China Minerals
MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended February 29, 2012

(Unaudited)

China Minerals Mining Corporation

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - in Canadian dollars)

	February 29, 2012	November 30, 2011	December 1, 2010
ASSETS			
Current assets			
Cash and cash equivalents	$ 5,959,364	$ 6,814,673	$ 2,230,779
Short-term investments	26,500	26,500	-
Other receivables	83,253	25,842	966,062
Prepaid expenses	89,093	101,693	68,988
Mine supplies inventory	51,282	51,282	43,610
	6,209,492	7,019,990	3,309,439
Property, plant and equipment (Note 3)	1,582,963	1,647,553	1,871,893
Reclamation bonds (Note 4)	314,444	314,444	309,444
Exploration and evaluation assets (Note 4)	15,852,166	15,704,295	24,500,000
	$ 23,959,065	$ 24,686,282	$ 29,990,776
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 109,437	$ 135,627	$ 561,502
Due to related parties (Note 7)	203,526	174,601	15,900
Mortgage payable (Note 3)	62,005	87,288	93,914
	374,968	397,516	671,316
Mortgage payable (Note 3)	-	-	87,288
Asset retirement obligation (Note 4)	831,723	826,498	621,919
	1,206,691	1,224,014	1,380,523
SHAREHOLDERS' EQUITY			
Share capital (Note 5)	51,550,715	51,550,715	44,072,900
Subscription received in advance	-	-	55,000
Share-based payment reserve	9,809,065	9,735,799	9,320,897
Foreign currency translation reserve	(24,419)	-	-
Deficit	(38,582,987)	(37,824,246)	(24,838,544)
	22,752,374	23,462,268	28,610,253
	$ 23,959,065	$ 24,686,282	$ 29,990,776

Nature of operations (Note 1)
Commitments and contingencies (Note 8)

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Approved on behalf of the Board:

"Harvey Brooks"
Chairman of the Audit Committee

"Ling Zhu"
Director

China Minerals Mining Corporation

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited - in Canadian dollars)

	Three months ended February 29, 2012	Three months ended February 28, 2011
Expenses		
Accretion of asset retirement obligation	$ 5,225	$ 5,365
Amortization	1,684	3,180
Bank charges and financing interests	1,058	12,424
Directors and executive fees	108,250	2,000
Filing fees and transfer agent	7,842	16,871
Investor relations	17,570	32,685
Loss from disposal of equipment	12,321	-
Professional and consulting fees	13,384	16,370
Project investigation	8,978	5,250
Rent and office expenses	129,138	81,820
Salaries and benefits	392,182	150,168
Shareholder information	3,804	8,953
Share-based payments (Note 5)	70,123	23,193
Travel	528	-
Loss before the undernoted	(772,087)	(358,279)
Other income (expenses)		
Interest income	17,151	16,000
Loss in foreign exchange	(3,805)	(1,713)
Premium paid for flow-through shares	-	96,607
	(758,741)	(247,385)
Other comprehensive loss		
Cumulative translation adjustments	(24,419)	-
Net loss, being comprehensive loss for the period	$ (783,160)	$ (247,385)
Basic and diluted loss per common share	(0.00)	(0.00)
Weighted average number of common shares outstanding	189,873,268	121,191,450

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

China Minerals Mining Corporation
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - in Canadian dollars)

	Three months ended February 29, 2012	*Three months ended* February 28, 2011
Cash provided by (used in):		
Operating activities		
Net loss for the period	$ (758,741)	$ (247,385)
Items not affecting cash:		
Accretion of asset retirement obligation	5,225	5,365
Amortization	1,684	3,180
Loss from disposal of equipment	12,321	-
Share-based payments	70,123	23,193
Premium paid for flow-through shares	-	(96,607)
	(669,388)	(312,254)
Net changes in non-cash working capital		
Other receivables and prepaid expenses	(44,811)	13,952
Mine supplies inventory	-	2,940
Accounts payable and accrued liabilities	(35,134)	(174,746)
Due to related parties	28,925	(11,800)
	(720,408)	(481,908)
Investing activities		
Exploration and evaluation (expenditures) recovery	(85,199)	400,336
Short-term investments	-	(26,500)
	(85,199)	373,836
Financing activities		
Share issuance costs	-	(69,422)
Repayment of mortgage	(25,283)	(22,438)
	(25,283)	(91,860)
Effect of exchange rate changes on cash and cash equivalents	(24,419)	-
Decrease in cash	(855,309)	(199,932)
Cash and cash equivalents, beginning of period	6,814,673	2,230,779
Cash and cash equivalent, end of period	$ 5,959,364	$ 2,030,847

Supplemental cash flow information (Note 6).

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CHINA MINERALS MINING CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - in Canadian dollars)

	Number of Shares	Share Capital	Share Subscrip-tions	Share-based Payment Reserve	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
Balance, December 1, 2011	189,873,268	$ 51,550,715	$ -	$ 9,735,799	$ -	$ (37,824,246)	$ 23,462,268
Share-based payments expensed	-	-	-	70,123	-	-	70,123
Share-based payments capitalized	-	-	-	3,143	-	-	3,143
Net loss for the period	-	-	-	-	-	(758,741)	(758,741)
Cumulative translation adjustment	-	-	-	-	(24,419)	-	(24,419)
Balance, February 29, 2012	189,873,268	$ 51,550,715	$ -	$ 9,809,065	$ (24,419)	$ (38,582,987)	$ 22,752,374

Balance, December 1, 2010	121,191,450	$ 44,072,900	$ 55,000	$ 9,320,897	$ -	$ (24,838,544)	$ 28,610,253
Share issuance costs	-	(69,422)	-	-	-	-	(69,422)
Share-based payments expensed	-	-	-	28,260	-	-	28,260
Net loss for the period	-	-	-	-	-	(247,385)	(247,385)
Balance, February 28, 2011	121,191,450	$ 44,003,478	$ 55,000	$ 9,349,157	$ -	$ (25,085,929)	$ 28,321,706

1. NATURE OF OPERATIONS

China Minerals Mining Corporation ("China Minerals" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company's name was further changed to China Minerals. The Company's registered office is Suite 717 – 1030 West Georgia Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol "CMV". The Company is in the business of acquisition, exploration and development of mineral properties. Its main assets are Table Mountain and Taurus gold projects in northern British Columbia, Canada.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING CHANGES

First time adoption of international financial reporting standards ("IFRS") and statement of compliance

The company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the company has commenced reporting on this basis in these interim consolidated financial statements. In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting* and IFRS 1*First-Time Adoption of IFRS*. Subject to certain elections disclosed in Note 9, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at December 1, 2010 ("the transition date") and throughout all periods presented, as if these policies had always been in effect. Note 9 discloses the impact of the transition to IFRS on the Company's reported financial results, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended November 30, 2011.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of May 4, 2012, the date the Board of Directors approved and authorized for issue. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending November 30, 2012 could result in restatement of these condensed consolidated interim financial statements, including the transition adjustments recognized on the change-over to IFRS.

The condensed consolidated interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended November 30, 2011. Note 9 discloses IFRS information for the year ended November 30, 2011 that is material to an understanding of these condensed consolidated interim financial statements.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd. ("North American Mining") The Company consolidates these subsidiaries on the basis that it controls, either directly or indirectly, through its ability to govern their financial and operating polices. All intercompany transactions and balances have been eliminated on consolidation.

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The area involving higher degrees of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be the assessment of carrying value and recoverability of exploration and evaluation cost. The process of estimating the recoverability of mineral properties involves both judgment and uncertainty as it relies on both an interpretation of technical geological data as well as economic considerations including current and estimated future commodity prices and exploration costs. As new data or information is received, these estimates may change.

Foreign currency translation

The condensed consolidated interim financial statements are presented in Canadian dollars.

The functional currency for the Company and its subsidiaries is the currency of their primary economic environments in which they operate. The functional currency of the Company and its Canadian subsidiary, Cassiar Gold Corp., is Canadian dollars whereas the functional currency of the Company's subsidiary in China, North American Mining, is Chinese Yuan ("RMB").

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of income.

The financial statements of the Company's Chinese subsidiary are translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities – at the closing rate at the date of the statement of financial position
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates).

All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Property, plant and equipment

Land, buildings and equipment are carried at cost, being the purchase price and costs directly attributable to transporting of the assets to the site, less accumulated amortization and any impairment charges. Amortization is calculated over the assets' estimated useful lives on a straight-line basis as followings:

Furniture and equipment	5 years
Computers	3 years
Vehicles	3 years
Site equipment	5 years
Buildings and bridges	10 years

Exploration and evaluation assets ("E&E" assets)

The Company capitalizes all costs related to acquisition, exploration and development of E&E assets on a project-by-project basis. If economically recoverable mineral reserves are developed, capitalized costs of the related asset are reclassified as mining assets and amortized using the unit-of-production method. When an unproven mineral interest is abandoned, all related costs are written off to operations for the period.

Impairment of long-lived assets

The recoverability of exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to option its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

The Company performs impairment tests on property, plant and equipment and exploration and evaluation assets when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project by project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Asset retirement obligation ("ARO")

A provision for restoration and rehabilitation is recognized when there is a present legal or constructive obligation as a result of exploration and development activities undertaken; it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably. The estimated future obligation includes the cost of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The estimated cost is capitalized into the cost of the related asset and amortized on the same basis as the related assets.

If the estimated cost does not relate to an asset, it is charged to earnings in the period in which the event giving rise to the liability occurs.

Share-based payments

The Company applies the fair value method of accounting for share-based payments on stock option grants. Under this method, the cost of stock options is recorded based on the estimated fair value at the grant date and charged either to operations or capitalized to exploration and evaluation assets costs over the vesting period. The fair value is calculated using the Black-Scholes option pricing model.

Share-based payment transactions for employees and others providing similar services is determined based on the grant date fair value. Share-based payment for non-employees is determined based on the fair value of the goods or services received or option granted measured at the date on which the Company obtains such goods or services.

Each tranche in an option award is considered a separate award with its own vesting period. Share-based payment expense is recognized over each tranche's vesting period, in earnings or capitalized as appropriate, based on the number of awards expected to vest. Where awards are forfeited, the expense previously recognized is proportionately reversed in the period the forfeiture occurs. If stock options are ultimately exercised, the applicable amounts of reserves are transferred to share capital.

Income taxes

Income taxes comprise current and deferred tax. Current tax is the expected tax payable or receivable on the taxable or loss for the period, using tax rates enacted or substantially enacted at the statement of financial position date.

Deferred tax is recognized using the balance sheet method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit nor loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Flow-through shares

The issuance of flow-through common shares of the Company results in the tax deductibility of the qualifying resource expenditures funded from the proceeds of the sale of such shares being transferred to the purchasers of the shares. Under IFRS, on issuance of such shares, the Company bifurcates the flow-through shares into: a flow-through share premium, equal to the estimated premium investors pay for the flow-through feature, which is recognized as a liability, and share capital. As the related exploration expenditures are incurred, the Company derecognizes the liability and recognizes a related expense recovery.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

Earnings per share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs net losses in a fiscal year, basic and diluted loss per share are the same.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at fair value through profit or loss ("FVTPL")

A financial asset or liability is classified in this category if it is acquired principally for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income. Gains and losses arising from changes in fair value are presented in the statement of income within other gains and losses in the period in which they arise. Financial assets and liabilities at FVTPL are classified as current except for the portion expected to be realized or paid beyond twelve months of the date of the statement of financial position, which is classified as non-current.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivable are measured at amortized cost using the effective interest method less a provision for impairment. The Company's loans and receivables comprise cash and cash equivalents, short-term investments, reclamation bonds and other receivables.

Cash and cash equivalents comprise cash on hand and at banks and guaranteed investment certificates ("GICs") with initial maturities of less than three months. Short term investments comprise GICs with initial maturity of greater than three months and less than one year.

(iii) Financial liabilities

Financial liabilities are initially recorded at fair value and upon inception designated as FVTPL and other financial liabilities. Financial liabilities are recognized initially on the transaction date at which the Company becomes a party to the contractual provision of the instrument. The financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

New standards, amendments and interpretation not yet effective

Certain new IFRS standards, interpretation and amendments to existing standards are not yet effective for the period ended February 29, 2012 and have not been applied in preparing these condensed consolidated interim financial statements. Management has not determined the extent of the impacts of their adoptions or whether the Company will early adopt them

The following is a summary of these standards and amendments, along with their effective dates:

Accounting standard effective for annual periods beginning on or after July 1, 2012

Amendments to IAS 1 Presentation of Financial Statements:
Presentation of Items of Other Comprehensive Income ("OCI")

In June 2011, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 with retrospective application. The amendments require an entity presents separately those items of OCI that may be classified to profit or loss ("P&L") in the future from those that would never be reclassified to P&L. The current option to present the P&L and OCI in two statements remains unchanged.

Accounting standards effective for annual periods beginning on or after January 1, 2013

IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 10 and IFRS 12. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard defines the principle of control and sets out the requirement on how to apply the control principle. It lays out three elements of control: 1) power over the investee; 2) rights to variable returns from involvement with the investee; and 3) the ability to use power over the investee to affect the amount of investors' return.

IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position and cash flows.

IFRS 11 Joint Arrangements

In May 2011, the IASB issued IFRS 11 which replaces the guidance in IAS 31 *Interest in Joint Ventures.* IFRS 11 defines joint arrangements as either joint operations or joint ventures. The standard eliminates a Company's choice to proportionately consolidate jointly controlled entities and requires such entities to be accounted for using the equity method.

IFRS 13 Fair Value Measurement

IFRS 13 sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurement. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date.

Accounting standard effective for annual periods beginning on or after January 1, 2015

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 will replace the guidance in IAS 39 "Financial Instruments: Recognition and Measurement". Under IFRS 9, financial assets are measured at amortized cost of fair value which will replace the multiple rules under IAS 39. Along with simplifying the categories, the standard is to ensure changes in the credit risk of liabilities that an entity selects to measure at fair value will not cause volatility in net income.

(Unaudited – in Canadian Dollars)

3. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Site Equipment	Vehicles	Computers	Office Furniture	Total
As at December 1, 2010	$ 13,000	$ 1,809,478	$ 629,266	$ 235,296	$ 82,829	$ 46,064	$ 2,815,933
Additions	7,000	99,411	-	-	2,914	-	109,325
Disposals	-	(618,840)	(133,700)	(135,648)	-	-	(888,188)
As at November 30, 2011	20,000	1,290,049	495,566	99,648	85,743	46,064	2,037,070
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	(16,017)	-	(16,017)
As at February 29, 2012	$ 20,000	$ 1,290,049	$ 495,566	$ 99,648	$ 69,726	$ 46,064	$ 2,021,053
Accumulated amortization							
As at December 1, 2010	$ -	$ 448,288	$ 277,387	$ 137,568	$ 51,831	$ 28,966	$ 944,040
Amortization	-	134,256	69,262	28,320	9,591	3,420	244,849
Disposals	-	(541,761)	(121,185)	(136,426)	-	-	(799,372)
As at November 30, 2011	-	40,783	225,464	29,462	61,422	32,386	389,517
Amortization	-	31,231	13,505	5,849	1,000	684	52,269
Disposals	-	-	-	-	(3,696)	-	(3,696)
As at February 29, 2012	$ -	$ 72,014	$ 238,969	$ 35,311	$ 58,726	$ 33,070	$ 438,090
Net book value							
At December 1, 2010	13,000	1,361,190	351,879	97,728	30,998	17,098	1,871,893
At November 30, 2011	20,000	1,249,266	270,102	70,186	24,321	13,678	1,647,553
At February 29, 2012	20,000	1,218,035	256,597	64,337	11,000	12,994	1,582,963

For the three months ended February 29, 2012, amortization of $50,586 (2011 - $58,953) was capitalized to exploration and evaluation assets and $1,684 (2011 - $3,180) expensed to operations.

Mortgage Payable

In October 2008, the Company purchased land and buildings adjacent to its Cassiar property for $385,000 and financed the purchase with a mortgage of $350,000. The mortgage has a four-year term, bears interest at an annual rate of 12% and is payable at $9,217 per month. As at February 29, 2012, the principal outstanding was $62,005 (November 30, 2011 - $87,288) and will mature in September, 2012.

(Unaudited – in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

Cassiar Properties	***December 1, 2010***	***Costs for the year***	***November 30, 2011***	***Costs for the period***	***February 29, 2012***
Acquisition costs	18,371,531	105,646	18,477,177	1,587	18,478,764
Exploration costs					
Amortization	695,332	231,838	927,170	50,586	977,756
Asset retirement obligation (recovery)	(269,610)	180,266	(89,344)	-	(89,344)
Camp and expediting	2,334,756	156,799	2,491,555	5,081	2,496,636
Drilling	1,573,740	-	1,573,740	-	1,573,740
Equipment	308,367	21,421	329,788	-	329,788
Environmental and permits	371,510	34,524	406,034	1,966	408,000
Assaying and metallurgical	395,345	-	395,345	-	395,345
Geological and geophysics	1,247,024	566,033	1,813,057	-	1,813,057
Underground and rehabilitation	1,965,679	-	1,965,679	-	1,965,679
Professional and consulting	257,584	37,285	294,869	12,370	307,239
Share-based payments	321,299	11,623	332,922	3,143	336,065
Travel and transportation	554,307	51,815	606,122	2,826	608,948
Vehicle expenses	109,892	13,020	122,912	-	122,912
Financing and others	81,215	22,306	103,521	2,367	105,888
Wages and benefits	4,329,480	401,483	4,730,963	67,945	4,798,908
	14,275,920	1,728,413	16,004,333	146,284	16,150,617
Mining exploration tax credits	(1,038,750)	-	(1,038,750)	-	(1,038,750)
Recovery from gold concentrates	(107,493)	-	(107,493)	-	(107,493)
Write-down of exploration and evaluation assets	(7,001,208)	(10,629,764)	(17,630,972)	-	(17,630,972)
Total expenditures	$ 24,500,000	$ (8,795,705)	$ 15,704,295	147,871	$ 15,852,166

Certain government authorities provide incentives to encourage mineral property exploration and development in their jurisdictions. Such incentives include the reimbursement of expenditures to the Company's qualifying activities. Reimbursements are subject to review and approval by government authorities on a specific expenditure basis and are recorded as a reduction of the related mineral expenditure or as a recovery of the related expense when the Company is advised that such reimbursement will be made to the Company.

In fiscal year 2010, the Company received a British Columbia mining exploration tax credit ("BCMETC") from Canada Revenue Agency in the total amount of $1,018,783 for reimbursement of certain qualifying exploration expenditures on its Cassiar property. All the exploration tax refunds have been recorded as a recovery of the exploration and evaluation assets.

(Unaudited – in Canadian Dollars)

Cassiar Property, British Columbia

The Cassiar Property comprises the Table Mountain gold mine and Taurus gold deposit. It is located in northern British Columbia, Canada.

Table Mountain Gold Mine

Table Mountain is an underground mining project with a mill.

Taurus Gold Deposit

Pursuant to an option agreement in 2007, the Company could acquire certain mineral claims near Cassiar, British Columbia from American Bonanza Gold Corp. ("Bonanza") in consideration of an aggregate of $6 million over two years. A further $3 million was payable upon completion of a positive feasibility study recommending production, or production, whichever came first. In addition, the Company was required to issue 250,000 common shares to Bonanza on or before December 22, 2008. During 2007 and 2008, a total of $3 million cash payments were made to Bonanza. On December 23, 2008, the Company signed an amended option agreement and issued 6,750,000 common shares to Bonanza that eliminated all remaining cash and share payments and the Company now owns 100% of the underlying mineral claims.

Asset Retirement Obligation ("ARO")

The Company has future obligation in retiring its exploration and evaluation assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

The Company prepares estimates of the timing and amount of expected cash flows when an ARO will be incurred. The net present value of the ARO is initially recognized as a long-term liability and is added to the exploration and evaluation assets; and it is subsequently re-measured at each reporting period.

A continuity of the asset retirement obligation relating to the mineral assets is as follows:

	February 29, 2012	November 30, 2011	
Asset retirement obligation - beginning balance	$ 826,498	$ 621,919	
Change in estimate	-	232,285	(1)
Asset retirement obligation recovery	-	(52,020)	
Accretion expense	5,225	24,314	
Asset retirement obligation - ending balance	$ 831,723	$ 826,498	

(1) The Company revised its estimates from previous year based on new information regarding the expected abandonment date of its properties.

The total undiscounted cash flow estimated to settle the obligations as at February 29, 2012 was $976,469, which was adjusted for inflation at the rate of 2% and then discounted at a risk free rate of 2.69%. Certain minimum amounts of ARO will occur each year with the significant amounts expected to be paid in 2014.

At February 29, 2012, the Company has $314,444 (November 30, 2011 - $314,444) of reclamation bonds with the Ministry of Energy, Mines and Petroleum Services British Columbia as commitments to meet its regulatory obligations.

(Unaudited – in Canadian Dollars)

5. SHARE CAPITAL

Common Shares

Authorized - unlimited number of common shares without par value

Share Purchase Options

The Company has a stock option plan whereby the maximum number of common shares reserved for issue under the plan shall not exceed 10% of the total number issued and outstanding common shares of the Company as at the date of the grant. The term of all option grants is generally five years to a maximum of ten years. Options granted to investor relations consultants generally have one to two-year terms and are vested over a twelve-month period with 25% vested every three months from the date of grant. Options granted to directors, officers, employees and consultants generally have a five-year term and a vesting period of eighteen months with one-third vested every six months from the date of grant.

The continuity of share purchase options to February 29, 2012 is as follows:

	Number of options		Weighted average exercise price
Balance, December 1, 2010	5,252,000	$	0.48
Expired	(200,000)		(0.43)
Forfeited	(1,587,000)		(0.31)
Granted	6,360,000		0.15
Balance, November 30, 2011	9,825,000	$	0.29
Forfeited	(300,000)		(0.16)
Balance, February 29, 2012	9,525,000	$	0.29

At February 29, 2012, the following stock options were outstanding:

Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)		Weighted Average Ex. Price	Number of Options Exercisable	Expiry Date	
800,000	0.03		0.41	666,667	March, 2012	(1)
500,000	0.15		0.60	500,000	April, 2012	(1)
25,000	0.39		1.60	25,000	July, 2012	
230,000	0.49		0.16	76,666	August, 2012	
75,000	0.55		0.16	25,000	September, 2012	
25,000	0.63		1.60	25,000	October, 2012	
2,410,000	0.95		0.36	1,876,667	February, 2013	
705,000	2.10		0.40	705,000	April, 2014	
600,000	2.53		0.48	600,000	September, 2014	
2,055,000	4.11		0.16	685,000	April, 2016	
2,100,000	4.41		0.12	1,050,000	July, 2016	
9,525,000	2.91	$	0.29	6,235,000		

(1) Subsequently expired.

(Unaudited – in Canadian Dollars)

Share-based payments

During the three months ended February 29, 2012 and February 28, 2011, the Company recognized share-based payments in the financial statements as follows:

	Three months ended	
	February 29, 2012	February 28, 2011
Share-based payments capitalized in exploration and evaluation assets	$ 3,143	$ -
Share-based payments expensed	70,123	23,193
	$ 73,266	$ 23,193

There were no share purchase options granted in the three months ended February 29, 2012. The share-based payment expenses in the above table were derived from the vesting of 2011 option grants, the fair-value of which was determined using the Black-Scholes option pricing model based on the following weighted average assumptions:

Expected average option term	5 years
Expected stock price volatility	105%
Expected dividend yield	0%
Risk free interest rate	2.19%
Fair value per option	$0.15
Forfeiture rate	13.5%

The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. The risk free interest rate is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. Estimate of expected forfeitures is based on review of comparable peer companies.

The option pricing model used requires the input of highly subjective assumptions including the expected stock price volatility and forfeiture rate. Changes in the assumptions can significantly affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

6. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Interest payments for the three months ended February 29, 2012 and 2011 were $2,367 and $5,213 respectively.

(b) As at February 29, 2012, $27,536 (February 28, 2011 - $431,891) included in accounts payable and accrued liabilities was related to exploration and evaluation assets.

7. RELATED PARTY TRANSACTIONS

Prior to the set up of the Company's subsidiary in China in December 2011, an administration under the Chief Executive Officer shared office space, personnel, professional and administrative services with related parties of the Company's major shareholder. In August 2011, the Company entered into an office lease and a management services agreement with these related parties. As of December 1, 2011, the Company's Chinese subsidiary, North American Mining Consulting Ltd. took over the office rental agreement while the management service agreement was terminated.

(Unaudited – in Canadian Dollars)

For the three months ended February 29, 2012, the Company was charged office rental of $56,003 (2011 - $nil). As at February 29, 2012, an outstanding amount of $203,526 (November 30, 2011 - $174,601) was included in current liabilities payable to these related parties with regards to the office lease.

All transactions with the related parties have incurred in the normal course of business and were measured at the exchange amounts as determined and agreed by the transacting parties. Balances with related parties are non-interest bearing, unsecured and payable on demand.

Key management compensations

The Company's directors and senior officers are considered key management personnel. Their compensation comprises:

	Three months ended			
		February 29, 2012		February 28, 2011
Salaries, consulting and directors' fees	$	381,667	$	95,457
Share-based payments		51,659		19,373
	$	433,326	$	114,830

8. COMMITMENTS AND CONTINGENCIES

a) The Company's annual commitments to office leases are as follows:

2012	$	288,727
2013		137,662
2014		53,158
	$	479,547

The above lease commitments include the Company's 50% share of lease obligation of its former office space which has been subleased, a two-year office lease expiring April, 2013 and a one-year lease for its Chinese subsidiary ending December 31, 2012.

b) In November 2010, the Company received notice from a vendor for damages on certain contracted equipment in the amount of $109,237. The Company believes this claim to be without merit. At this time, the likelihood of the outcome is not determinable and no liability has been recorded in connection with the claim.

c) In November 2010, the Company received notice from a vendor for outstanding invoices in the amount of $131,410. The Company disagrees with the amount and has accrued $21,667 in accounts payable and accrued liabilities. At this time the likelihood of the outcome is not determinable and no liability has been recorded in connection with the difference of $109,743.

9. FIRST TIME ADOPTION OF IFRS

(a) IFRS Exemptions

The guidance for the first time adoption of IFRS is set out in IFRS 1 *First-time Adoption of International Financial Reporting Standards*. IFRS1 provides for certain mandatory exceptions and optional exemptions for first time adopters.

The Company is applying the following exemptions and exceptions as set out in IFRS 1:

- IFRS 3(R) "Business combinations" has not been applied to business combinations that occurred before the date of transition.
- IFRS 2 "Share-based payments" has only been applied to share-based payments which had not vested at December 1 2010.
- IFRIC 1, "Changes in Existing Decommissioning, Restoration and Similar Liabilities" has not been applied to the Company's asset retirement obligation that existed prior to the transition to IFRS.
- The Company has elected to deem the fair value of its exploration and evaluation assets to be cost from the date of transition to IFRS.
- IFRS 1 also requires that estimates made under IFRS must be consistent with estimates made for the same date under Canadian GAAP except where adjustments are required to reflect any differences in accounting policies.

(b) Share-based payment

Under Canadian GAAP, for the purpose of accounting for stock-based compensation, an individual was classified as an employee when the individual was consistently represented to be an employee under law. Under IFRS, an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader than that previously applied by the Company.

Under Canadian GAAP, forfeitures were recognized as they occurred. Under IFRS, the forfeiture rate is estimated up front and factored into the number of stock options expected to vest.

Under Canadian GAAP, the Company recorded stock-based compensation on a straight-line basis over the vesting period. Under IFRS, the Company records share-based payments for each tranche within an award over the vesting period of the corresponding tranche

(c) Asset retirement obligations

Under Canadian GAAP, asset retirement obligations are measured at the initial date of recognition using a discounted cash flow analysis with the Company's credit-adjusted risk free interest rate. The liability (and corresponding asset) is only re-measured in the event of changes in the amount or timing of cash flows required to settle the obligation.

IFRS (IAS 37 Provisions, Contingent Liabilities and Contingent Assets) requires initial measurement of the obligation using a pre-tax discount rate that reflects the risk associated with the liability; furthermore the liability is required to be re-measured at each reporting date.

(d) Flow-through shares ("FT Shares")

Under Canadian GAAP, the FT shares were measured at the amount received. Under IFRS, when FT shares are issued, a liability is recognized in the amount of the estimated premium paid by the investors for FT shares. This liability is reversed and recognized through the statement of comprehensive loss as the relevant expenditures are incurred.

Under Canadian GAAP, a deferred income tax liability is recorded upon the renunciation of the flow through shares. Under IFRS a deferred income tax liability is recorded as the relevant expenditures are incurred.

Reconciliations of previously reported financial statements from Canadian GAAP to IFRS

These are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. The accounting policies set out in Note 2 and the exemptions noted above have been applied in the preparation of the financial statements for the period ended February 29, 2012, the comparative information for the periods ended February 28, 2011, November 30, 2011 and the opening IFRS statements of financial position as at December 1, 2010 (the Company's transition date).

The following reconciled financial statements present how the transition from prior Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss. There are no IFRS transition effects on the Company's cash flow. Hence, the cash flow statements are not presented.

(Unaudited – in Canadian Dollars)

9. FIRST TIME ADOPTION OF IFRS (cont'd)

Condensed Consolidated Statements of Financial Position
As at December 1, 2010

	Note	Canadian GAAP	Adoption Effect	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		$ 2,230,779	$ -	$ 2,230,779
Other receivables		966,062	-	966,062
Prepaid expenses		68,988	-	68,988
Mine supplies inventory		43,610	-	43,610
		3,309,439	-	3,309,439
Non-current assets				
Property, plant and equipment		1,871,893	-	1,871,893
Reclamation bonds		309,444	-	309,444
Explorations and evaluation assets		24,500,000	-	24,500,000
		$ 29,990,776	**$ -**	**$ 29,990,776**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	9 (d)	$ 464,895	$ 96,607	$ 561,502
Due to related parties		15,900	-	15,900
Mortgage payable		93,914	-	93,914
		574,709	96,607	671,316
Mortgage payable		87,288	-	87,288
Asset retirement obligation	9 (c)	188,811	433,108	621,919
		850,808	529,715	1,380,523
SHAREHOLDERS' EQUITY				
Share capital	9 (d)	42,038,552	2,034,348	44,072,900
Subscriptions received in advance		55,000	-	55,000
Share-based payment reserve	9 (b)	9,392,304	(71,407)	9,320,897
Deficit	9 (b,c,d)	(22,345,888)	(2,492,656)	(24,838,544)
		29,139,968	(529,715)	28,610,253
		$ 29,990,776	**$ -**	**$ 29,990,776**

(Unaudited – in Canadian Dollars)

9. FIRST TIME ADOPTION OF IFRS (cont'd)

Condensed Consolidated Interim Statements of Financial Position
As at February 28, 2011

	Note	Canadian GAAP	Adoption Effect	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		$ 2,030,847	$ -	$ 2,030,847
Short-term investments		26,500	-	26,500
Other receivables		119,500	-	119,500
Prepaid expenses		84,370	-	84,370
Mine supplies inventory		40,670	-	40,670
		2,301,887	-	2,301,887
Non-current assets				
Property, plant and equipment		1,809,760	-	1,809,760
Reclamation bonds		314,444	-	314,444
Explorations and evaluation assets		25,270,262	-	25,270,262
		$ 29,696,353	**$ -**	**$ 29,696,353**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		$ 583,993	$ -	$ 583,993
Due to related parties		4,100	-	4,100
Mortgage payable		96,759	-	96,759
		684,852	-	684,852
Mortgage payable		62,005	-	62,005
Asset retirement obligation	9 (c)	199,244	428,546	627,790
		946,101	428,546	1,374,647
SHAREHOLDERS' EQUITY				
Share capital	9 (d)	41,969,130	2,034,348	44,003,478
Subscriptions received in advance		55,000	-	55,000
Share-based payment reserve	9 (b)	9,526,788	(177,631)	9,349,157
Deficit	9 (b,c,d)	(22,800,666)	(2,285,263)	(25,085,929)
		28,750,252	(428,546)	28,321,706
		$ 29,696,353	**$ -**	**$ 29,696,353**

(Unaudited – in Canadian Dollars)

9. FIRST TIME ADOPTION OF IFRS (cont'd)

Condensed Consolidated Statements of Financial Position
As at November 30, 2011

	Note	Canadian GAAP	Adoption Effect	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		$ 6,814,673	$ -	$ 6,814,673
Short-term investments		26,500	-	26,500
Other receivables		25,842	-	25,842
Prepaid expenses		101,693	-	101,693
Mine supplies inventory		51,282	-	51,282
		7,019,990	-	7,019,990
Non-current assets				
Property, plant and equipment		1,647,553	-	1,647,553
Reclamation bonds		314,444	-	314,444
Explorations and evaluation assets		15,704,295	-	15,704,295
		$ 24,686,282	**$ -**	**$ 24,686,282**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		$ 135,627	$ -	$ 135,627
Due to related parties		174,601	-	174,601
Mortgage payable		87,288	-	87,288
		397,516	-	397,516
Asset retirement obligation	9 (c)	599,647	226,851	826,498
		997,163	226,851	1,224,014
SHAREHOLDERS' EQUITY				
Share capital	9 (d)	49,516,367	2,034,348	51,550,715
Share-based payment reserve	9 (b)	9,770,330	(34,531)	9,735,799
Deficit	9 (b,c,d)	(35,597,578)	(2,226,668)	(37,824,246)
		23,689,119	(226,851)	23,462,268
		$ 24,686,282	**$ -**	**$ 24,686,282**

(Unaudited – in Canadian Dollars)

9. FIRST TIME ADOPTION OF IFRS (cont'd)

Condensed Consolidated Interim Statements of Comprehensive Loss

For the Three Months ended February 28, 2011

	Note	Canadian GAAP	Adoption Effect	IFRS
Expenses				
Accretion of asset retirement obligation	9 (c)	$ 4,860	$ 505	$ 5,365
Amortization		3,180	-	3,180
Bank charges and financing interests		12,424	-	12,424
Filing fees and transfer agent		16,871	-	16,871
Investor relations		32,685	-	32,685
Professional and consulting fees		18,370	-	18,370
Project investigation		5,250	-	5,250
Rent and office expenses		81,820	-	81,820
Salaries and benefits		150,168	-	150,168
Shareholder information		8,953	-	8,953
Share-based payments	9 (b)	134,484	(111,291)	23,193
Loss before the undernoted		(469,065)	110,786	(358,279)
Other income (expenses)				
Interest income		16,000	-	16,000
Loss in foreign exchange		(1,713)	-	(1,713)
Premium paid for flow-through shares	9 (d)	-	96,607	96,607
Comprehensive loss for the period		(454,778)	207,393	(247,385)
Deficit, beginning of the period		(22,345,888)	(2,492,656)	(24,838,544)
Deficit, end of of the period		$ (22,800,666)	$ (2,285,263)	$ (25,085,929)

(Unaudited – in Canadian Dollars)

9. FIRST TIME ADOPTION OF IFRS (cont'd)

Condensed Consolidated Interim Statements of Comprehensive Loss

For the Year ended November 30, 2011

	Note	Canadian GAAP	Adoption Effect	IFRS
Expenses				
Accretion of asset retirement obligation	9 (c)	$ 19,439	$ 4,875	$ 24,314
Amortization		13,010	-	13,010
Bank charges and financing interests		13,563	-	13,563
Filing fees and transfer agent		54,359	-	54,359
Investor relations		116,197	-	116,197
Loss from disposal of equipment		81,516	-	81,516
Management services fees		167,650	-	167,650
Professional and consulting fees		411,693	-	411,693
Project investigation		64,105	-	64,105
Rent and office expenses		478,100	-	478,100
Salaries and benefits		621,485	-	621,485
Shareholder information		53,972	-	53,972
Share-based payments	9 (b)	366,403	36,876	403,279
Travel		31,349	-	31,349
Loss before the undernoted		(2,492,841)	(41,751)	(2,534,592)
Other income (expenses)				
Interest income		83,409	-	83,409
Loss in foreign exchange		(1,362)	-	(1,362)
Premium paid for flow-through shares	9 (d)	-	96,607	96,607
Write-down of exploration and evaluation assets	9 (c)	(10,840,896)	211,132	(10,629,764)
Comprehensive loss for the period		(13,251,690)	265,988	(12,985,702)
Deficit, beginning of the year		(22,345,888)	(2,492,656)	(24,838,544)
Deficit, end of of the year		$ (35,597,578)	$ (2,226,668)	$ (37,824,246)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended

February 29, 2012

This management's discussion and analysis ("MD&A") of the Company and its subsidiaries was prepared as of May 4, 2012 and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the three months ended February 29, 2012 and the audited consolidated financial statements for the year ended November 30, 2011 and the related MD&A which are available on the Company's website at www.chinamineralmining.com and on the SEDAR website at www.sedar.com.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") for its fiscal year starting December 1, 2011. Prior to that, the financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Reconciliations between the previously disclosed comparative periods' financial statements prepared under Canadian GAAP and those prepared under IFRS is detailed in Note 9 of the condensed consolidated interim financial statements.

Management is responsible for the preparation and integrity of the financial statements to ensure reliability, transparency and accountability to the Board of Directors and shareholders. The Audit Committee meets with management quarterly to review the financial statements and MD&A and recommends approval to the Company's Board of Directors.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise. The Company's shares are listed on the TSX Venture Exchange under the symbol "CMV", and quoted on the Pink Sheets in the United States under the symbol "HWTHF".

FORWARD-LOOKING STATEMENTS

Certain of the statements and information contained in this MD&A that are not historical facts are forward-looking statements within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking statements often are identified by the use of words such as "anticipate", "believe", "plan", "estimate", "expect", "intend", "target" or variations of such words and phrases or state that certain actions, events or results "may", "will", "could", "would", "should", "might" occur or "be achieved".

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd., are engaged in the exploration and development of mineral properties. The Company's main assets are the Table Mountain and Taurus gold projects, of which it owns 100% through its subsidiary, Cassiar Gold Corp.

The Company has conducted an extensive review of its mineral assets at Table Mountain and Taurus. The evaluation suggests that intensive exploration expenditures are required to prove up the asset potential and to further advance the projects. As a result, an exploration program has been planned for the summer of 2012. The drilling program will comprise at least 10,000 metres at both of the Taurus and Table Mountain properties.

In March 2011, after the completion of an equity investment of $7.5 million by SkyOcean Venture Investment Limited, a new Chief Executive Officer was appointed as well as an administrative office set up in Beijing, China. The Company's Beijing administration shared office space and personnel with related parties of its major shareholder until December 2011 when the Company's subsidiary, North American Mining Consulting Ltd. was formally established. .

MINERAL PROPERTY INTERESTS

David Rhys, P. Geo., the Company's advisor and a Qualified Person as defined by National Instrument ("NI") 43-101, has reviewed and approved the technical information contained in this MD&A.

Cassiar Gold Camp

The Cassiar Gold Camp is located in northern British Columbia. It comprises approximately 58,900 hectares (including two placer claims) of which the Company has 100% interest, which comprise the Table Mountain and Taurus gold projects in the Liard Mining Division. The area is easily accessible by all-weather road along Highway 37, which runs through the center of the Cassiar properties, and by subsidiary roads which allow easy access to many parts of the projects. The area also can be accessed through flights to the Cassiar airstrip which lies immediately to the west of the Taurus project near the old Cassiar town site. The Company owns an accommodation facility on Highway 37 in Jade City, British Columbia located between the Table Mountain and Taurus projects that can accommodate up to 70 people. An office and core logging facility are located to the southwest of the camp area.

Approximately 425,000 ounces of gold have historically been produced from the Cassiar district, mainly from underground mines on the Company's current land holdings on the Table Mountain project. Gold mineralization of the orogenic (mesothermal) gold type, and has many similarities in mineralization style and geological controls to the Cariboo Gold district in British Columbia, the Mother Lode belt of California, and to gold deposits of the Abitibi Greenstone belt in Ontario. Mineralization occurs in mafic volcanic hosted, steeply dipping quartz-sulphide-carbonate vein systems which splay off shear zones that are developed in stacked thrust surfaces localized along carbonate altered ultramafic rocks and carbonaceous sediments.

The Company has entered into a Resource Funding Agreement with the First Nation Kaska Dena Council on behalf of the BC Kaska in connection with the continued exploration and development of the Cassiar Gold Camp. Under the Agreement, China Minerals has agreed to provide resource funding to the BC Kaska to contribute to the cost of negotiating a Traditional Knowledge Protocol (the "TK Agreement") and a Socio-Economic Participation Agreement (the "SEPA"). The TK Agreement will assist the parties in establishing the appropriate traditional knowledge protocols for the exploration and development of the Property. The SEPA would include environmental, cultural and socio-economic and business opportunities and benefits for members of the BC Kaska and their businesses.

Table Mountain Gold Project, British Columbia

The Table Mountain project ("Table Mountain") contains the Main (formerly Erickson), Bain and Cusac gold mines which are past producing underground high grade mines that occur south of Highway 37. A permitted 270 tonne per day per day gravity/flotation mill, power plant, assay lab and tailing impoundment facility are located in northern parts of the project, and were put under care and maintenance by the previous owners in October 2007. Thirteen adits/portals, approximately 25 kilometres of underground workings, and more than 23 kilometres of surface access roads occur throughout the property.

Table Mountain contains several areas hosting NI 43-101 compliant resources, which are supported by a technical report (the "Table Mountain Report") dated May 18, 2010, titled, "Technical Report on the Table Mountain Property, Liard Mining District, British Columbia", and prepared by Clifford A. Pearson, P. Geo and Finley J. Bakker, P. Geo which is filed at www.sedar.com. Resources occur principally in the Bain and Cusac mine areas, and include an indicated resource of 21,471 tonnes at an average grade of 18.02 g/t Au (approximately 12,440 troy ounces of gold) and additional inferred resource of 19,306 tonnes at an average grade of 31.76 g/t Au (approximately 19,714 troy ounces of gold) in the East Bain system. Additional resources occur in the Cusac mine, mainly in the Eileen vein system. A summary of resources on the Table Mountain property that are derived from the Table Mountain report are summarized in the table below:

Category	Tonnes	Au uncut g/t	Au cut g/t	Density
Indicated Total	21,471	18.02	16.24	2.70
Inferred Total	65,757	24.30	20.12	2.70

A feasibility study has not been completed on the Table Mountain property and there is no certainty the disclosed targets will be reached or that the proposed operations will be economically viable.

Numerous additional exploration targets lie on the Table Mountain property and the company plans to further explore the project in 2012 after a comprehensive review of previous exploration data and drill core.

Taurus Gold Project, British Columbia

The Taurus Gold Project is located north of Highway 37 which comprises the northern portions of the Cassiar Gold Camp. The project contains the Taurus gold deposit, a large gold system which has been the focus of much of the exploration on the project. The Taurus deposit is located approximately eight kilometres from the company's milling facility, and is located along the main access road to the town of Cassiar. It lies low in the valley in an area of subdued topography, allowing year round exploration and ease of access. A former small underground gold mine operation, the Taurus underground mine produced approximately 35,000 ounces of gold from eastern portions of the Taurus deposit in the 1980's. The Taurus deposit was explored by previous operators with the objective of identifying potential for a combination of large tonnage open pit and a high grade underground mine. Sable Resources Ltd. has a 2.5 % Net Smelter Return Royalty (NSR) on a group of ten claims (Mack 1 to 4, Hopeful 1 to 4, Hillside and Highgrade) on the Taurus project which cover a portion of the Taurus deposit.

The Taurus deposit, located within the north central parts of the Taurus project, hosts an inferred NI 43-101 compliant resource of 1.06 million ounces of gold comprising of 33.1 million tonnes at an average capped grade of 0.99 g/t Au using a cut-off grade of 0.50 g/t Au. The resource is supported by a technical report titled, "Updated Resource Report on the Taurus Project – Liard Mining District, B.C.," dated March 11, 2009 and prepared by Thomas C. Stubens and Morinus Andre de Ruijter of Wardrop Engineering Incorporated, which was filed at www.sedar.com on March 11, 2009.

The Taurus deposit is open in many directions and contains the potential for higher grade mineralization internal to the lower grade resource. The company is currently evaluating exploration information, and plans to further explore the deposit during 2012, as well as to evaluate many other exploration targets on the project. A feasibility study has not been completed on the Taurus resource and there is no certainty the disclosed targets will be reached or that the proposed operations will be economically viable.

SUMMARY OF QUARTERLY RESULTS (unaudited)

The following table sets out certain selected financial information for the eight most recently completed quarters:

	2012	2011				2010		
	IFRS	Canadian GAAP			IFRS	Canadian GAAP		
	Feb 29	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31
	$	$	$	$	$	$	$	$
Revenue	-	-	-	-	-	-	-	-
Net loss	(758,741)	(11,605,178)	(733,258)	(458,476)	(247,385)	(7,105,005)	(641,579)	(10,935,309)
Net loss per share - basic and diluted	(0.00)	(0.07)	(0.00)	(0.00)	(0.00)	(0.06)	(0.01)	(0.13)

The Company's expenditures had decreased period over period in 2010 and first two quarters of 2011 as management implemented various cost controls from downsizing staff and office space to placing its exploration and evaluation assets on care and maintenance. In the second quarter of 2010, the Company terminated the Eureka option agreement on the Frasergold property and wrote off $9,672,305 to operations. In the fourth quarter of 2010, the Company wrote down $6,568,100 of the mineral asset value on its Cassiar Gold properties.

In March 2011, the Company completed an equity financing with SkyOcean Venture Investment Limited ("SkyOcean") for gross proceeds of $7.5 million. Following the completion of the financing with SkyOcean, a new Chief Executive Officer was appointed and an administrative office was set up in Beijing, China. The increased costs in the last two quarters of 2011 reflected the incremental expenses in connection with the Beijing administration. In the last quarter of 2011, the Cassiar mineral assets were further written down by $10,840,896.

The effect of transitioning from Canadian GAAP to IFRS has impacted asset retirement obligations, share-based payments and flow-through shares for the periods presented under IFRS in the above table. For further details, please see Note 9 to the condensed consolidated interim financial statements.

RESULTS OF OPERATIONS

(Rounded to the nearest thousand ('000))

For the three months ended February 29, 2012 and February 28, 2011

The Company's main focus for the first quarter of 2012 was the planning and preparation of a summer drilling program for its Cassiar projects. Compilation and interpretation of previous year's geological data were performed as well as drill targets were identified and refined from exact drill holes.

The Company continuously carries out due diligence reviews on merger and acquisition opportunities and joint ventures.

Net Loss

For the three months ended February 29, 2012, the Company incurred a net loss of $759,000, compared to a net loss of $247,000 for the comparative period in 2011 for an increase of $512,000. The increased loss was mainly attributable to the set up of a subsidiary in Beijing, China with added personnel and a severance payment to a former executive officer.

Expenses

Administrative expenses for the first quarter of 2012 were $772,000 compared to $358,000 for the same period in 2011. Excluding non-cash expenses for accretion and amortization (2012 - $7,000; 2011 - $8,000), loss from disposal of equipment (2012 - $12,000; 2011 - $nil) and share-based payments (2012 - $70,000; 2011 - $28,000), the administrative (cash) expenses for 2012 and 2011 were $683,000 and $327,000 respectively, for an increase of $356,000.

Areas of increased (cash) expenses in the first quarter of 2012 over 2011 were: directors and executive fees (2012 - $108,000; 2011 - $2,000), salaries and benefits (2012 - $392,000; 2011 - $150,000), and rent and office expenses (2012 - $129,000; 2011 - $82,000), Increased directors and executive fees were primarily due to the remunerations made to senior executives through their consulting firms (2011 - $nil). The higher salaries and benefits are due to staff additions for the Company's Beijing based subsidiary and a termination payment to an officer. Rent and office expense arose as a result of the expenditures incurred in the Beijing subsidiary.

The increased expenses are offset partially by reduced costs in: investor relations (2012 – $18,000; 2011 – $33,000), filing fees and transfer agent (2012 – $8,000; 2011 - $17,000) and shareholder information (2012 - $4,000; 2011 - $9,000).

LIQUIDITY

At February 29, 2012, the Company's cash and cash equivalents were $5,959,000 compared with $6,815,000 at November 30, 2011, and its working capital at February 29, 2012, was $5,835,000 (November 30, 2011 - $6,622,000). The Company is in the process of planning its 2012 summer exploration program which will be funded by existing cash reserves. The Company has no long-term debt obligations or off-balance sheet arrangements.

As at February 29, 2012, the Company has sufficient working capital to operate as a going concern to the end of the fiscal year. However, management continues to evaluate its operations, mineral assets and business opportunities which might require future equity issuances, debt financing or asset sales.

CAPITAL RESOURCES

Under operating activities, the Company used $720,000 of its cash for the three months ended February 29, 2012 compared with $482,000 for the same period in 2011. The lower cash used in 2011 operating activities was due to cash refunds received for the BC mining exploration tax credit on the Cassiar properties.

In the investing activities, the Company expended $85,000 of its cash on the exploration and evaluation assets for the first quarter of 2012 as compared to a recovery of $374,000 for the same quarter in 2011. The expenditure recovery in 2011 was a result of proceeds from British Columbia mining exploration tax credit on Cassiar's certain qualifying exploration expenditures.

The Company's financing activity for the first three month period of 2012 was the repayment of $25,000 on a mortgage relating to land and certain infrastructure facilities at the Cassiar Gold Camp. At February 29, 2012, the mortgage balance was $87,000 which is maturing in September 2012.

The Company's continual operations are dependent on management's ability to raise required capital through future equity issuances, debt financings and/or from strategic shareholders. There can be no assurance that such financings will be available and on terms favourable to the Company.

COMMITMENTS

To keep the Company's mineral claims in good standing and to continue having the rights to the mineral interests of the exploration and evaluation properties, the Company has obligations to make cash payments to the government and/or underlying mineral interest owners and to fulfill work program expenditures.

The Company's annual commitments to office leases are as follows:

2012	$	288,727
2013		137,662
2014		53,158
	$	479,547

The above lease commitments include the Company's 50% share of lease obligation of its former office space which has been subleased, a two-year office lease expiring April, 2013 and a one-year lease for its Chinese subsidiary ending December 31, 2012.

TRANSACTIONS WITH RELATED PARTIES

Prior to the set up of the Company's subsidiary in China in December 2011, an administration under the Chief Executive Officer shared office space, personnel, professional and administrative services with related parties of the Company's major shareholder. In August 2011, the Company entered into an office lease and a management services agreement with these related parties. As of December 1, 2011, the Company's Chinese subsidiary, North American Mining Consulting Ltd. took over the office rental agreement while the management service agreement was terminated.

For the three months ended February 29, 2012, the Company was charged office rents of $56,003 (2011 - $nil). As at February 29, 2012, an outstanding amount of $203,526 (November 30, 2011 - $174,601) was included in current liabilities payable to these related parties with regards to the office lease.

All transactions with the related parties have incurred in the normal course of business and were measured at the exchange amounts as determined and agreed by the transacting parties. Balances with related parties are non-interest bearing, unsecured and payable on demand.

Key management compensations

The Company's directors and senior officers are considered as key management personnel. Their compensation comprises:

	Three months ended			
		February 29, 2012		February 28, 2011
Salaries, consulting and directors' fees	$	381,667	$	95,457
Share-based payments		51,659		19,373
	$	433,326	$	114,830

CHANGES TO DIRECTORS AND OFFICERS

In February 2012, Mr. Richard Barclay resigned as Executive Vice President, Director and a member of the Management Committee, Mr. Michael Beley as Director and Mr. Jian Zhang as Director and Special Advisor to the Executive Chairman.

OUTSTANDING SHARE DATA

The following summarizes the Company's share capital as of May 4, 2012:

	Number of shares	Weighted average exercise price
Issued and outstanding common shares	189,873,268	
Incentive stock options	8,225,000	$0.26
	198,098,268	

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, other receivables, accounts payable and accrued liabilities and due to related parties. The fair values of the financial instruments listed above approximate their carrying value due to their short term maturity.

Financial instruments are initially recognized at fair value and financial instruments designated as loans and receivables and other financial liabilities are subsequently measured at amortized cost, with gains and losses recognized in the period the gain or loss occurs.

The Company is exposed to a variety of financial instrument related risks as follows:

Currency risk

The functional currency of Company and its Canadian subsidiary is Canadian dollar whereas its Chinese subsidiary is Chinese Yuan ("RMB"). The Company is exposed to currency risk arising from fluctuations in foreign exchange rates among the Canadian dollar, U.S. dollar and RMB. However, this currency risk is minimal as the Company's cash and cash equivalents (99%) were primarily held in Canadian and U.S. dollars.

Credit risk

The Company's exposure to credit risk on its Canadian cash and cash equivalents is limited as these assets are maintained at high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk with an annual budget and monthly cash forecasts to identify the timeline of its financial requirements. By monitoring the monthly actual expenditures against the budget, the Company ensures it has the control and flexibility to meet its business obligations.

As at February 29, 2012, the Company had cash resources of $5.9 million to settle current liabilities of $375,000. Management believes the Company has sufficient liquidity to meet its commitments and operational needs in the coming year.

Interest rate risk

Interest rate risk is the risk that the Company's future cash flows will fluctuate due to changes in the market interest rates. The Company earns the majority of its interest income from short-term investments invested in guarantee investment certificates. Fluctuations in interest rates will have a corresponding effect on the interest income. As the Company's mortgage is at a fixed interest rate for four years with less than seven months remaining, management does not believe it is exposed to interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's ability to access capital markets due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company does not hold any marketable securities that fluctuate in value as a result of volatile movements in the global financial markets.

CRITICAL ACCOUNTING POLICIES ESTIMATES

The Company's accounting policies are described in Note 2 of its condensed consolidated interim financial statements for the three months ended February 29, 2012. The Company considers the following policies to be critical in understanding the estimates and judgments that are used in the preparation of these financial statements. Due to the uncertainties and continual changes in the business environment, actual results could differ from the management's estimates which could impact significantly the Company's financial position, results of operations and cash flows.

Exploration and evaluation ("E&E") assets and Impairment assessment

Costs related to acquisition, exploration and development are capitalized to the E&E assets until economical recoverable mineral reserves are determined. The capitalized costs are then reclassified as mining assets and amortized on a unit-of-production basis.

The Company performs impairment tests on the E&E assets when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project by project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Share-based payments

The Company applies the fair value method of accounting for share-based payments on stock option grants to employees and consultants. Under this method, the Company calculates the fair value of stock options using the Black-Scholes option pricing model and the amounts are charged either to operations or capitalized to exploration and evaluation assets costs over the vesting period.

In determining the fair value, management is required to make certain assumptions such as the expected life of the options, forfeiture rates and expected volatility. Changes in the assumptions would affect the fair value of the option awards which could have a material result.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Commencing December 1, 2011, the Company prepares its financial statements in accordance with IFRS with restatement of comparative statements of financial position as at December 1, 2010 and November 30, 2011. These are the Company's first condensed consolidated interim financial statements ("interim financial statements") and its IFRS accounting policies are disclosed in Note 2 to the interim financial statements. Reconciliation between the Company's financial statements previous reported under Canadian GAAP and current reporting under IFRS is provided in Note 9 of the interim financial statements

The following summarizes the transition effect of IFRS on the Company's financial position and results.

Opening balances at December 1, 2010 (transition date):

	Canadian GAAP	ARO accretion	Share-based payments	Flow-through shares	IFRS
Deficit	(22,345,888)	(433,108)	71,407	(2,130,955)	(24,838,544)
Total assets	29,990,776	-	-	-	29,990,776
Total liabilities	(850,808)	(433,108)	-	(96,607)	(1,380,523)
Shareholders' equity	(29,139,968)	433,108	-	96,607	(28,610,253)

At December 1, 2011, deficit was increased by $2,492,656 due to the differences in the accounting policies of IFRS on asset retirement obligation ("ARO"), share-based payments and the flow-through shares as described in notes a) to c) below.

For the three months ended February 28, 2011:

	Canadian GAAP	ARO accretion	Share-based payments	Flow-through shares	IFRS
Loss for the period	(454,778)	4,562	106,224	96,607	(247,385)
Total assets	29,696,353	-	-	-	29,696,353
Total liabilities	(946,101)	(428,546)	-	-	(1,374,647)
Shareholders' equity	(28,750,252)	428,546	-	-	(28,321,706)

The net loss for the first quarter of 2011 was decreased by $207,393 under IFRS. Both liabilities and shareholders' equity were affected by the same amount of $428,546, a revised evaluation of ARO using an IFR-compliant discounted risk free rate.

a) Share-based payments

The Company applies IFRS 2 on share-based payments. Under Canadian GAAP ("GAPP"), the Company recorded stock-based compensation on a straight-line basis over the vesting period. Under IFRS, the Company records share-based payments for each tranche within an award over the vesting period of the corresponding tranche. This results in a changing of the amortization schedule. In addition, forfeitures were recognized as they occurred under Canadian GAPP while under IFRS, expected forfeitures are estimated up front.

b) Asset retirement obligations

Under Canadian GAAP, asset retirement obligations are measured at the initial date of recognition using a discounted cash flow analysis with the Company's credit-adjusted risk free interest rate. The liability (and corresponding asset) is only re-measured in the event of changes in the amount or timing of cash flows required to settle the obligation. IFRS (IAS 37) requires initial measurement of the obligation using a pre-tax discount rate that reflects the risk associated with the liability. In addition the liability is required to be re-measured at each reporting date

c) Flow-through shares

Under Canadian GAAP, the flow-through shares were measured at the amount received. Under IFRS, when flow-through shares are issued, a liability is recognized in the amount of the estimated premium paid by the investors for flow-through shares. This liability is reversed and recognized through the statement of comprehensive loss as the relevant expenditures are incurred.

Under Canadian GAAP and future income tax liability is recorded upon the renunciation of the flow-through shares whereas under IFRS deferred income tax liability is recorded as the relevant expenditures are incurred.

OUTLOOK

The Company's main plan for fiscal year 2012 is a $3 million exploration program for its Cassiar area properties, which will be implemented in the third quarter of this year by Equity Exploration Consultants Ltd. Exploration is planned to comprise at least 10,000 metres of drilling, planned to be divided evenly between the Taurus and Table Mountain properties which will test several target areas. The program is proposed to further test the known resource areas through a combination of infill drilling in areas of inferred resources, and testing for extensions and parallel adjacent veins that have been intersected by isolated previous drilling intercepts. Ongoing target evaluation through re-evaluation of historical drill core, outcrops, and previous geophysical and geochemical data is planned throughout the program.

Exploration is planned to commence on site in early June, 2012 and utilize at least two drill rigs. Underground drilling on the Table Mountain project and the potential for use of reverse circulation drilling for some of the Taurus infill drilling to increase overall meters drilled at lower cost are being considered.

RISKS AND UNCERTAINTIES

Due to nature of the Company's business in mineral exploration and development, it is subject to various risks and uncertainties as set out in the following. If any of the described risks occur, the Company's business, operating results and financial position could be adversely affected in a material way.

Exploration Risk

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's two mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries, the Company may be forced to look for other projects and abandon the existing properties.

Titles to Mining Properties

While the Company exercises due diligence with respect to determining titles to properties it has interests in and claims in good standing, there is no guarantee that titles to such properties will not be challenged. The Company's properties may be subject to prior unregistered agreements or transfers, indigenous or government land claims. Any of which could result in the total loss of the Company's mineral property interests.

Mineral Resources are Estimates

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viabilities of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

Commodity Prices

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have historically been volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global production, consumption pattern and speculative activities. A sustaining depressed gold price will be damaging to the Company's continual operation.

Global Economy and Financial Markets

The Company relies on the capital markets to raise equity financings for its exploration activities, operating expenses and business development. The current Euro zone debt crisis has led to serious damages to the global financial system and tightened credit facilities. This has increased difficulties for the Company to access to the financial markets and the resulting higher costs of capital.

Share Price Volatility and Dilution

The European market crisis and the resulting contraction of the capital markets have resulted in a steep drop in the Company's share price. The Company's stock price will continually be affected by such volatile market trends, which may not be necessarily related to the financial condition, underlying assets or prospects of the Company. For the Company's ongoing working capital and exploration activities, it relies on the issuance of common shares However, there is no assurance that additional capital will be available when needed or that if available, the terms of such financing will be favourable to the Company. Any future equity financing will cause dilution to the Company's existing shareholders.

Government and Environmental Regulations

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely impact the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.

Competition

The Company is in competition with all of its mining counterparts which may have greater financial resources and expertise. It competes with them in the acquisition of quality mineral properties, recruitment of qualified technical and geological employees in addition to the attraction of investors and joint venture partners. All these competitions create uncertainties to the Company's ongoing operations.

Uninsured Hazards

The Company may be subject to liabilities on hazards such as unusual geological conditions during exploration and drilling which cannot be insured against or against which the Company may elect not to insure because of the high premium or for other reasons. Such liability may result in the loss of the Company assets and its insolvency.

Key Personnel

The Company's success is substantially dependent on the performance and striving efforts of its key officers and the Board of Directors. The loss of any of their services could have a material adverse effect on the Company's business.