MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2012

The following management's discussion and analysis ("MD&A") of the financial position and results of the operations of Northern Graphite Corporation ("Northern" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2012 compared to the three months ended March 31, 2011. This MD&A is dated and has been prepared with information available as of May 17, 2012.

This MD&A should be read in conjunction with the Company's financial statements for the three months ended March 31, 2012 and related notes (the "Interim Financial Statements"). The Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements" which reflect management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements may include, but are not limited to, statements with respect to the future financial or operating performance of the Company and its projects, the future price of graphite or other metal prices, the estimation of Mineral Resources, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; fluctuations in currency exchange rates; changes in project parameters as plans continue to be refined; changes in labor costs or other costs of production; future prices of graphite or other industrial mineral prices; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; actual results of reclamation activities, and the factors discussed in the section entitled "Risk Factors" in this prospectus. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Introduction

The Company was incorporated on February 25, 2002 under the *Business Corporations Act* (Ontario) under the name Industrial Minerals Canada Inc. The Company's name was changed to Northern Graphite Corporation on March 1, 2010. The Company was incorporated by its former parent company, Mindesta Inc. (formerly "Industrial Minerals, Inc.") ("Mindesta") to develop and hold title to the Bissett Creek graphite project. Mindesta is a Delaware corporation which is listed on the over-the-counter bulletin board in the United States (OTC-BB:IDSMD) and is a reporting issuer in the Province of British Columbia.

The Company was a wholly-owned subsidiary of Mindesta until early in 2010. As the result of a number of financings and debt settlement transactions by the Company, Mindesta's interest was reduced to 26.1% as at December 31, 2011. At the close of trading on January 25, 2012, Mindesta completed the distribution to Mindesta's shareholders of 9,413,581 shares of Northern owned by Mindesta on the basis of one share of Northern Graphite for each share of Mindesta held. As at March 31, 2012, Mindesta's interest in Northern had decreased to less than 1%.

Nature of Operations

The Company's sole focus is the potential development of the Bissett Creek graphite project located in the County of Renfrew, Province of Ontario (the "Bissett Creek Project"). The Company has no other properties or rights to acquire other properties. The Company plans to complete a full bankable feasibility study ("FS") for the Bissett Creek Project in the second quarter of 2012. The FS will incorporate a recent resource estimate that was announced in 2011 and will be filed on www.sedar.com when completed. The environmental and mine permitting process is also expected to be completed in mid 2012 at which time the Company will be in a position to begin construction of a mine on the Bissett Creek Project, subject to positive results from the FS and the availability of capital.

The Company filed a mine closure plan with the Ministry of Northern Development and Mines ("MNDM") in 2004 and was authorized to begin production based on a dry recovery process but a commercial operation was never established due to technical problems and financial difficulties being experienced by the Company's parent, Mindesta. In the latter part of 2009 and in 2010, the Company raised approximately $2.4 million in equity financing on its own and in April, 2011 raised $4.0 million through an initial public offering of shares ("IPO"). These financings enabled the Company to initiate a metallurgical testing program, an infill and exploration drilling program, a pre-feasibility study and the environmental and permitting process which involves amending the mine closure plan to increase the size of the potential operation and to use a conventional flotation recovery process. In March, 2012 the Company raised $10.4 million of net proceeds through a non-brokered private placement.

Subsequent to the Company's IPO, the Company made the decision to upgrade the pre-feasibility study to a full feasibility study because a substantial amount of work has been completed on the Bissett Creek project by Northern and previous owners, and it does not present any unusual engineering or technical challenges. The Company believes that the FS will provide a lot more comfort to the market and potential strategic partners with respect to the quality of the Bissett Creek project and will solidify Northern's position as one of the most advanced new graphite companies in the world.

On April 16, 2012 the Company announced that it has retained GMP Securities L.P. as its exclusive financial advisor with respect to evaluating strategic alternatives for financing the Bissett Creek graphite project.

Qualified Person

Don Baxter P.Eng is the Company's President and Qualified Person as that term is defined within National Instrument 43-101 and is responsible for and supervises all technical aspects of the Bissett Creek Project.

The Bissett Creek Project

The Company holds a 100% interest in the Bissett Creek Project, which contains a large flake graphite deposit, and is located approximately 15 km from the Trans-Canada Highway (Highway 17) and 53 kilometres east of Mattawa, Ontario. The Bissett Creek Project is located in the United Townships of Head, Clara and Maria, in the County of Renfrew, Province of Ontario, approximately 300 km northeast of Toronto.

The Bissett Creek Project consists of an Ontario Mining Lease number 106693 issued in 1993 for 21 years covering 564.6 hectares, and Mining Claims, covering 2,424 hectares for a total land coverage of 2,989 hectares. The well explored area is less than 100 hectares.

Royalties on the Bissett Creek Project include an annual advance payment of $27,000 to the three original prospectors that discovered the deposit which will be credited against a royalty of $20 per ton of concentrate on net sales once the mine is operational, and a 2.5% NSR on any other minerals derived from the Bissett Creek Property.

The Bissett Creek Project was extensively explored in the 1980's and over 8,400 metres of drilling was carried out. A full feasibility study was completed, including the calculation of a proven and probable reserve, but the Bissett Creek Project was not developed due to a subsequent decline in graphite prices. The feasibility study and reserve estimate pre-date NI 43-101 and are non-compliant. While historical information is presented for information purposes only and cannot be relied upon from a regulatory perspective, it represents a substantial body of work that has a great deal value in the FS process. The price of graphite has more than tripled since 2005 due to the ongoing industrialization of emerging economies which has led to demand growth in traditional steel and automotive markets. In addition, lithium-ion batteries, fuel cells, vanadium redox batteries and new nuclear technologies are all large users of graphite and have the potential to create substantial additional demand growth in the future. As a result, there is renewed interest in graphite projects.

In May 2007, Mindesta retained SGS Canada Inc., formerly and then named Systèmes Geostat International Inc. ("**SGS**"), to prepare a NI 43-101 compliant technical report on the Bissett Creek Project. In 2010 SGS updated their 2007 work and produced a technical report (the "**Technical Report**") entitled "Technical Report Preliminary Economic Assessment on the Bissett Creek Graphite Property of Industrial Minerals, Inc. & Northern Graphite Corporation" dated July 16, 2010 and revised February 2, 2011. It was prepared by Gilbert Rousseau P.Eng and Claude Duplessis P.Eng of SGS, each of whom is an independent Qualified Person pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The Technical Report is available under the Company's profile at www.sedar.com.

Prospective investors should be aware that certain historical technical disclosure regarding the Bissett Creek Project by Mindesta did not comply with NI 43-101 and should not be relied upon. Prospective investors should rely only on the information contained in the Company's Annual Information Form and the Technical Report.

Mineral Resource Estimate

In September, 2011 The Company announced a significant increase in estimated resources based on the results from a 51 hole, 2,927 meter drilling program. The updated base case mineral resource for the Bissett Creek Project, using a cut off of 0.986% graphitic carbon ("Cg"), now totals 25,983,000 tonnes grading 1.81% Cg in the indicated category (470,300 tonnes of contained graphite) while inferred resources total 55,038,000 tonnes grading 1.57% Cg (864,100 tonnes of contained graphite). Grades are minable and diluted. In order to establish a reasonable prospect of economic extraction in an open-pit context, mineral resources were constrained within an optimized Whittle pit shell using an average graphite price of US$2,000 per tonne along with operating and capital costs that were updated from the Technical Report. *(Mineral resources are not mineral reserves and do not have demonstrated economic viability)*

The new resource represented a 44% increase in contained graphite within the indicated category and a 117% increase in contained graphite within the inferred category over undiluted resources previously reported which used an average price of US$1,700/tonne and a base case cut off of 1.5%. The 1% cut off used in the new base case is now more appropriate given higher graphite prices. The deposit remains open along strike to the north and south, and down dip to the east. The drilling program and resource estimate confirm that near surface graphite mineralization exists in an area that is now over one square kilometer in size. The deposit is tabular and very shallowly dipping (10%). As a result of good continuity between holes, there is a high probability that inferred resources can be upgraded with additional drilling. The waste to ore ratio for the new resource is 0.27.

Bissett Creek Flake Graphite Deposit

2011 Updated Mineral Resources (Diluted)

	Indicated			**Inferred**		
%Cg Cut-off	**Tonnage* (metric tons)**	**Cg(%) by LECO**	**In Situ Graphite** (metric tons)**	**Tonnage* (metric tons)**	**Cg(%) by LECO**	**In Situ Graphite** (metric tons)**
0.986	**25,983,000**	**1.81**	**470,300**	**55,038,000**	**1.57**	**864,100**
1.227	**24,588,000**	**1.85**	**454,900**	**50,472,000**	**1.62**	**817,600**
1.50	**19,954,000**	**1.99**	**397,100**	**33,672,000**	**1.81**	**609,500**
1.75	**16,031,000**	**2.34**	**375,100**	**21,417,000**	**2.21**	**473,300**
2.0	**11,921,000**	**2.50**	**298,000**	**14,584,000**	**2.37**	**345,600**

Relative density 2.63t/m^3, 10% dilution, 90% mine recovery, *rounded to nearest 1k, **rounded to nearest .1k

The new mineral resource estimate was prepared by François Thibert, M.Sc. P. Geo. from SGS Canada Inc. (Geostat), independent Qualified Person under NI 43-101, using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines.

The mineral resources were estimated using analytical data from 50 recent surface drill holes and 162 historical surface drill holes for which 2,745 samples were assayed for Cg using the LECO analytical method. The deposit was historically drilled on an approximately 64m x 46m drill pattern with one area drilled on a 25m x 25m grid. Recent drilling was carried out on a wider 100m x 100m grid. Interpretation on 25m spaced N68º sections and modeling of a 3D wireframe envelope was completed to outline the mineralized graphitic horizon. A block model of 10 m (E-W) by 10 m (N-S) by 6 m (vertical) was interpolated using geostatistical methods (ordinary kriging) within the mineralized envelope. It covers a strike length of approximately 1,300m and it reaches a maximal depth of 100m below surface. Spatial continuity of the Cg composites was assessed by variography and it showed good continuity of grade in almost all directions within the horizontal plane but very limited continuity within the vertical plane. An anisotropic search ellipsoid was selected for the grade interpolation process based on the analysis of the spatial continuity of Cg composites. 6m bench composites were used to reflect an assumed bench height of 6m. No capping was applied to the composite Cg grades.

The preliminary assessment in the Technical Report covers the technical and financial aspects of the Bissett Creek Project, including the construction and operation of milling facilities capable of processing 870,000 tonnes per year of graphite bearing rock. Annual production should be in the range of 18,500 tonnes of graphite flakes, spread more or less in the three following size ranges: 30% +35mesh, 40% -35 to +48 mesh and 30% -48 mesh.

SGS's conclusion is that development of the Bissett Creek deposit appears to be economically attractive. Using a graphite price of CDN $1,700 per tonne and a discount rate of 10% yields a NPV of approximately $77.6 million, and a corresponding projected IRR of approximately 24% before taxes based on a $62.9 million capital expenditure requirement. The payback period in the base case is six years.

This preliminary assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. As well, there is no certainty that the results of this preliminary assessment will be realized by Northern.

Exploration and Development

The Company began to implement the recommended work program in the Technical Report in July, 2010 and completed a 2,900m drilling program. As at March 31, 2012, the Company has capitalized $4,465,933 of exploration and evaluation expenditures. Over the next eight months the Company expects to spend approximately $540,000 to complete the FS and environmental and mine permitting work.

The exploration and infill diamond drilling program, which consisted of approximately 2,900 meters of drilling in 51 holes, was completed in the fall of 2010 and results were released in 2011. Twenty two holes were infill holes designed to confirm the existing resource model and to upgrade inferred resources to the indicated category. Twenty nine holes were expansion holes which were drilled with the objective of expanding the resource and demonstrating the scalable nature of the deposit. The drill program met or exceeded all expectations.

In September, 2011 the Company announced a significant increase in estimated resources based on the results from the 51 hole, 2,927 meter drilling program. The updated base case mineral resource for the Bissett Creek Project, using a cut off of 0.986% graphitic carbon ("Cg"), now totals 25,983,000 tonnes grading 1.81% Cg in the indicated category (470,300 tonnes of contained graphite) while inferred resources total 55,038,000 tonnes grading 1.57% Cg (864,100 tonnes of contained graphite). Grades are minable and diluted. In order to establish a reasonable prospect of economic extraction in an open-pit context, mineral resources were constrained within an optimized Whittle pit shell using an average graphite price of US$2,000 per tonne along with operating and capital costs that were updated from the Technical Report. *(Mineral resources are not mineral reserves and do not have demonstrated economic viability)*

The new resource represents a 44% increase in contained graphite within the indicated category and a 117% increase in contained graphite within the inferred category over undiluted resources previously reported which used an average price of US$1,700/tonne and a base case cut off of 1.5%. The 1% cut off used in the new base case is now more appropriate given higher graphite prices. The deposit remains open along strike to the north and south, and down dip to the east. The drilling program and resource estimate confirm that near surface graphite mineralization exists in an area that is now over one square kilometer in size. The deposit is also flat and tabular with good continuity between holes and there is a high probability that inferred resources can be upgraded with additional drilling. The waste to ore ratio for the new resource is 0.27.

SGS Metallurgical Services (Lakefield) performed Locked Cycle testing on composite material taken from drill core samples across the deposit. The test produced six final concentrates which showed both consistent flake size distribution and carbon grade (C). The overall concentrate grade averaged 95%C. A concentrate which grades 94%C and has a flake size distribution of 80% greater than +80 mesh is the industry standard premium product. Current prices are $2,500 to 3,000 per tonne and almost all Bissett Creek production meets this specification as the final concentrates averaged over 70% of +80 mesh. Approximately 6% of the concentrate was +100 mesh and 12% was +200 mesh, both with high carbon content. Less than 10% was very small, -200 mesh flake and powder with a carbon content in the low 80s. Additional testing is ongoing to further confirm recoveries and flake size distribution across the deposit.

Most significantly, almost 50% of the graphite concentrate produced was jumbo flake size, +48 mesh flake which averaged 98%C with one value as high as 99.2%C. Test work at SGS has been ongoing for the past year and culminated in a pilot plant program that furthered confirmed the flow sheet being incorporated into the FS. The overall carbon recovery in the locked cycle tests was 92.2% and the Company's objective is to increase it to 94 to 95% without degradation of flake size.

The Company has retained G Mining to complete the FS which will include the new resource calculation that incorporated the recent drilling. SGS is responsible for the mill flow sheet, Knight Piesold Ltd. is completing environmental and mine permitting and designing of the tailings facility, and Met-Chem Canada Inc. is responsible for mill layout and design.

The Company intends to file the FS on SEDAR as a new technical report when it is completed which is expected to take place in the second quarter of 2012.

Recent Developments and Subsequent Events

On December 12, 2011, the Board of Directors of Mindesta declared a pro rata dividend-in-kind, payable January 25, 2012 to shareholders of record as at January 5, 2012, whereby most of the shares of the Company owned by Mindesta would be distributed to Mindesta shareholders. At the close of trading on January 25, 2012, Mindesta completed the distribution to its shareholders of 9,413,581 shares of the Company owned by Mindesta (approximately 25% of the Northern common shares outstanding) on the basis of one share of Northern common stock for each share of Mindesta common stock held. As at the close of trading January 25, 2012, Mindesta's interest in the Company decreased to less than 1.0%.

On January 11, 2012, Northern announced positive pilot plant test results from its Bissett Creek Graphite Project. The pilot plant confirmed the technical viability and operating performance of the Company's process plant design for the production of high purity, large flake graphite. Furthermore, results indicated that 50% of the graphite concentrate produced will be jumbo size, +48 mesh flake with a very high carbon content averaging 97.7% graphitic carbon ("Cg"). The Company believes that this is an exceptional product that will attract a premium price. The pilot plant test was designed, built and operated by SGS Minerals Services ("SGS") in Lakefield, Ontario. SGS processed a 130 tonne bulk sample of graphitic material from the Bissett Creek deposit in the pilot plant and produced five final products which showed consistent flake size distribution and an overall carbon grade averaging 95% Cg. A 94% Cg concentrate with a flake size distribution of 80% greater than +80 mesh is the industry standard premium product and current prices are $2,500 to $3,000 per tonne. The Company believes that almost all Bissett Creek production will meet this specification as the final concentrates averaged almost 80%, +80 mesh at 96.7% Cg. Significantly, 50% of the graphite concentrate produced was jumbo size, +48 mesh flake averaging 97.7% Cg. Pilot plant recoveries ranged from 90.5% to 94.4 at concentrate grades of 94.5% Cg or greater. The Company is confident of achieving recoveries of 94 to 95% in the full scale plant for the following reasons:

- operation of a pilot plant does not allow enough time to optimize the process with respect to balancing grinding, retention time and reagents;
- due to its small scale, the pilot plant used mechanical cells for rougher flotation. The full plant will use column flotation which is more efficient for the recovery of coarse graphite flotation products;
- the bulk sample showed some signs of surface oxidation that affected recovery. This will not be a factor in the full scale mining operation;
- a coarser final flake concentrate is also expected as a rod mill was used for primary grinding in laboratory and pilot plant testing whereas the full scale plant will utilize a SAG Mill which is the best method of grinding to preserve flake size.

The pilot plant results have confirmed that the Bissett Creek deposit will produce entirely large flake, high carbon concentrates from flotation alone, without chemical or thermal treatment. The Company believes Bissett Creek concentrates would have the highest average value per tonne in the industry and that this could result in the highest margin in the industry. The Company believes it would have the option of selling them into current high value markets, or using them to produce spherical graphite for Li ion batteries if it is financially advantageous to do so. The pilot plant also confirmed results from the extensive historical testing, bulk sampling and pilot plant work that was carried out in the past and has validated the performance of the new flow sheet that will form the basis for the bankable FS which is nearing completion.

On February 1st, 2012, the Company announced that it has agreed to supply its +48 mesh and +32 mesh extra large flake graphite to Grafen Chemical Industries for graphene research and has also agreed to enter into a cooperation agreement to develop intellectual property rights. Northern will retain a 50% interest in the North American patent rights to any products and processes developed by Grafen.

On March 16, 2012, the Company announced that it had completed a non-brokered private placement through the issuance of 6,206,377 common shares at a price of $1.70 per share for gross proceeds of $10,550,840.90. In connection with the private placement, and in accordance with the policies of the TSX Venture Exchange, the Company paid total finder's fees of $121,517 and issued 71,480 finder's warrants, each exercisable to acquire one common share of the Company at a price of C$2.00 per share for a period of one year. The net proceeds of the placement will be used to finance the completion of the FS and permitting with respect to the Company's Bissett

Creek graphite project and for working capital and general corporate purposes, as well as detailed engineering and design and the acquisition of long lead time equipment upon the positive completion of the FS.

On April 2, 2012, the Company announced that it had successfully manufactured test quantities of spherical graphite from graphite concentrate produced from the Company's Bissett Creek deposit. The spherical graphite has been evaluated in Lithium/graphite battery test cells and the performance of these cells demonstrated that it met or exceeded current commercial performance requirements and that Bissett Creek graphite does not contain any impurities that negatively affect cell performance. Further test cycles are on-going. The cells were made and the testing carried out in a highly qualified, independent laboratory.

The Company can now provide potential strategic and offtake partners with representative test samples of graphite concentrate produced using the same flow sheet that would be employed in a full scale mine, and spherical graphite based on that concentrate.

Northern Graphite micronized and rounded its Bissett Creek graphite to basic industry specifications and can modify it to meet the requirements of various products and manufacturers. The Company believes that spherical graphite sells for much higher prices than run of mine graphite concentrates and could further enhance the economics of the Bissett Creek Project.

Currently, almost all spherical graphite is produced from small flake concentrates (-100 to +150 mesh) and 70% of the graphite is destroyed in the process. As a result, it takes three tonnes of small flake graphite to make one tonne of spherical graphite and these losses are the single largest cost in the manufacturing of spherical graphite. However, Northern Graphite has achieved spherical graphite yields from its large flake concentrate as high as 70% which will substantially reduce production costs. The large flake nature of the Bissett Creek deposit provides the Company with the flexibility to sell its concentrates into high value, large flake markets or produce spherical graphite at competitive costs for the Li ion battery market.

Almost all spherical graphite is currently produced in China and purified using strong acids which results in large volumes of acidic and toxic waste. This chemical method is not environmentally sustainable as the demand for, and production of, Li ion batteries increases. This is inconsistent with the green energy objectives of the hybrid and all electric car industry. The high quality and purity of graphite from Bissett Creek has enabled the Company to develop a proprietary purification technology that is environmentally friendly and sustainable where the technology works at much lower temperatures than traditional thermal purification techniques and will result in lower capital and operating costs.

Based on the positive test results, the Company will commence engineering and design work to define the capital and operating costs of a facility to upgrade Bissett Creek graphite concentrate into spherical graphite. The objective is to provide Li ion battery manufacturers with a stable, secure source of supply that is produced in an environmentally acceptable manner. The facility will initially be based on the approximately 20% of Bissett Creek production that is -80 mesh with the ability to scale it to larger volumes in the future.

On April 10, 2012, the Company announced that it had entered into a Strategic Cooperation Agreement with Panacis Inc. whereby the parties will assist in developing and promoting each other's Canadian products and services with respect to Lithium ion batteries. Panacis is a global leader in intelligent, high performance Lithium Polymer battery based energy storage systems and is a trusted supplier to the military, telecommunications, medical and renewable energy markets for mission critical applications where "off the shelf" commoditized solutions cannot compete. Panacis is familiar with most Li ion battery manufacturers, selects the best rechargeable battery technology for its applications and tunes its performance to meet demanding requirements. Panacis has comprehensive engineering capabilities that include battery systems engineering and integration expertise, power electronics, electromechanical design, rapid prototyping, and manufacturing.

On April 11, 2012, the Company's Board of Directors approved the issuance of 525,000 stock options to the Company's non-executive Directors and a contractor at a strike price of $2.50 per share. These options vest immediately and have a five year term that expires on April 11, 2017.

On April 16, 2012 the Company announced that it has retained GMP Securities L.P. as its exclusive financial advisor with respect to evaluating strategic alternatives for financing the Bissett Creek graphite project.

Effective April 23, 2012, the Company was added to the Standard & Poor's S&P/TSX Venture Select Index. The S&P/TSX Venture Select Index, launched in August of 2011, "measures the performance of constituents in the S&P/TSX Venture composite index that meet specific market capitalization and liquidity criteria.

On April 23, 2012, the Company announced that variability testing was completed on its Bissett Creek Project and confirmed that the high recovery of large flake, high purity graphite is consistent across the entire resource. The overall recovery from eight Locked Cycle Tests ("LCT") was 97% and almost all concentrate will qualify for large flake (+80 mesh), high carbon (94%) pricing. In fact, 33% of the concentrate was +50 mesh, 97% graphitic carbon ("Cg") and 19% was +32 mesh, 98% Cg which are exceptional products that will attract premium pricing based on both flake size and carbon content. In two of the locked cycle tests the +32 mesh concentrate reached 99% Cg. SGS Metallurgical Services (Lakefield) ("SGS") performed the LCTs on representative drill core samples taken from a number of locations within the deposit to confirm that the recovery and flake size distribution were consistent throughout the resource. The eight LCT tests produced final concentrates which showed consistent flake size distribution and carbon content. The overall concentrate grade averaged 95% Cg with a 97% recovery. A concentrate which grades 94% Cg and has a flake size distribution of 80% greater than +80 mesh is the industry standard large flake product. Almost all Bissett Creek production meets this specification as 75% of the final concentrates were +80 mesh. Approximately 5% of the concentrate was +100 mesh, 94% Cg and 10% was +200 mesh, 93% Cg. Less than 9% was very small, -200 mesh flake grading 83% Cg. Concentrate smaller than -150 mesh and 90% Cg may not be salable unless it can be upgraded to +90% Cg which the Company believes it can achieve by recirculating the -200 mesh flake within the circuit. Most significantly, 52% of the graphite concentrate produced was jumbo size, +50 mesh flake which averaged 97.4% Cg. Two of the tests produced +32 mesh flake at greater than 99 % Cg. Concentrate Flake Size Distribution (%) and Graphitic Carbon (Cg) Grade (%).

On May 14, 2012, the Company announced that it engaged Hazen Research of Golden, Colorado and the National Research Council Canada ("NRC") to continue testing and optimizing its process for manufacturing spherical graphite which is used to make the anodes in Lithium ion batteries. Hazen Research has been retained to confirm laboratory results using bench scale models of commercial purification equipment that will be employed in the full scale process. It is anticipated that this program will be followed by a pilot plant test and then engineering and design work to define the capital and operating costs of a commercial facility to upgrade Bissett Creek graphite concentrate into spherical graphite. The National Research Council of Canada has been engaged to carry out ongoing testing of Northern's spherical graphite in Lithium/graphite batteries in order to optimize and customize its performance to meet the specifications of potential offtake and strategic partners and customers. NRC has advanced battery testing capabilities with various chemistries and is the Government of Canada's premier organization for research and development.

Subsequent to the end of first quarter, 296,451 warrants have been exercised resulting in proceeds to the Company of $100,340.

Adoption of IFRS

The Company adopted IFRS effective January 1, 2011. The financial results discussed in this MD&A were prepared in accordance with IFRS unless otherwise stated.

Selected Information

The selected financial information set out below is based on and derived from the Financial Statements which have been prepared in accordance with IFRS.

		3 months ended March 31, 2012 $	3 months ended March 31, 2011 $
Statement of Operations and Comprehensive Loss Data			
Total Revenue		Nil	Nil
Total Expenses		701,814	143,743
Net Income/(Loss)		(697,670)	(148,065)
Net Income/(Loss) per Share – basic and diluted		(0.02)	(0.01)
Statement of Financial Position Data		**As at March 31, 2012**	**As at December 31, 2011**
Total Assets		17,386,435	6,434,101
Total Long-Term Debt		Nil	Nil
Total Liabilities		1,040,262	776,811
Shareholders' Equity:			
Share Capital		19,267,515	7,859,427
Equity		16,346,173	5,657,290

Results of Operations

	3 months ended March 31	
	2012	**2011**
	$	**$**
General and administrative expenses		
Management and consulting fees	186,617	79,167
Legal and audit	35,181	12,500
General and administration	416,402	33,663
Stock-based compensation	46,760	-
Depreciation	17,619	18,413
Foreign exchange (gain) loss	(765)	-
	701,814	143,743
Loss from operations	(701,814)	(143,743)
Finance Cost	-	(4,322)
Interest and other income	4,144	-
Loss and comprehensive loss for the period	(697,670)	(148,065)

Management and consulting fees increased from $79,167 in the first quarter of 2011 to $186,617 in the first quarter of 2012 as the Company increased activity levels with respect to the Bissett Creek Project including a greater number of management personnel and more of their respective time being dedicated to the Company. General and administrative expenses increased from $33,663 in the first three months of 2011 to $416,402 in the first three months of 2012 as a result of the Company's increased overall activity including public company costs and investor relation activity. Depreciation expenses declined slightly to $17,619 in 2012 from $18,413 last year due to a reduction in the carrying value of assets.

For the 3 months ended March 31, 2012, the Company recorded a loss and comprehensive loss of $697,670, or $0.02 per share, compared to a net loss of $148,065, or $0.01 per share, in the same period of last year. The loss and comprehensive loss in the first quarter of 2012 included non-cash charges for stock-based compensation and depreciation totalling $64,409 whereas there was no stock-based compensation in the first quarter of 2011.

As a function of the Company's increased activity at its property and work on the Feasibility Study, expenses capitalized to the Company's exploration and evaluation assets during the first quarter ended March 31, 2012 increased to $1,112,787 compared to $455,143 in the same period last year. These expenses included $216,417 in environmental and mine permitting expenses, $710,257 in metallurgical expenses, $147,934 in feasibility expenses, $1,505 in engineering expenses, and $36,675 in site and royalty expenses.

Summary of Quarterly Results

The summary of quarterly results has been prepared in accordance with IFRS.

Year ended Dec 31	**Quarter**	**Interest Income $**	**Total Loss $**	**Income (Loss) Per share $**
2012	1	4,144	(697,137)	(0.02)
2011	4	4,062	(377,930)	(0.01)
	3	4,932	(343,297)	(0.01)
	2	2,773	(1,590,460)	(0.07)
	1	-	(148,065)	(0.01)
2010	4	-	(88,423)	(0.01)
	3	19,169	(195,132)	(0.01)
	2	-	(124,136)	(0.01)

The Company, as an exploration stage company, experiences a high degree of variability in its quarterly results. The Company's expenses are not related to the regular and continuous activities that take place when a mine is in production. In the second quarter of 2011, the Company awarded share options which contributed $1,163,932 to an increase of loss & comprehensive loss of $1,738,525.

Liquidity and Capital Resources

As at March 31, 2012, the Company had $685,843 in accounts payable and accrued liabilities, compared to accounts payable and accrued liabilities of $443,642 as at December 31, 2011. The Company had cash of $11,487,873 as at March 31, 2012 compared to $1,624,696 as at December 31, 2011. The increase in cash was the result of the completion of the private placement on March 16, 2012, and the exercise of warrants during the first three months of 2012, offset to some degree by increased expenditures by the Company on exploration and evaluation during the quarter.

In order to improve liquidity, the Company completed a number of financings in late 2009 and the first quarter of 2010 including raising $600,000 through the issuance of secured, non-interest bearing, convertible notes (the "Notes"). The Notes were subsequently converted into units of the Company pursuant to their terms and the completion of the private placements described below. On conversion of the Notes, the Company issued 3,428,571 common shares at a price of $0.175 and 3,428,571 warrants to purchase common shares exercisable at a price of $0.245 until October 7th, 2012.

In March 2010, the Company completed non-brokered private placements of 7,327,000 units at $0.25 per unit for total proceeds of $1,831,750. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of $0.35 per share until October 7th, 2012.

In 2010 an agreement was reached to settle a loan of US$90,796 plus accrued interest for $95,000 in cash plus 160,000 units of the Company on the same terms as the private placements referred to above. In addition, the Company settled a loan of US$161,000 for $35,000 in cash, a non-interest bearing note in the amount of US$150,000 with a term of one year, and 140,000 units of the Company having the same terms as the private placements referred to above. Agreement was also reached to settle a $110,000 loan plus accrued interest at 10% with a lender that had obtained both a judgement against the Company and a Sheriff's writ. The lender agreed to discharge the Sheriff's writ and to accept $125,000 in cash plus 100,000 units of the Company on the same terms as the private placements referred to above.

As at December 31, 2009 the Company had an intercompany loan due to Mindesta in the amount of $9,836,794. The intercompany loan was unsecured, non-interest bearing, had no fixed terms of repayment and largely represented equity capital raised by Mindesta and advanced to the Company to further the Bissett Creek Project. Effective March 31, 2010 the intercompany loan was converted to equity to facilitate the refinancing of the Company and to further the development of the Bissett Creek Project. As part of this process, in March 2010, the Company subdivided its common shares on the basis of 11,750,000 common shares for the one common share outstanding. As a result of the private placements, Note conversion and debt settlements, the Company issued a total of 11,186,925 common shares and 11,155,571 common share purchase warrants in late 2009 and 2010.

The Company has a long-term reclamation deposit with the Ministry of Finance for the Province of Ontario in the amount of $317,042. The deposit accrues interest and represents a financial guarantee to the Province of Ontario that the Company will effect the proper reclamation and closure of the Bissett Creek site when activities are terminated pursuant to a Mine Development and Closure Plan that was filed with, and accepted by, the Ministry of Northern Development and Mines in accordance with the *Mining Act* (Ontario), including the standards, procedures and requirements of the Mining Code of Ontario. The Closure Plan related to the proposed operation based on the dry recovery process which never achieved commercial production. The Company is responsible for any reclamation costs in excess of the deposit. The Company has initiated the process of revising the Closure Plan based on a conventional flotation recovery process and will have to post a new long term reclamation deposit, based on the new operational plan, at the time that it is filed. The amount of the new deposit has not yet been determined.

The Company's working capital has moved from $1,322,497 at December 31, 2011 to $11,000,961 as a result of the private placement and warrant exercises. As at March 31, 2012 the Company had $11,724,714 in cash, receivables, and prepaid expenses, compared to $1,782,266 as at December 31, 2011. Current liabilities have increased from $459,769 as at December 31, 2011 to $723,220 as at March 31, 2012.

In the first part of 2011 the Company financed operations through an intercompany working capital loan facility in the maximum amount of $600,000 from Mindesta pending the completion of the Company's IPO. The Mindesta facility was repayable in two years, unless the Company raised gross proceeds of at least $3 million from the IPO, in which case it was repayable immediately at the option of Mindesta. The Company closed its IPO on April 18, 2011 which consisted of the sale of 8,000,000 common shares at a price of $0.50 per share for gross proceeds of $4,000,000, and obtained a listing on the TSX Venture Exchange effective April 20, 2011. The net proceeds of the IPO were sufficient to repay Mindesta and to fund the remaining exploration and development work on the Bissett Creek Project. On April 26th, 2011, the Company repaid the facility with prescribed interest. From the IPO to December 31, 2011, 6,478,242 warrants have been exercised resulting in proceeds to the Company of $2,095,553. Subsequent to the end of the year, $2,273,338 warrants have been exercised resulting in additional proceeds to the Company of $852,529.

On March 16, 2012, the Company completed a private placement of 6,206,377 common shares at a price of $1.70 for gross proceeds of $10,550,841. In connection with the offering, the Company paid finders' fees totaling $121,517, and issued to the agents 71,480 common share purchase warrants entitling the holder to purchase one common share at a price of $2.00 until March 16, 2013.

Use of the Proceeds from Private Placement

The Company provided details on its intended use of net proceeds from its private placement dated March 16, 2012. On March 16, 2012, the Company completed a private placement of 6,206,377 common shares at a price of $1.70 for gross proceeds of $10,550,841. In connection with the offering, the Company paid finders' fees totaling $121,617.. Net proceeds of $10,429,323 are to be used to finance the completion of the bankable feasibility study and permitting with respect to the Company's Bissett Creek Project, certain engineering work and the acquisition of long lead time equipment upon the positive completion of the feasibility study and for working capital and general corporate purposes.

	Use of net proceeds as per private placement	Actual use of proceeds
Financing the completion of the bankable feasibility study and permitting, engineering work, acquisition of long lead time equipment,working capital, and general corporate purposes.	$10,429,323	
Feasibility study		$68,588
Engineering		365
	$10,429,323	$68,953

As at March 31, 2012, the Company had used net proceeds of $68,953 on expenditures related to the feasibility study and engineering work.

Contractual Obligations

As at the date hereof, the Company's contractual obligations consist of purchase obligations in the amount of approximately $246,748 which related to the balance of costs for the FS including metallurgical testing and environmental and mine permitting for the Bissett Creek Project, all of which are due within one year. Purchase obligations represent agreements to purchase goods or services that are enforceable and legally binding on the Company.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Transactions with Related Parties

Major Shareholder

Mindesta's interest in Northern was reduced to 26.1 per cent as at December 31, 2011 as the result of a number of financing transactions. At the close of trading on January 25, 2012, Mindesta completed the distribution to Mindesta's shareholders of 9,413,581 shares of Northern owned by Mindesta on the basis of one share of Northern for each share of Mindesta. As at March 31, 2012, Mindesta's interest in Northern had decreased to less than 1%.

Key Management Compensation

In the three months ended March 31, 2012, the Company expensed management fees to companies owned and controlled by key management personnel of $43,750 (2010 – $73,166) and expensed salary to key management personnel of $91,875 (2011 - Nil). In the three months ended March 31, 2012 and 2011, the Company provided short-term employee benefits totaling $5,930 to key management personnel In the three months ended March 31, 2012, the Company provided share-based payments of $46,760 to key management personnel. In the three months ended March 31, 2011, the Company did not provide any share-based payments to key personnel.

Other Related Party Transactions
During the three months ended March 31, 2012, the Company expensed office rental payments of $4,500 (2011 – $4,500) to a Company whose CEO and a Director is also a Director of Northern.

These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties with exception of amounts due to Mindesta which are recorded at fair value.

As at March 31, 2012, there remained $16,127 in amounts due to Mindesta.

Proposed Transactions

The Company continually reviews potential merger, acquisition, investment and other joint venture transactions that could enhance shareholder value. At the current time, there are no reportable proposed transactions.

Changes in Accounting Policies

Recent pronouncements issued
The accounting policies adopted in these Interim Financial Statements are consistent with those followed in the preparation of the Company's 2011 Annual Financial Statements.

Recent pronouncements issued
Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after March 31, 2012. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the table below.

The following amended or new Standards were issued by the IASB and are effective for annual periods beginning on or after January 1, 2013. The Company has not early adopted these Standards in these Interim Financial Statements:

- FRS 7, "Financial Instruments: Disclosures";
- IFRS 9, Financial Instruments, "IFRS 9";
- IFRS 10, "Consolidated Financial Statements";
- IFRS 11, "Joint Arrangements";
- IFRS 12, "Disclosure of Interests in Other Entities";
- IFRS 12, "Disclosure of Interests in Other Entities";
- IFRS 13, "Fair Value Measurement";
- IAS 1, "Presentation of Financial Statements:
- IAS 27, "Separate Financial Statements"; and
- IAS 28, "Investments in Associates and Joint Ventures".

Critical Accounting Estimates and Judgements

The preparation of the Financial Statements requires Management to make estimates, assumptions, and judgements about the future that affect the amounts recorded in the Financial Statements. These estimates, assumptions, and judgements are based on the Company's experience and management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on new facts and experience. Actual results may differ from these estimates, assumptions and judgements. The effect of a change in an accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

Significant estimates used in the preparation of the Financial Statements include, but are not limited to:
(i) asset carrying values and impairment charges;
(ii) the economic recoverability of exploration expenditures incurred and the probability of future economic benefits from development expenditures incurred;
(iii) the expected costs of asset retirement obligations;
(iv) debt and equity portions of convertible debentures;
(v) the calculation of gains and losses relating to foreign currencies; and

(vi) the calculation of gains related to the settlement of debt by the issuance of shares.
(vii) the calculation of share-based compensation and warrants which includes the assumptions used in the Black-Scholes option pricing model including volatility, estimated forfeiture rates and expected time until exercise.

Significant judgements used in the preparation of the Financial Statements include, but are not limited to:
(i) those relating to the assessment of the Company's ability to continue as a going concern;
(ii) the useful lives and related depreciation of property and equipment;
(iii) the identification of separately identifiable components in property and equipment where their respective cost is significant in comparison to the total cost;
(iv) the classification of financial instruments;
(v) the calculation of gains related to the settlement of debt by the issuance of shares; and
(vi) the recognition of deferred tax.

Critical Accounting Policies

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its interim financial statements:

Going Concern

The critical assumption made by management of the Company is that the Company will continue to operate as a going concern.

The Company is an exploration stage company that incurred a net loss of 697,670 for the quarter ended March 31, 2012 (2011 - $145,065) and has an accumulated deficit of $4,275,539 since the inception of the Company. As at March 31, 2012, working capital was $11,000,961 and the Company's ability to continue as a going concern is dependent upon its ability to raise additional capital to continue the development of the Bissett Creek Project. The Company completed a private placement with proceeds of $10,550,841 during the first quarter of 2012, and an IPO with proceeds of $4,000,000 during the second quarter of 2011 to settle an advance from Mindesta and to advance the Bissett Creek Project. However, substantial additional capital is required to ultimately build a mine and processing plant on the Bissett Creek Project and to enable the Company to continue its operations.. There is a high degree of risk and many inherent uncertainties in the mining industry and there is no assurance management will be successful in its endeavours.

The Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's management believes that it will continue to be able to generate sufficient funds from public or private debt or equity financings for the Company to continue to operate. The Company's Financial Statements do not include any adjustments that might result from negative outcomes with respect to these uncertainties.

Impairment of Long-Lived Assets

At each balance sheet date, the Company assesses whether there is any indication that any long-lived assets or finite life tangible assets are impaired. The Company monitors the recoverability of long-lived assets based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the assets. An impairment is recognized if the recoverable amount, determined as the higher of an asset's fair value less cost to sell and the discounted future cash flows generated from use and eventual disposal of an asset, is less than its carrying value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

Mining properties and exploration and evaluation expenditures

Mining properties correspond to acquired interests in mining exploration permits/claims/leases which include the rights to explore, mine, extract and sell all minerals from such permits/claims/leases. All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrated.

General and administration expenditures relating to exploration are capitalized where they can be directly attributed to the site undergoing exploration and evaluation.

Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrated for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment, and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

Share-based compensation

The Company has a share option plan (the "Plan") described in Note 7 of the Financial Statements. The Company measures the compensation cost of stock options issued under the Plan using the fair-value method as determined using the Black-Scholes option pricing model. Compensation costs are measured at the grant date based on the fair value of the award and are recognized over the vesting period in net income (loss) with a corresponding increase to contributed surplus. Upon exercise, common shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, as adjusted for any consideration paid.

The Black-Scholes option pricing model incorporates highly subjective assumptions, including volatility, estimated forfeiture rates and expected time until exercise, which affect the calculated values. At the end of each reporting period, the Company reviews the option pricing model and updates model inputs for any changes for the purposes of determining the fair value of new grants, and reflects the impact of changes to non-market input estimates for previous grants in net income (loss) with a corresponding adjustment to contributed surplus.

Restoration and site closure provision

The Company has an obligation to reclaim its mining property after the minerals have been mined from the site, and has estimated the costs necessary to comply with existing reclamation standards. The fair value of an asset retirement obligation is recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is adjusted to reflect the passage of time (accretion expense) and for changes in estimated future cash flows. Accretion expense is charged to the statement of comprehensive profit or loss, while adjustments related to changes in estimated cash flows are recorded as increases or decreases in the carrying value of the asset. The capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, a gain or loss is recorded if the actual costs incurred are different from the liability recorded.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax is determined based on differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward. Deferred tax is measured using the enacted tax, or substantially enacted tax rates which will be in effect when the temporary differences are likely to reverse. The effect on deferred tax of a change in tax rates is included in operations in the period in which the change is enacted. The amount of deferred tax recognized is limited to the amount of the benefit that is probable.

Deferred tax and the recognition and measurement of uncertain tax positions are subject to various assumptions and management judgement. Actual results may differ from these estimates. In circumstances where the applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates could occur that materially affect the amounts of deferred tax recorded at March 31, 2012.

Financial instruments

All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends upon whether the financial instrument is classified as fair value through profit or loss ("FVTPL"), available-for-sale assets, held-to-maturity investments, loans and receivables, or other liabilities measured at amortized cost ("Other Financial Liabilities"). Financial instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the statement of operations. Available-for-sale asset financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Financial assets classified as held-to-maturity investments, loans and receivables and Other Financial Liabilities, are measured at amortized cost. Transaction costs in respect of financial assets and liabilities which are FVTPL are recognized in profit or loss immediately. Transaction costs in respect of Other Financial Instruments are included in the initial fair value measurement of the financial instrument.

The Company may enter into derivative contracts or, financial instruments and non-financial contracts containing embedded derivatives. Embedded derivatives are required to be accounted for separately at fair value as derivatives when the risks and characteristics of the embedded derivatives are not closely related to those of their host contract, and the host contract is not carried at fair value.

Disclosure of Outstanding Share Data (as at May17, 2012):

Common Shares

Authorized: Unlimited number of common shares.

Outstanding: 46,388,853common shares.

Warrants

Outstanding:

Exercise price	**Number of warrants outstanding**	**Expiry date**
$0.25	1,571,428	October 7, 2012
$0.35	1,121,000	October 7, 2012
$2.00	71,480	March 16, 2013
	2,763,908	

Trends

There are significant uncertainties regarding the prices of industrial minerals and in the availability of equity financing for the purposes of mineral exploration and development. For instance, the prices of industrial minerals, including graphite, have fluctuated widely in recent years and it is expected that wide fluctuations may continue. Management of the Company is not aware of any trend, commitment, event or uncertainty both presently known or reasonably expected by the Company to have a material adverse effect on the Company's business, financial condition or results of operations other than the normal speculative nature of the natural resource industry and the risks disclosed below under the heading "Risk Factors".

Risk Factors

An investment in the Company's common shares is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. The risk factors noted below, in no specific order, are not an exhaustive list of all risk factors associated with an investment in the Company's common shares or in connection with the operations of the Company.

- Exploration stage company developing one single asset;
- The highly speculative nature of mineral exploration and development;
- No history of mineral production;
- Mining operations and no insurance coverage on the inherent risks of such operations;
- Limited operating history and financial resources;
- Government regulation and compliance;
- The reliability of results of prior exploration work;
- Reliance on management and experts;
- Competition;
- The possibility of conflicts of interest for the Company's directors and/or officers;
- Competitive conditions;
- Title to property;
- Aboriginal land claims;
- Environmental risks and hazards;
- Cost of land reclamation;
- Commodity prices;
- Price volatility and lack of active market;
- Litigation;
- No earning or dividend record and no anticipation of paying in foreseeable future.

For a more detailed discussion of the above risk factors, refer to the Company's Annual Information Form filed for the year ended December 31, 2011.

Additional Information

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