Graphite Corp.	$12,500 (received) 1,000,000 common shares (500,000 received)

*** This transaction was terminated on June 20, 2012.

Mineral Resource - Advisory Services

The Company also provides mineral resource advisory services to individuals and/or companies and helps to connect companies with mineral properties of interest.

The following is a list of the properties the Company provided property advisory services for the year ended November 30, 2011:

Name	Sold to	Consideration
Deadhorse Creek Rare Earth Property	Canadian International Minerals	$5,000 of shares + 60,000 shares on signing (received) $5,000 of shares + 30,000 shares on first anniversary (received) $5,000 of shares on second anniversary ($7,850 cash received in lieu of shares) $5,000 of shares on third anniversary $5,000 of shares on fourth anniversary
Jungle Well & Laverton Projects	Quantum Rare Earth Developments & Silver Mountain Mines Corp.	$33,333 cash (received) 500,000 shares of Quantum Rare Earth (received)

Mineral Resource – Joint Ventures

Dahrouge Geological Consulting Corp. and 877384 Alberta Ltd.

The Company, Dahrouge Geological Consulting Corp. (“Dahrouge”) and 877384 Alberta Ltd. (“877384”) entered into mutual agreements which were executed verbally that Dahrouge and 877384 staked and holds the ownerships of the properties on behalf of the Company including AB Frac Sands, Deep Bay Graphite Property, Henry Graphite Property, Irving Lake Gold Claims, Lac LeClaire Rare Earth Claims, Simon Lake Graphite Property, Flora Lake Graphite Property, Zaharik Lake Graphite Property, Beatty Bat Gold Property, Labrador Trough Graphite

Property, Lac Caron Graphite Property, and Saskoba Gold Property, which are still in good standing as at August 31, 2012.

C&C Rare Earth Property

In 2009, the Company entered into an agreement with Cathro Resources Corp. and Cazador Resources Ltd. ("C&C") for the joint exploration of rare earth element claims of merit in Western Canada, known as the C&C Rare Earth Properties. The claims included in the C&C Rare Earth Properties are the Rare, Kin, Lindmark, Icey, Munroe, Hiren, Trident and Claire Claims. The Company and the other joint venturers contributed $10,000 (paid) each for the acquisition costs of the C&C Rare Earth Properties. The Company will commit $100,000 towards the advancement of the C&C Rare Earth Properties. The C&C Rare Earth Properties will be held on a 50-50% joint venture basis, and the proceeds from the sale of the property will be shared equally by the Company and the other joint ventures.

Javorsky Properties

In 2010, the Company entered into an agreement for the joint exploration of several rare earth element claims of merit in Western Canada, known as the Old Lime Stone, Zirconium Mountain, Cerium Mountain, Parry Creek, Port Hope and Odin Creek Cerium. The Company and the other joint venturer, Dave Javorsky ("Javorsky"), each contributed for the acquisition costs of the property. The property will be held on a 50-50% joint venture basis, and the proceeds from the sale of the property will be shared equally by the Company and Javorsky.

Kubwa Property

On April 13, 2011, the Company entered into an agreement for the joint acquisition and sale of iron properties of merit in Australia with Kubwa Iron Ore Holdings Pty Ltd. ("Kubwa"). Kubwa is a private Australian company, wholly owned by Strategic Resource Management Pty Ltd. ("Strategic"). Zimtu will contribute $50,000 on signing of the agreement (paid) and contribute up to $50,000 to fund additional iron tenement applications for Kubwa (paid). After the 50/50% joint venture is formed, the proceeds from the sale of any or all of the tenements/permits will be shared equally by the Company and Kubwa; however, Zimtu will be entitled to the first portion of any cash consideration received for the tenements/permits equal to 50% of the amount contributed for additional tenement applications. If the maximum $50,000 is spent on additional tenement applications, Zimtu will be entitled to the first $25,000 of any cash consideration received.

MPH Consulting Ltd.

During the year ended November 30, 2011, the Company and MPH Consulting Ltd. (with president, Paul Sobie and executive VP, Bill Brereton) entered into a mutual agreement which was executed verbally that they were the legal and beneficiary holders of the mineral claims that make up the Lavergne Rare Earth Property and Black Donald Graphite Properties. The proceeds from the Lavergne Property and Black Donald Properties will be shared on a 50(Zimtu)-25(Sobie)-25(Brereton)% joint venture basis. During the nine months ended August 31, 2012, the parties entered into an agreement that they are the legal and beneficial holders of the mineral claims that make up the Griffith and Brougham Graphite Properties, and Portland Graphite Property.

Michel Robert

On December 28, 2011, the Company and Michel Robert entered into a mutual agreement which was executed verbally that they were the legal and beneficiary holders of the mineral claims that make up the Quatre Milles Property. The proceeds from the Quatre Milles Property will be shared on a 50-50% joint venture basis.

3. Company Management

The Company provides management and administrative services to various private and public companies.

The Company currently has contracts in place with Commerce Resources Corp., Camisha Resources Corp., Equitas Resources Corp., and Pasinex Resources Limited. Commerce, Pasinex and Camisha have a director(s) in common with the Company.

Under the terms of the contracts, these services may include rent and office administration, continuous disclosure services and compliance services. These contracts generate sufficient cash for the Company to meet its operating needs in the current market environment and the Company expects these contracts to continue.

Selected Annual Information

The following is a summary of the financial data of the Company for the last three fiscal years and are derived from the audited consolidated financial statements of the Company, and were prepared in accordance with Canadian GAAP:

	2011	2010 (Restated)	2009 (Restated)
Total Revenues (losses)	(869,950)	6,638,710	3,980,551
Income (loss) before other items and income taxes	(3,169,748)	3,567,264	1,591,944
Income (loss) before other items and income taxes (per share)	(0.32)	0.43	0.25
Income (loss) before other items and income taxes (per share, fully diluted)	(0.27)	0.27	0.18
Net Income (loss)	(2,775,507)	3,164,459	1,076,431
Net Income (loss) (per share)	(0.28)	0.38	0.17
Net income (loss) (per share, fully diluted)	(0.28)	0.37	0.12
Net comprehensive income (loss)	(2,775,507)	3,164,459	1,076,431
Net comprehensive income (loss) (per share)	(0.28)	0.38	0.17
Net comprehensive income (loss) (per share, fully diluted)	(0.28)	0.37	0.12
Total assets	11,875,187	13,971,210	6,348,913
Total long term financial liabilities	Nil	671,774	196,583
Cash dividend declared per share	Nil	Nil	Nil

Results of Operations

Net loss for the nine months ended August 31, 2012, was $2,349,395 as compared to a net loss of $858,328 for the nine months ended August 31, 2011, for a difference of $1,491,067.

The difference is due primarily to the loss on sales of investments, income from property sales, equity loss of affiliates, other income, and general and administrative expenses. During the nine months ended August 31, 2012, the Company:

- recorded a loss on sale of investments of $126,285 (August 31, 2011: $1,513,875 gain),
- recorded income from property sales of $1,314,136 (August 31, 2011: $785,964),
- recorded administration fees of $1,062,521 (August 31, 2011: $945,000) due to additional services provided,
- recorded a loss on loss of control of a subsidiary of $47,103 (August 31, 2011: $nil),
- recorded an equity loss of affiliates of $254,017 due to losses incurred on the Company’s investments in Camisha, Pasinex, and Prima (August 31, 2011: $41,660),

- recorded other income of $220,043 for finders' fees received on a property deal (August 31, 2011: $5,700), and
- recorded general and administrative expenses of $1,902,401 (August 31, 2011: $1,608,561) as detailed below.

General and administrative expenses

		August 31, 2012		August 31, 2011
Expenses				
Advertising and promotion	$	302,517	$	231,880
Amortization		60,935		63,743
Filing fees and transfer agent		19,395		33,367
Investor relations		50,187		57,079
Office, rent and telephone		210,587		173,202
Professional fees		216,644		100,403
Wages and benefits		1,042,136		948,887
		1,902,401		1,608,561

The overall operating expenses of the Company remained fairly consistent compared to the prior period with the following exceptions:

- advertising & promotion expenses increased as the Company continued to increase awareness of its activities through tradeshows and other media (August 31, 2012: $302,517, August 31, 2011: $231,880),
- office, rent and telephone expenses increased (August 31, 2012: $210,587, August 31, 2011: $173,202) due to addition of an office in Toronto to handle increased business activities, and
- professional fees, including legal, accounting, and consulting fees, increased (August 31, 2012: $216,644, August 31, 2011: $100,403) due to business expertise required for current projects, and
- wages and benefits increased (August 31, 2012: $1,042,136, August 31, 2011: $948,887) due to additional staffing required to handle increased business activities.

Summary of Quarterly Results

The following is a summary of the results from the eight most recently completed financial quarters ending:

	August 31, 2012**	May 31, 2012**	February 29, 2012**	November 30, 2011**
Revenue (loss)	(1,304,728)	(1,885,819)	2,831,926	(689,560)
Net Income (loss)*	(1,779,361)	(2,515,632)	1,945,598	(2,031,687)
Total assets	10,817,511	12,711,209	14,563,326	11,875,187
Working capital	8,051,904	9,876,936	11,749,463	9,082,407
Total liabilities	694,149	800,980	1,076,196	1,094,113
Shareholders' equity	10,123,362	11,910,229	13,487,130	10,668,979

	August 31, 2011**	May 31, 2011**	February 28, 2011**	November 30, 2010***
Revenue (loss)	(2,176,308)	(1,031,449)	3,027,367	5,496,291
Net Income (loss)*	(2,427,243)	(966,659)	2,650,082	3,191,385
Total assets	15,114,125	16,859,414	18,437,251	13,971,210
Working capital	11,111,989	12,931,203	14,006,394	12,009,982
Total liabilities	2,747,398	2,073,455	2,716,312	1,120,691
Shareholders' equity	12,366,727	14,785,960	15,720,939	12,706,458

* Net income (loss) after unrealized gains or losses on investments and taxes.

** Figures for quarters ended after November 30, 2010 are expressed under IFRS.

*** Figures for quarters ended November 30, 2010 and prior are expressed under Canadian GAAP.

Third Quarter

Net loss for the three months ended August 31, 2012, was $1,779,361 as compared to a net loss of $2,551,459 for the three months ended August 31, 2011, for a difference of $786,034.

The difference is due primarily to the unrealized loss on investments. During the three months ended August 31, 2012, the Company:

- recorded a loss on sale of investments of $718,885 (August 31, 2011: $53,922 gain),
- recorded an unrealized loss on investments of $1,197,980 (August 31, 2011: $2,545,230),
- recorded income from property sales of $250,104 (August 31, 2011: $137,275),
- recorded other income of $217,855 for finders' fees received on a property deal (August 31, 2011: $nil),
- recorded an equity loss of affiliates of $135,557 due to losses incurred on the Company's investments in Camisha, Pasinex, and Prima (August 31, 2011: $5,635), and
- recorded general and administrative expenses of $550,497 (August 31, 2011: $503,273) as detailed below.

General and administrative expenses

	August 31, 2012	August 31, 2011
Expenses		
Advertising and promotion	$ 49,840	$ 76,437
Amortization	19,275	20,098
Filing fees	(2,030)	10,132
Investor relations	14,147	14,239
Office, rent and telephone	77,242	55,262
Professional fees	69,174	16,153
Wages and benefits	322,849	310,952
	550,497	503,273

The overall operating expenses of the Company remained fairly consistent compared to the prior period with the following exceptions:

- advertising & promotion expenses decreased as the Company reduced its marketing initiatives in the quarter (August 31, 2012: $49,840, August 31, 2011: $76,437),
- filing fees decreased due to a reclassification of expenses to share issue costs (August 31, 2012: $2,030 recovery, August 31, 2011: $10,132),
- office, rent and telephone expenses increased (August 31, 2012: $77,242, August 31, 2011: $55,262) due to addition of an office in Toronto to handle increased business activities, and
- professional fees, including legal, accounting, and consulting fees increased due to increased business expertise required for current projects (August 31, 2012: $69,174, August 31, 2011: $16,153).

Liquidity and Capital Resources

The Company has had to rely upon the sale of equity securities for the cash required for capital acquisitions, exploration and development, and administration, among other things.

The capital resources of the Company include investments of $7,805,671 held at fair market value, investments of $1,228,676 held at cost and cash of $612,528. The Company's intention is to commit further funds for continuing its investment strategies.

The Company will continue to require funds to meet its investment objectives of giving its shareholders the opportunity to indirectly invest in a diversified series of early stage resource investments, which would not otherwise be available to them. As a result, the Company will have to continue to rely on equity and debt financing during such period as well as rely on the income generated through the provision of administration and management services to other companies.

There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

As the Company's revenues are expected to be in large part derived from provision of management and administration services to other companies, there can be no assurance that those management and administration contracts currently in place will continue at the rates that they are at or that the companies will continue to pay the Company for the services being provided.

Working Capital: As at August 31, 2012, the Company had total assets of $10,817,511 as compared to $11,875,187 for the year ended November 30, 2011.

The primary assets of the Company are investments of $7,805,671 (November 30, 2011: $8,892,400) held at fair market value, investments of $1,228,676 (November 30, 2011: $718,798) held at cost, cash and cash equivalents of $612,528 (November 30, 2011: $1,017,035), advances and accounts receivables of $32,899 (November 30, 2011: $102,984), due from related parties of $255,558 (November 30, 2011: $31,825 owing), prepaid expenses of $39,397 (November 30, 2011: $164,101), loan receivable of $253,655 (November 30, 2011: $59,375), deposits of $15,562 (November 30, 2011: $15,562), deferred income tax asset of $46,285 (November 30, 2011: $46,285), goodwill of $nil (November 30, 2011: $64,816), equipment of $64,281 (November 30, 2011: $118,102), and mineral property interests of $462,999 (November 30, 2011: $675,729).

The Company has long-term liabilities of $nil (November 30, 2011: $nil) and has working capital of $8,051,904 (November 30, 2011 - $9,082,407).

Cash and Cash Equivalents: On August 31, 2012, the Company had cash and cash equivalents of $612,528 (November 30, 2011 - $1,017,035).

Management of cash balances is conducted in-house based on internal investment guidelines.

Cash Provided by (Used in) Operating Activities: Cash used in operating activities during the nine months ended August 31, 2012 was $1,340,731, compared with $213,610 of cash used in operating activities during the nine months ended August 31, 2011.

Cash was mostly spent on advertising, investor relations, general office expenses, professional fees, and wages and benefits and adjusted for items not involving cash.

Cash Used in Investing Activities: Total cash used in investing activities during the nine months ended August 31, 2012 was $533,157 compared to $1,198,794 of cash used in investing activities during the nine months ended August 31, 2011. During the nine months ended August 31, 2012, the Company:

- spent $1,611,652 (August 31, 2011 – $3,659,889) on the acquisition of investments,
- recovered $1,519,922 (August 31, 2011 - $2,614,074) on the proceeds on disposition of investments,
- spent $409,395 (August 31, 2011 - $190,289) on the acquisition of mineral exploration properties,
- recovered $169,362 (August 31, 2011 - $26,813) on the proceeds of disposition of mineral exploration properties, and
- issued loans receivable on the sale of shares in them amount of $194,280 (August 31, 2011 - $nil), and
- spent $7,114 (August 31, 2011 - $10,497 recovered) on the acquisition of equipment.

Cash Provided by Financing Activities: During the nine months ended August 31, 2012, the Company received $1,514,665 (August 31, 2011 – $1,314,160) from the issuance of shares and paid share issuance costs of $45,284 (August 31, 2011 - $nil).

Related Party Transactions

The Company incurred the following fees and expenses in the normal course of operations and are measured at the exchange amount.

	Nine months ended	
	August 31, 2012	**August 31, 2011**
Administration fees earned	**$**	**$**
Commerce Resources Corp.	810,000	810,000
Camisha Resources Corp.	22,500	22,500
Pasinex Resources Limited	82,500	45,000
Total fees earned	915,000	877,500
Wages paid to directors		
Total wages paid	347,940	327,850

Amounts due from (to) related parties	**August 31, 2012**	**November 30, 2011**	**December 1, 2010**
Commerce Resources Corp.	$ 50	$ (31,825)	$ (45,798)
Pasinex Resources Limited	$ 201,772	$ 188,583	$ 93,725
Prima Fluorspar Corp.	$ 53,736	-	-
Total amount due from (to) related parties	$ 255,558	$ 156,758	$ 47,927

All of the above transactions and balances are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Significant Contracts

The Company has entered into a Management Service Agreement with Commerce Resources Corp. (“Commerce”), a public company with common directors. Under the Management Service Agreement, the Company provides administrative and management services to Commerce for a fee of $90,000 per month plus applicable taxes. The contract has a term of one year and automatically renews for further terms as agreed to by the parties.

On June 1, 2010, the Company has entered into a Management Service Agreement with Camisha, a company accounted for as an investment under the equity method. Under the Management Service Agreement, the Company provides administrative and management services to Camisha for a fee of $2,500 per month plus applicable taxes. The contract has a term of one year and automatically renews for further terms as agreed to by the parties.

On May 15, 2008, the Company signed a management services agreement with Pasinex Resources Limited for the provision of administrative and managerial services for a period of 12 months. On November 30, 2008, the Company revised the agreement to reduce the fee from $25,000 per month to $12,500 per month commencing December 1, 2008, for the duration of the agreement. During the year ended November 30, 2010, the agreement was extended for a further 12 month term, until May 15, 2011 and the monthly remuneration to be paid to the Company for these services was at the rate of $5,000 per month. During the year ended November 30, 2011, this agreement continued on a month to month basis at a rate of $5,000 per month. During the current year, the Company signed an agreement for one year, at a rate of $12,500 per month, expiring on April 30, 2013.

Segmented Information

The Company's segment information is presented by industry according to the nature of their operations and the products and services they provide. Each of the Company's industry segments represents a strategic business unit offering products and services subject to different risks and returns from those of the other industry segments. Summary details of the industry segments are as follows:

(a) Investments in resource companies, mineral resource property acquisitions and dispositions segment;
(b) Management service and administrative service segment;
(c) Investment in stock, warrants and others
(d) Corporate segment

For the nine months ended August 31, 2012

	Investment in mineral properties $	Management Service $	Investment in stock, warrants and others $	Corporate $	Total $
Revenue					
Administrative fees	-	1,062,521	-	-	1,062,521
Unrealized gain (loss) on investments	-	-	(2,608,993)	-	(2,608,993)
Gain (loss) on sale of investments	-	-	(126,285)	-	(126,285)
Income from property sale	1,314,136	-	-	-	1,314,136
	1,314,136	1,062,521	(2,735,278)	-	(358,621)
Segment assets	468,029	-	7,805,671	2,543,812	10,817,512
Expenditure for segment capital assets	409,395	-	-	-	409,395

For the nine months ended August 31, 2011

	Investment in mineral properties $	Management Service $	Investment in stock, warrants and others $	Corporate $	Total $
Revenue					
Administrative fees	-	945,000	-	-	945,000
Unrealized gain (loss) on investments	-	-	(2,639,265)	-	(2,639,265)
Gain on sale of investments	-	-	1,513,875	-	1,513,875
Income from property sale	785,964	-	-	-	785,964
	785,964	945,000	(1,125,390)	-	605,574

For the year ended November 30, 2011

Segment assets	755,759	-	8,892,400	2,227,028	11,875,187
Expenditure for segment capital assets	298,968	-	-	3,784	302,752

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	Year ended November 30, 2011	Year ended November 30, 2010
Capitalized or Expensed Exploration and Development Costs	675,729	696,094
General and Administration Expenses	2,299,798	3,071,446
Gain (loss) on sale of Investments	1,438,232	872,273
Unrealized gain (loss) on Investments	(5,645,276)	3,430,228

Disclosure of Outstanding Share Capital

The Company has an authorized share capital of an unlimited number of common shares without par value. The following table describes the issued and outstanding share capital of the Company:

	October 24, 2012	**August 31, 2012**	**November 30, 2011**	**November 30, 2010**
Common shares	11,265,487	11,265,487	10,003,266	9,482,739
Stock Options	1,414,900	1,414,900	1,414,900	1,477,000
Warrants	-	-	556,073	2,061,765
Fully Diluted Shares	12,680,387	12,680,387	11,974,239	13,021,504

For additional details of outstanding share capital, refer to the condensed interim consolidated financial statements for the nine months ended August 31, 2012.

Additional Disclosure Regarding Significant Investee

Loss of Control in a Subsidiary

On March 2, 2012, the Company sold a total of 4,750,000 common shares of Pasinex Resources Limited (“Pasinex”) (formerly Triple Dragon Resources Ltd.) in private transactions to 3 individuals, reducing its ownership of Pasinex to 50.25%. Prior to the disposal, the Company owned 69.55% equity interest in Pasinex and Pasinex has been accounted for as a subsidiary in the consolidated financial statement for the year ended November 30, 2011. On March 9, 2012, Pasinex closed a non-brokered private placement of 23,535,149 common shares, effectively decreasing the Company’s holdings to 25.69%. On April 23, 2012, the Company sold an additional 457,000 common shares of Pasinex in a private transaction, further reducing the Company’s ownership down to 24.74%. The financial results of Pasinex were consolidated in the financial statements of the Company up to March 8, 2012. Subsequent to March 8, 2012, Pasinex is accounted for using the equity method.

Goodwill balance of $64,816 as of November 30, 2011 and December 1, 2010, representing the difference between purchase price and identified fair value of net asset of Pasinex since the acquisition in 2008 and changes in relation to share issuances to non-controlling interests, has been derecognised upon the loss of control. Loss of $47,103 was recognized in the statement of operations and comprehensive loss for the nine months ended August 31, 2012 due to the loss of control of the subsidiary.

Pasinex Resources Limited

As at August 31, 2012, the Company owns 24.74% (November 30, 2011: 69.55%) of the total outstanding shares of Pasinex. Accordingly, due to the loss of control that occurred on March 9, 2012, the Company no longer consolidates the financial information of Pasinex, and instead accounts for Pasinex as an investment under the equity method. The investment in Pasinex is recorded at cost of $1,191,050 and is adjusted for $228,332 (November 30, 2011: $nil) of equity loss.

Camisha Resources Corp.

As at August 31, 2012, the Company owns 27% (November 30, 2011: 27%) of the total outstanding shares of Camisha Resources Corp. (“Camisha”). The Company exerts significant influence over Camisha and therefore Camisha is accounted for as an investment under the equity method. The investment in Camisha is recorded at cost of $150,000 and is adjusted for $63,498 (November 30, 2011: $36,878) of equity loss. See Proposed Transactions and Subsequent Events.

Prima Fluorspar Corp.

As at August 31, 2012, the Company owns 39% (November 30, 2011: nil%) of the total outstanding shares of Prima Fluorspar Corp., a private company incorporated on May 29, 2012 (“Prima”). The Company exerts significant influence over Prima and therefore Prima is accounted for as an investment under the equity method. The investment in Prima is recorded at cost of $235,000 and is adjusted for $20,544 (November 30, 2011: $nil) of equity loss. See Proposed Transactions and Subsequent Events.

Lakeland Resources Inc.

The Company acquired 5,165,000 common shares of Lakeland Resources Inc. (“Lakeland”) for $437,975 during the year ended November 30, 2010, 1,025,000 common shares for $114,055 during the year ended November 30, 2011, and 256,000 common shares for $23,890 during the nine months ended August 31, 2012. Of the 5,165,000 shares of Lakeland acquired in 2010, 3,000,000 of these shares were held by Pasinex, and are no longer included in the consolidated financial statements due to the loss of control in Pasinex (see above). At August 31, 2012, the Company owns 3,446,000 shares which represents 16.26% (November 30, 2011: 32%) of total issued and outstanding shares of Lakeland. Management has determined that the Company no longer has significant influence in Lakeland, and the Company ceased to account for the investment using the equity method. Effective June 1, 2012, the remaining investment in Lakeland is accounted for as an investment, held at fair market value. As of November 30, 2011, such investment was accounted for using equity accounting, and being recorded at cost of $552,030 and adjusted for equity loss of $59,438 and dilution gain of $201,874.

Proposed Transactions and Subsequent Events

a. On September 21, 2012, Camisha entered into an agreement in principal to acquire 100% of Prima. The resulting company will focus on Prima’s 100%-owned Liard Fluorspar Property in Northern British Columbia, Canada. Subject to regulatory and shareholder approval, Camisha has agreed to issue 11,515,000 common shares to all Prima shareholders on a one for one basis. All of the 11,515,000 common shares issued in conjunction with the purchase agreement will be subject to Escrow agreements pursuant to National Policy 46-201. The transaction will be considered a reviewable transaction under the policies of the

TSX Venture Exchange, and will require its acceptance in addition to shareholder approval. A Special Shareholders Meeting will be held upon receipt of TSX-V conditional approval to :

i. approve the purchase agreement;
ii. approve the change of the Company name to Prima Fluorspar Corp.;
iii. elect Mr. Robert Bick, Mr. Sean Charland and Mr. Dean Nawata to the board of directors.

The Resulting Company, to be renamed Prima Fluorspar Corp., will conduct a significant drill program during 2013 to confirm and expand the historic geological resource with plans to issue a Preliminary Economic Assessment in the fourth quarter, 2013.

In conjunction with the acquisition of Prima, and subject to regulatory approvals, Camisha announced a private placement of 4,750,000 common shares at a price of $0.10 per share for gross proceeds of $475,000. This placement of $0.10 private placement common shares will be subject to three year escrow provisions and will be used for general working capital and for exploration of the King Property and the Liard Fluorspar Property. A finder's fee may be payable in accordance with the policies of the TSX.

b. The Company received a payment of $20,000 and received 750,000 shares fair valued at $37,500 from Olympic in connection with the McWhirter Graphite Property deal.

c. On September 6, 2012, the Company amended the option agreement dated April 6, 2011 with Rare Earth Metals (“Rare Earth”) for the Red Wine Property. The amendment replaces the final share payment of 250,000 shares with a cash payment of $25,000, due to be paid with the previously agreed to final payment of $25,000 ($50,000 received subsequent to August 31, 2012).

Risk Factors

The following is factors, trends and risks may affect the Company’s liquidity, capital resources and solvency. Readers are cautioned that this is not an exhaustive list and should refer to the Company’s Filing Statement dated July 25, 2008, which can be found at www.sedar.com.

Business History: The Company has a limited business history and a limited history of operating earnings and the likelihood of success of the Company therefore must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business.

Limited Financial Resources: The Company has limited financial resources and there is no assurance that additional funding will be available to it. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans. The Company may require additional financing to continue its operations and there can be no assurance that the Company will be able to obtain adequate financing in the future. Failure to obtain such additional financing could result in delay or indefinite postponement of further investments of the Company. The Company may issue additional securities from time to time which may be dilutive to Shareholders.

The Company will be neither a mutual fund nor an investment fund and due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of its common shares, at any time, may vary significantly from the Company’s net asset value per share. This risk is separate and distinct from the risk that the market price of the common shares may decrease.

Revenue & Investments: Revenues received by the Company has been generated by management fees paid by corporations which may have directors and officers in common. In the event that there is a change in the management of these corporations there is no certainty that these management contracts will continue.

Composition of Portfolio: The composition of the Company's securities portfolio taken as a whole may vary widely from time to time. Investments by the Company in private issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. This shall impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk and are subject to indefinite hold periods.

The Company may make investments in securities that have low trading volumes. Accordingly, it may be difficult for the Company to make trades in these securities without adversely affecting the price of such securities.

Stock Price and Performance: The Company's stock price may vary according to the value of the securities in which it invests, which will depend, in part, upon the performance of the issuers of such securities. The value of the securities acquired by the Company will be affected by business factors and risks that are beyond the control of the Company. In addition, the performance of certain of the securities may be affected by business factors and risks other than their exposure to metal and mineral prices, which may be more determinative of such securities' performance. Some of these factors and risks are: (i) some of the issuers in which the Company invests may have limited operating histories; (ii) operational risks related to specific business activities of the respective issuers; (iii) quality of underlying assets; (iv) financial performance of the respective issuers and their competitors; (v) volatility in the price of metal and mineral prices; (vi) environmental risks; (vii) political risks; (viii) fluctuations in exchange rates; (ix) fluctuations in interest rates; and (x) government regulations, including regulations to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection.

There is no assurance that the investment objectives of the Company will actually be achieved. The value of the shares of the Company will increase or decrease with the value of its investment portfolio and general economic conditions beyond the control of the Company's management, including the level of interest rates, corporate earnings, economic activity, the value of the Canadian dollar and other factors.

Key Personnel: Prospective investors assessing the risks and rewards of an investment in the Company should appreciate that they will, in large part, be relying on the good faith and expertise of the Company and will have to rely on the discretion and ability of the Company in determining the composition of the portfolio of assets, and in negotiating the pricing and other terms of the agreements leading to the acquisition of assets.

Conflicts of Interest: Directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other investment companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The ability to liquidate investments held by the Company in corporations with common directors may be impaired by trading black-out periods imposed in insiders of such entities.

The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict is obligated to disclose any interest in the potential investment. In the event that a conflict is detected, the target company may be notified of the conflict. Depending on the circumstances of the potential investment, the director in conflict may be asked to abstain from voting for or against the approval of such participation. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Changes in Accounting Policies

There have been no changes in the accounting policies.

Transition to International Financial Reporting Standards

The Company adopted IFRS effective December 1, 2011 with a transition date of December 1, 2010. These are the first Company's Interim Financial Statements prepared in accordance with IFRS. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian GAAP. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be November 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first IFRS adoption.

The Company has applied the following exemptions to its opening statement of financial position dated December 1, 2010:

<u>Mandatory exceptions</u>

Estimates

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

Non-controlling interests

IFRS lists specific requirements of IAS 27 Consolidated and separate financial statements which are applied prospectively.

<u>Elected exemptions</u>

a) Share-based Payments

The Company has elected not to retrospectively apply IFRS 2 to awards that were granted and had vested prior to the Transition Date. As a result of applying this exemption, the Company will apply the provision of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

b) Business combinations

The Company has elected to take the exemption and not to apply IFRS 3 Business Combinations, retrospectively to past business combinations that took place before the Transition Date. The Company has not restated business combinations that took place prior to December 1, 2010.

c) Fair value as deemed cost
The Company has not elected to measure any item of property, plant and equipment at its fair value at the Transition Date; property, plant and equipment have been measured at cost in accordance with IFRS which approximates costs in accordance with Canadian GAAP

While IFRS employs a conceptual framework that is similar to Canadian GAAP, some differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS has resulted in no reclassifications in the Company's reported financial position as at December 1, 2010, August 31, 2011, and November 30, 2011, neither in the Company's statements of operations and comprehensive income and cash flows for the nine months ended August 31, 2011 or the year ended November 30, 2011.

Refer to Note 24 of the condensed interim consolidated financial statements for the nine months ended August 31, 2012 for additional details of the transition from GAAP to IFRS.

Future Accounting Standards, Amendments, and Interpretations Not Yet Effective

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after January 1, 2013. These standards have been assessed to not have a significant impact on the Company's financial statements:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 (Amendment) Separate Financial Statements
- IAS 28 (Amendment) Investments in Associates and Joint Ventures

Financial Instruments and Capital Disclosures

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including interest rate, credit, currency, liquidity and market risk. A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Fair value - The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

	Level 1	Level 2	Level 3	Total
			Assets measured at fair value as at August 31, 2012	
	$	$	$	$
At fair value through profit or loss				
Cash on hand and bank balances	588,734	-	-	588,734
Money market funds	23,794	-	-	23,794
GIC	34,500	-	-	34,500
Investment in public company shareholdings	5,529,892	-	-	5,529,892
Investment in warrants	-	146,400	-	146,400
	6,176,920	146,400	-	6,323,320
Available for sale				
Investment in private company shareholdings	-	-	2,094,879	2,094,879

	Level 1	Level 2	Level 3	Total
			Assets measured at fair value as at November 30, 2011	
	$	$	$	$
At fair value through profit or loss				
Cash on hand and bank balances	306,961	-	-	306,961
Money market funds	710,074	-	-	710,074
GIC	23,000	-	-	23,000
Investment in public company shareholdings	6,932,802	-	-	6,932,802
Investment in warrants	-	126,679	-	126,679
	7,972,837	126,679	-	8,099,516
Available for sale				
Investment in private company shareholdings	-	-	1,809,919	1,809,919

	Level 1	Level 2	Level 3	Total
			Assets measured at fair value as at December 1, 2010	
	$	$	$	$
At fair value through profit or loss				
Cash on hand and bank balances	2,033,883	-	-	2,033,883
GIC	23,000	-	-	23,000
Investment in public company shareholdings	8,217,638	-	-	8,217,638
Investment in warrants and options	-	928,414	-	928,414
	10,274,521	928,414	-	11,202,935
Available for sale				
Investment in private company shareholdings	-	-	599,590	599,590

b) Interest rate risk - The Company is not exposed to significant interest rate risk even though the Company has cash balances, and its current policy is to invest excess cash in certificates of deposit or money market funds of major Canadian chartered banks. The GIC included in investment bear interest at a fixed rate, and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The sensitivity of the Company to a variation of 1% in the interest rate would not have a significant impact. The Company's other financial assets and financial liabilities do not comprise any interest rate risk since they do not bear interest.

c) Credit risk - The Company is not exposed to significant credit risk on its cash and cash equivalents and investments due to its cash and cash equivalents are placed with major financial institutions and investments are placed with a Canadian chartered bank or with independent investment dealer member of the Canadian Investor Protection Fund. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Management believes that the credit risk with respect to advances and accounts receivables is remote. One customer accounted for 76% (August 31, 2011: 82%) of the Company's administrative revenue (See Related Party Transactions).

d) Currency risk - The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.

e) Liquidity risk - Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected as a result of downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. The Company generates cash flow primarily from its administrative activities and proceeds from the disposition of its investments. The Company has sufficient investments that are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

f) Market risk - Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers. The Company's investment activities are currently concentrated primarily across several sectors in the natural resource industry, potash, precious metals, base metals, coal, graphite, rare earth elements, and rare metals. The Company also has set thresholds on purchases of investments. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar. The Company is not exposed to commodity price at this time.

g) Capital management - The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. The Company may raise additional capital for additional cash required. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to identify and acquire new investment or business opportunities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended August 31, 2012 or the year ended November 30, 2011. The Company is not subject to externally imposed capital requirements.

Forward Looking Statements

All statements other than statements of historical fact contained in this Management Discussion & Analysis are forward looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving the Company. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers can identify many of these statements by looking for words such as “believes”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues” or similar words or the negative thereof. Examples of forward looking statements in this Management Discussion & Analysis include that:

- the Company’s goal is to take advantage of the favourable investment opportunities that arise between the private and public phases of a given investment in the natural resources sector and to seek and identify high return investment opportunities in the resource sector through direct investments in project interests or indirect investments by means of equity shareholdings;
- the Company’s objective is to preserve its capital and limit the downside risk of its capital and to achieve a reasonable rate of capital appreciation;
- the Company shall focus on natural resource industries, concentrating on early stage exploration and development companies
- the Company may employ a wide range of investment instruments, including equity, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments.
- the Company intends to create a diversified portfolio of investments, which composition will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk; and
- the Company expects its Management Services Revenue to continue.

There can be no assurance that the plan, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Readers are cautioned not to put undue reliance on forward looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Approval

The Board of Directors of Zimtu Capital Corp. has approved the disclosure contained in this MD&A.

Additional Information

Additional information related to the Company can be found on the Company’s website at www.zimtu.com or on SEDAR at www.sedar.com.