

VELA MINERALS LTD.
(the "Company" or "Vela")

Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JANUARY 31, 2013

The following Management's Discussion and Analysis ("MD&A"), prepared as of March 28, 2013, should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three months ended January 31, 2013 and 2012 and related notes thereto, which have been prepared in accordance with IAS 34, "Interim Financial Reporting" using accounting principles consistent 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 March 28, 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 and Jamaica. 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 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 Rossland 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 March 4, 2013 the Company announced that it entered into an option agreement to acquire Mavis Bank, a 63 square kilometer special exclusive prospecting license (SEPL) in Jamaica as further described under the heading "*The Mavis Bank Property*". The Agreement allows the Company to acquire a 90% interest in the Mavis Bank (SEPL 566) under the following conditions: cash payments of (i) \$40,000 upon signing, (ii) \$60,000 upon the first anniversary, (iii) \$100,000 upon the second anniversary, along with a work commitment of \$500,000 to be completed before the second anniversary date. The Company has an option to purchase the remaining 10% for \$250,000 after the initial 90% interest earn-in. The property is subject to a 2% net smelter royalty interest which can be purchased for \$1,000,000 per percent. The SEPL covers several known prospects including Epping Farm -Whitfield Hall and Mavis Bank.

The Rossland 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						
Sample ID	Au ppb	Ag ppm	Co ppm	Cu ppm	Mn ppm	Ni ppm	Pb ppm	Zn 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

The Mavis Bank Property

Epping Farm - Whitfield Hall Cu-Ag-Au Occurrences

This group of mineral occurrences covers approximately 1 kilometre by 2 kilometres (elongated north-south) and are hosted in Upper Cretaceous Blue Mountain and Main Ridge Group of sedimentary, volcanic, and ultramafic rocks. Historical IP geophysics on Epping Farm-Whitfield Hall areas defines two broad >250 meters wide high chargeability and coincident low resistivity anomalies.

Historic soil sampling performed in the Epping Farm-Whitfield Hall areas outlined 3 areas of multi-element (Cu-Au-Ag-As-Co-Zn-Pb-Ba-Mn) geochemical anomalies. The 3 soil anomalies are approximately 100 to 200 meters in width, and 400 to 800 meters in length. The 2 multi-element soil anomalies in the Epping Farm area are flanked to the east by a north-south trending nickel-chromium in soil anomaly, and also approximately 250 meters further east, exists a lead-zinc-barium soil anomaly.

Alteration minerals present in the Epping Farm-Whitfield Hall areas include secondary chlorite, calcite, quartz, ankerite, talc, pyrolusite, and sericite. The alteration minerals occur in variable amounts and are associated with mineralization that includes chalcopyrite, pyrite, pyrrhotite, bornite, chalcocite, malachite, and chalcocite.

Mavis Bank Cu-Ag-Au-Fe-Co Occurrences

The Mavis Bank area of mineral occurrences includes the Boxshaw Hill, Water Tank, Orchard Spring, Tunbridge-Orchard Hill, and Dublin Castle anomalies.

Boxshaw Hill, Water Tank Fe-Cu Zone: includes magnetite, pyrite, specularite, azurite, bornite, chalcopyrite, and malachite occurring in approximately a 400 x 750 meter area.

Orchard Spring Fe-Cu-Ag-Co Zone: include magnetite, pyrite, specularite, azurite, bornite, chalcopyrite, chalcocite, erythrite, and malachite. Cobalt minerals and associated silver occur in limestone hosted replacement zones. Sampling by MINEX in 1993 indicates gold values of 3 g/t with 2% Cu and associated silver, zinc, and cobalt.

Tunbridge-Orchard Hill Cu Zone: includes pyrite, bornite, chalcopyrite, chalcocite, and malachite. Rock Chip sampling of underground workings in two adits intersected vein/replacement zones of copper bearing mineralization that average 0.78% Cu over 40 meters. Sampling by MINEX in 1993 indicates gold values of 1 g/t and silver in excess of 20g/t associated with strongly anomalous copper, cobalt, and arsenic values.

Dublin Castle Zone includes two trenches approximately 200 metres apart returned 2.74 m @ 3.14% Cu, 3.04 m @ 2.46% Cu, and 3.65 m @ 4.14% Cu.

The Pueblo Viejo district of Dominican Republic, which hosts approximately a 25 million ounce gold deposit, is a mining district that shares geological similarities to the Mavis Bank area. The structurally complex overprinting of Mesozoic country rock and Upper Cretaceous/Eocene hydrothermal mineralization events are superimposed on sediments and volcanics with quartz-magnetite alteration, and minor pyroxenite mafic rocks with magnetite alteration. The Mavis Bank area is adjacent to Eocene volcanic center, and is likely to be a higher level environment of deposition. Historical geological mapping of the Epping Farm-Whitfield Hall area indicates that mineralized zones are adjacent to a volcanic center of Cretaceous age.

Summary of Quarterly Results

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

Period ended	Jan 31, 2013	Oct 31, 2012	July 31, 2012	Apr 30, 2012	Jan 31, 2012	May 19, 2011 to Oct 31, 2011
Net loss (\$)	(55,483)	(36,778)	(8,018)	(46,957)	(75,259)	(46,568)
Basic and diluted loss per common share (\$)	(0.01)	(0.01)	(0.00)	(0.01)	(0.02)	(0.01)

Results of Operations

Three months ended January 31, 2013

During the three months ended January 31, 2013, the Company's comprehensive loss of \$55,483 (2012- \$75,259) resulted from general and administrative expenses, investor relations costs and share based payments. General and administrative expenses for the current quarter, consisting of management fees, office and administration, and professional fees, totaled \$23,194 (2012 - \$12,259). General and administrative expense in the current quarter increased due primarily to management fees and accrued audit fees which were not incurred in the comparative quarter in 2011 offset by lower legal fees than had been incurred in the comparative quarter due to costs leading up to the initial public offering. Investor relations expense of \$8,889 (2012- nil) increased due to management entering into an investor communication service contract subsequent to the successful initial public offering and listing of the Company's common shares on October 24, 2012 on the TSX Ventures Exchange. Share based payments expense, a non-cash expense, of \$23,400 (2012 - \$63,000) decreased due to fewer options issued in the current quarter. There were 260,000 (2012 – 1,050,000) options granted during the three months ended January 31, 2013. Share based payments amounts were determined based on the fair value of share options granted, vested and approved in the quarter.

During the three months ended January 31, 2013, no additional expenditures were incurred on the exploration program. Continued exploration of the Mavis Bank and/or Rossland properties is planned for the current fiscal year.

Liquidity and Capital Resources

	Jan 31 2013	Oct 31 2012	July 31 2012 *	Apr 30 2012 *	Jan 31 2012 *	Oct 31 2011 *
Working Capital, (\$)	589,705	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 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.

The Company's Working Capital at January 31, 2013 positions it to initiate work on Mavis Bank SEPL and/or Rossland properties; however, the Company will require the issuance of future equity capital to enable it to satisfy all the conditions of the Mavis Bank agreement.

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 March 28, 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. During the quarter ended January 31, 2013, options which expired totalled 150,000.

Transactions with Related Parties

Relationships	Nature of the relationship
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.
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.
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 and concluded in December 2012. Management services paid to Focal Point commenced in January 2013 for \$4,000 per month. There were no other transactions with related parties during the three months ended January 31, 2012 or in the previous fiscal year ended October 31, 2012. The transactions were in the normal course of operations. At January 31, 2013, \$4,200 was 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

Fair Value of Financial Instruments

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 \$773,501 (October 31, 2012 - \$805,854).

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. The Company had \$507,978 in cash as at January 31, 2013. 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 January 31, 2013, the Company's current liabilities consisted of trade payables and other liabilities and provision for obligation under the purchase option agreement of \$20,171 (2012 - \$53,920), due primarily within the next fiscal quarter except for \$50,000 included in the 2012 liability amount of \$53,920 which was due on the Listing Date. The Company's cash of \$507,978 at January 31, 2013 was more than sufficient to pay its current liabilities. As at March 28, 2013, the Company had working capital of approximately \$535 thousand. Further exploration beyond what is currently anticipated will require additional equity 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 months ended January 31, 2013 and 2012 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:

	March 28, 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 focus is the exploration and development of the Rossland and Mavis Bank properties. In addition, 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.