



LOUNOR

EXPLORATION INC.

Management Discussion and Analysis Report (For the Year Ended March 31, 2011)

This management's discussion and analysis report ("MD&A") provides an analysis of our financial condition and results of operations to enable a reader to assess material changes for the year ended March 31, 2011, in comparison with the same period of last year. This MD&A report was prepared as at July 25, 2011 to complement the Company's audited financial statements dated March 31, 2011. This annual MD&A and our audited annual financial statements are intended to provide investors with reasonable basis for assessing our results of operations and our financial performance.

Lounor Exploration Inc. ("Lounor"), incorporated under Part 1A of the Quebec Companies Act, is an exploration company operating in Canada. As at the date of this MD&A, the Company holds mining properties in Quebec (Queylus and Zinc) and in Ontario (Harker). Lounor is a reporting issuer in Alberta, British Columbia and Quebec and is listed on the TSX Venture under the symbol LO and on the Frankfurt Exchange under the symbol LE2A.

This MD&A contains "forward-looking statements" not based on historical facts. Forward-looking statements express, as at the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements, factors could cause results or events to differ materially from current expectations expressed or implied by forward-looking statements include, but are not limited to, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

MINING PROPERTIES

Queylus Property

In 1997, Lounor acquired the Queylus property and was looking for a gold-copper porphyry system. Lounor drilled over 40 diamond drill holes with encouraging results.

The Queylus Property comprises 3,600 hectares and is located in the Chibougamau mining camp. Many gold and copper showings were discovered on the property. In the 60's and 70's, Soquem and Valco Inc. explored the property and intercepted low grade copper mineralization over widths going from 46 meters to 216 meters.

In January 2007, Lounor asked Diagnos to prepare a report to determine all the areas that seemed to represent interesting targets for mining exploration and most particularly the different types of mineralization with a high potential of interest by using the prediction system "Cards" developed by Diagnos.

Following a geological report obtained recently from a consultant, Lounor completed four short drill holes in the spring of 2010. The consultant recommends additional work.

Nickel Property

In November 2007, the Company entered into an agreement to acquire a mining property representing nine mining claims. To acquire a 100 % interest, Lounor issued 100,000 common shares and the vendor retained a 2% NSR in the property.

The property is contiguous to a large low grade nickel deposit that was once owned by Dumont Nickel Corporation and now by Royal Nickel Inc. The Royal Nickel Property consists of 56

claims in the Launay & Trecesson Townships, 17 km west of Amos, with an indicated resource of 400,000,000 tons grading 0.325% Ni as reported in the Northern Miner Canadian Mines Handbook of 1988-1989 (Northern Miner, January 2, 1971 of 455,000,000 tons of 0.324 Ni). Royal Nickel Inc., a private company, is currently conducting a 10,000 meter drilling program on the property. The mineralized zones are contained in ultra mafic rocks. In general, the geological structure is a serpentized, magnetite bearing dunite containing olivine with pentlandite, azurite, millerite as nickel bearing minerals.

Exploration work was executed on this property and the results were disappointing and the property was written off.

Sylvie Property

In June 2009, the Company entered into two agreements to acquire a total of 30 mining claims located in the Brassani Township in the mining division of Val-d'Or, Province of Quebec.

For the first agreement, Lounor paid \$10,000 and issued 250,000 common shares at signature to acquire a 100% interest in 20 mining claims. The vendors have retained a 2% NSR in the Property. For the second agreement, Lounor paid \$15,000 to pay for a geological study and issued 100,000 common shares to acquire a 100% interest in 10 mining claims. The vendors have retained a 2% NSR in the property.

The Sylvie property is located to the east of recent high grade gold discoveries made in the Barry-Urban district. Mineralization in the district is of the form of shear zone related quartz-carbonate veins, spatially related to magnetite, pyrite, carbonate, biotite and albite alteration. Diagnos Inc. has determined targets that highlight the property for potential gold mineralization as well as for its potential for base metals. Significant input anomalies have been observed to lie in the center of the property and this type of response obtained is often associated with large sulphide lenses. The property has never been drilled and only geophysical surveys (VLS) have been done.

The Company has realized stripping and sampling work. Lounor has executed line cutting and geophysical work on a part of the property. The Company has decided to abandon this project and the property was written off.

Zinc (Bernières) Property

In April 2010, Lounor acquired a total of 17 mining units located in the Bernières Township, in the mining district of Val-d'Or, province of Quebec. To acquire a 100 % interest in the property, Lounor paid \$15,000 and issued 1,000,000 common shares. The vendor has retained a 1.5% NSR royalty in the property.

The property is located to the east of the Matagami mining camp. Significant Megatem anomalies have been detected in the center of the acquired property and the type of response obtained is often associated with large sulphide lenses. The property has never been drilled and only geophysical surveys (Max-Min and Mag) have been done.

The Company plans to execute geophysical survey and drilling on this property in 2011.

Harker Property

In January 2008, the Company entered into an option agreement to acquire a 100% interest in this property. To comply with this agreement, the Company issued 800,000 shares and paid \$200,000.

The Harker property is located 5 km south of the Destor Porcupine Fault Zone (DPFZ) host of many important gold mines including the Timmins - Porcupine Gold Camp (65 millions ounces of gold). The Holt McDermot Mine (1.3 million ounces) and the Harker Halloway Mine (1.4 million ounces) are located on the DPFZ about 5 km north –northeast of the property.

A siliceous horizon, whether it is rhyolite, silicified basalt or silica-rich variolitic basalt, is the gold prospective horizon. Au-rich assays are obtained on this horizon, the values indicated by diamond drilling are erratic and on average below potential ore-grade over 396 metres (1,300 feet) long.

The **95** holes completed by Lounor to date have intersected the mineralized zones. The results of the program have proven the **gold zone** to be over **425 metres in strike length** and to a vertical depth of **250 metres**. It is **open** to the **east**, to the **west and at depth**.

The 95 holes completed by Lounor to date have intersected the mineralized zones. The continuity of the structure and the gold zones contained herein are an important feature of the mineralization in the Harker area.

The Harker-Hurd Zone is interpreted to be an extensive zone of gold mineralization measuring at least 425 m along strike and 250 m of depth and remains open along strike to the east, the west and at depth. Mineralization, which is plunging to the east, occurs in silicified and albitized mafic volcanic rocks with approximately 5% disseminated pyrite mineralization. Gold mineralization is similar to the neighbouring Holt-McDermott Zone.

The gold mineralization at Harker-Hurd is distributed with a similar pattern to that of the Holt-McDermott gold mine where gold mineralization is found in high grade ore shoots within a broader envelop of lower grade gold mineralization that plunges to the east.

All drill holes were realized on only 2 claims. The Company plans to continue drilling at depth. A new drill program is planned in the coming weeks.

Tiger Gold Property

In October 2008, the Company entered into an agreement to acquire a 50% interest in 24 mining claims. Lounor paid \$150,000 cash, issued 600,000 common shares and Lounor will have to complete exploration work for \$1,400,000 over a period ending in 2011. The vendors have retained a 3% NSR Royalty in the property.

The Tiger Gold Property is contiguous to the Harker Gold Project on which a drilling program is currently being conducted. The Cryderman Fault crosses the Harker Property and continues onto the Tiger Gold Property. Several historical gold intercepts have been noted and were obtained during the 1980's by Perrex Gold Exploration. Perrex's best hole had gold values of 0.648 oz/t Au over 5.0 feet (Hole PX-88-34).

The Harker Gold Property and the Tiger Gold Property are located 5 km south of the Destor Porcupine Fault Zone (DPFZ) which has hosted many important gold mines in the Timmins - Porcupine Gold camp (>65 millions ounces of gold produced). The Holt McDermot Mine (1.3 million ounces) and the Harker Halloway Mine (1.4 million ounces) are located on the DPFZ about 5 km north – northeast of the property.

The consultant has completed the compilation of the Tiger Gold Property. He was able to determine that the Cryderman Fault that crosses the whole property has never been drilled. It is the same fault that crosses the Harker Property.

Because of the lack of financial resources, the Company has decided to abandon the project and this property has been written off.

McCorkill Property

In July 2009, the Company acquired a total of 4 mining claims in the McCorkill Township in the mining district of Chibougamau, Province of Québec. To acquire a 100% interest in the McCorkill Property, Lounor had to pay a total amount of \$30,000 and issue 600,000 common shares over a three-year period. Lounor issued 150,000 common shares but because of disappointing results, the property was returned to the vendors. The vendors had retained a 2% NSR in the Property.

The property is located to the east of the traditional Chibougamau mining camp. Significant Megatrem anomalies have been detected in the center of the acquired property and the type of response obtained is often associated with large sulphide lenses. The property has never been drilled and only geophysical surveys (Max-Min and mag) have been done.

The Company has completed line cutting work and a max-min survey on the ground. The work allowed to locate very precise drill targets.

This property was drilled in 2009 and the results were negative and the property was written off.

Analysis of the Exploration Expenditures

During the year ended March 31, 2011, the Company has incurred an amount of \$504,436 (\$1,053,216 in 2010) in exploration expenditures. In the financial statements ended March 31, 2011, the deferred exploration expenses have decreased because the Company has written off exploration work for \$216,190 on the Nickel, Sylvie, Tiger Gold and McCorkill Properties (\$328,311 in 2010).

Description	Harker	Queylus	Tiger Gold	Zinc \$	Total
	\$	\$	\$		\$
Geology	47,217	11,985	975	-	60,177
Drilling	310,950	-	-	-	310,950
Analyses	23,683	-	-	-	23,683
Line cutting	-	16,247	-	-	16,247
Geophysics	-	-	-	-	-
Work Management	58,856	3,109	-	-	61,965
General Exploration Expenses	27,817	3,163	-	434	31,414
Total	468,523	34,504	975	434	504,436

Analysis of Acquisitions and Renewal of Mining Claims

These amounts represent the costs pertaining to the payments in cash or in shares of the Company following options agreements for the acquisition of mining properties.

Properties	Payments in Cash	Payments in Shares	Total
	\$	\$	\$
Harker	50,000	36,000	86,000
Queylus	468	-	468
Tiger Gold	25,000	21,000	46,000
Zinc	15,000	140,000	155,000
Total	90,468	197,000	287,468

The royalties on the mining properties are as follows:

Qeylus	1%
Harker	2%
Zinc	1.5%

Person Responsible of the Technical Information

The qualified person pursuant to National Instrument 43-101, responsible of the technical information of the Company is Mr. Christian Dupont, Ph. Engineer.

GLOBAL PERFORMANCE OF THE YEAR

During the year ended March 31, 2011, the Company closed seven private placement of an amount of \$1,556,000 representing 7,481,141 flow-through shares and 6,251,242 common shares. Also, the Company issued 135,000 flow-through shares and 15,000 common shares at a price of \$0.20 per share for a total amount of \$30,000. These shares were to be issued as at March 31, 2010.

During the year ended March 31, 2011, the Company acquired a new mining property and wrote-off four properties because management decided to abandon these mining projects.

SELECTED ANNUAL INFORMATION

Our financial statements were prepared in conformity with generally accepted accounting principles in Canada, and all monetary values contained in this MD&A are expressed in Canadian currency.

Significant Financial Data (Audited)

YEAR ENDED MARCH 31	2011	2010	2009
	\$	\$	\$
Total Assets	3,417,353	2,974,553	2,217,169
Total Liabilities	788,907	583,622	157,929
Earnings	22,920	12,849	11,246
Net loss	1,342,445	1,179,956	683,186
Net loss per share on a diluted basis	0.02	0.03	0.03

BALANCE SHEET

As at March 31, 2011, our total assets amount to \$3,417,353 compared to \$2,974,553 as at March 31, 2010. The important changes between these periods are mainly due to the acquisition of mining properties, by the deferred exploration expenses and the private placements. The total liabilities amount to 788,907, out of which \$581,584 is for the taxes under Part XII.6 and its interests and penalties as well as 207,323 for its creditors. Shareholders' equity went from \$2,390,931 as at March 31, 2010 to \$2,628,446 as at March 31, 2011. As at March 31, 2011, the working capital is negative at \$605,214 while it was negative at \$357,849 as at March 31, 2010. The Company is currently working with the financial community in order to find non-flow-through sources of financing in order to fulfill its commitments.

QUARTERLY INFORMATION (unaudited)

	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
	2011	2010	2010	2010	2010	2009	2009	2009
Total assets	3,417,353	3,421,159	3,357,882	3,074,800	2,974,553	3,239,225	2,484,333	2,174,339
Total liabilities	788,907	462,829	537,178	655,007	583,622	109,799	172,477	119,272
Revenue	5,821	5,504	6,840	4,755	2,878	3,133	2,775	4,063
Net loss (net gain)	434,899	214,629	242,189	450,728	382,319	184,230	194,002	419,405
Net loss (net gain) per share on a diluted basis	0.02	0.00	0.00	0.01	0.01	0.00	0.01	0.01

STATEMENTS OF EARNINGS

Revenue

Being a mining exploration company, the Company does not generate regular earnings so Lounor has to secure its survival by issuing capital-stock. The revenues registered come from two another companies that share the same office spaces, equipment and administrative personnel.

Expenses

During the year ended March 31, 2011, the registration, listing fees and shareholders information increased, going from \$49,864 in 2010 to \$68,085 in 2011. The general administrative expenses decreased from \$172,578 in 2010 to \$161,463 in 2011, the professional fees went from \$105,410 in 2010 to \$66,453 in 2011 and the consultants' fees item went from \$503,311 in 2010 to \$490,403 in 2011. The Company also recorded a stock based compensation of \$30,000 in 2011 compared to \$132,810 in 2010. Following a settlement of a lawsuit from a consultant, the Company recorded an expense of \$69,592 (\$0 in 2010). Furthermore, the Company has written-off four mining properties for a total amount of \$278,000 (\$77,088 in 2010) and their exploration expenditures for an amount of \$216,190 (\$328,311 in 2010).

FOURTH QUARTER

The last quarter of the fiscal year 2011 recorded a net loss of \$434,899. This loss can be explained mainly by the recording of penalties and taxes under Part XII.6 for an amount of \$174,752, by the write-off of a mining property for an amount of \$163,000 and its deferred exploration expenses for an amount of \$5,404. Furthermore, following the settlement of a lawsuit from a consultant, the Company recorded an expense of \$69,592.

Summary of the administrative expenses for the last fourth quarters

	March 31, 2011	Dec. 31 2010	Sept. 30, 2010	June 30, 2010
General administrative expenses	42,977	39,569	48,114	30,803
Penalties and part XII.6 taxes	174,752	-	-	-
Professional fees	12,757	17,375	26,375	9,946
Consultants fees	108,233	139,700	119,934	122,536
Regis., listing fees &shareholders' inf.	16,001	22,538	18,570	10,976
Stock-based compensation	(5,600)	-	35,600	-
Amortization	1,464	951	436	436
Settlement of a lawsuit	69,592	-	-	-

- a) During the quarter ended September 30, 2010, the general administrative expenses are higher compared to the other quarters. The items that have fluctuated the most are publicity and traveling expenses.
- b) As at March 31, 2011, the Company recorded an amount of \$174,752 in anticipation of an assessment for penalties and taxes under Part XII.6 for exploration expenditures non-realized.
- c) As at September 30, 2010, the professional fees are higher in comparison with the other quarters because the Company recorded tax specialist fees.
- d) As at December 31, 2010, consultants' fees have increased because management was more active with the financial community to make the Company known.
- e) As at December 31, 2010, the item registration, listing fees and shareholders' information have increased because the Company has recorded supplementary expenses following the annual meeting of shareholders and pertaining to one private placement
- f) As at March 31, 2011 the Company has recorded an adjustment to the stock-based compensation. As at September 30, 2010, the Company recorded \$35,600 in stock-based compensation because management granted stock options.
- g) As at March 31, 2011, following a settlement of a lawsuit from a consultant, the Company recorded an expense of \$69,592.

CASH FLOWS

During the year ended March 31, 2011, the Company cashed in \$1,556,000 following private placements. The Company disbursed \$10,180 in issuance fees following the acquisition of one mining property and because of private placements.

During the year ended March 31, 2011, the Company disbursed \$504,436 in exploration expenses and \$90,468 for the acquisition of mining properties and 8,268 for the acquisition of fixed assets. These investment activities are directly linked to the sectors of activity of the Company.

SOURCE OF FINANCING

During the quarter ending March 31, 2011, the Company closed two private placements for an amount of \$305,000 out of which \$198,000 is in flow-through shares and \$107,000 is in common shares.

Date	Financing		Use of Proceeds
Nov. 2009	Flow-through shares	\$250,000	Exploration expenditures in Quebec
Dec. 2009	Flow-through shares	\$220,000	Exploration expenditures in Ontario
	Common shares	\$55,000	Working capital
Dec. 2009	Flow-through shares	\$143,200	Exploration expenditures in Ontario
	Common shares	\$56,800	Exploration expenditures in Quebec
		\$50,000	Working capital
April 2010	Flow-through shares	\$194,000	Exploration expenditures in Ontario
	Common shares	\$26,000	Working capital
June 2010	Flow-through shares	\$97,600	Exploration expenditures in Ontario
	Common shares	\$24,400	Working capital
Sept. 2010	Common shares	\$339,000	Working capital
Sept. 2010	Flow-through shares	\$112,500	Exploration expenditures in Ontario
		\$112,500	Exploration Expenditures in Quebec
	Common shares	\$25,000	Working capital
Dec. 2010	Flow-through shares	\$216,000	Exploration expenditures in Ontario
		\$72,000	Exploration expenditures in Québec
	Common shares	\$32,000	Working capital
Feb. 2011	Flow-through shares	\$198,000	Exploration expenditures in Ontario
	Common shares	\$22,000	Working capital
Feb. 2011	Common shares	\$85,000	Working capital

Contingencies

In accordance with the flow-through shares agreements signed, the shortfall of expenses for the Company is amounting approximately \$425,808 (\$1,244,900 before December 31, 2009). This amount had to be incurred before December 31, 2010. Therefore, during the year ended March 31, 2011, the Company recorded in accounts payable and accrued liabilities a supplementary amount of \$149,032 as penalty. As at March 31, 2011, the Company has to incur \$782,844 in exploration expenditures prior to December 31, 2011 and \$198,000 prior to December 31, 2012. As at March 31, 2011, the Company did not have the necessary cash to respect these financial commitments. This increases the risk that these funds will not be spent in exploration expenditures. In the event that the Company does not respect its future commitments pertaining to these flow-through financings, the impact would be major on the future activities of the Company.

OBLIGATION AND CONTRACTUAL COMMITMENTS

In September 2010, the Company entered into an agreement pursuant to which Lounor retained the services of a company to provide investor relations. The fees are \$6,500 per month for the duration of the two-year contract, which will terminate in September 2012. Furthermore, the Company has committed itself to grant 800,000 stock options to this company at a price of \$0.12 per share for a period of one year. These options have not been issued.

The Company entered into a management agreement with a private company. This service contract is for the management of the Company's mining exploration projects. This contract was renewed for an undetermined period since it was terminating on December 31, 2008. The private company incurs the majority of expenses incurred in connection with the exploration projects and invoices the costs to Lounor Exploration Inc. by increasing these expenses by 15%. The two parties reserve the right to terminate the agreement at any time.

During the fiscal year ending March 31, 2011, the Company entered into a rental agreement for a vehicle. According to the agreement, the payments are estimated at \$12,410 in 2012.

Long-Term Debt

The Company has no long-term debt.

RELATED PARTY TRANSACTIONS AND COMMERCIAL OBJECTIVES

Gilles Fiset

During the year ended March 31, 2011, the Company incurred consultant fees with its President for an amount of \$153,000 (\$159,311 in 2010).

During the year ended March 31, 2011, the Company recorded \$8,628 (0 in 2010) as revenues for general administrative expenses incurred by Lounor for a company whose president is also a director of Lounor.

These transactions are concluded in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the parties.

ACCOUNTING POLICIES

Accounting Estimates

The preparation of the financial statements in accordance with Canadian generally accepted principles requires that management makes estimates and assumptions that have an impact on the figures presented in the financial statements and the accompanying notes. Significant estimates include the carrying value of mining properties and deferred exploration expenses, calculation of amortization of property, plant and equipment and calculation of stock-based compensation expenses. Actual results may differ from those estimates.

Off-Balance Arrangements

There was no off-balance arrangement in 2010-2011.

International Financial Reporting Standards (IFRS)

In accordance with the dispositions of CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards*, Lounor Exploration Inc. (the “Company”) has recently implemented a conversion plan to apply the IFRS beginning on January 1st, 2011.

This conversion plan will consists of these phases:

1. Phase I – Preliminary Analysis
2. Phase II- Implementation of a conversion plan
3. Phase III- Assessment of the expected impact of the conversion

Phase I

Management has started its evaluation process of the possible choices in accounting policies that will be authorized pursuant to IFRS. Management also evaluated the effects this transition will have on the Company’s operations, especially the information technology and data systems, the internal controls pertaining to the financial information and control over financial reporting.

Team and Training:

Management of Lounor decided to hire an external consultant to implement the new IFRS and also train the president and the chief financial officer. Researches pertaining to the IFRS have been done to increase our knowledge pertaining to these new standards and insure continuous training. Step 1 of the conversion plan to the IFRS is almost completed.

Phase II

Accounting Policies Impacted:

The detailed analysis of the accounting policies impacted by the changeover to IFRS is not entirely completed but management of the Company has made this a priority. In general, a lot of efforts will be put in the presentation of financial statements as IFRS requires more disclosure. Based on this analysis of the differences identified as of now, below is a non-exhaustive list of the IFRS accounting policies that will have an impact on the Company’s financial statements:

First Time Adoption (IFRS I)

IFRS I provides guidance on the general approach to be taken when first adopting the IFRS. The fundamental principle of IFRS 1 is the retrospective application of the valid IFRS at the date of first time adoption. IFRS 1 takes into account that a full retrospective application may not be possible or appropriate in all situations and prescribes:

- Exemptions to certain specific aspects of certain IFRS in the preparation of the opening balance sheet; and
- Mandatory exceptions in the retrospective application of certain IFRS.

Furthermore, IFRS 1 contains disclosure requirements to put into light changes made to the financial statements following the changeover to IFRS.

Share-Based Payments (IFRS 2)

When the acquisition is gradual, this IFRS requires that each tranche of the grant be evaluated and accounted separately. The Company currently uses the linear method. The use of the method of gradual acquisition of rights won't have a significant impact during the complete period of acquisition of rights. However, the model of gradual acquisition of rights will allow the accounting of accrued charges during the first quarters of the year of acquisition and of lesser charges for the last quarters, in comparison with the model currently used by the Company. At the transition date, there will be no significant impact on this matter for the Company.

IFRS 6

According to this IFRS, the Company has to determine an accounting policy to identify which exploration expenditures and the evaluation of the mineral resources activities expenses that will be recorded as assets on the balance sheet. The Company intends to keep its current accounting policy which defers exploration expenses until the production stage. However, expenses incurred beyond the exploration and evaluation stage will have to be considered as accounting to the capitalization criteria for property, plant and equipment. As the Company's mineral properties are not in development phase, no significant impact is expected. There will be no changeover impact on the status of the financial situation or the statement of earnings. The Company will choose to present its assets as intangible assets.

Some issues specific to mining exploration companies, such as the flow-through shares and the mining exploration tax credits don't have an IFRS equivalent:

- There is no accounting treatment for flow-through shares according to IFRS. During the first quarter of 2011, the Company will decide how to treat flow-through shares in accordance with the industry.
- The Company intends to adopt IAS 20 concerning the accounting treatment of mining exploration tax credits and these will be recorded as a reduction of assets. No adjustment will be necessary at the changeover date.
- Regarding the mining rights tax credit refundable for loss, the Company currently deduces the credit against assets. While IFRS does not provide a specific accounting treatment for this credit, the Company will decide during the first quarter of 2011 the appropriate IFRS treatment in accordance with the industry.

Accounting and Information Systems:

The accounting system of the Company is simple since Lounor is still an exploration company. The Company is able to operate its accounting systems under IFRS since no significant challenge has been identified. However, some Excel spreadsheets will have to be adapted to be able to support the necessary changes following the transition. The Company still has to establish if historical data will have to be regenerated in order to comply with the choices that will have been made under IFRS 1.

Internal Controls:

To insure the quality of the transition process from GAAP to IFRS, a regular control is implemented as well as continuous training to insure a good follow-up of the process and that the elements of the regulatory framework in which evolves the Company will be integrated to the process so that the persons responsible of the governance have the means to execute their role of monitoring the process.

Since the Company is a venture issuer, officers don't have to make a certification concerning the establishment and maintaining of controls and disclosure policies and internal control of financial reporting as defined in NI 52-109. The signatory officers of the issuer have the responsibility that there are procedures to allow them to have the necessary knowledge to be able to confirm the statements made in the certifications, most particularly that the documents filed on SEDAR are reliable. Officers will make sure that once the transition process is completed, they will still be able to sign their certification.

Impact on the Business:

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company has no transactions in foreign currency and has little debt. The Company doesn't expect that IFRS will have an impact when it completes flow-through shares private placements. The Company has no compensation arrangements that will be affected by the IFRS implementation and its stock option plan will not be affected by ratios of financial objectives. The business processes will be monitored during 2011 in order to detect non identified impacts during our initial diagnostic.

Phase III

Implementation:

This phase will include the implementation of all changes approved during the evaluation and elaboration of the transition plan that will permit the preparation of the interim financial statements of June 30, 2011 (with the comparative figures of June 30, 2010) with the opening balance sheet of April 1st, 2011. The Company confirms that it will be able to establish interim financial statements according to International Accounting Standard IAS-34, *Interim Financial Reporting*, for the quarter ending June 30, 2011.

FINANCIAL INSTRUMENTS

The fair value of the Company's financial instruments nears the book value unless indicated otherwise in the notes. The cash flow, creditors and accrued liability bear no interest.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

a)Market Risks

Fair Value

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments. Fair value of cash, other receivables and accounts payable and accrued liabilities approximate carrying value due to their short-term.

Fair Value Hierarchy

Cash and investments reserved for exploration are measured at fair value and they are categorized in Level 2. This valuation is based on valuation techniques based on inputs other than quote prices in active markets that are either directly or indirectly observable.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The financial assets and liabilities are not exposed to interest rate risk because they don't bear interest.

Currency Risk

The Company is not exposed to currency fluctuations as all transactions occur in Canadian dollars.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss. Financial instruments which potentially expose the Company to credit risk mainly consist of cash, cash reserved for exploration and other receivables. The credit risk on cash and on cash reserved for exploration is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Company has a significant concentration of credit with the sole company. The amount is approximately 98% of the other receivables.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. At the end of March 2011, management is optimistic to get sufficient funds to meet its financial liabilities and future financial liabilities from its commitments. Considering the importance of the future commitments of the Company, the risk is high that the management meets difficulty to have amount required for its future projects. Considering the non-respect of some flow-through shares agreements and the importance of the future commitments of the Company, the risk is high that the management will have difficulties to obtain the financial resources required for its future projects.

Exploration Risks

Exploration and mining involve a high degree of risk. Few exploration properties end up going into production. Other risks related to exploration and mining activities include unusual or unforeseen formations, fire, power failures, labor disputes, flooding, explosions, cave-ins, landslides and shortages of adequate or appropriate manpower, machinery or equipment.

The development of a resource property is subject to many factors, including the cost of mining, variations in the quality of the material mined, fluctuations in the commodity and currency markets, the cost of processing equipment, and others, such as aboriginal claims, government regulations including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resources produced, the Company may decide not to undertake or continue commercial production. There can be no assurance that the expenses incurred by the Company to explore its properties will result in the discovery of a commercial quantity of ore. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

Environmental and Other Regulations

Current and future environmental laws, regulations and measures could entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities. Environmental regulations and standards are subject to constant revision and could be substantially tightened, which could have a serious impact on the Company and its ability to develop its properties economically. Before it commences mining a property, the Company must obtain environmental permits and the approval of the regulatory authorities. There is no assurance that these permits and approvals will be obtained, or that they will be obtained in a timely manner. The cost of complying with government regulations may also impact the viability of an operation or altogether prevent the economic development of a property.

Financing and Development

Development of the Company's properties therefore depends on its ability to raise the additional funds required. There can be no assurance that the Company will succeed in obtaining the funding required. The Company also has limited experience in developing resource properties, and its ability to do so depends on the use of appropriately skilled personnel or signature of agreements with other large resource companies that can provide the required expertise.

Commodity Prices

The factors that influence the market value of gold and any other mineral discovered are outside the Company's control. Resource prices can fluctuate widely, and have done so in recent years. The impact of these factors cannot be accurately predicted.

Risks Not Covered by Insurance

The Company may become subject to claims arising from cave-ins, pollution or other risks against which it cannot insure itself or chooses not to insure itself due to the high cost of premiums or other reasons. Payment of such claims would decrease and could eliminate the funds available for exploration and mining activities.

Tax

No assurance can be given that Canada Revenue Agency or that the Quebec Ministry of Revenue will agree with the Company's characterization of expenditures as Canadian exploration expenses.

Dependence on Key Personnel

The development of the Company is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other mining companies.

Conflict of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and mining of natural

resources properties. Such associations may give rise to conflicts of interests from time to time. The directors of the Company are required by law to act honestly and in good faith of view of the best interests of the Company and to disclose any interest, which they may have on any project or opportunity of the Company. If a conflict arises at the meeting of the board of directors, any director in conflict will disclose his interest and abstain from voting on such matter.

Disclosure Controls and Procedures

The Company's President and the Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures in accordance with the Multilateral Instrument 52-109 of the Canadian Securities Administrator. These controls and procedures have been evaluated as at December 31, 2011 and have been determined to be effective.

Internal Controls over Financial Reporting

The Company's President and the Chief Financial Officer are responsible for establishing and maintaining the Company's internal controls over financial reporting in accordance with Multilateral Instrument 52-109 of the Canadian Securities Administrators. Furthermore, the Chief Executive Officer and Chief Financial Officer have elaborated an internal control system pertaining to financial reporting that gives a reasonable assurance as to the reliability of the financial information reported and the preparation of the financial statements in accordance to the GAAP.

ADDITIONAL INFORMATION FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company discloses the information on deferred exploration expenses in the note 6 of the audited annual financial statements ended March 31, 2011.

The Company doesn't have any research and development expenses.

The Company doesn't have other deferred expenses than the mining properties and the deferred exploration expenses.

The general administrative expenses for the year ended March 31, 2011, are made up of the following expenses:

Promotion:	\$11,289
Office supplies and expenses	\$25,053
Rents	\$16,256
Electricity and telephone	\$12,671
Traveling and representation expenses	\$77,345
Financing Fees, permits and assessment	\$3,199
Car expenses	<u>\$15,650</u>
For a total amount of	\$161,463

INFORMATION ON OUTSTANDING SHARES

As at March 31, 2011 as well as at the date of this MD&A, the share-capital of the Company is comprised of 62,136,501 common shares issued and outstanding.

The Company has a stock option plan outstanding and the maximum number of options is 5,000,000. As at July 25, 2011, no option has been exercised.

Purchase Stock Options

<u>Number</u>	<u>Exercise Price</u>	<u>Expiration Date</u>
1,335,000	\$0.15	04-03-2012
<u>600,000</u>	\$0.12	09-28-2012
1,935,000		

Warrants

As at July 25, 2011, the outstanding warrants are as follows:

<u>Number</u>	<u>Price</u>	<u>Expiration Date</u>
2,208,335	\$0.15	08-21-2011
1,091,666	\$0.155	09-18-2011
3,125,000	\$0.20	11-25-2011
4,142,857	\$0.10	12-05-2011
1,833,333	\$0.19	12-01-2011
1,666,667	\$0.19	12-30-2011
1,062,500	\$0.11	02-14-2012
733,334	\$0.19	04-21-2012
406,668	\$0.19	06-03-2012
1,666,667	\$0.20	09-20-2012
2,118,750	\$0.11	09-28-2012
2,285,714	\$0.18	12-06-2012
<u>2,200,000</u>	\$0.13	02-12-2013
24,541,491		

Options issued to brokers and intermediaries

As at July 25, 2011, the options issued to brokers and intermediaries are as follows:

<u>Number</u>	<u>Price</u>	<u>Expiration Date</u>
250,000 ⁽¹⁾	\$0.16	11-25-2011

- (1) These options give the right to the subscriber to acquire one unit at a price of \$0.16. Each unit is comprised of one share accompanied by a warrant at a price of \$0.20. One warrant gives the right to buy one share at a price of \$0.20 per share.

STRATEGY AND PERSPECTIVE

The Harker Property is a high quality property and since its acquisition, we have increased our exploration budgets significantly. Most of our financings have been raised to diamond drill the Harker property. This property has become our flagship property. In 2008, we optioned the Tiger Gold property to protect a geological fault, following our geological interpretation of the sector.

We now believe that we have two parallel gold zones. The second parallel gold structure will be drill tested during the up-coming drill program. Positive results could increase significantly the potential of our Harker Property.

Since 2008, our drilling returned many economic gold values. We already defined a large gold system. Our property is contiguous to the Holt-McDermott mine and SAS released a new gold discovery with gold values and widths similar to our results.

The interest of the financial markets for gold confirms the rightness of our decision to concentrate our efforts on gold properties. Our strategy consists in increasing our efforts to accelerate the development of the Harker property.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This report was prepared as at July 25, 2011. The Company regularly discloses additional information in press releases and quarterly reports on the Internet site of SEDAR (www.sedar.com) and on its web site (www.lounor.com).

CERTIFICATE

This MD&A is approved by the board of directors.

(s) Gilles Fiset

Gilles Fiset

July 25, 2011