ASIAN MINERAL RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Expressed in Canadian dollars, in accordance with Canadian GAAP)

YEAR ENDED DECEMBER 31, 2011

The following discussion of the operating results and financial position of Asian Mineral Resources Limited should be read in conjunction with the Company's audited consolidated financial statements and related notes for the fiscal year ended December 31, 2011. Amounts are in Canadian dollars unless otherwise stated. References to "the Company", "we", "our" and "us" means Asian Mineral Resources Ltd., its predecessors and consolidated subsidiaries, or any one or more of them, as the context requires.

Forward-Looking Information

This management discussion and analysis ("**MD&A**") contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by, and information currently available to, the Company. The Company's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information" and "Risk Factors." When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company's exploration property. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

This MD&A has been prepared as of April 29, 2012 with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators.

BUSINESS

The Company was originally incorporated pursuant to the *New Zealand Companies Act* 1993. Effective December 31, 2004, it was continued as a British Columbia corporation under the *British Columbia Business Corporations Act*. The Company owns 100% of AMR Nickel Limited ("**AMRN**") and 100% of Asian Nickel Exploration Limited, both of which are incorporated pursuant to the laws of the Cook Islands. Through AMRN, the Company owns 90% of Ban Phuc Nickel Mines LLP ("**BPNM**"), a limited liability company established in 1993 under the laws of the Socialist Republic of Vietnam pursuant to a Foreign Investment License ("**FIL**") and a related Joint Venture Agreement and Charter whereby AMRN and Mineral Development Company ("**Mideco**"), an agency of the Ministry of Heavy Industry of Vietnam, formed BPNM to jointly explore and develop what was originally a 600 km^2 area designated in the FIL and is now 150 km^2 in Son La Province in north west Vietnam. Ownership of BPNM was originally held by AMRN as to 70% and by Mideco as to 30%. Mideco subsequently assigned a 10% interest in BPNM to Son La Mechanical Engineering Company, a company which was privatized and renamed Son La Mechanical Engineering Joint Stock Company ("**Coxama**"). In mid-2006, AMRN acquired Mideco's 20% interest so as to increase its interest to its current 90%.

The FIL was replaced in 2006 by an investment certificate issued under a new Law on Enterprises which provides for the establishment, management, organization and operation of various types of business enterprise carrying on business in all economic sectors in Vietnam and an Investment Law which replaced the legislation under which the FIL was granted. Concurrently, the Joint Venture Agreement and Charter were amended to conform with the new legislation and the revised ownership of BPNM.

The Company has focused its efforts and resources on the development of the Ban Phuc nickel-copper resource located on a portion of what is now designated in the investment certificate as a 150 km^2 project area. The Ban Phuc resource includes a high grade massive sulphide deposit and a large lower grade disseminated sulphide deposit. Based on a November 2005 study, a decision was made to develop the massive sulphide deposit as a project involving underground mining and processing of 200,000 tonnes per annum of massive sulphide ore to produce an estimated 20,000 tons of nickel over a five-year life of mine. In December, 2007, BPNM was granted an 11-year mining license for the Project. Project development activities commenced with the objective of achieving start-up in mid-2009 and by September, 2008, substantial progress had been made as described below.

Total expenditures to achieve this level of project completion were US$40.2 million. In late September the Ban Phuc area received heavy rains associated with typhoon "**Hagupit**" causing significant mud slides which blocked access to parts of the site and damage to equipment. Subsequently, site access was restored and facilities and equipment were placed in a safe condition.

Since October 2008, the Project has been on a care and maintenance status. However some expenditures have been made on the Project with the objectives among others of achieving a quick restart of the work required for Project completion consistent with the need to maintain sufficient liquidity for corporation functionality and existence.

Effective November 17, 2010 Vietnam adopted a new Mining Law:

- under which exploration licenses will be granted for up to 4 years plus a similar renewal period to entities having equity of not less than 50% of their proposed exploration budget;

- which introduces the concept of areas for which there will be an auction of mineral rights and areas for which no such auction will be required; and

- which introduces a mining right fee payable by entities to which mining licenses are granted in the future and by existing mining license holders based on remaining reserves.

The application and operation of these and other provisions will be provided for in two Decrees of which drafts have been published. However, clarification is still required regarding various matters and pending such clarification and implementation of the decrees, the Company is not in a position to properly evaluate the implications of the new Mining Law and its implementing Decrees for its activities in Vietnam.

THE YEAR IN REVIEW

A significant amount of time and effort was devoted during 2011 to discussions and negotiations with potential strategic partners capable of providing the financial, technical, operating and other inputs needed to restart and complete the Ban Phuc Project. Gryphon Partners (now Standard Chartered) were retained to assist management and the board with these activities. As at December 31, 2011, while discussions were ongoing with several parties, no transaction had been announced resulting from these efforts.

Cash on hand at the beginning of 2011 was approximately $1.9 million. During the year a portion of these funds was used for working capital purposes and to make certain expenditures on the Ban Phuc project as described below.

At the 2011 annual meeting held in July the incumbent board of directors was re-elected so that it continued to consist of Choo Mun Keong, Executive Chairman, Lai Fook Hoy, interim President and CEO, Christopher Castle, William Howell and Robin Widdup.

SUBSEQUENT EVENTS

On March 1, 2012 the Company announced that it had entered into a Subscription Agreement with Pala Investments Holdings Limited ("Pala") whereby Pala would purchase for $4,300,000 71,666,667 Units consisting of treasury common shares and warrants and that Pala would concurrently purchase from affiliates of Tecity Group 49,481,600 common shares at $0.06 a share being an aggregate purchase price of $2,968,896.

Messrs. Choo Mun Keong and Lai Fook Hoy resigned as directors and officers effective March 2, 2012. Messrs. Castle and Howell were appointed as Interim President and CEO and non-executive Chairman, respectively, effective the same date.

On April 4, 2012, the Company announced that the Subscription Agreement had been amended so that under the Amended Subscription Agreement Pala would purchase 108,333,333 Units for a total consideration of CDN$6,500,000. Each Unit will consist of one common share of the Corporation and one-half of a common share purchase warrant (“Warrants”) with each whole Warrant carrying the right to purchase one common share at an exercise price of $0.10 for a period of five years commencing on the closing date of the transaction. The completion of the subscription for Units of AMR and the acquisition of the AMR shares pursuant to the Tecity share purchase agreements are each conditional on completion of the other. Following the completion of these transactions Pala would own 157,814,933 common shares representing 50.7% of the Corporation's outstanding share capital (57.7% on a fully diluted basis after giving effect to the full exercise of the Warrants).

Concurrent with the completion of these transactions, the Corporation and Pala will also enter into an Investor Rights Agreement pursuant to which Pala will have pre-emptive rights to subscribe for additional securities of the Corporation and the right to designate two board nominees provided Pala holds 10% or more of the outstanding shares of AMR.

Pala has also entered into:

- a Right of First Refusal Agreement with Malaysia Smelting Corporation Berhad ("MSC"), which is also a Tecity affiliate, whereby MSC has granted Pala a right of first refusal over MSC's shareholding in the Corporation (currently 31,297,661 shares representing 15.4% of the outstanding shares);

- a Voting and Support Agreement with MSC whereby MSC is unconditionally obligated to vote its shares in favour of the transaction provided for in the Amended Subscription Agreement and is prohibited from disposing of any of its shares or engaging in activities in furtherance of a transaction whereby a third party would acquire any shares of the Corporation; and

- a Voting and Support Agreement with Asian Lion Limited whereby Asian Lion is unconditionally obligated to vote its shares in favour of the transaction provided for in the Amended Subscription Agreement and is similarly prohibited from engaging in activities in furtherance of a third party transaction.

On April 16, Pala delivered a closing notice evidencing its intention to proceed with the purchase of the Units.

In conjunction with delivery of the notice, AMR appointed as board members Mr. James Askew, who previously served for several years as a director of the Corporation, as well as Messrs Jan Castro and Michael Brown as Pala nominees. Mr. Castro is Chief Executive Officer of Pala Investments AG, exclusive investment advisor to Pala, and Mr. Brown is a Senior Vice-President of Pala Investments AG, having previously been Chief Operating Officer of De Beers Consolidated Mines Ltd. As well the standstill provisions in the Confidentiality Agreement dated March 1, 2012 were terminated.

Pala is a multi-strategy investment company dedicated to investing in, and creating value across the mining sector in both developed and emerging markets. Mr. Castro, stated following delivery of the notice, "after completing a detailed due diligence of AMR and the Ban Phuc Nickel/Copper Project, we are delighted to confirm this strategic investment and look forward to working with AMR and AMR's other shareholders to enhance shareholder value as the Ban Phuc Project progresses." Mr. Bill Howell, Chairman of AMR, stated, "on behalf of AMR, we are delighted to welcome Pala as a shareholder in the Company with representation on the AMR Board, as well as the return of Mr. James Askew to continue to support the advancement of the Ban Phuc Project. We firmly believe that Pala will be a valuable partner to AMR and is committed to assisting in securing all necessary resources for the development of the Ban Phuc Project."

The completion of the transaction is scheduled for May 29, 2012 and is conditional upon, among other things, approval by the TSX-V, which has issued conditional approval, and shareholder approval which will be sought at a special meeting to be held on May 25, 2012. Pala is entitled to be paid a break fee of $600,000 if AMR enters into a transaction with a third party or fails to obtain any of the required regulatory or shareholder approvals for the transaction.

CURRENT STATUS

Project completion is dependent on a number of factors including long term nickel prices, the availability of required financing, and improvements in worldwide economic and financial conditions. The Company is in the process of determining when and on what basis it will be possible to undertake Project completion.

FINANCIAL SUMMARY

Selected Annual Information

	2011	2010(1)	2009(2)
Total Revenues (interest income)	$ 36,101	$ 1,866	$ 4,504
Net Loss	$3,186,271	$4,450,157	$ 4,558,952
Loss per common share (non-diluted)	$0.02	$0.03	$ 0.04
Loss per common share (diluted)	$0.02	$0.03	$ 0.04
Total Assets	$20,498,809	$18,420,031	$ 47,280,455
Total Long term financial liabilities	$215,600	Nil	Nil

(1) Loss and Total Assets for this year have been restated to reflect an adjustment to the carrying value of the Company's principal asset.
(2) Based on Canadian GAAP presentation

Summary of Quarterly Results

	Dec 31, 2011	Sept 30, 2011(1)	June 30, 2011(1)	Mar 31, 2011(1)	Dec 31, 2010(1)	Sept 30, 2010(1)	June 30, 2010(1)	March 31, 2010(1)
Revenues	$8,423	$8,790	$11,202	$7,686	$244	$291	$592	$739
Net Loss	$1,243,658	$333,808	$968,438	$640,367	$1,328,232	$1,053,172	$1,025,737	$1,043,016
Loss per share (non-diluted)	$0.01	$0.00	$0.01	$0.00	$0.01	$0.01	$0.01	$0.00
Loss per share (diluted)	$0.01	$0.00	$0.01	$0.00	$0.01	$0.01	$0.01	$0.00
Total Assets	$20,498,809	$21,603,568	$20,778,550	$21,782,226	$18,420,031	$19,708,763	$21,385,604	$21,738,377

(1) Loss and Total Assets for these periods have been restated to reflect an adjustment to the carrying value of the Company's principal asset.

For the year and quarter ended December 31, 2011, AMR incurred a net loss of $3,186,271 or $0.02 (fully diluted, $0.02) per share and $1,243,658 or $0.01 (fully diluted, $0.01) per share, respectively.

For the same periods ended December 31, 2010, AMR had net loss of $4,450,157 or $0.03 (fully diluted, $0.03) per share and $1,328,232or $0.01 (fully diluted, $0.01) per share.

The restated loss and total asset amounts disclosed above reflect a refinement to the impairment and impairment reversal originally booked in January 1, 2010 and December 31, 2010 respectively; and associated changes to depreciation and other comprehensive income. The adjustments are not considered to be sufficiently material to require complete re-statement of the financials for the affected quarterly periods.

Additional Disclosure for Venture Issuers Without Significant Revenue (all figures relate to the Ban Phuc Property)

	2011	**2010**(1)	**2009**(2)
Expensed exploration costs	$7,483	$207,142	$42,154
Expensed research and development costs (net of depreciation)	Nil	Nil	Nil
Building, plant, machinery, motor vehicles (net of depreciation)	$1,439,466	$1,102,449	$2,465,053
Furniture and office equipment, licenses and franchises	$56,525	$66,389	$227,113
Construction in progress	$14,210,077	$13,233,056	$39,569,992

(1) Assets for this year have been restated to reflect an adjustment to the carrying value of the Company's principal asset.
(2) Based on Canadian GAAP presentation

Total exploration expenditures in 2011 were $7,483 compared with $207,412 in 2010.

During the year works were undertaken which were designed to allow a quick re-commencement of development activities when the necessary financing has been obtained. The work focused on site construction for fine ore storage and thickener, concrete foundations for MCC control room and reagents area and the civil works for the flotation area.

RESULTS OF OPERATIONS

Expenses

Operating expenses (excluding exploration expenditures and stock option expenses) decreased in 2011 to $3.2 million from $4.2 million in 2010 mainly reflecting decreased activity in Vietnam.

This reduction also resulted in lower operating expenses in that country with 2011 expenditures of $2.0 million compared with $3.1 million in the previous year. Depreciation of development equipment, vehicles, office furniture and computers totalled $156,345 in 2011, compared with 2010 expense of $102,674.

Other comprehensive income for the year resulted from movements in the US dollar relative to the Canadian dollar as applied to the translation of the Company’s Vietnamese subsidiary whose functional currency is the US dollar. The US dollar : Canadian dollar exchange rate moved to 1.017 at December 31, 2011 from 0.995 at December 31, 2010 and 1.051 at December 31, 2009. This resulted in other comprehensive loss of $256,458 in 2011 compared with income of $1,230,964 in 2010.

Cash Flows

Cash used in operating activities decreased substantially from $3.6 million in 2010 to $2.8 million in 2011, reflecting primarily the reduced loss in 2011, stemming largely from a reduced level of activity in Vietnam. Investment activities, primarily the purchase of property, plant and equipment at the Ban Phuc development project resulted in a net use of funds of $976,747 (2010 - $787,055). Financing levels were similar in both 2010 and 2011, as the Company issued equity shares raising $4.6 million in 2011 compared with $5.3 million in 2010.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2011, the Company had on hand cash and cash equivalents of $2.7 million (2010 -$1.9 million).

In the event the proposed Pala transaction (see Subsequent Events) is not completed the Company will be unable to continue its existence and operations without obtaining further financing from outside sources. There can be no assurance as to whether or on what terms such financing may be available.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). These are the Company's first consolidated financial statements prepared in accordance with IFRS and IFRS 1 *First-time adoption of International Financial Reporting Standards*. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, AMR Nickel and Asian Nickel Exploration Limited and its 90% owned BPNML joint venture which is fully consolidated.

Share-based compensation

The Company has a share option plan, under which the fair value of all share-based awards is estimated using the Black-Scholes Option-Pricing Model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in the share-based payment reserve is recorded as an increase to share capital. Charges for share purchase options that are forfeited before vesting are reversed from the share-based payments reserves. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to deficit.

During the year, the Company recorded share-based compensation expense of $4,540 compared with $41,147 in 2010, as all outstanding options have now vested. There were no options granted or exercised during 2011. During the year forfeiture and expiry of options resulted in $545,450 (2010: $354,657) being transferred from Share based payment reserve to Deficit.

Asset retirement obligations

A provision for closure and rehabilitation is recognized when there is a legal obligation to remediate as a result of exploration, development and production activities undertaken, if the amount of the provision can be measured reliably. The estimated future obligations include the costs of dismantling, and removal of facilities and restoration. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the reporting date.

At December 31, 2011, there is an asset retirement obligation of $215,600 (2010: nil).

Exploration costs

Exploration expenses incurred prior to determination of the feasibility of mining operations and issuance of a mining license are expensed as incurred. Mineral property acquisition costs and exploration and development expenditures incurred subsequent to the determination of the feasibility of mining operations and issuance of a mining license are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Mineral property acquisition costs include the cash consideration and the fair market value of common shares, based on the trading price of the shares, issued for mineral property interests, pursuant to the terms of the agreement. These costs will be amortized over the estimated life of the property following commencement of commercial production or written off if the property is sold, allowed to lapse or abandoned, or when an impairment of value has occurred. During 2011, exploration costs totalled $7,483 as compared with $207,468 in 2010 reflecting decreased Vietnam exploration and a focus on the Ban Phuc development.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements at December 31, 2011.

Fourth Quarter

For the quarter ended December 31, 2011, the Company incurred a loss of $1,243,658 or $0.01 per share as compared to a loss of $1,328,232 or $0.01 per share in the December 31, 2010 quarter.

Operating expenses (excluding exploration expenditures and stock-based compensation expense) were lower in the fourth quarter decreasing to $986,086 from $1,359,900 in the same 2010 quarter. The 2011 expenses were low, mainly due to decrease Vietnam office expenses and travel costs. There was a sharp decrease in Vietnam office expenses, which were $770,423 in the 2011 quarter compared with $1,073,038 in the same 2010 quarter reflecting the minimized activities and staffing levels. Depreciation in the 2011 fourth quarter was $49,761 compared with $30,028 in the similar 2010 quarter.

Future accounting policies:

New accounting pronouncements:

The International Accounting Standards Board issued the following IFRS's in May 2011, with an effective date for year-ends on or after January 1, 2013:

(a) Joint Arrangements (IFRS11) supersedes Interests in Joint Ventures (IAS31) and Jointly Controlled Entities – Non-monetary Contributions by Ventures (SIC-13);

(b) Disclosure of Interest in Other Entities (IFRS 12);

(c) Fair Value Measurement (IFRS 13);

The Company will adopt these standards in its financial statements for the annual report period commencing January 1, 2013 and management is assessing the impact on its results and financial position.

The International Accounting Standards Board amended Financial Instruments: Disclosure (IFRS 7) with regard to risks arising from financial instruments, effective for year-ends commencing on or after January 1, 2013. It will require that companies provide the same level of disclosure as is provided internally to key management personnel.

The International Accounting Standards Board issued Financial Instruments (IFRS 9) to replace Financial Instruments (IAS39), effective for year-ends commencing on or after January 1, 2015. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015 and management is assessing the impact on the financial statements.

TRANSACTIONS WITH RELATED PARTIES

During 2011, the Company paid (or accrued) directors' fees of $205,103 (2010 - $221,952) and consulting fees of $316,714 (2010 - $113,533). At December 31, 2011, there were directors' and consulting fees accrued and unpaid of $92,386 (2010 - $95,504). The following amounts were paid or accrued for the time they were related parties during the periods indicated:

- Choo Mun Keong, Executive Chairman of the Board, $247,437 for 2011 (2010 - $145,537) for director fees and other managerial, corporate and financial advisory services provided to the Company.

- Lai Fook Hoy, interim President and CEO and a director, $180,631 for 2011 (2010 - $41,875) for director fees and other managerial, corporate and financial advisory services provided to the Company.

- Christopher D. Castle, a director of the Company, $37,500 for 2011 (2010 - $37,500) for director fees.

- William Howell, a director of the Company, $28,125 for 2011 (2010 - $30,000) for director fees.

- Robin Widdup, a director of the Company, $28,125 for 2011 (2010 - $7,500) for director fees.

For 2012, the Company's obligations are as follows:

- Chairman of the Board - US$16,875 (including board retainer)

- Chairman of the Audit Committee - $1,875 (including board retainer)

- Other Directors - $5,625

RISK FACTORS

Because of the nature of its business, the operations of the Company are subject to a number of risks, including the following (any one or all of which could have a material adverse effect on the Company and its business):

Nature of Mineral Exploration and Mining

At the present time the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to develop, exploit and generate revenue from mineral deposits. The exploration and development of mineral deposits involve significant financial risk over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incident to exploration and development of mineral properties, any of which could result in damage to life and property, environmental damage and possible legal liability for any and all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of the operations in which the Company has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressure, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but in combination they may result in the Company not receiving an adequate return on invested capital.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of nickel, copper, cobalt, gold or any other minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities, which have been applied for and/or will be applied for at the proper time. There can be, however, no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

Competition

The mineral exploration and mining business is competitive in all its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There can be no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Environmental Regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions or various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations.

Estimates of mineral resources may not be realized

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations. The Company has engaged expert independent technical consultants to advise it with respect to mineral resources and project engineering, among other things. The Company believes that those experts are competent and that they have earned out their work in accordance with all internationally recognized industry standards. However, if the work conducted by those experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs in developing its properties.

Dependence on key personnel

The Company is dependent on the services of its senior management, and a small number of other skilled and experienced employees and consultants. The loss of any such individuals could have a material adverse effect on the Company’s operations.

Limited financial resources

The existing financial resources of the Company are not sufficient to bring any of its properties into commercial production. In particular, the Company will need to obtain additional financing from external sources in order to fund the completion of the Ban Phuc Nickel Project following any decision to restart it. There is no assurance that the Company will be able to obtain such financing on favourable terms, or at all. Failure to obtain financing could result in delay or indefinite postponement of further exploration and development of the Company’s properties.

Health and safety matters

The Company’s development and exploration projects are affected by various laws and regulations, including those which cover health and safety matters. Existing legislation and regulations are subject to change, the impacts of which are difficult to measure. It is the policy of the Company to maintain safe working conditions at all its work sites, comply with health and safety legislation, maintain equipment and premises in safe condition and ensure that all employees are trained and comply with safety procedures.

Currency risk

The Company's revenues are expected to be earned solely in US dollars while a substantial portion of its costs will be incurred in other currencies including Vietnamese dong. Future currency fluctuations may adversely affect the Company's financial position and operating results. The Company currently does not undertake hedging activities.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, advances on subscriptions - restricted cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments are not materially different from their carrying values.

It is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments. The Company mitigates its risk by holding its short-term investments with large financial institutions.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has offices in Canada and Vietnam and holds cash in Canadian, United States, and Australian dollars and in Vietnamese Dong.

A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar, the Australian dollar and Vietnamese Dong could have an effect on the Company's results of operations, financial position or cash flows.

With regards to liquidity risk, the Company has in place a planning and budgeting process to aid in determining the funds required to support normal operating requirements on an ongoing basis, including capital development and exploration expenditures. This process resulted in the decision in November, 2008, to place the Ban Phuc development project on a care and maintenance basis until improvement realized in market conditions and the Vietnamese government imposts. Discussions about going concern are included in Note 1, Nature of operations and going concern, in the annual financial statements.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued in November, 2007, and revised in December, 2008, by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contract to the certificates under National Instrument (NI') 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com .

SHARE DATA

As at April 27, 2012, the Company had 202,934,435 common shares outstanding, as well as (a) options outstanding to purchase an aggregate of 1,380,000 common shares expiring at various dates between November 26, 2012 and July 1, 2014 and exercisable at various prices between $0.11 and $2.00 per share. On a fully diluted basis, the Company has 204,314,435 common shares outstanding. In addition the Company is obligated under the Amended Subscription Agreement described under Subsequent Events to issue 108,333,333 common shares and 54,166,667 warrants. After giving effect to the transaction provided for in such Agreement the Company would have 311,267,768 common shares outstanding (366,814,435 on a fully diluted basis.)