VELA MINERALS LTD.

Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2012

The following Management's Discussion and Analysis ("MD&A"), prepared as of February 19, 2013, should be read in conjunction with Vela Minerals Ltd. ('the Company") audited financial statements for the periods ended October 31, 2012 and 2011 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts in this MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at www.sedar.com. The reader should be aware that historical results are not necessarily indicative of future performance.

Vela Minerals Ltd. was incorporated under the BCA-BC on May 19, 2011.

Forward Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

It is important to note that:

• Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of February 19, 2013.

• Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

• The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

Overall Performance

The Company is engaged primarily in the business of evaluating, acquiring and, if warranted, developing natural resource properties in British Columbia. The Company holds an option to acquire, subject to certain net smelter royalty interests, an undivided 100% interest in the Rossland Property, an exploration property situated in British Columbia as further described under the heading "*The Property*". Under the terms of the Rossland Agreement, the Company paid cash consideration of $20,000 with an additional $50,000 paid upon successful completion of the Company's initial public offering on October 22, 2012, and subsequent listing of the Company's shares on the TSX Ventures exchange on October 24, 2012 the ("Listing Date"). The Company will also issue an aggregate of 500,000 common shares pursuant to the Rossland Agreement in four tranches of 125,000 shares each over a one year period with the first tranche issued on the Listing Date and the remaining three tranches to be issued in three month intervals commencing six months after the Listing Date.

On October 22, 2012, the Company completed its initial public offering (the "Offering") of 5,074,711 common shares at a price of $0.15 per common share for gross proceeds of $761,207. Further details are described in the Results of Operation section of this MD&A.

During the period of July 19th, 2011 through August 10th, 2011, the Company conducted exploration activities on the Rossland Property consisting of soil sampling, hand trenching and regional stream sediment sampling. The Company plans to carry out further exploration on the Rossland Property.

The Company's common shares trade on the TSX Venture Exchange under the symbol "VLA". The Company is a development stage company and has produced no revenues to date and is reliant on the issuance of shares to finance continued exploration activities and operations.

The Property

The Rossland Property is located approximately 13 km to 16 km southwest of the town of Rossland, British Columbia, Canada. The Rossland Property consists of ten contiguous Mineral Claims covering approximately 2,384.99 hectares located in the Trail Creek Mining Division of British Columbia. The Rossland Property Mineral Claims were staked using the British Columbia Mineral Titles Online computer Internet system. With the British Columbia mineral claim staking system there can be no internal fractions or open ground. The centre of the Rossland Property is located at latitude 49° 01' 37" N and 117° 55' 20" W longitude, located on NTS map sheet 082F-001. The southern boundary of the Mineral Claims is the Canadian – U.S.A. International Boundary. Claim data is summarized in Table 1.

Table 1

Tenure Number	Claim Name	Owner	Tenure Type	Good To Date	Area (ha)
509331	Portland-Velvet	Vela Minerals Ltd.	Mineral	2017/Nov/01	529.714
509340	Sunset	Vela Minerals Ltd	Mineral	2017/Nov/01	166.593
517766	SANTA ROSA	Vela Minerals Ltd	Mineral	2017/Nov/01	84.767
525852	BORDERLINE	Vela Minerals Ltd	Mineral	2017/Nov/01	127.138
525854	MAGGIE MAY	Vela Minerals Ltd	Mineral	2017/Nov/01	254.291
549877	VERMONT	Vela Minerals Ltd	Mineral	2017/Nov/01	529.697
843434	REPUBLIC	Vela Minerals Ltd	Mineral	2017/Nov/01	169.514
843436	KLONDIKE	Vela Minerals Ltd	Mineral	2017/Nov/01	423.8069
866070	SUNSET-2	Vela Minerals Ltd	Mineral	2017/Nov/01	42.3738
843440	V-2	Vela Minerals Ltd	Mineral	2017/Nov/01	57.10

Exploration Highlights

The Company carried out an exploration program, from July 19 to August 10, 2011, consisting of the following:

1. Soil sampling at three separate grid surveys:
   - Portland Grid - V-11: 13,200 metres, eleven – 1,200 metre lines with 25 metre stations – 481 soil samples;
   - Mitzi Grid – M-11: 4,500 metres, nine - 500 metre lines with 25 metre stations - 153 soil samples; and
   - Sunset: S-11: 3,500 metres, seven - 500 metre lines with 25 metre stations – 147 soil samples.
2. Hand-trenching and rock sampling at the Mitzi, Sunset, and Triumph Locations – a total of 89 rock samples were collected;
3. Regional stream sediment sampling – 13 samples; and
4. Regional prospecting.

Goals for the field season were to verify and to compile previous geological work and to outline new areas of possible mineralization.

Rock Sampling Results

A total of 89 rock samples were collected during 2011 exploration program. The rock samples were taken by hand trenching and sampling across one metre or less from workings in the Mitzi, Sunset, and Triumph area. The results display a wide range of concentrations for different metals. The results from Mitzi trench indicate high copper, lead, and zinc values. The copper values are from 40.1 ppm to 8,028.4 ppm, lead values are from 270.2 ppm to over 10,000 ppm, and zinc values are from 192 ppm to over 10,000 ppm. Gold and silver values are low in this area.

Samples from the Triumph area were taken by digging two trenches. The results of trench 1 indicate the concentration of gold is from 3.5 ppb to 1,896 ppb; silver 0.2 ppm to 38.2 ppm, copper 18 ppm to 1,434.9 ppm; lead 13.3 ppm to 3,591.1 ppm; and zinc 74 ppm to 4,185 ppm. Similarly, the results of trench 2 indicate the concentration of gold is from <0.5 ppb to 237.2 ppb; silver <0.1 ppm to 14.6 ppm, copper 3.8 ppm to 179.1 ppm; lead 11.2 ppm to 1,783 ppm; and zinc 19 ppm to 378 ppm.

Rock samples from the Sunset area indicate the concentration of gold is from <0.5 ppb to 44.7 ppb; silver 0.8 ppm to >100 ppm, copper 27.6 ppm to >10,000 ppm; lead 93 ppm to >10,000 ppm; and zinc 196 ppm to >10,000 ppm.

Stream Sediment Survey

A regional stream sediment sampling was carried out to establish the metal content of sediments brought down by drainage systems in various areas of the Rossland Property. The sediment survey results indicated arsenic values of 0.8 ppm to 25.7 ppm (higher values in the eastern part of the survey area), gold ranged from 0.5 ppb to 217.5 ppb (higher values in the Portland–Velvet area), barium from 46 ppm to 385 ppm, copper 8.9 ppm to 837.9 ppm, and lead 11.6 ppm to 183.8 ppm.

Soil Geochemistry Results

The results of soil samples from Rossland grid indicate a coincidental gold and copper anomaly in the south central part of the survey grid where isolated silver anomalies are also located. This grid is the northern extension of 2006 soil sampling grid. The gold copper anomaly extends to the south on the 2006 soil anomaly. Lead and zinc anomalies are more scattered and do not follow a definite trend, the eastern part of the grid is relatively more anomalous than the western part.

On the Sunset grid, there is a strong copper, lead, zinc, and silver anomaly in the southeast part of the grid. Moderate and dispersed gold anomalies are found throughout the survey grid area.

Highlights of the assay results are provided in the following table.

Method	G6	1D	1D	1D	1D	1D	1D	1D
Sample ID	Au	Ag	Co	Cu	Mn	Ni	Pb	Zn
	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm
VM11-01	>10,000	8.6	>2,000	974	63	572	6	2
VM11-02	4,995	4.8	268	5,516	551	175	5	76
VM11-03	1,279	2	69	3,271	683	92	<3	100
VM11-04	111	>100	4	3,934	163	15	>10,000	4,976
VM11-05	765	49.3	21	>10,000	>10,000	99	6,425	>10,000
VM11-06	593	6.7	6	343	1,687	33	1,458	1,305
VM11-07	120	8.2	2	145	1,994	10	1,612	274
VM11-08	<5	36	68	>10,000	3,686	15	>10,000	>10,000
VM11-09	6	38.3	50	7,116	3,290	12	>10,000	6,617
VM11-10	5	3.4	21	474	3,392	15	2,203	1,071
VM11-11	143	>100	94	8,370	4,706	28	>10,000	>10,000
VM11-12	95	>100	258	>10,000	2,452	71	>10,000	>10,000
VM11-13	6	8.9	18	249	2,254	10	1,193	5,220
VM11-14	8	8.7	56	569	3,481	11	936	>10,000

Selected Annual Information

The following table summarizes financial information, prepared in accordance with IFRS, for the Company for the year ended October 31, 2012 and the period from May 19, 2011, the date of incorporation, to October 31, 2011.

For the period ended or as at	For the year ended October 31, 2012	For the period from May 19, 2011 to October 31, 2011
Current assets ($)	646,979	64,383
Exploration and evaluation properties ($)	183,796	149,237
Total assets ($)	830,775	213,620
Current liabilities ($)	25,191	60,188
Long term financial liabilities ($)	-	-
Revenues ($)	-	-
Net loss ($)	(167,012)	(46,568)
Basic and diluted net loss per common share ($)	(0.03)	(0.01)
Weighted average number of common shares outstanding	5,066,932	3,319,394

The Company has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

Summary of Quarterly Results

The following is a summary of selected financial data for the Company for the four most recently completed quarters and the period from May 19, 2011, the date of incorporation, to October 31, 2011.

Period ended	Oct 31, 2012	July 31, 2012	Apr 30, 2012	Jan 31, 2012	May 19, 2011 to Oct 31, 2011
Net loss ($)	(36,778)	(8,018)	(46,957)	(75,259)	(46,568)
Basic and diluted loss per common share ($)	(0.01)	(0.00)	(0.01)	(0.02)	(0.01)

Results of Operations

Three months ended October 31, 2012

During the three months ended October 31, 2012, the Company's comprehensive loss of $36,778 resulted from general and administrative expenses and share based payments. General and administrative expenses for the current quarter, consisting of management fees, office and administration, and professional fees, totaled $21,778. General and administrative expense in the current quarter primarily related to the Company's preparation for an initial public offering of its common shares, audit fees for the financial statements and management fees which commenced in October 2012. Share based payments expense, a non-cash expense, amounted to $15,000. Share options granted during the three months ended October 31, 2012 were 150,000. Share based payments amounts were determined based on the fair value of share options granted, vested and approved in the quarter.

On October 22, 2012, the Company completed its initial public offering (the "Offering") through its agent, Macquarie Private Wealth Inc. (the "Agent"), of 5,074,711 common shares at a price of $0.15 per common share for gross proceeds of $761,207. The Company paid the Agent a commission of $68,509 which is equal to 9% of the gross proceeds of the Offering. The Agent was also paid a corporate finance fee of $25,000 plus applicable taxes for its services in connection with the Offering. The Agent was also issued 507,471 options to acquire up to 507,471 common shares at a price of $0.15 per share for a two year period following the Listing Date expiring October 24, 2014.

During the three months ended October 31, 2012, no additional expenditures were incurred on the exploration program. Continued exploration of the Rossland property was dependent on financing from the Initial Public Offering and the Company plans to carry out further exploration on the Rossland Property. In addition, the Company entered into an 18 month contract for investor communication services in October 2012 for $40,000 which is reflected as Prepayments on the Company's Statement of Financial Position as at October 31, 2012.

<u>Year ended October 31, 2012</u>

During the year ended October 31, 2012, the Company incurred a net loss of $167,012 compared to a net loss of $46,568 incurred during the period from May 19, 2011, the incorporation date, to October 31, 2011. During the year ended October 31, 2012, the Company's comprehensive loss of $167,012 resulted from general and administrative expenses and share based payments. General and administrative expenses, consisting of management fees, office and administration, and professional fess totaled $89,012 (2011 - $11,568) primarily related to the Company's preparation for an initial public offering of its common shares and listing of its shares on the TSX Venture exchange, tax return preparation and annual audit fees, and commencement of management fees in October 2012. Share based payments of $78,000 (2011 - $35,000) were recorded as the result of 1,050,000 stock options being issued in November 2011 and an additional 150,000 stock options issued in September 2012 which all vested upon completion of the initial public offering. In June 2011, the Company issued 1,000,000 common shares at $0.015 and 3,000,000 shares at $0.05. In recognition of the difference in market value, the Company recorded shared based payments in the amount of $35,000.

On October 22, 2012, the Company completed its initial public offering (the "Offering") under the terms as described in the Results of Operation section of this MD&A, sub-heading: Three months ended October 31, 2012.

During the year ended October 31, 2012, the Company was primarily involved in evaluating the results of the exploration program carried out in the fall of 2011 and preparing a 43-101 report in support of listing the Company on the stock exchange. A total of $15,809 was spent on the properties in the year ended October 31, 2012 net of a mineral exploration tax credit accrual of $347. In addition, a non-cash payment of 125,000 common shares was issued to the vendor of the Rossland property in accordance with the terms of the purchase agreement for the property (the "Rossland Agreement"). As part of the Rossland Agreement, the vendor will be paid a total of 500,000 common shares over a one year period in four equal installments with the first tranche issued on the completion of the initial public offering and the remaining three tranches to be issued in three month intervals commencing six months after the initial public offering. A breakdown of exploration and evaluation expenditures recorded during the year is as follows:

Balance as at Oct 31, 2011	$ 149,237
Additional option payment in shares	18,750
Assaying & petrographic	1,156
Geological consulting	15,000
Mineral tax credits	(347)
Balance as at October 31, 2012	$ 183,796

In addition, the Company entered into an 18 month contract for investor communication services in October 2012 for $40,000 which is reflected as Prepayments on the Company's Statement of Financial Position as at October 31, 2012.

During the period from May 19, 2011 through October 31, 2011, the Company focussed on acquiring and exploring the Rossland Property and taking the necessary steps to prepare for the

Offering. Exploration costs during the period totalled $79,237 net of an accrual for mineral exploration tax credit of $33,340. The Company also paid $20,000 as the first option payment for the Rossland Property and accrued an additional $50,000 for the payment due to the Optionor on the Listing Date. Total mineral property expenditures for the period including the initial option payment and the upcoming option payment under the Rossland Agreement were $149,237.

Liquidity and Capital Resources

	Oct 31 2012	July 31 2012 *	Apr 30 2012 *	Jan 31 2012 *	Oct 31 2011 *
Working Capital, ($)	**621,788**	**43,652**	**51,670**	**98,627**	**54,195**

* excludes impact from $50,000 provision for mineral property cash payment due to property vendor upon completion of initial public offering.

The Company is a mineral development stage company with no revenue producing properties and, consequently, does not generate operating income or cash flow. The Company has incurred losses since inception. The Company has relied upon the issuance of equity capital to provide working capital to fund the Company's operations.

During the year ended October 31, 2012, the Company raised $861,207 in equity capital. During the period from incorporation on May 19, 2011 through October 31, 2011 the Company's capital resources were limited to the $165,000 raised from the sale of common shares. Since the Company does not expect to generate any revenue in the near future, it will continue to rely primarily upon the sale of Shares to raise capital. There can be no assurance that financing will be available to the Company when required or at all.

Other than for purposes of the Rossland Agreement, and as described in the initial public offering prospectus under the heading "Use of Proceeds", the Company does not have any commitments for material expenditures over either the near or long term and none are presently contemplated over and above normal operating requirements. The estimated $308,825 Phase I program and the estimated general and administrative costs to be incurred by the Company during the 12 months following this Offering are all expected to be paid from the net proceeds of the initial public offering.

Off Balance Sheets Transactions

The Company has no off-balance sheet arrangements.

Share Capital

Authorized: Unlimited common shares with no par value

Issued and Outstanding: The Company has 10,199,711 common shares issued and outstanding as at February 19, 2013, and its Share capital is $870,641 net of share issuance costs of $174,316 associated with the initial public offering.

Escrow Shares

The Company has 4,050,000 remaining common shares held in escrow out of the original 4,500,000 common shares held in escrow by the Company's transfer agent. The escrowed shares will be held in escrow and released pro-rata to the shareholders as to 10% of escrow shares upon the listing on the TSX-Venture exchange and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

Stock Options

The Company adopted a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares from time to time. Under the Stock Option Plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Exchange. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

On November 30, 2011, the Company granted 1,050,000 stock options to its directors, exercisable on the Listing Date. Each option is exercisable into one common share of the Company at a price of $0.15 per share for a term of five years from the Listing Date. On July 11, 2012, the number of options granted to officers and directors was reduced from 1,050,000 to 1,000,000. On August 14, 2012, the number of stock options granted was further reduced to 600,000. On September 10, 2012, 150,000 options were granted to a new director. Each option is exercisable into one Share of the Company at a price of $0.15 per Share for a term of five years from the Listing Date. On January 2, 2013, the Company granted a total of 260,000 options to two new directors. Each option is exercisable into one Share of the Company at a price of $0.175 per Share for a term of five years from the date of grant.

Transactions with Related Parties

Relationships	Nature of the relationship
Novus Leadership Services Ltd. ("Novus")	Novus is a private company controlled by a former officer and current director of the Company. Novus provided management services to the Company until December 2012.
Tyro Industries Corp. ("Tyro")	Tyro is a private company controlled by an officer and director of the Company. Tyro provides management services to the Company.
Focal Point Consulting Ltd. ("Focal Point")	Focal Point is a private company controlled by an officer and director of the Company. Focal Point provides management services to the Company.
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President, and Chief Executive Officer, Directors, and Chief Financial Officer.

Management services paid to Novus commenced in October 2012 for $4,000 per month. There were no other transactions with related parties during the three months and year ended October 31, 2012 or in the period from incorporation on May 19, 2011 through October 31, 2011. In January 2013, Focal Point began providing management services to the Company under the same terms and conditions as those which were previously provided to the Company by Novus. The transactions were in the normal course of operations. At October 31, 2012 and 2011, there were no outstanding balances owed to related parties.

Management Contracts

The Company, under agreement effective as of the Listing Date, pays a private company controlled by the President $100 per hour for the provision of management and geological services.

The Company, under agreement effective the Listing Date, paid a private company controlled by the Chief Financial Officer $4,000 per month for management services.

Financial Instruments

<u>Fair Value of Financial Instruments</u>

The Company's financial instruments recognized on the statement of financial position consist of cash and cash equivalents, and trade and other accounts payable. Cash and cash equivalents are carried at fair value. Due to their short-term nature, the carrying values of trade and other accounts payable approximate fair value.

The Company's exposure from its use of financial instruments is incorporated into the risk analysis of interest rate risk, credit risk and liquidity risk noted below.

Capital Management

The Company considers its capital to be the total shareholders' equity which at period end was $805,584 (2011 - $153,432).

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. The Company is not subject to any externally imposed capital requirements. Funds are secured, when necessary, through the sale of common shares.

Market Risk

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. Pursuant to initial public offering which closed on October 22, 2012, the Company had $561,467 in cash as at October 31, 2012. The Company's cash balances held at financial institutions earn interest at rates which vary according to prevailing rates. The Company does not deem the associated interest rate risk to be material.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable balances are from tax authorities, therefore, the Company is not subject to significant credit rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at October 31, 2012, the Company's current liabilities consisted of trade payables and other liabilities and provision for obligation under the purchase option agreement of $25,191 (October 31, 2011 - $60,188), due primarily within the next fiscal quarter except for $50,000 included in the 2011 liability amount of $60,188 which was due on the Listing Date. The Company's cash of $561,467 at October 31, 2012 (October 31, 2011 - $18,225) was more than sufficient to pay these current liabilities. As at February 19, 2013, the Company had working capital of approximately $590 thousand. Further exploration beyond what is currently anticipated will require additional equity financing.

All of the Company's financial liabilities as at October 31, 2012, which consist of accounts payables and accrued liabilities, have contractual maturities of less than 90 days.

The Company’s ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing.

Mining Risks

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sales of gold by central banks, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

• Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks however the Company is not fully insured against all risks nor are all such risks insurable.

• Financial risks include fluctuations in commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.

• Regulatory risks include possible delays in getting regulatory approval for transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

Details of the Company's general and administrative expenses for the three and twelve months ended October 31, 2012 and for the period from May 19, 2011, the date of incorporation, to October 31, 2011 are included in the results of operations section of this MD&A. Details of the Company's expenditures relating to exploration and evaluation properties are also presented in the results of operations section of this MD&A and note 7 to the financial statements.

Disclosure of Outstanding Security Data

The following table summarizes the Company's outstanding share capital:

	January 23, 2013
Common shares issued and outstanding	**10,199,711**
Agent options, finder's warrants outstanding (weighted average exercise price $0.15)	**507,471**
Stock options outstanding (weighted average exercise price $0.16)	**860,000**
Fully diluted common shares outstanding	**11,567,182**

Outlook

The Company's primary focus is the exploration and development of the Rossland Project. In addition to the exploration at this Property, the Company may evaluate other prospects worthy of exploration and development. The ability of the Company to do so is contingent upon its ongoing ability to raise the capital necessary to advance such prospects.

Approval

The Board of Directors of the Company have approved the disclosure contained in this MD&A.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and on the Company's website at www.velaminerals.com.