FRONTIER
RARE EARTHS

Management's Discussion and Analysis

For the Year Ended 31 December 2010

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Management's Discussion and Analysis Of Financial Condition and Results of Operations

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1. Introduction

This management's discussion and analysis of the financial condition and results of operations (the "MD&A") of Frontier Rare Earths Limited ("Frontier" or the "Company") provides an analysis of the Company's financial results and progress for the year ended 31 December 2010. The information in this MD&A should be read in conjunction with the 2010 audited consolidated financial statements of Frontier and the related notes thereto. Additional information relating to the Company can be found on SEDAR (www.sedar.com). This MD&A is dated 31 March 2011.

The following MD&A contains forward-looking statements that involve numerous risks and uncertainties. Actual results of the Company could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties.

The figures in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2010. All information contained herein is in U.S.$ unless otherwise stated.

2. Overall performance

Frontier is engaged in the exploration for and development of mineral projects in Southern Africa with a particular emphasis on rare earth elements ("REE") in South Africa.

The major focus of Frontier's activity has been in relation to its prospecting right at Zandkopsdrift (the "Prospecting Right"), which covers a total area of 58,862 hectares in the south western part of the Northern Cape Province of the Republic of South Africa, encompassing the Zandkopsdrift REE deposit ("Zandkopsdrift Project"). The Zandkopsdrift Project comprises a large, rare earth-bearing carbonatite and 30 smaller satellite intrusives, a number of which are known to be rare earth-bearing. The Prospecting Right is held by Frontier's 74% owned South African subsidiary, Sedex Minerals (Proprietary) Ltd. ("Sedex"), with the remaining 26% held by Historically Disadvantaged South Africans in accordance with South African Black Economic Empowerment ("BEE") requirements. BEE is a programme that promotes the accelerated integration of black people into the South African economy and it has been a policy of the South African government since 1994. In addition to Frontier's direct interest in the Zandkopsdrift Project through its 74% shareholding in Sedex, Frontier shall also be entitled to, in consideration for Frontier's funding of the BEE Shareholders' share of Sedex's expenditure on the Zandkopsdrift Project up to definitive feasibility stage, a payment from certain BEE Shareholders following the completion of the definitive feasibility study equal to 21% of the then market valuation of the Zandkopsdrift Project. This gives Frontier an effective 95% interest in the Zandkopsdrift Project until such payment has been received. Frontier's empowerment partners are the Namaqualand Empowerment Trust (the "Trust") and Mr. Martin Van Zyl, who hold 21% and 5% respectively of Sedex. The relationship between these parties and Frontier is governed by a shareholders' agreement which establishes provisions relating to management, funding, pre-emption, transfer, dispute resolution and other matters.

The Zandkopsdrift Prospecting Right
The Prospecting Right was granted in September 2007 for an initial five-year period. The minimum committed exploration expenditure of $420,000 over the initial five-year tenure of the Prospecting Right has already been satisfied. The Zandkopsdrift carbonatite has been subject to significant historical drilling and evaluation, principally by Anglo American who previously held prospecting rights in the area for two periods, most recently in the 1980s when the area was explored for its rare earth potential. Since securing the Prospecting Right, Frontier has acquired all available Anglo American data and physical samples, including drill core, reverse circulation chips and sample pulps, the acquisition, validation and interpretation of which has considerably accelerated the Company's understanding and development of the Zandkopsdrift Project.

A comprehensive review was initially carried out on all historical data and reports produced for the Zandkopsdrift Project. On the basis of this review, the Company decided to carry out further evaluation work on the Zandkopsdrift Project. The work to date has focused on defining a Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") compliant resource and producing a National Instrument 43-101 ("NI 43-101") compliant independent technical report (the "Technical Report"), for which geological consultants, MSA Group, were appointed. The required validation drilling, sampling and assay work commenced in late 2009 and resource modeling was carried out in early 2010 with the Technical Report being completed in September 2010. An updated Technical Report was completed on 29 October 2010 and is available for review on SEDAR (www.sedar.com).

The next stage of evaluation for the Zandkopsdrift Project will principally involve carrying out additional resource development work and mineralogical and metallurgical studies in order to move the project to a preliminary economic assessment ("PEA") and pre-feasibility study ("PFS") and, subject to the outcome of the PFS, to definitive feasibility study ("DFS").

Frontier, having successfully completed an initial public offering on the Toronto Stock Exchange on 17 November 2010 (the "Offering"), is now fully funded to complete the work programme identified in the Technical Report in order to move the project to a PFS and, if positive, to complete a DFS.

Management's Discussion and Analysis Of Financial Condition and Results of Operations (continued)

2. Overall performance (continued)

In mid-January 2011, Frontier initiated a drilling programme of up to 20,000 meters to be completed over the next 6 to 8 months. The drilling programme has multiple objectives which include:

- Recovery of metallurgical samples for processing by the Company's metallurgical consultants, SGS Minerals Services. The initial focus of work by SGS will be on bench scale tests to establish a suitable extractive flowsheet for the Zandkopsdrift deposit;
- Infill drilling to improve the confidence level of resource classification;
- Step out drilling to define the boundaries of the deposit;
- Stratigraphic drilling to better understand the geological controls of the deposit.

Funding of Frontier's Activities
Frontier is involved in exploration and evaluation and as such, did not generate any operating revenue in the period under review. The expenditure incurred by the Company in the year increased due to both expenditure related to completion of the validation drilling and resource work necessary to move the Zandkopsdrift deposit to a NI 43-101 compliant resource, preparation for the Offering and establishing internal infrastructure suitable for a listed entity.

In early 2010, in anticipation of a possible Offering, Frontier undertook a pre-Offering financing. Funds in the amount of $953,000 were raised by way of an issue of convertible loan notes with an 18 month term (the "Notes"). Under the terms of the Notes, they would mandatorily convert into equity of the Company at the time of the Offering at a 40% discount to the relevant Offering price. The Notes converted into ordinary shares and warrants in Frontier in accordance with the terms of the funding instrument utilised at the time of the Offering. All shareholder and related party loans (totalling $1,958,000) also converted into equity of the Company on the same terms as the Notes, leaving the Company debt free.

The Company completed its Offering on 17 November 2010. The Offering was managed by a syndicate led by CIBC World Markets Inc. and including Canaccord Genuity Corp., Cormark Securities Inc., Byron Securities Limited and National Bank Financial Inc. The net funds raised in the Offering were approximately $55,700,000 and are expected to be sufficient to fund operations of the Company for a period of at least two years. The principal expenditure to be undertaken will be on the proposed work programme for Zandkopsdrift as set out in the Technical Report and related project costs, which are estimated to be $17,700,000 over a two year period (excluding discretionary expenditure). This expenditure will be classified as exploration and development expenditure and is expected to be capitalized by the Company. In addition, operating costs for the Company are expected to be approximately $6,100,000 over a two-year period. The balance of the net funds raised through the Offering will be available to finance additional activities, including, but not limited to, resource evaluation work on any new deposits identified by exploration in the Zandkopsdrift Prospecting Right area and in the area for which a new prospecting right has been applied, the acquisition of or evaluation on any new rare earths project opportunities that may be identified, further development work on the Zandkopsdrift Project beyond that covered by the current proposed work programmes, and for general working capital purposes of the Company.

3. Selected Annual Information

Selected Annual Information

	Year ended December 31, 2010 $'000	Year ended December 31, 2009 $'000	Year ended December 31, 2008 $'000
Revenue	2	162	216
Net (loss)/ profit	(2,874)	(232)	(108)
Net (loss)/ profit per share (U.S. cents)(1)	(4.00)	(0.4)	(0.1)
Total assets	61,195	1,802	866
Long-term liabilities	-	1,725	795
Shareholder's Equity	58,993	(189)	64

Notes:
(1) 2008 and 2009 adjusted to account for a 7,000 to 1 share split which occurred on 20 September 2010

The increase in total assets in the period under review primarily reflects the funds raised in the Offering in November 2010.

4. Results of Operations
As the Company is at the evaluation stage in respect of its main asset, the Zandkopsdrift Project, the Company had no operational revenues in 2010. Revenues relate to gains on disposal of certain assets and, in prior years day one gains recording the value on interest free loans in the accounts using the effective interest rate method.

The loss from operations of $2,968,000 (2009: $223,000 loss, 2008: $54,000 loss) during the year consisted, inter alia, of general operating expenses of $1,016,000 (2009: $596,000, 2008: $18,000), employee and Directors costs of $1,069,000 (including the un-capitalized portion of the value of options awarded to Directors and key management in 2010) (2009: $37,000, 2008: $16,000) and an expense of $1,940,000 (2009: Nil, 2008: Nil) recorded in the accounts in respect of loans that converted into equity at the time of the Offering.

4. Results of Operations (continued)

These expenses have been partially offset by foreign exchange gains of $1,059,000 (2009: $254,000 gain, 2008: ($233,000) loss). These gains have arisen mainly due to variations in the exchange rate between the United States Dollar and the Canadian Dollar and South African Rand during the period, as the assets of the Company are mainly denominated in Canadian Dollar and South African Rand, while the Company's functional currency is the United States Dollar.

Costs related to the Offering in the amount of $5,928,000 have been netted off against share premium in the consolidated statement of changes in equity.

Total assets have increased significantly in 2010 following the Offering in which the Company raised a gross total of $61,045,000. The increase in total assets in 2009 resulted from investment by the Company of loans raised from shareholders in the Zandkopsdrift Project.

Total assets consisted of, inter alia, of cash and cash equivalents of $57,049,000 (2009: $11,000, 2008: $7,000) and intangible mining assets of $3,361,000 (2009: $1,510,000, 2008: $704,000).

Long term financial liabilities at 31 December 2010 were nil following the conversion of all outstanding debt to equity at the time of the Offering (2009: $1,725,000, 2008 $795,000).

In the year ended 31 December 2010 the Company reported tax income of $39,000 (2009: $60,000, 2008: Nil). The tax income relates to deferred tax assets, consisting principally of accelerated capital allowances and tax losses during the year.

Development Strategy
Since the completion of the Offering the Company has accelerated the evaluation and development of the Zandkopsdrift Project and currently has the objective of completing a PEA by Q3/Q4 2011. Work on a PFS is being carried out in parallel with the PEA and, subject to the PEA results, is expected to be available in Q4 2011/ Q1 2012. Subject to the outcome of the PFS, the Company expects to complete a DFS on Zandkopsdrift by the end of 2012; and, subject to the result of the DFS, expects to commence production of rare earths by the end of 2014.

The outcome of the PEA, PFS and DFS and the ultimate prospects for Zandkopsdrift and Frontier are subject to various risks and uncertainties, including the outcome of further resource development, mineralogical and metallurgical test work, the market price for rare earth elements and the availability of further funding as and when required.

Income Statement
The table below summarises the income statement of the Company for the periods under review.

Summary of Income Statement

	Year ended December 31, 2010 $'000	Year ended December 31, 2009 $'000	Year ended December 31, 2008 $'000
Revenue	2	162	216
Administrative expenses	(2,089)	(639)	(37)
Loss on loan conversion	(1,940)	-	-
Foreign exchange gain/ (loss)	1,016	254	(233)
Operating profit / (loss)	(2,968)	(223)	(54)
Finance expenses	(8)	(69)	(54)
Finance income	63	-	-
Profit/ (loss) before tax	(2,913)	(292)	(108)
Taxation	39	60	-
Profit/ (loss) after tax	(2,874)	(232)	(108)
Translation adjustment	(17)	(21)	9
Profit/ (loss) attributable to equity shareholders	(2,891)	(253)	(99)

Management's Discussion and Analysis Of Financial Condition and Results of Operations (continued)

4. Results of Operations (continued)

Balance Sheet
The table below summarizes Frontier's balance sheet for the periods under review.

Summary of Balance Sheet

	Year ended December 31, 2010 $'000	Year ended December 31, 2009 $'000	Year ended December 31, 2008 $'000
Assets			
Non-current assets			
Intangible mining assets	3,361	1,510	704
Other non-current assets	704	242	153
Total non-current assets	4,065	1,752	857
Cash and cash equivalents	57,049	11	7
Other current assets	81	39	2
Total current assets	57,130	50	9
Total assets	**61,195**	**1,802**	**866**
Non-current liabilities	-	1,725	795
Current liabilities	2,203	267	8
Equity			
Shareholders' equity	58,993	(189)	64
Non-Controlling Interests	(1)	(1)	(1)
Shareholders' interests	58,992	(190)	63
Total equity and liabilities	**61,195**	**1,802**	**866**

Expenditure of $1,676,000 was capitalised in the year ended 31 December, 2010 with the other changes in intangible mining assets relating to foreign exchange movements. Capitalised expenditure principally relates to exploration and evaluation on the Zandkopsdrift Project. Intangible mining assets at 31 December 2010 were $3,361,000.

5. Summary of Quarterly Results and discussion of Q4 2010 results

The following selected data is derived from unaudited interim financial statements of the Company.

	2010				2009			
	31 Dec $'000	30 Sept $'000	30 June $'000	31 Mar $'000	31 Dec $'000	30 Sept $'000	30 June $'000	31 Mar $'000
Net Revenues	2	-	-	-	-	-	-	162
Profit /(Loss) before tax	(2,913)	(61)	(214)	(166)	(536)	13	117	114
Total Assets	61,195	2,683	2,442	2,333	1,802	1,362	1,172	880
Net Assets	58,992	(1,148)	(586)	(343)	(190)	73	58	173

The Company is at a pre-revenue stage of its development. Revenue in 2010 relates to a profit on disposal of a fixed asset. Revenue in 2009 is an accounting profit which is required under IFRS to recognise the notional gain or benefit to the Company from receiving interest free loans from shareholders.

The fluctuations in profit/ (loss) before tax on a quarterly basis are typically explained by the increasing operating costs over the period. Periods for which a profit is shown have either experienced a foreign exchange gain in excess of non-capitalised expenditure (Q2 and Q3 2009) or have benefited from an accounting revenue as described in the paragraph above (Q1 2009). In 2010 there has been a steady increase in administration expenditure in each quarter as the Company prepared for the Offering which was completed in Q4 2010.

The Company has capitalized all exploration and development related expenditure over the periods shown and has raised funding as required to invest and advance the Zandkopsdrift Project. The steady increase in total assets over the period to Q3 2010 primarily reflects increases in the intangible assets relating to the Zandkopsdrift Project.

5. Summary of Quarterly Results and discussion of Q4 2010 results (continued)

The Company successfully listed on the Toronto Stock Exchange in Q4 2010 raising a gross total of $61,045,000. This equity fundraising accounted for the substantial increase in the total assets and the net assets of the Company in the quarter. In addition, various loans totalling $2,910,000 converted into equity and certain share based payments including option grants to certain employees and Directors became effective.

Costs directly related to the Offering of $5,928,000 have been offset against the share premium and have not impacted the loss before tax in the quarter. Certain other costs, including the non-capitalized portion of the value of option grants and the notional cost of issuing shares at a price below the Offering price in consideration for the cancellation of loans have been included in expenses in the consolidated statement of comprehensive income. These amounted to $724,000 and $1,940,000 respectively. These two items account for the large increase in the loss before tax in the quarter.

6. Liquidity

The Company's principal asset is at the exploration and evaluation stage and as a result the Company has no current source of operating cash flow.

The Company's activities prior to the Offering were funded entirely by loans and equity subscriptions from shareholders. All shareholder loans had been converted to equity and therefore at 31 December 2010 the Company had no debt outstanding.

Following the Offering the Company, has sufficient funding for its work programs at least through December 2012, during which time it is expected, subject to satisfactory outcomes from the PEA and PFS, the Company will complete a DFS for the Zandkopsdrift Project .

The Company had cash and cash equivalents at 31 December 2010 of $57,049,000. These funds were held principally in Canadian Dollars.

Since the period end the Company has entered into a hedging arrangement in respect of CAD$12,000,000 to reduce currency risk related to its core South African Rand expenditure over the next two years. The funds in excess of this are held in CAD$ deposits of various maturities. The maturities and amounts invested have been assessed based on anticipated expenditure over the two year period as set out in the Technical Report during which time the Company expects to complete a DFS for the Zandkopsdrift Project. While the Company has some expenditure in Canada, as the majority of the surplus funds are held, unhedged, in Canadian Dollars a significant weakening of that currency against the U.S. Dollar would have a negative impact on the reported earnings of the Company.

On successfully completing the DFS it is anticipated that the Company will require additional external funding to construct the mine and rare earth processing plant. There can be no certainty either that the technical assessment or the project economics of Zandkopsdrift will be such that it will reach the stage of a DFS or that funding will be available to complete the construction should the project successfully reach that stage.

Frontier has engaged various contractors and consultants to assist in moving the project forward. The anticipated costs of these contracts are currently in line with the work programme in the Technical Report which is available on SEDAR (www.sedar.com). The Technical Report estimates that the total cost of advancing the project to completion of a DFS would be approximately $17,700,000 over a two-year period.

In December 2010 Frontier exercised an option to acquire certain land in South Africa. The exercise price of this option was approximately $1,200,000. The acquisition of the land was not complete at 31 December 2010. Frontier had no other material contractual obligations at the end of the period.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Contract for the purchase of land	$1,200,000	$1,200,000	-	-	-
Total Contractual Obligations	**$1,200,000**	**$1,200,000**	**-**	**-**	**-**

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7. Capital

During the period, the shareholders of the Company approved a 7,000 for 1 share split which had the effect of increasing the authorised share capital of the Company from 50,000,000 ordinary shares to 350 billion ordinary shares. In addition, the share split had the effect of increasing the number of ordinary shares in issue from 10,000 to 70,000,000.

On 13 September 2010 the board of Directors of the Company (the "Board") approved the issue of 1,967,081 options over ordinary shares to certain key management and employees at an exercise price of $2.00 per new ordinary share.

On 17 November 2010 the Company successfully completed the Offering raising gross proceeds of $61,045,000, with net cash proceeds to the Company after Offering expenses and underwriters fees of approximately $55,700,000.

As part of the Offering, Frontier issued a total of 18,132,700 ordinary shares at a price of CAD$3.29 per share and 10,148,750 warrants at a price of CAD$0.22 per warrant to new shareholders. Each warrant entitles the holder thereof to purchase one new ordinary share in the Company at any time within 24 months of the closing of the Offering at a price of CAD$4.60 per ordinary share.

At the date of the Offering all shareholder and related party loans and convertible loan notes were converted into equity, which resulted in the issue of 1,430,081 ordinary shares and 715,041 warrants. In addition, a further 2,895,103 options over ordinary shares were issued to Directors at an exercise price of $3.29 per new ordinary share.

The underwriters of the Offering also received a total of 1,087,962 options at an exercise price of CAD$3.29 per new ordinary share and 608,925 options on warrants at a price of CAD$0.22 per warrant.

As at 31 December 2010 the number of ordinary shares in issue was 89,562,781 and the number of warrants in issue was 10,863,791. The number of options held by Directors and employees was 4,862,184 and the number of options held by the underwriters was 1,087,962. The underwriters also held 608,925 options on warrants.

There have been no changes to the share capital between 31 December 2010 and the date of this MD&A.

8. Off-Balance Sheet Transactions

There were no off-balance sheet transactions in the period under review.

9. Transactions with Related Parties

At the date of the Offering, all outstanding loans, including shareholder and related party loans converted into equity at a price of CAD$2.04 per unit (each unit being a combination or one ordinary share and one half warrant). A total of CAD$2,170,000 of shareholder and related party loans converted into 1,064,000 units.

At the date of the Offering the Company entered into service contracts with each of its Directors. During the period the Company also issued a total of 1,748,516 options at a price of $2.00 per share and 2,895,103 options at a price of CAD$3.29 to key management, Directors and employees.

10. Proposed Transactions

There are no new material asset or business acquisitions or dispositions under consideration.

11. Critical Accounting Estimates and Judgments

Frontier makes estimates and assumptions concerning the future, which, by definition, will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

(i) Valuation of exploration, evaluation and development expenditure, mining property and mining equipment: The value of Frontier's exploration, evaluation and development expenditure, mining property and mining equipment is dependent upon the success of Frontier in discovering economic and recoverable mineral resources. The estimation of future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates between the United States Dollar and the Rand and potential new legislation and related environmental requirements.

(ii) Rehabilitation provisions: Frontier makes estimates of future site restoration costs (rehabilitation provisions) based upon current legislation in South Africa, technical reports and estimates provided by Frontier's senior employees and advisors. These estimates will be affected by actual legislation in place, actual mining activity to be performed and actual conditions of the relevant sites when the restoration activity is to be performed in future periods.

11. Critical Accounting Estimates and Judgments (continued)

(iii) Impairment testing: The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may impact our estimates and may then require a material adjustment to the carrying value of tangible assets and intangible assets.

Frontier reviews and tests the carrying value of tangible and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

The carrying values of both tangible and intangible assets that are supported through a contract with a single customer are at risk in the event of termination. In the event of termination of that contract there may be an impairment on either the tangible or intangible level or both, as the cash flows that are recoverable through the capital repayment as noted in the contract may not support the full recovery of these assets.

Expected future cash flows used to determine the value in use of tangible and intangible assets are inherently uncertain and could materially change over time.

(iv) Useful Life of Property, Plant and Equipment: Frontier estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase recorded operating expenses and decrease non-current assets.

(v) Realizable Amount of Deferred Tax Assets: Frontier reviews its deferred tax assets at each statement of financial position date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

12. Changes in Accounting Policies

Frontier reports under IFRS as issued by the International Accounting Standards Board ("IASB"). There have been no material changes in accounting policies in the period under review.

13. Controls and Procedures

The Board has designed or caused to be designed under its supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

Due to the relatively limited number of transactions given the Company's size and stage of development, the Board relies on senior management for their review and approval and to provide the level of assurance required for financial reporting purposes. The Board will continue to review Frontier's controls and procedures to ensure that they are adequate as Frontier develops.

There has been no change in the Company's internal controls during the period under review.

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14. Financial Instruments and Market Risks

The Company held short term Canadian Dollar deposits investments at the period end. These funds from the Offering were held on deposit from 17 November 2010 to 31 December 2010 during which time they generated interest income of $63,000. In addition, due to the strengthening of the Canadian Dollar against the US Dollar over the period between the closing of the Offering and 31 December 2010, the Company recorded a foreign exchange gain of $780,000 on these deposits in the financial statements for the year. The Company held no other financial instruments at the end of the period under review.

Frontier may be affected by exchange rate risks, interest rate risks and commodity price risk. Exchange rate risk arises as Frontier's functional currency and the currency in which its ultimate revenue is likely to be denominated is the United States Dollar while its principal expenditure is in South African Rand and its surplus funds are held in Canadian Dollars. Interest rate risk is not a material risk for Frontier as it does not currently have any interest-bearing liabilities. However this may change if Frontier were to take on debt finance. Commodity price risk arises as Frontier's ultimate revenue will be determined by the prices available for the various rare earths when and if Zandkopsdrift enters production.

At 31 December 2010 Frontier did not have any hedging activities to mitigate these risks. Since the end of the period the Company has entered into certain currency hedging instruments to limit the exchange rate risk between Canadian Dollars (in which the Company's deposits are held) and South African Rand (in which the majority of the development expenditure will be incurred). To date there have been no gains or losses recorded in respect of these hedging instruments. The Board will continue to monitor the situation and will consider various options to mitigate these risks as it deems appropriate as the business develops.

15. Additional Information

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") and are satisfied that such controls and procedures are effective.

Additional information relating to the Company, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com.

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