



PAN GLOBAL
RESOURCES

MANAGEMENT DISCUSSION AND ANALYSIS

Three months ended April 30, 2012

Pan Global Resources Inc.

Management's Discussion & Analysis
Three Months Ended April 30, 2012

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at June 28, 2012 and should be read in conjunction with the condensed interim financial statements of Pan Global Resources Inc. (the "Company" or "Pan Global") for the three months ended April 30, 2012 and 2011 and the related notes thereto.

All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in Canadian dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Pan Global's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties identified elsewhere in this MD&A, actual results may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

COMPANY OVERVIEW

The Company was incorporated under the provisions of the Business Corporations Act (British Columbia) on February 1, 2006 and is classified as a Tier II mining company, effective June 8, 2009 and trades on the TSX Venture Exchange. On December 21, 2009 the Company changed its name from Mosam Capital Corp. to Pan Global Resources Inc.

The Company's principal business activities are the acquisition, exploration and development of mineral properties. The Company's continuing operations and the ability of the Company to meet its mineral property commitments are dependent upon the ability of the Company to raise additional equity, debt financing and seeking joint venture partners.

On February 14, 2011 the Company signed a definitive option agreement with Lithium Li Holdings Inc. ("Lithium Li") to earn an undivided 51% interest, with further options to earn an undivided 65% or 80% interest, in Lithium Li. Lithium Li, through wholly-owned subsidiaries in the Balkans, has been granted fifteen exploration licenses in the Republic of Serbia and has applied for an additional two licenses in Bosnia and Herzegovina. Under the terms of the Option Agreement, the Company can earn up to 80% in any three

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licenses held by Lithium Li within 10 years of the date of the Option Agreement by spending sufficient exploration expenditures for the completion of a feasibility study (or a total of \$20,000,000), and issuing a total of 1,125,000 shares and \$500,000 in various anniversary payments. Pan Global shall determine, in its sole discretion, which exploration licenses may be retained by the Optionor.

Transaction Highlights

The Company has acquired an option to purchase a 51%, 65% or 80% interest in any 3 of the 17 concessions as follows:

Cash Payments to Lithium-Li:

Date		Amount	Cumulative
February 21, 2011	\$	75,000	\$ 75,000
February 14, 2012	\$	150,000	\$ 225,000
February 14, 2013	\$	275,000	\$ 500,000

Share Issuances to Lithium-Li

Date	# of Shares	Cumulative
February 21, 2011	375,000	375,000
Date of exercise of the initial 51% interest	250,000	625,000
One year anniversary from exercise of initial 51% interest	250,000	875,000
Two year anniversary from exercise of initial 51% interest	250,000	1,125,000

Milestone

Phase of Program	Milestone	% Interest Earned
Phase I	Completion Date	51%
Phase II	Pre-Feasibility Report	65% ⁽¹⁾
Phase III	Feasibility Report	80%

⁽¹⁾ If at any time after completion of Phase I but before completion of Phase II the Company determines to discontinue funding having incurred aggregate Exploration Expenditures of less than \$12,000,000, the initial 51% undivided interest earned by the Company shall be forfeited to Lithium-Li. Following the exercise of the option by the Company, the Company and Lithium Li will continue under a joint venture.

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OPERATIONS REVIEW

Pan Global Resources is primarily focused on the early stage exploration through to development of resources of Borates and associated Lithium in the Balkans. Through an Option to Joint Venture with the private company Lithium Li, PGZ is directly targeting analogs of Rio Tinto's nearby Jadar Deposit which is undergoing a Pre- feasibility study and has inferred resources of 114.6 Mt @ 1.8% Li₂O and 13.1% B₂O₃.

Via wholly-owned subsidiaries, Lithium Li has been granted 15 exploration licenses in the Republic of Serbia totalling approximately 1300Km² and retains applications for another two in Bosnia and Herzegovina. Under the terms of the Option Agreement, PGZ can earn up to 80% in any 3 licences held by Lithium Li within 10 years of the date of the Option Agreement by spending sufficient exploration expenditures for the completion of a feasibility study (or a total of \$20,000,000), and issuing a total of 1,125,000 shares and \$500,000 in various anniversary payments.

Exploration was undertaken throughout 2011 with emphasis on a program of geological mapping, geochemical sampling and geophysics to help define drill targets. Gravity geophysical surveys have been completed on undertaken on the Jadar West, Badanja, Valjevo, Ljig, Radusa, Kosjeric, Gorobilje and Bela Crkva licences and have been instrumental in defining basin geometry which is critical to the formation of borates (including the lithium borate Jadarite) mineralization. Magneto-telluric geophysical surveys have also been completed on the Badanja, Jadar West and Valjevo licences to help define zones of conductivity which may represent lithological units that preferentially host the Jadarite mineralization.

Initial reconnaissance diamond drilling program was stated in August 2011 with 2 holes into each of the Badanja and adjoining Jadar West exploration license which are immediately adjacent to Rio Tinto's Jadar deposit where production is planned to commence in 2016. The two holes drilled in Jadar West provided compelling evidence of mineralization in the vicinity. In the Valjevo licence, Hole VBN-001 intersected mineralization including a 40m zone of preserved sodium/calcium borate mineralization (identified as probertite and subordinate colemanite) with a core of 4m @ 0.26% Li₂O and 8.4% B₂O₃ from 428 to 432m, which is close to what can be considered an 'ore grade and width' intersect of 1.8% Li₂O and 13.1% B₂O₃ (based on an average ore grade of Rio Tinto's Jadar deposit and a 3m width single borer-miner cut). These assays confirm that this first hole at Valjevo is akin to the first hole drilled at the Jadar deposit by Rio Tinto which chased similar surface geochemistry and encountered borates, but no jadarite, which was then identified in follow up drilling. This very positive result from the first hole at Valjevo significantly raised the prospectivity of the licence and the adjoining licence at Ljig.

Following the shutdown of field activities for the winter months, the drilling campaign was restarted in March 2012 on the Valjevo licence where VBN-002, was completed to a bottom depth of 500.5m. The hole is easily correlated to VBN-001 by numerous tuff and other lithologic marker horizons and the 40m thick envelope of borate mineralization encountered in the latter was found over 27m in VBN-002 but with a lower overall estimated proto-grade (maximum 10% as borate mineral). This indicates that mineralization thins to the west of VBN-1 and implies a strong vector for future drilling to the east of VBN-001. Drill hole VBN-003, located ~1.1km due east of VBN-002 was collared at the end of the quarter.

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In the Ljig licence, hole LJG- 001, was drilled to 584m to test test Li, Mg, Sr and K geochemical anomalies found up-dip from outcrop in Toplica Creek in an area of measured gravity low. From 470m - 497m the hole intercepted a pseudomorph zone characterized by dolomitic marl interbedded with siltstone, tuffaceous sandstone and subordinate calcite (after borate?) lenses to 2cm. Occurrences of strontianite, analcime, dolomite and magnesite were reported from X-ray diffraction on selected samples. Colemanite was additionally reported in one sample as a trace mineral and further analyses may be warranted upon receipt of geochemical analyses. Drill hole LJG-002, drilled in the southern portion of the Ljig basin was completed to a bottom depth of 414m in diamictite composed of limestone and tuff boulders and cobbles. From 269 to 271m the hole intercepted ~1 mm sized vugs after dissolved minerals occasionally filled by calcite as pseudomorphs. Below ~150m and above this zone the hole encountered very prospective, flat-lying, pelitic, fine-bedded to laminated claystone and mudstone. All assays from holes drilled in 2012 to date are still awaited.

Apart from the drilling, other work consisting of geological, geochemical and geophysical exploration to prioritise licenses and drill targets was continued. The available magnet-tellurics (MT) data over the Jadar Basin was reviewed to correlate interpretations of contacts between stratigraphic units with MT values with the intent of constructing a contour map of the marine-lacustrine interface, which when compared to gravity data would help refine depths to target strata.

The Kamenica, Radusa and Lukavac exploration licenses were formally approved and issued and the Jadar West, Valjevo, Ljig and Kosjeric exploration licenses were renewed through 2012 under the old mining law. In the decision for Jadar West, the Mines Department eliminated the buffer zone between the Jadar West and Badanja licence and the Jadar licence of Rio Tinto, giving the area to exploration partner LithiumLi. Permitting obligations were fulfilled which included submissions of annual reports for the Badanja and Gorobilje licenses, and quarterly reports for our Petlovaca, Satornja, Jalovik, Mrovska and Takovo licences.

In Bosnia, confirmation was received from the Mining Minister that exploration partner LithiumLi is the winner of the Lopare exploration concession tender. Details regarding the signing of the concession contract and the award of the exploration license are awaited; in the meantime preparations for a gravity survey have been ongoing.

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RESULTS OF OPERATIONS

Three months ended April 30, 2012

The Company recorded a loss of \$1,362,124 or \$0.05 per common share for the three months ended April 30, 2012 compared to a loss of \$1,236,463 or \$0.07 per common share for the three months ended April 30, 2011. Exploration costs in both quarters were comparable: \$605,562 for 2012 compared to \$634,713 for 2011. However, in the current quarter, \$544,197 was incurred as stock based compensation expense, compared to \$414,344 in the prior comparative quarter. A larger number of stock options were granted this period which increased the fair value attributed to stock based compensation expense. The company also began an investor relations program, and incurred \$47,550 in costs associated with consulting, travel, and conferences.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position at April 30, 2012 was \$ 3,227,167 compared to \$679,473 at January 31, 2012. The increase in working capital was due to the non-brokered private placement financing which closed on February 24, 2012. The financing involved the issuance of an aggregate of 5,877,499 units at a price of \$0.60 per Unit for gross proceeds of \$3,526,500. This increase in working capital was offset by cash used to cover exploration and administration expenses, along with finder's fees paid on a portion of the financing. The Company has sufficient working capital to operate for the next twelve months.

Management of cash balances is conducted based on internal investment guidelines. Cash is deposited with major Canadian financial institutions. Cash required for immediate operations is held in a chequing account. Excess of funds may be invested in conservative money market instruments that bear interest and carry a low degree of risk. Some examples of instruments in which the Company may invest its cash are treasury bills, money market funds, bank guaranteed investment certificates and bankers' acceptance notes. The objective of these investments is to preserve funds for the advancement of the Company's projects and to earn interest income on its cash assets.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements or obligations that are not disclosed in the financial statements.

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SUMMARY OF QUARTERLY RESULTS

Quarter ended	April 30, 2012	January 31, 2012	October 31, 2011	July 31, 2011
Exploration expenditures	\$ 605,561	\$ 1,122,201	\$ 1,094,947	\$ 555,752
Share-based payments	\$ 544,197	\$ -	-	-
Net loss for the period	(1,362,124)	(1,907,033)	(1,204,896)	(709,536)
Loss per share - basic and diluted	\$ 0.05	\$ (0.10)	\$ (0.06)	\$ (0.04)

Quarter ended	April 30, 2011	January 31, 2011	October 31, 2010	July 31, 2010
Exploration expenditure	\$ 634,713	\$ 536,840	\$ 43,971	\$ -
Share-based payments	\$ 414,344	\$ 118,737	\$ -	\$ -
Net loss for the period	(1,236,463)	(911,819)	(82,465)	(16,951)
Loss per share - basic and diluted	\$ (0.07)	\$ (0.09)	\$ (0.01)	\$ -

The loss for the quarters varies primarily based on exploration expenditures incurred and whether stock options are granted in the quarter. The losses increase substantially for the quarters commencing with the January 31, 2011 quarter due to the focus of the Company on the Balkan exploration properties with which the Company signed an option agreement with Lithium Li.

NEW ACCOUNTING POLICIES

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Accounting Standards Issued and Effective January 1, 2012

IAS 12 Income Taxes (Amended) ("IAS 12"), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value.

Accounting Standards Issued and Effective January 1, 2013

IFRS 7 Financial instruments: Disclosures (Amended) require additional disclosures on transferred financial assets.

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IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements

- a) defines the principle of control, and establishes control as the basis for consolidation.
- b) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee.
- c) sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities.

IFRS 11 Joint Arrangements establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 Disclosure of Involvement with Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 Separate Financial Statements has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

Accounting Standards Issued and Effective January 1, 2015

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

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FINANCIAL INSTRUMENTS

Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

As at April 30, 2012, the Company's financial instruments measured at fair value are as follows:

Financial Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 2,348,469	-	-	\$ 2,348,469

Financial Instrument Risk Exposure and Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Credit Risk

Credit risk arises from cash and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions.

There is no significant concentration of credit risk other than cash deposits. The Company's cash deposits are primarily held with a Canadian chartered bank. The Company has minimal accounts receivable exposure as it relates to amounts due from the Government of Canada pursuant to sales tax credits.

Interest Rate Risk

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As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not significantly affected by changes in market interest rates.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

Foreign Currency Risk

The Company has identified its functional currency as the Canadian dollar. Certain of the Company's exploration expenditures are denominated in Serbian Dinar (RSD) and United States dollars (USD). The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and those two currencies.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. Management believes the foreign exchange risks related to currency conversions are minimal.

RISKS AND UNCERTAINTIES

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

No Assurance of Titles or Borders

The acquisition of the right to exploit mineral properties is a very detailed and time consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's surface or mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third party claims could have a material adverse impact on the Company's operations.

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities.

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The Company may earn an interest in certain of its properties through option agreements and acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the properties and can include the satisfactory completion of pre-feasibility studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property.

The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

The securities markets can experience a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as the Company, may experience wide fluctuations in share prices which will not necessarily be related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Foreign Country and Political Risk

The Company is operating in countries that currently have varied political and economic environments. As such, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mineral concessions or other mineral rights, opposition from environmental or other non-governmental organizations, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine and/or site safety.

Notwithstanding any progress in restructuring political institutions or economic conditions, the present administration, or successor governments may not be able to sustain any progress. If any negative changes occur in the political or economic environment of these countries, it may have an adverse effect on the Company's operations in those countries. The Company does not carry political risk insurance.

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Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and

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in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

RELATED PARTIES TRANSACTIONS

Key management positions are filled by directors and officers of the Company. The terms of conditions of the transactions with key management personnel were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities on an arm's length basis. The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Three months ended	
	April 30, 2012	April 30, 2011
Salaries and consulting fees	\$ 71,499	\$ 82,482
Rent and office expenses	3,000	3,000
Share based payments	544,197	414,344
	\$ 618,696	\$ 499,826

Related party liabilities	Items or Services	April 30, 2012	January 31, 2012
Accounts payable and accrued liabilities:			
President & CEO	Management fees	\$ 20,833	\$ 41,721
Corporate Secretary	Legal fees	2,456	4,005
Chief Financial Officer	Accounting services	9,000	30,000
Directors	Consulting fees	-	15,000

In October 2010, the Company signed a management services agreement with an officer to the Company. Effective October 15, 2010, the Company is committed to pay annual management fees of \$250,000 to the officer for an indefinite term. The agreement can be terminated by both parties giving a notice of termination.

Outstanding Share Data

As of June 28, 2012 there were 28,378,981 common shares issued and outstanding. There were also 2,872,000 stock options outstanding with exercise prices ranging between \$0.20 and \$1.03 per option and 3,734,104 share purchase warrants outstanding with exercise prices ranging between \$0.30 and \$0.80 per warrant.