

Copper One Inc.
Management's Discussion and Analysis
For the Period Ended March 31, 2011

General

The following information, prepared as of June 24, 2011, should be read in conjunction with the condensed consolidated interim financial statements of Copper One Inc. (the "Company" or "Copper One") for the period ended March 31, 2011, as well as the audited consolidated financial statements of the Company for the year ended December 31, 2010. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and this discussion includes the results of the Company's wholly-owned active subsidiary, Copper One USA, Inc., a company incorporated in Nevada, United States of America on June 20, 2008. On October 9, 2009, the Company changed its name from Continent Resources Inc. to Copper One Inc. under the Canada Business Corporations Act.

During the period ended March 31, 2011, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

As of January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") and the following disclosure, and associated condensed interim financial statements, are presented in accordance with the International Accounting Standard 34, Interim Financial Reporting. The comparative periods for fiscal 2010 have been restated in accordance with IFRS.

The risk factors identified in previous management's discussion and analysis (the "MD&A") have also remained substantially unchanged but two of these risk factors, future financings and foreign currency, have assumed an even greater importance to the Company in view of the current economic climate and stock market volatility. Management has assessed and will continue to address the implications of recent events in order to ensure that Copper One can continue to achieve its long term objectives. Management has implemented several proposals to achieve significant administrative expense reductions and is continuing to re-evaluate the timing of its future exploration program in order to preserve financial resources.

The Company is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario. The Company's common shares commenced trading on the TSX Venture Exchange on November 16, 2009 under the symbol "CUO" and prior to that on the Canadian National Stock Exchange from July 11, 2007 to November 18, 2009 when it elected to delist.

Cautionary Note Regarding Forward Looking Statements

Certain statements contained in the foregoing MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which 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 such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Description of Business

Copper One Inc. is a Vancouver-based mineral exploration company engaged in the acquisition and exploration of natural resource properties. Currently its focus is on projects in the two prolific regions, the southwest United States porphyry copper district in Arizona and New Mexico, USA, and the Val d'Or District in Quebec. The Company continues to emphasize the exploration of properties where management believes there is potential for the discovery of large tonnage, bulk-minable deposits or smaller, high grade deposits.

On August 12, 2008, the Company signed a purchase and sale agreement (the "SEG Purchase Agreement") with Southwest Exploration Group LLC ("SEG") and its principals to acquire an undivided 100% interest in six properties in Arizona and New Mexico, which are the Lone Mountain and Mimbres Properties in Grant County, New Mexico; West Safford and Teague Properties in Graham County, Arizona; Twin Peaks Property in Maricopa County, Arizona, and West Jerome Property in Yavapai County, Arizona (collectively, the "SEG Properties") for USD\$450,000 in cash and granted 9,000,000 stock options to the SEG principals. The Company has fulfilled all of its obligations according to its agreement with SEG and accordingly the Company owns 100% interest in the mineral properties.

On January 12, 2011, the Company signed an Option and Joint Venture Agreement (the "JV Agreement") with Cartier Resources Inc. ("Cartier") to explore and develop the Rivière Doré Copper Nickel property (the "Rivière") in Quebec. Copper One can acquire up to a 75% equity interest in the Property, located southeast of the town of Val- d'Or, Quebec.

The Company is currently actively exploring the SEG Properties containing known copper mineralization, with a focus on the Lone Mountain property and the exploration of the Rivière Doré Property.

Changes in Management

On July 1, 2010, Thomas Kilbey was appointed Vice President - Exploration.

On March 10, 2011, Patrick Highsmith resigned as Chairman and Director of the Company, and has signed a multi-year consulting agreement and will continue to act as an advisor to the company.

On April 28, 2011, Francois Perron was appointed as Chairman and Director of the Company

On June 1, 2011 Benoit Moreau was appointed Chief Executive Officer. Mr. Moreau replaces Alan Edwards, who will remain with Copper One as a director.

On June 22, 2011 Simon Marcotte was appointed as Director of the Company.

The Company's Board of Directors now consists of following: Alan Edwards, Paul Cowley, Simon Marcotte and Francois Perron.

Overall Performance

The following discussion of the Company's financial performance is based on the condensed consolidated interim financial statements for the period ended March 31, 2011 and audited financial statements for the year ended December 31, 2010.

The condensed consolidated interim statements of financial position as of March 31, 2011 indicates a cash position of \$2,504,325 (2010 - \$3,018,766) and total current assets of \$2,627,143 (2010 - \$3,115,892). The decrease in total current assets was mainly due to entering into an option agreement to acquire up to a 75% equity interest in teh Rivere Dore Copper Nickel property.

Current liabilities at March 31, 2011 total \$181,953 (2010 - \$212,856). The decrease in current liabilities was caused by regular operating expenses of the Company. Shareholders' equity is comprised of capital stock of \$9,367,439 (2010 - \$9,017,877), share option reserve of \$3,611,709 (2010 - \$3,573,693) and accumulated deficit of \$6,143,638 (December 31, 2010 - \$5,775,768) for a net \$6,835,510 (2010 - \$6,815,802).

Working capital, which is current assets less current liabilities, is \$2,445,190 at March 31, 2011 compared to \$2,903,036 at December 31, 2010. Management believes that there is sufficient working capital to cover potential option payments, mineral property exploration projects and maintain its day-to-day operations.

During the period ended March 31, 2011, the Company reported a net loss of \$367,870 (\$0.01 basic and diluted loss per share) compared to a net loss of \$596,849 (\$0.01 basic and diluted loss per share) reported for the period ended March 31, 2010. Losses in the period ended March 31, 2011 and 2010 represent operating expenses of \$375,032 and \$600,972, respectively. The decrease in operating expenses was due to the grant of stock based compensation in 2010 of 700,000 incentive stock options granted to directors and consultants of the Company that were fully vested upon grant and vested stock options (the "SEG options").

The weighted average number of common shares outstanding for the period ended March 31, 2011 was 42,394,540 (2010 - 41,656,701).

Selected Annual Information

For the year ended December 31, 2010, the consolidated financial statements have been restated in accordance with IFRS. The consolidated financial statements for the two prior years have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). All figures are expressed in Canadian dollars, except per share amounts.

Statement of Operations And Deficit Data	Restated as per IFRS	As per Canadian GAAP	
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Total Expenses	\$2,079,142	\$1,812,012	\$1,273,959
Interest Income	\$35,016	\$25,470	\$7,835
Net Loss	\$2,044,126	\$1,805,835	\$1,266,124
Basic and Diluted Net Loss per Share	\$0.05	\$0.06	\$0.09
Weighted Average Number of Shares Outstanding	41,687,393	29,581,597	14,596,431

Balance Sheet Data	Restated as per IFRS	As per Canadian GAAP	
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Total Assets	\$7,028,658	\$8,247,564	\$2,094,640
Current Liabilities	\$212,856	\$131,016	\$73,268
Shareholders' Equity	\$6,815,802	\$8,116,548	\$2,021,372

Results of Operations

During the period ended March 31, 2011, the Company reported a net loss of \$367,870 (\$0.01 basic and diluted loss per share) compared to a net loss of \$596,849 (\$0.01 basic and diluted loss per share) reported for the period ended March 31, 2010. Other than interest revenue of \$7,162 (2010 - \$4,123)

received from a term deposit during the year, the Company did not generate any significant revenue during either reporting period.

The expenditure for the period ended March 31, 2011 was a direct result of management's efforts to aggressively focus on the acquisition and exploration of prospective mineral properties. In order to accomplish this objective, the Company's expenses for the period ended March 31, 2011 increased as follows:

- Consulting services expenses of \$174,505 (2010 - \$103,195), which reflect the increased level of activities in acquisition and exploration of the company's mineral properties.
- Directors' fees of \$25,072 (2009 – Nil), which reflect fees paid to directors of the Company for providing management services.
- Travel expenses of \$26,525 (2010 - \$17,451), which reflect management involvement in the March 2011 PDAC conference.

As the Company is a junior mineral exploration company without any significant revenue, it will continue to require funds to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during the year. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular year or if available, that it can be obtained on terms satisfactory to the Company.

Summary of Quarterly Results (unaudited)

The following table sets out selected unaudited quarterly financial information of the Company for the eight most recently completed quarters of operation.

	In accordance with IFRS			
	1st Quarter March 31, 2011	4th Quarter December 31, 2010	3rd Quarter September 30, 2010	2nd Quarter June 30, 2010
Interest Income	7,162	9,584	6,820	14,489
Net Loss	(367,870)	(439,101)	(376,554)	(584,220)
Basic and Diluted Loss Per Share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	7,017,463	7,028,658	7,182,535	7,445,278
Working capital	2,445,190	2,903,036	3,366,177	3,942,317

	In accordance with IFRS	As per Canadian GAAP		
	1st Quarter March 31, 2010	4th Quarter December 31, 2009	3rd Quarter September 30, 2009	2nd Quarter June 30, 2009
Interest Income	4,123	18,529	570	1,038
Net Loss	(596,849)	(322,230)	(870,639)	(291,170)
Basic and Diluted Loss Per Share	(0.02)	(0.01)	(0.02)	(0.01)
Total assets	7,946,936	8,247,564	8,431,540	2,657,648
Working capital	4,835,660	6,136,295	6,348,674	1,151,871

Net Loss

Overall, as management aggressively pursues the acquisition and exploration of mineral properties, all categories of general and administrative expenditures such as consulting fees, rental expenses, management services expenses, investor relations expenses, regulatory and shareholder services expenses, property investigations expenses, travel expenses and office expenses reflected an increase, which resulted in an overall increasing trend in net losses from quarter to quarter.

Total Assets

The first quarter ended March 31, 2011 reflects a decrease of \$11,195 in total assets compared to the previous quarter ended December 31, 2010. The decrease is mainly due to outflow of cash to pay for general and administrative expenses of the Company

The fourth quarter ended December 31, 2010 reflects a decrease of \$153,877 in total assets compared to the previous quarter ended September 30, 2010. The decrease is mainly due to outflow of cash to pay for general and administrative expenses of the Company, as the Company received \$41,000 in equity financing from the exercise of warrants and options.

The third quarter ended September 30, 2010 reflects a decrease of \$262,743 in total assets compared to the previous quarter ended June 30, 2010. The decrease is mainly due to outflow of cash to pay for general and administrative expenses of the Company, as the Company did not receive any financing during the period.

The second quarter ended June 30, 2010 reflects a decrease of \$501,658 in total assets compared to the previous quarter ended March 31, 2010. The decrease is mainly due to outflow of cash to pay for general and administrative expenses of the Company.

Working Capital

Working capital for each of the quarters for the period ended March 31, 2011 decreased due to general and administrative expenses of the Company, exploration drilling programs at Lone Mountain and Twin Peaks, and option payments to fulfill its obligation under the Dannelley Purchase Option Agreement at Lone Mountain.

First Quarter

The Company recorded a net loss of \$367,870 during the first quarter ended March 31, 2011. Major expenses included consulting fees of \$174,505 related to the increased level of activities in acquisition and exploration of the company's mineral properties.

Mineral Properties

Mineral exploration costs formed the bulk of the Company's expenditures during the period. These costs are set out in the following table:

	<u>USA</u>
Balance, December 31, 2009	1,949,252
Acquisition costs	156,074
Exploration expenditures	
Surveying, Geological, Geochemical and Geophysical	673,559
Exploratory Drilling	804,581
Land Maintenance	108,036
Sampling	5,031
Assessing technical feasibility and commercial viability	119,681
Balance, December 31, 2010	<u>\$ 3,816,214</u>
Acquisition costs	49,300
Exploration expenditures	
Surveying, Geological, Geochemical and Geophysical	66,022
Exploratory Drilling	-
Land Maintenance	542
Sampling	-
Assessing technical feasibility and commercial viability	20,607
Balance, March 31, 2011	<u>\$ 3,952,685</u>

A. Rivière Doré Property – Quebec

In October 2010, the Company entered into a letter of intent with Cartier Resources, followed by the signing of a joint venture agreement in January 2011 to acquire up to a 75% equity interest in the Rivière Doré Project located southeast of the town Val-d'Or, Quebec. The 60,000 hectare project area covers an 85 kilometer long newly discovered layered mafic intrusive complex from which Copper One and Cartier have recently reported numerous copper and nickel showings, including net textured copper-nickel sulfides in pyroxenite.

Under the terms of the agreement, Copper One has the right to earn a 51% interest in Rivière Doré by funding \$5 million of exploration expenditures (including \$750,000 in committed expenditures in Year 1), paying \$250,000 cash and issuing 350,000 common shares of Copper One to Cartier by December 31, 2015. Copper One can earn an additional 24% interest in Rivière Doré, for an aggregate total interest of 75%, by completing a definitive feasibility study or by making further expenditures of \$20,000,000.

In connection with this agreement, the Company agreed to pay a finder's fee consisting of 265,625 common shares at a deemed value of \$0.24 per share. If the Company exercises the initial option, the Company agrees to pay an additional 135,625 common shares at a deemed value of \$0.24 per share.

B. Sol D'Or Property

As at December 31, 2009, the Company decided to discontinue its exploration in Sol D'Or and impaired all acquisition and exploration costs totalling \$82,688. In February 2010, the Sol D'Or Agreement was terminated.

C. SEG Properties

Description

On August 12, 2008, the Company signed the SEG Purchase Agreement with SEG and its principals, Thornwell Rogers, Michael R. Pawlowski and Daniel P. Laux (collectively, the "Sellers"), to acquire an undivided 100% interest in six properties containing known copper mineralization and/or have high potential for the discovery of copper mineralization. The properties are located in Arizona and New Mexico and are comprised of the Lone Mountain and Mimbres Properties in Grant County, New Mexico; West Safford and Teague Properties in Graham County, Arizona; Twin Peaks Property in Maricopa County, Arizona, and West Jerome Property in Yavapai County, Arizona (collectively, the "SEG Properties"). The SEG Purchase Agreement is subject to a royalty equal to 2.0% of the net smelter returns ("NSR") on minerals from the properties. The Company may purchase one half of one percent (0.5%) of the NSR on production from each of the individual properties from the Sellers at any time for a purchase price of \$1,000,000 per property.

Pursuant to the SEG Purchase Agreement, the key terms of the purchase price are the following:

1. USD\$150,000 on signing, paid in cash on August 12, 2008 (the "closing");
2. Upon completion of the non-brokered private placement, USD\$150,000, paid in cash on September 19, 2008;
3. A further USD\$150,000 on the first anniversary of the closing, paid in cash (August 12, 2009);
4. 9,000,000 SEG options granted to the Sellers on August 12, 2008, subject to a vesting schedule over a period of 42 months whereby the options will be vested as follows:

Upon Closing	25% (or equivalent to 2,250,000 options)
14 months from the Closing	25% (or equivalent to 2,250,000 options)
28 months from the Closing	25% (or equivalent to 2,250,000 options)
42 months from the Closing	25% (or equivalent to 2,250,000 options)

Each option shall entitle the holders to purchase one common share from the Company at a price of \$0.25 per share for a period of ten (10) years from the date the options are granted subject to applicable securities rules and regulations.

On October 13, 2009, the SEG Purchase Agreement was amended. Upon the Company's common shares listing on the TSX Venture Exchange, the expiration of the SEG options has been amended to November 16, 2014. All other provisions of the agreement remain unchanged.

As of December 31, 2009, the Company paid USD\$450,000 in cash and granted 9,000,000 options to the Sellers. In addition, a finder's fee of US\$150,000 was paid in cash by the Company on August 12, 2008 in connection to the acquisition of the SEG Properties. The Company has fulfilled all of its obligations

according to its agreement with SEG and accordingly the Company owns 100% interest in the mineral properties.

1. Lone Mountain

Overview

The Lone Mountain porphyry copper and associated copper skarn system is located near Silver City, New Mexico. It is situated in a well-known mining district, seven miles southwest of the Santa Rita-Chino Mine and ten miles northeast of the Tyrone Mine; both of these mines are large open-pit copper operations owned by Freeport-McMoRan.

Land holdings on the property consist of two New Mexico State mineral leases and 103 unpatented federal mining claims, comprising 1,091 hectares (2,696 acres). Copper One has acquired an undivided 100% interest in the claims and leases.

Mineralization

The Lone Mountain property covers a large tonnage porphyry copper and associated copper skarn system with over 26,500 meters of historic drilling in 49 locatable drill holes. It represents a sporadic - explored, (drill hole spacing was approximately 250 meters) well-mineralized, porphyry-skarn system with multiple, stacked mineralized targets, and is a flagship project and was the first property in the portfolio to be tested by drilling by the Company.

Two distinct targets are present; a near-surface zone of oxide mineralization which was the focus of Copper One's 2008-2009 and 2010 drilling programs; and deeper, copper-zinc-silver-gold skarn mineralization which can attain high grades over significant widths.

Oxide mineralization begins approximately 60 meters below surface and continues to over 250 meters below surface. Historical data shows that the skarn mineralization can attain multiple percent grades of copper and zinc over significant (tens of meters) true widths, and this may also be the focus of a future phase of drilling which will involve the deepening of certain holes targeting the shallower oxide-dominant mineralization.

Technical Report

On November 13, 2009, a 43-101 technical geological report prepared by Gerald E. Ray and Michael R. Pawlowski, both qualified persons and dated as at October 28, 2009 on the Lone Mountain property was filed on SEDAR (www.sedar.com).

Exploration History

The Lone Mountain copper prospect has been historically drilled by numerous large mining companies as a porphyry copper system, yielding discovery of significant zones of copper and zinc at depths beneath an overlying zone of oxide copper. At the time, the copper oxide mineralization was not considered a target since more modern, SX-EW technology had yet to be developed to treat the lower-grade oxide copper mineralization which typically overlies the deeper sulfide copper mineralization.

Assaying of historic drill holes, however, has shown a significant accumulation of oxide copper to exist at shallower depths in the Lone Mountain system. Below are selected intersections of copper oxide mineralization from the historic drilling, illustrating the potential of the Lone Mountain oxide deposit.

Historical Drilling Results of Oxide Copper at Lone Mountain

Hole	From (m)	To (m)	Thickness (m)	Grade Cu (%)
LM-3	91	128	37	0.67
LM-15	177	363	186	0.386
LM-30	72	329	257	0.326
LM-4	204	274	70	0.295

<i>Incl.</i>	204	235	30	0.52
LM-36	70	262	198	0.242
LM-32	72	253	178	0.222
LM-1	155	189	34	0.215
LM-09A	116	207	91	0.215
LM-31	62	216	154	0.212
LM-16	76	128	52	0.20
LM-09	91	213	122	0.18

Exploration in December 2008 - January 2009

A seven-hole reverse circulation drill program was completed in January 2009 which targeted the known near-surface copper oxide zone, which until recently had only been defined by widely spaced (c 250m) drilling.

Drill hole LM-42 intersected 182.9 meters (600 feet) grading 0.205% oxide copper between 61.0 and 243.8 meters (200 and 800 feet), with 15.24 meters (50 feet) grading 0.498% copper and with the last 9.1 meters (30 feet) grading 0.43% copper.

The completed Phase One drill program provided Copper One with valuable geological information with which to base more detailed drilling in the one mile by one mile mineralized area.

The following table shows some significant intervals of oxide copper mineralization from the Phase One Copper One drilling, though representing only a small part of the overall system:

Phase One Drill Program Highlights

Hole	Total Depth (m)	From (m)	To (m)	Thickness (m)	Grade Cu (%)
LM-42	244	61	244	183	0.205
	<i>Incl.</i>	64	207	143	0.199
	<i>Incl.</i>	134	152	18	0.317
	<i>Incl.</i>	174	189	15	0.498
	<i>Incl.</i>	207	244	37	0.243
	<i>Incl.</i>	213	226	12	0.275
	<i>Incl.</i>	235	244	9	0.433
LM-37	287	73	125	52	0.101
LM-40	166	64	166	102	0.107
LM-41	256	70	256	186	0.089
	<i>Incl.</i>	168	207	40	0.164

Lone Mountain and Similar Properties

The potential estimate derived from historic drilling at Lone Mountain of 110 - 160 million tonnes with grades between 0.20% and 0.29% copper is well within the range of producing leachable copper mines in this region (see following table) including the Bagdad mine with an average grade of 0.12% copper or the Morenci mine with an average grade of 0.19% copper.

Copper One's geologists believe that an average grade of 0.20% copper in an oxide deposit provides an excellent foundation to continue to explore the Lone Mountain property. The oxide portion of porphyry copper systems in the SW USA has cut-off grades from 0.04% Cu to 0.10% Cu, depending on leach characteristics. The Lone Mountain project has excellent leach characteristics as determined from bottle roll test work performed by Mountain States Research and Development in December 2008.

Arizona and New Mexico Mines Producing Leachable Copper

Mine	Company	Resource/Reserve Million Tons (Run of Mine Rock)	Average Cu Grade %	Cu Cutoff Grade %
Mineral Park	Mercator	82	0.07	0.056
Bagdad	Freeport	220	0.12	0.05
Morenci	Freeport	2,000	0.19	0.05
Safford	Freeport	34	0.22	0.05
San Manuel	BHP	100	0.30	0.10
Johnson	NORD	73	0.33	0.10
Tyrone	Freeport	150	0.34	0.04
Miami	Freeport	86	0.40	0.04
Cobre	Freeport	74	0.41	0.17
Carlota	Quadra	87	0.44	0.1
Chino	Freeport	88	0.46	0.11
Ray	ASARCO	142	0.45	
Silver Bell	ASARCO	306	0.38	

The bottle roll copper leach tests on Lone Mountain mineralization recorded total copper leach recoveries between 67% to 84% within 96 hours based on calculated head values. Management believes that these results indicate excellent leach recovery. This is significant because Copper One is focused on leachable copper which is the least expensive and most accessible copper to mine in big porphyry copper deposits. An overall trend in the industry is that copper companies are expanding their low cost leachable copper projects and shutting down their higher cost sulfide projects, which require large capital costs in the form of mills and flotation plants.

2010 Activity

The Phase 1 Minimum Impact Exploration Permit (MIEP) was renewed by the New Mexico Energy, Minerals, and Natural Resources Department on December 9, 2009. The permit allowed for the drilling of up to 8 drill holes on the Dannelley Ranch portion of the Lone Mountain property. Beginning in 2009, all drill holes also need to be permitted by the New Mexico Office of the State Engineer; permits from this Agency were approved on January 7, 2010. Diamond core drilling by Ruen Drilling, Inc. commenced on January 12, 2010 and was completed on March 24, 2010. Logging and core sawing is handled at Copper One's secure core facility/warehouse in nearby Silver City. Five holes were drilled to the depths listed below:

ID	Depth
LM-44	400 m
LM-45	650 m
LM-46	355 m
LM-47	328 m
LM-48	640 m

Significant results for the five hole program are summarized below.

Selected Significant Assay Results: LM44 – LM48, Copper Cutoff Grade 0.05%

Hole-ID	From (m)	To (m)	Interval (m)	TD (m)	Assay Interval	
LM-44	70	296	226	400	226 m @ 0.134% Cu	
	77	113	36		36 m @ 0.161% Cu	
	143	164	21		21 m @ 0.097% Cu	
	169	181	12		12 m @ 0.119% Cu	
	226	246	20		20 m @ 0.174% Cu	
	255	265	10		10 m @ 0.771% Cu	
	281	296	15		15 m @ 0.344% Cu	
LM-45	78	368	290	650	290 m @ 0.322% Cu	
	87	264	177		177 m @ 0.326% Cu	
	186	264	78		78 m @ 0.511% Cu	
	235	253	18		18 m @ 1.26% Cu	
	264	360	96		96 m @ 0.362% Cu	
	334	343	9		9 m @ 1.40% Cu	
	374	392	17		17 m @ 0.556% Cu	
LM-46	68.5	98.5	29.9	355	29.9m @ 0.111% Cu	
	103	124.1	21.1		21.1m @ 0.11% Cu	
	131.7	203	71.3		71.3m @ 0.101% Cu	
	213.7	233.5	19.8		19.8m @ 0.128% Cu	
	235.3	246.7	11.4		11.4m @ 0.079% Cu	
LM-47	90.2	165.5	75.3	328	75.3m @ 0.123% Cu	
	<i>Incl.</i>	121	126.8		5.8	5.8m @ 0.244% Cu
	<i>Incl.</i>	138.7	141.7		3	3m @ 0.303% Cu
		207	233.8		26.8	26.8m @ 0.109% Cu
LM-48	41.8	75.9	34.1	640	34.1m @ 0.124% Cu	
		83.5	178.9		95.4	95.4m @ 0.223% Cu
	<i>Incl.</i>	91.4	112.8		21.3	21.3m @ 0.447% Cu
		182	311.8		129.8	129.8m @ 0.166% Cu
	<i>Incl.</i>	218.5	223.1		4.6	4.6m @ 0.329% Cu
	<i>Incl.</i>	226.2	230.7		4.6	4.6m @ 0.265% Cu
	<i>Incl.</i>	235.3	242.9		7.6	7.6m @ 0.438% Cu
		320.6	326.7		6.1	6.1m @ 0.152% Cu
		334.4	338.9		4.6	4.6m @ 0.144% Cu
		410	416.1		6.1	6.1m @ 0.278% Cu
		469.7	478.8		9.1	9.1m @ 0.221% Cu
	<i>Incl.</i>	474.3	478.8		4.6	4.6m @ 0.358% Cu
		586	589.5		3.5	3.5m @ 0.671% Cu

This five hole program was the first phase of in-fill drilling in the broad drill pattern that has historically defined the system.

Remaining drill samples have been relogged and detailed lithology-assay cross sections have been created. The cross sections have been digitized and work has been initiated to produce a geologic-grade model with Vulcan mine planning software. Geologic modelling of this digitized data for the Lone Mountain system was completed in at the start of October 2010 with the assistance of consultant Russell White of Lynn Canal Geologic Services in Anchorage, Alaska. Mr. White's Vulcan work has produced a three dimensional volumetric geometry model of rock type distribution and copper mineralization between and around existing drill holes. This work has better defined the complex geometries that define the mineral system. Structural control of mineralization appears to be dominantly high-angle where skarns follow lower inclined bedding patterns. The geometry of the new Vulcan model has given a focus for future work that consisted of primarily angled drilling to better define the porphyry mineralization.

The Phase 2 MIEP application for the LT Ranch portion of the Lone Mountain property was submitted on February 3, 2010, and with some modification was deemed administratively complete on February 23, 2010. Under MIEP regulations, a total of 5 acres of disturbance is allowable. The Phase 2 MIEP is limited to 2.2 acres, on which Copper One proposed to drill 14 holes from 9 drill sites within the acreage limitation. The Phase 2 permit has been approved by the New Mexico Mines and Minerals Division on May 10, 2010. The permits from the New Mexico Office of the State Engineer were approved on June 1, 2010. Work on a broader General Exploration Part 4 Permit allowing disturbances greater than 5 acres and up to 176 drill sites has begun in earnest. Golder Associates Inc. has been contracted to assist with the permitting process. The Part 4 permit application was submitted in August of 2010. The State of New Mexico Mining and Minerals Division (MMD) (permit review agency) completed its review for document declared the document administratively complete September 2010. The MMD provided questions and agency comments to Copper One in early January 2011. Copper One responded to the questions and agency comments in early February 2011. The MMD held a public hearing on February 16, 2011 to solicit public comments regarding the permit application.

Since February 2011, Copper One has been in communication with the New Mexico Mining and Minerals Division (MMD) to complete the Part 4 permit process. On May 24, 2011, Copper One received a draft copy of the permit from MMD and is in a review period with MMD to set the final language of the official issued permit expected sometime in June 2011.

2. Mimbres

The Mimbres Property consists of 45 unpatented lode claims and 2,814 acres of New Mexico State Mining Leases over a porphyry copper-molybdenum deposit and higher-grade copper-zinc-gold-silver-bearing skarns. Bear Creek Exploration drilled 18 holes up to 1,000 meters deep with assays up to 1.0% copper. Assays typical of skarn intersections include 22 meters grading 0.50% Cu, 15 meters grading 0.60% Cu and 12.5 meters grading 1.0% Cu. As is the case at the nearby Lone Mountain project, drill spacings were very far apart, and the alteration and mineralized zones remain open in several directions. Copper One considers the earlier work to have identified a mineralized system, which now must be explored in a detailed, systematic manner to identify an ore resource. As at Lone Mountain, historically, no importance was given to the oxide mineralization which overlies the deposit, and this will form one of the first exploration priorities for Copper One. Mimbres has a large airborne magnetic signature similar in size and magnitude to the nearby Chino porphyry copper mine owned and operated by Freeport McMoRan.

Technical evaluation of the Mimbres property is ongoing.

3. Safford West

The Safford West Property consists of approximately 2,860 acres of claims. The target at West Safford is a large tonnage "Resolution-type" porphyry copper target, buried beneath younger alluvium, in the Safford Mining District. Exploration has centered on a structural extrapolation from known porphyry deposits in

the area that has been further defined by a biogeochemical anomaly, a magnetic target (generated by Bear Creek Exploration), and a large induced polarization (IP) anomaly. Subsequently, Phelps Dodge (now Freeport McMoran) drilled two holes that encountered a quartz-pyrite zone. Copper One interprets the earlier two drill holes to have intersected the "pyrite shell" within a much larger porphyry copper system, as evidenced by the size of the IP anomaly. The system remains, essentially, untested.

Copper One has conducted IP and Spontaneous Potential geophysical programs over the property; both have produced positive anomalies. Technical evaluation of the Safford West property is ongoing. A 640 acre Arizona State Mineral Exploration lease area along the south part of the project was not renewed because ground work proposed for the whole property could not be applied to meet the assessment requirements for that smaller State lease that is a marginal location the proposed target.

4. Teague Springs

The Teague Springs Property consists of 1,920 acres of claims located west of Dos Pobres in the Safford Mining District. The target is a large tonnage, buried Laramide porphyry copper-molybdenum-silver-gold system associated with a large, untested IP anomaly and a Mo-Cu-Zn biogeochemical anomaly. The target area is covered by shallow pediment gravels based on past gravity surveys, and has never been drilled. IP, magnetics, gravity, and biogeochemical surveys have all proved successful in discovering large porphyry copper systems at the nearby Morenci and Safford mining districts.

Copper One has conducted a Spontaneous Potential geophysical program over the property, which located a broad anomaly. Technical evaluation of the Teague Springs property is ongoing.

5. Twin Peaks

The Twin Peaks Property is a partially drilled, copper oxide target that has excellent infrastructure and potential for a large open-pit copper oxide body with very low strip ratio. A surface area measuring 750 meters by 520 meters exhibits veins, veinlets, and stockworks of chrysocolla and secondary malachite, iron-oxide, tenorite, cuprite and/or chalcocite hosted by a pyrite-poor Laramide-age quartz monzonite. Historically, only four drill holes tested this target, each with highly encouraging results, including one hole with 86.9m grading 0.37% total copper starting at surface. The copper oxide zone is open and untested under alluvial cover to the north, west, and south.

2010 Exploration Activity

A reverse circulation drill program using Harris Exploration Drilling began at Twin Peaks on February 12, 2010, and was completed on March 12, 2010.

The 2,572 meter reverse circulation (RC) drilling program consisted of 18 holes on a systematic 120 metre grid drill pattern. The drilling defined a relatively continuous copper oxide mineralized zone over a northwest trending, southwest dipping area 800 metres long and 300 metres wide with thicknesses varying between 24 metres and 155 metres vertically. It is important to note that the copper oxide mineralization starts at surface and continues below the depths tested by drilling. The zone is open to the northwest and southeast and appears to thicken to the southwest below a moderately dipping post mineral fault.

A second exposed zone of copper oxide mineralization confirmed by two historic occurs in the northeast portion of the company's property position, but was not tested in the winter 2010 drill program.

Significant assay intercepts are listed below using a cutoff grade of 0.05% Cu:

Hole ID	Hole TD (m)	From (m)	To (m)	Interval (m)	Grade (% Total Copper)
TP-1 Within	198	0	82	82	0.37
		0	155	155	0.25
TP-2* Within	198	0	24	24	0.32
		0	198	198	0.22
TP-3 Within	125	6	36	30	0.23
		0	113	113	0.14
TP-4	122	0	55	55	0.11
TP-5 Within	198	0	82	82	0.22
		0	125	125	0.18
TP- 6	122	0	55	55	0.11
TP-7 Within	122	0	27	27	0.20
		0	70	70	0.12
TP-8* Within	104	0	52	52	0.25
		0	85	85	0.18
TP-9* Within	128	0	15	15	0.35
		0	49	49	0.16
TP-13	116	0	67	67	0.18
TP-14 Within	134	0	40	40	0.13
		0	98	98	0.11
TP-17 Within	168	0	61	61	0.11
		0	168	168	0.08
TP-18* Within	274	0	128	128	0.24
		0	235	235	0.17

*Angle Hole; TD= Total Depth

In addition, continuous surface channel sampling along five road cuts within the copper oxide zone demonstrated lateral continuity of copper grades. Continuous chip samples were collected on 1.5 meter intervals. Road cut channel sampling highlights include:

Road Cut ID	Channel Sample Length (m)	Grade (% Total Copper)
1	17	0.33
2	23	0.50
3	27	0.53
4	56	0.28
5	18	0.43

Copper One is evaluating the open-pit copper oxide potential at Twin Peaks that may be amenable to low cost SX-EW (solvent extraction-electrowinning) processing.

The Company conducted preliminary acid-soluble-copper assays on all the samples from the Twin Peaks drilling. Using a 0.05% acid-soluble-copper cutoff grade, the recovery by acid leach ranged between 54 and 77% of the total copper. Further metallurgical work is being planned. Additional mapping utilizing geometries and mineralization trends found during the 2010 drill, trenching, sampling, and reclamation programs is planned, especially for the northeast zone not drilled in the 2010 program.

Mapping and surface sampling conducted in early 2011 has located a larger area of surface exposed copper mineralization in the east half of the property and has identified a series of west dipping faults that appear to transect the copper mineralization into at least three discreet portions. The faults are deemed to be result of Late Tertiary extension that has laid the parent porphyry to some degree on its side, similar to geometries seen in Nevada porphyry systems, such as Kennecott-Ruth and at Yerington.

6. West Jerome

The West Jerome Property is considered by Copper One management to represent a high-potential massive sulphide target in the western Jerome Mining District, Arizona. The property consists of the original 1094 acres of claims and 1484 acres of new claims staked in May 2011 on the southwest side of Freeport McMoran (previously Phelps Dodge) patented lands. The entire claim block now represents 2579 acres of unpatented mining claims (over 10 sq. km.)

The United Verde and United Verde Extension Mines, proximal to the West Jerome property, have produced over 98% of the past production from the famous Jerome mining district. Phelps Dodge production records from 1889-1974 for the United Verde Mine show production of 32.99 million tons grading 4.36% copper, 1.53 oz/ton silver, and 0.042 oz/ton gold. The United Verde Extension Mine began production in 1938 and produced a total of 3.9 million tons grading 10.23% copper, 1.71 oz/ton silver, and 0.039 oz/ton gold. As such, the combined deposits at Jerome rank as a giant, world-class massive sulphide deposit.

The West Jerome prospect offers an opportunity to explore for similar, very large massive sulphide deposits with high grades of copper and zinc. The West Jerome prospect has favourable features similar to the nearby United Verde Mine including the same host mineralized horizon and drilling that suggests the presence of similar feeder-style alteration and mineralization as occurs proximal to the United Verde Mine. As many important VMS deposits occur in clusters, the proximity of West Jerome to the other

important deposits in the Jerome district, along with the positive geological criteria mentioned above, place West Jerome as a highly-prospective exploration target.

Recent Activity

A Spontaneous Potential geophysical program was conducted over the property in the spring of 2009. In addition, the Company purchased some recent VTEM (airborne geophysics) data covering the property. Full interpretation and integration of the geophysical data with ongoing geologic mapping, geochemical sampling, and other data will be used to select targets for drilling. Based on that incomplete data and the evaluation of potential buried targets under 200 to 600 feet of post-mineral cover, the company decided to hire Zonge Engineering out of Tucson, Arizona, to perform a detailed ground TEM program in September of 2010. The survey was completed and results delivered to the company in November of 2010. The survey was aligned in a northwest to southeast pattern to cross any significant north-south, northeast, east-west striking features. That data is being reevaluated after the receipt of additional historic drilling and geologic data, where Zonge will make more detailed recommendations. Based on those recommendations, the company will begin the process to permit drill sites in the claim block to test these likely 600-1000 foot deep targets.

The first step after the receipt of more detailed recommendations was to stake the additional 1484 acres of claims to cover the significant features identified 2010 TEM survey. Copper One has also formulated a basic first drill program to test these primary likely-dense sulphide bearing features, which will start a likely minimal impact permit in Summer 2011.

D. Dos Cabezas Property

On July 31, 2009, the Company entered into an option agreement with Fronteer Development (USA) Inc. under which the Company has the right to purchase the Dos Cabezas Property in southern Arizona for the total price of US\$400,000 payable over 3 years. To ensure that the Dos Cabezas Agreement is held in good standing, the Company is committed to the following payment terms:

<u>Date</u>	<u>Cash</u>
July 31, 2009	US\$ 50,000 (paid)
July 31, 2010	US\$ 100,000
July 31, 2011	US\$ 100,000
July 31, 2012	US\$ 150,000

On October 30, 2009, the Company entered into an assignment agreement with Golden Fame (USA) Inc. (the "Assignee"), a company with common management, under which the Company has assigned 100% of its right, title and interest in the Dos Cabezas Property for the total price of US\$150,000 (received) and reimbursement of expenses incurred by the Company resulting in a gain on sale of \$63,395. The Assignee agrees to be irrevocably bound by all the terms identified in the Dos Cabezas Agreement with the exception of the obligation of the first payment of US\$50,000 to Fronteer Development (USA) Inc. which was made by the Company.

Financing Activities

The Company has engaged in the following financing activities:

- a) During the period ended March 31, 2011, the Company issued 1,190,000 common shares upon the exercise of share purchase warrants for the proceeds of \$238,000.
- b) During the year ended December 31, 2010, the Company issued 67,500 common shares upon the exercise of share purchase warrants for proceeds of \$13,500.
- c) In December 2010, the Company issued 110,000 common shares upon the exercise of stock options for proceeds of \$27,500.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the period ended March 31, 2011 resulted in a cash decrease of \$514,441 (2010 - \$3,161,968). As at March 31, 2011, the Company's cash and cash equivalents balance was recorded as \$2,504,325 (2010 - \$3,018,766) and the Company had a working capital of \$2,445,190 (2010 - \$2,903,036). At March 31, 2011, the Company has share capital of \$9,367,439 (2010 - \$9,017,877) representing 42,394,540 (2009 - 41,656,701) common shares and an accumulated deficit of \$6,143,638 (December 31, 2010 - \$5,775,768).

The Company has not yet put into commercial production any of its mineral properties and therefore has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The Company will continue to require funds to meet its obligations under its property option agreements and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

Pursuant to the SEG Purchase Agreement, the Company has an undivided 100% interest in the six SEG Properties by making staged payments of US\$450,000 over a period of 2 years and granting 9,000,000 options at an exercise price of \$0.25 per share expiring on November 16, 2014 to the Sellers. The SEG Purchase Agreement is subject to a royalty equal to 2.0% of the net smelter returns ("NSR") on minerals from the properties. The Company may purchase one half of one percent (0.5%) of the NSR on production from each of the individual properties from the Sellers at any time for a purchase price of \$1,000,000 per property.

On October 1, 2009 the Company entered into an exploration and purchase option agreement with LT Ranch LLC which represents the surface title to the southern portion of the Lone Mountain property. In return for paying US\$100,000 the Company was granted exclusive right to access to conduct exploration activities on the property for a period of one year, with five renewal periods of one year each upon payment of an annual fee of US\$100,000 or other amount acceptable to the owner. During the annual exploration period the Company may exercise an option to purchase the surface title to the property in return for US\$3,000,000.

Contractual Obligations

A summary of our contractual obligations at March 31, 2011 is detailed in the table below.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Accounts Payable, Accrued and other Liabilities	\$181,953	\$181,953	-	-	-
Total	\$181,953	\$181,953	-	-	-

Transactions with Related Parties

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:

Services provided by:	Notes	Three months ended March 31, 2011	Three months ended March 31, 2010
AE Consulting LLC	(a)	\$ 44,370	\$ 46,865
Baron Global Financial Canada Ltd.	(b)	19,500	19,500
Compensation benefits to key management	(c)	78,723	168,433
Buena Tierra Developments Ltd.	(d)	-	12,000
Lawrence A. Dick Consulting Ltd.	(e)	-	12,000
Southbranch Resources LLC	(f)	-	34,368

- (a) AE Consulting LLC is a privately-held corporation controlled by a Chief Executive Officer and director, which provides management and geological services to the Company.
- (b) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.
- (c) Compensation benefits to key management personnel consist of a former director being paid under a consulting arrangement which totalled \$22,185 (2010 - \$ 3,433), Vice President of Exploration being paid under a consulting arrangement (\$32,538 (2010 – nil), and directors' fees to two directors of \$24,000 (2010 – nil). The total share-based payment is \$nil (2010 – \$165,000).
- (d) Buena Tierra Developments Ltd. is a privately-held corporation controlled by a director, which provides geological services to the Company.
- (e) Lawrence A. Dick Consulting Ltd. is a privately-held corporation controlled by a director, which provides geological services to the Company.
- (f) Southbranch Resources LLC is a privately-held corporation controlled by a former officer and director, which provides geological services to the Company.

Related party payables:

		At March 31, 2011	At December 31, 2010
		\$	\$
Herrick Lau, CFO		888	255
AE Consulting LLC	(a)	29,518	19,145
Thomas R. Kilbey, Vice-President of Exploration		14,702	22,897
		45,108	42,297

All of the above transactions have been in the normal course of operations and, have been recorded at their exchange amount, which are amounts spend upon by the transacting parties.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying values of these financial instruments approximate their cost, unless otherwise noted.

Outstanding Share Data

The following information relates to share data of the Company as at June 24, 2011.

Share capital

- (a) Authorized:
 - An unlimited number of common voting shares.
 - An unlimited number of preferred shares, without nominal or par value, issuable in series.

- (b) Issued:

The Company has 63,373,854 common shares issued and outstanding and its share capital is \$15,556,270.

Options

On January 15, 2010, the Company granted 700,000 incentive stock options to a director and consultants. The options are exercisable at \$0.55 per common share and will expire on January 15, 2015.

On July 1, 2010, the Company granted 200,000 incentive stock options to an officer. The options are exercisable at \$0.30 per common share and will expire on July 1, 2015.

On April 28, 2011, the Company granted 500,000 incentive stock options to a director of the Company. The options are exercisable at \$0.59 per common share and will expire on April 28, 2016.

On June 1, 2011, the Company granted 1,000,000 incentive stock options to an officer of the Company. The options are exercisable at \$0.80 per common share and will expire on June 1, 2016.

Warrants

As at March 31, 2011, there were 13,577,350 share purchase warrants issued and outstanding entitling the holders thereof the right to purchase one common share for each warrant held:

Expiry Date	Price Per Share	Warrants Outstanding
May 31, 2011	\$ 0.20	2,663,950
May 31, 2011	\$ 0.30	226,450
June 11, 2011	\$ 0.20	3,322,350
June 11, 2011	\$ 0.30	217,350
August 26, 2011	\$ 0.80	6,310,750
August 26, 2011	\$ 0.85	836,500
		13,577,350

Additional Disclosure for Venture Issuers without Significant Revenue

The Company has expensed the following material cost components:

	Period ended March 31, 2010	Period Ended March 31, 2009
Consulting Services	\$174,505	\$ 103,195
Directors' Fees	\$ 25,072	\$ Nil
Management Services	\$ 23,185	\$ 19,797
Rent	\$ 11,440	\$ 9,953
Travel	\$ 26,525	\$ 17,451

Consulting fees of \$174,505 and \$103,195 incurred and expensed in the period ended March 31, 2011 and 2010, respectively, were paid to various consultants of the Company. The transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the parties, and were recorded at the exchange amount.

Transition to IFRS

Effective January 1, 2011, IFRS became Canadian GAAP for publicly accountable enterprises. As a result, the Company's interim consolidated financial statements for the first quarter of 2011 are reported in accordance with IFRS, with comparative information for 2010 restated.

The Company developed and executed a changeover plan in order to begin reporting in accordance with IFRS from January 1, 2011. The changeover plan included a diagnostic phase, an impact analysis, evaluation on conversion phase and an implementation and review phase, each of which set out activities to be performed over the life of the project, resulting in the Company's first interim reporting under IFRS for the first quarter of 2011. The implementation and review phase will continue and the company will continue to monitor accounting and regulatory developments and evaluate impacts on our financial reporting, and continuing to fulfill presentation and reporting requirements and culminate in the preparation of our financial reporting under IFRS in 2011.

Throughout 2011, the Company will continue to execute the final phase of our changeover plan. Activities in this respect include continuing on IFRS training for staff, execute business process and internal control changes.

Significant Differences between IFRS and Canadian GAAP in the Company's Financial Statements

The consolidated financial information prepared under IFRS and that prepared under Canadian GAAP for periods beginning on January 1, 2010 have the following major differences:

(i) Property, Plant, and Equipment ("PP&E")

Under International Accounting Standard ("IAS") 16, Property, Plant and Equipment are recognized initially at cost if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Costs include all expenditures directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Under IAS 16, each part of an item of PP&E with a cost that is significant in relation to the total cost of the item shall be depreciated separately. In order to meet this requirement, componentization is generally required. The Company may not currently track the separate components of a piece of PP&E to the same level as may be required under IFRS. Componentization would be required only to the extent that different depreciation methods or rates are appropriate and those components are material. In addition, major inspections or overhaul costs are identified and accounted for as a separate component under IFRS if that component is used for more than one period. At March 31, 2011, the Company did not have significant equipment which will require componentization.

(iii) Impairment of Assets

Per IAS 36, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity should estimate the recoverable amount of the asset. The indicators of impairment are generally consistent with those of Canadian GAAP. An asset should be written down to its recoverable amount if the recoverable amount is less than its carrying value.

The recoverable amount is equal to the higher of (a) the fair value less cost to sell and (b) its value in use. It is not necessary to determine both if one indicates that an impairment does not exist. The value in use is based on a discounted cash flow model. This approach is different than Canadian GAAP.

Under IFRS, to the extent possible, individual assets should be tested for impairment. However, if it is not possible to determine the recoverable amount of an individual asset, an entity should determine the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The definition of a CGU is different from the Canadian GAAP definition of an "asset group".

Under IAS 36, the Company would be required to reconsider whether there is any indication that an impairment loss recognized, if any, in a prior period may no longer exist or has decreased on transition and thereafter on an annual basis. If such indicators exist, a new recoverable amount should be calculated and all or part of the impairment charge should be reversed to the extent the recoverable amount exceeds its carrying value. This is different than Canadian GAAP where write ups are not permitted.

(iv) Asset Retirement Obligations

IFRS defines asset retirement obligations ("ARO") as legal or constructive obligations. Under IFRS, ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates. Under Canadian GAAP, ARO is calculated using a current credit-adjusted, risk-free rate for upward revisions and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rate. The change in calculation of ARO and the discounting process will likely generate some changes in the other value of ARO on transition. The Company has no material ARO as at March 31, 2011.

(v) Stock-Based Compensation

Under IFRS, each instalment is to be treated as a separate share option grant with graded-vesting features. Forfeitures are to be estimated at the time of grant and revised if actual forfeitures are likely to differ from previous estimates and options granted to parties other than employees are measured on the date the goods or services received. The concept of employees and others providing similar services is a broader concept under IFRS than Canadian GAAP. The Company is currently recording its stock-based compensation expenses on a straight line basis over the vesting period and forfeitures as they occur. The transition to IFRS would likely result in more variability in the compensation expenses.

Reconciliations from Canadian GAAP to IFRS

The Company's interim condensed consolidated financial statements for the first quarter of 2011 include reconciliations from our previous Canadian GAAP reporting to IFRS for our opening balance sheet as at January 1, 2010, our comparative balance sheets as at March 31, 2010 and December 31, 2010 and our statements of comprehensive loss, cash flows and changes in shareholders' equity for the three months ended March 31, 2010 and the year ended December 31, 2010.

The Company's significant accounting policies under IFRS are disclosed in our interim condensed consolidated financial statements for the first quarter of 2011, and resulting accounting changes are highlighted in our reconciliations from previous Canadian GAAP reporting.

In preparing the interim condensed consolidated financial statements in accordance with IFRS 1 the company has applied some of the optional exemptions from full retrospective application of IFRS. Below is a description of the IFRS 1 applicable exemption applied by the Company in the conversion from Canadian GAAP to IFRS:

Share-based payments – IFRS 2 *Share-based payments* encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the transition date. The Company has chosen to apply the exemption under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by the transition date.

The table below outlines adjustments to our equity and loss on adoption of IFRS as at January 1, March 31, and December 31, 2010:

	January 1, 2010 \$	December 31, 2010 \$
Total assets under Canadian GAAP	8,247,564	7,070,519
Adjustments for different accounting treatments:		
(i) Adjustment for share-based compensation	-	-
(ii) adjustment for exploration and evaluation assets	-	(41,861)
Total assets under IFRS	8,247,564	7,028,658
Total liabilities under Canadian GAAP	131,016	212,856
Adjustments for different accounting treatments:		
(i) Adjustment for share-based compensation	-	-
(ii) adjustment for exploration and evaluation assets	-	-
Total liabilities under IFRS	131,016	212,856
Total equity under Canadian GAAP	8,116,548	7,070,519
Adjustments for different accounting treatments:		
(i) Adjustment for share-based compensation	-	-
(ii) adjustment for exploration and evaluation assets	-	(41,861)
Total equity under IFRS	8,116,548	7,028,658
	January 1, 2010 \$	December 31, 2010 \$
Loss for the year under Canadian GAAP	(3,345,897)	(5,390,023)
Adjustments for different accounting treatments:		
(i) Adjustment for share-based compensation	(433,147)	(343,884)
(ii) adjustment for exploration and evaluation assets	-	(41,861)
Loss for the year under IFRS	(3,779,044)	(5,775,768)

Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

(a) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9, *Financial Instruments* (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

(b) IFRS 10, Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. The Company has not early adopted the standard and is currently assessing the impact it will have on the condensed consolidated financial statements.

(c) IFRS 11, Joint Arrangements

IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

(d) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

(e) IFRS 13, Fair Value Measurements

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013.

Earlier adoption is permitted. The Company is currently assessing the impact of the standards on its condensed consolidated financial statements.

The Company anticipates that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Company.

Risks and Uncertainties

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Trends

According to the recent World Economic Outlook published in April 2010 by the International Monetary Fund ("IMF"), shortage in supply of base metals will continue in the near future and hence base metals prices are expected to rise.

There are various factors contributing to such supply gap. Major economic numbers from developing countries are painting a promising picture for sustained based metal demand. There is also a consistent decline in warehouse inventories indicating increased physical demand. London Metal Exchange warehouse copper stock is down by 30% from a six-year high. There is also the potential drop in production from Australia as a result of the resource tax being considered by the new Australian government.

Demand for base metals in BRIC (Brazil, Russia, India and China) countries is set to increase as they continue to pursue their urbanization by increasing capital investment to satisfy their infrastructure needs.

Prior underinvestment in such infrastructure as highways, ports and airports in Brazil during the last two decades is perceived as a hurdle for the country's future economic growth. Russia is similarly relying on old Soviet-era infrastructure to transport its natural resources to key export hubs. China has been the leader in developing infrastructure by building highways, ports, airports and cities. In addition, at the end of its current five-year plan (2006-2010), China sets a target to reduce the energy output intensity by 20% by replacing old technology with new equipment so as to improve the country's energy efficiency. This additional capital expenditure would create further demand for base metal imports.

Base metal prices have rebounded strongly from the very low levels experienced in 2009. Although the pace of demand growth in developed economies is expected to slow in 2011, growth in the emerging markets should continue. IMF, however, cautions that certain issues may restrain short-term demand growth. To avoid running into a bubble economy, the Chinese government has been slowing down credit growth which would affect capital investments. Global end-users might choose to run down inventories build up during 2009 to support increased investment activities.

In general, the economic figures from emerging countries indicate that increasing demand for base metals will more than make up for decreased demand in the western developed countries. When the developed economies recover, the supply squeeze will become even tighter.

Events After the Reporting Period

- a) On April 28, 2011, the Company closed a non-brokered private placement raising gross proceeds of \$4,500,000. The private placement consisted of 3,750,000 flow-through units at a price of \$0.40 per unit for gross proceeds of \$1,500,000 and 8,571,428 non-flow-through units at a price of \$0.35 per unit for gross proceeds of \$3,000,000. Each flow-through unit consists of one common share and one non-flow-through warrant where each warrant entitles the holder to purchase one additional common share at a price of \$0.60 for a period of two years. Each non-flow-through unit consists of one common share and one share warrant which entitles the holder to purchase one additional common share of the Company at a price of \$0.50 per share for a period of two years.
- b) Subsequent to March 31, 2011, 5,992,600 warrants were exercised for proceeds of \$607,248.
- c) Subsequent to March 31, 2011, 1,770,000 stock options were exercised for proceeds of \$190,000.
- d) In April 2011, the Company granted 500,000 stock options to a director of the Company at an exercise price of \$0.59 for a period of five years.
- e) In June 2011, the Company granted 1,000,000 stock options to an officer of the Company at an exercise price of \$0.80 for a period of five years.

Additional Information

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.