

## **MICREX DEVELOPMENT CORP.**

### **Management Discussion and Analysis**

The following discussion prepared January 28, 2011, of the financial condition, changes in financial condition and results of operations of the Corporation for the period ended November 30, 2010 should be read in conjunction with the financial statements of the Corporation and related notes included therein.

#### **Forward-Looking Information**

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Micrex Development Corp. ("Micrex" or the "Corporation") that are based on the beliefs of management as well as assumptions made by and information currently available to the Corporation. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Corporation or its management, are intended to identify forward-looking statements. Such forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Corporation's exploration properties. Such statements reflect the current views of the Corporation with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Corporation to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Specific forward looking statements include:

- putting Burmis property into production. Risks include delay or failure to obtain government permits, technical problems in operations, failure to raise sufficient funds to put the property into production, failure to enter into commercially acceptable supply or sale agreements, and failure to enter into a satisfactory agreement with the co-owners of the property;
- putting the Quebec property into production. Risks include failure to enter into commercially acceptable supply or sale agreements and technical problems during operations;
- requirement of the Corporation to raise additional equity or sell property interests to raise sufficient capital to continue operations. Risks include the failure to raise such equity due to market conditions or otherwise and failure to find interested parties willing to enter into commercially acceptable agreements.

## **Overall Performance**

The Corporation continues its focus as a natural resource corporation with interest in precious metal, industrial minerals and rare earth properties located in Alberta, Quebec, B.C. and New Mexico. The Corporation focuses the majority of its attention on the "proving up" of prospective properties as exploration dollars can be focused in a direct manner. Active exploration for undiscovered resources is, at present, not a priority. The Corporation is interested in properties which have a demonstrated resource, usually through historical production or testing by credible authorities such as Government Geological Survey personnel. The Corporation gives high priority to those properties which can be brought to production with relatively low cost and in a timely manner.

One gold exploration property is located in British Columbia and has excellent potential for future development. The Burmis Magnetite property is at the permitting stage. The Corporation has three gold properties in New Mexico. The Corporation's Quebec property is at the stage where magnetite and titanium production will be commenced as soon as a firm purchase order is received. The Corporation's current focus is on the follow up exploration on the Quebec property for certain rare earths, given the current market for such elements.

The Corporation is in the middle of the permitting process for its Alberta magnetite property, with a view of putting it in production in 2011. The Corporation is involved in a long and complicated government process to obtain a mining permit for its Burmis property. The Corporation and its consultants believe that such permit will be granted, but there is no assurance as to when or if that may happen.

A recent exploration program on the Corporation's Big Horn gold property yielded encouraging results, resulting in the staking of additional ground around existing claims. The Corporation's previous agreement with a third party to develop its Deadwood gold property in New Mexico has lapsed. The Corporation is in discussions with other third parties in respect to the Deadwood.

## **Three Months Ended November 30, 2010**

### **Results of Operation**

During the period ended November 30, 2010, the Corporation incurred a loss of \$112,315. The Corporation had no revenue. General and administrative expenses amounted to approximately \$44,850, including wages in the form of consulting fees. Amortization was \$350, and stock based compensation was \$67,140.

### **Liquidity and Capital Resources**

As at November 30, 2010 the Corporation had 46,309,457 common shares outstanding. During the quarter 225,000 shares (\$45,000) were issued in respect to a property. 1,333,333 shares

(\$240,000) and 294,910 shares (\$29,491) were issued in settlement of debts and 534,000 shares (\$160,942) were issued on the exercise of stock options.

### **Three Months Ended November 30, 2009**

#### **Results of Operation**

During the three month period ended November 30, 2009, the Corporation incurred a loss of \$40,450. The Corporation had no revenue. General and administrative expenses amounted to approximately \$39,950, including wages in the form of consulting fees. Amortization was \$500, and stock based compensation was nil. Future income tax recovery was \$11,731.

#### **Liquidity and Capital Resources**

As at November 30, 2009, the Corporation had 37,736,214 common shares outstanding.

Additional capital will need to be raised for additional exploration programs on the Corporation's properties. The amount and timing of such will depend upon the results of current exploration programs and market conditions at the time.

The Corporation has no long term debt or leases. It plans to raise the funds necessary to put the Burmis and Quebec properties into production with a combination of debt and equity. The total funds required to be raised in this respect is approximately \$500,000 for Burmis, and somewhat less for Quebec. The Burmis project requires the necessary permits from the Alberta government. The permitting process is currently underway. The Corporation has arranged a debt facility to put the Quebec property into production as soon as a purchase order is finalized.

#### **Outlook**

The Corporation has no long term debt or leases. It plans to raise the funds necessary to put the Burmis and Quebec properties into production with a combination of debt and equity. The total funds required to be raised in this respect is approximately \$1,500,000 for Burmis, and \$2,500,000 for Quebec.

For 2011, the Corporation plans to continue to focus its efforts on its Quebec and Burmis Magnetite property. The Alberta permitting process has been slow and expensive, but it appears to be nearing the end. In Quebec several potential customers have expressed interest in the magnetite, but none have yet placed a firm order large enough to justify going into production. The rare earth element present in the Quebec property will be a primary focus in the near term as supply concerns for such continue to grow. Progress has been made towards getting these deposits into production, and the Corporation anticipates receiving production revenue during the 2011 calendar year.

With a continuing strong gold price, the Corporation is planning to conduct further exploration on its Big Horn gold property if capital becomes available.

The recent global credit crisis, severely declining valuations on equity markets worldwide, weakening economic growth and sharp falls in commodity prices generated significant uncertainty for the mining sector. While there have been some improvements, companies can be expected to encounter poor terms in accessing new equity capital.

### Summary of Quarterly Results

#### Two Year Quarterly Financial Data

<b>2009</b>	<b>Feb 29/09</b>	<b>May 31/09</b>	<b>Aug 31/09</b>	<b>Nov. 30/09</b>
Total Revenue (\$)	Nil	Nil	Nil	Nil
Total Income (loss) (\$)	(92,095)	(111,841)	57,617	(40,450)
Income (loss) per share (\$)	(0.003)	(0.003)	0.002	(0.001)
<b>2010</b>	<b>Feb 28/10</b>	<b>May 31/10</b>	<b>Aug 31/10</b>	<b>Nov 30/10</b>
Total Revenue (\$)	Nil	Nil	Nil	Nil
Total Income (loss) (\$)	(128,923)	(234,226)	(281,245)	(112,315)
Income (loss) per share (\$)	(0.003)	(0.006)	(0.006)	(0.003)

#### Transactions with Related Parties

During the quarter Micrex recorded expenses of \$nil (2009 - \$nil) to a director for consulting and management services provided.

During the year the Corporation paid \$16,397 (2009 - \$31,500) to certain shareholders for subcontract services, and also paid legal fees of to a law firm of which the corporate secretary is a partner.

#### Outstanding Share Data

As at November 30, 2010 the following shares, warrants and options are outstanding:

46,309,457 common voting shares.

#### Management and Directors' Options Outstanding at November 30, 2010:

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
375,521	0.30	December 28, 2010
520,000	0.25	March 23, 2011
140,000	0.29	February 13, 2012
673,000	0.27	May 30, 2012
80,000	0.25	July 4, 2012

Number	Exercise Price	Expiry Date
241,764	0.18	February 22, 2013
234,336	0.10	January 6, 2014
565,000	0.10	July 2, 2014
870,000	0.20	April 15, 2015
746,000	0.11	October 18, 2015

The following warrants were outstanding as at November 30, 2010:

2,484,900 warrants expiring December 30, 2010 at a price of \$0.15 per share.

6,186,000 warrants expiring October 7, 2012 at a price of \$0.15 per share.

305,200 broker warrants expiring October 7, 2012 at a price of \$0.15 per share.

### **Critical Accounting Policies**

The Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 "Stock-based Compensation and Other Stockbased Payments", which requires fair value accounting for all stock options issued during the year. A formula is used, relying on factors such as interest rates, volatility and length of time an option will be held. When determining the volatility factor and length of options for its stock-based compensation assumptions, management of the Corporation is required to make estimates for the future volatility of its shares and the length of time stock options will remain unexercised. These assumptions may not necessarily be an accurate indicator of future volatility. The model used was developed for securities whose market is liquid. The application of this model to the value of the Corporation's options is unlikely to be an accurate indicator of fair value.

### **International Financial Reporting Standards (IFRS)**

The Canadian Accounting Standards Board has confirmed that IFRS will be adopted as Canadian GAAP for publicly accountable enterprises on January 1, 2011. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition of IFRS cannot be reasonably, estimated at this time.

### **Multilateral Instrument 52-109 Disclosure Evaluation Evaluation of Disclosure Controls and Procedures**

Micrex has evaluated the effectiveness of its disclosure controls and procedures and have concluded that they are sufficiently effective to provide reasonable assurance that material information relating to the Corporation is made known to management and disclosed in accordance with applicable securities regulations.

**Additional Disclosure**

	<b>November 30, 2010</b>	<b>August 31, 2010</b>
Consulting fees and sub-contracting fees	\$16,397	\$287,233
Stock based compensation	\$67,140	\$174,000
Professional fees	\$3,750	\$59,179
Total general and administrative costs	\$44,850	\$516,049

<b>Deferred exploration and acquisition costs, by property:</b>	<b>November 30, 2010 \$</b>	<b>August 31, 2010 \$</b>
Big Horn Mine	869,231	869,231
Burmis Magnetite Deposit	2,440,931	2,412,682
Quebec Deposit	539,707	536,207
Accumulated deferred exploration and acquisition total	3,849,869	3,818,120

Further information with respect to the Corporation can be found on its website at [www.mixcorp.com](http://www.mixcorp.com) and on the SEDAR website.