



OLIVUT RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JULY 31, 2011



OLIVUT RESOURCES LTD.

MANAGEMENT'S DISCUSSION and ANALYSIS APRIL 30, 2011

The effective date of this report is September 14, 2011.

This Management's Discussion and Analysis ("MD&A") contains certain "Forward-Looking Statements." All statements, other than statements of historical fact included herein, including without limitation, statements regarding potential mineralization and resources, exploration and development activities, and future plans of Olivut Resources Ltd. (the "Company" or "Olivut") are forward looking statements that involve various known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from expected results, including changes in future prices of precious minerals, variations in resources and grades, accidents, labour disputes and other risks associated with the exploration and mining industry, delays in obtaining governmental approvals and financing. Other than as required by applicable laws, the Company does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.

This MD&A provides a detailed analysis of the business of the Company and compares the results for the three and nine months ended July 31, 2011 with those in the comparative period in 2010. In order to better understand this MD&A, it should be read in conjunction with the financial statements of the Company (the "financial statements") for those periods. The Company prepares and files with various Canadian regulatory authorities its financial statements and MD&A in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's news releases and other regulatory filings can be found on SEDAR at www.sedar.com.

Description of Business

The Company is engaged in the acquisition, exploration and development of properties for the purpose of mining precious and base minerals. The Company has three projects:

- A 100% interest in the HOAM Project located in the Mackenzie Region, Northwest Territories, Canada (the "HOAM Project").
- In May 2009 the Company signed an option agreement with Orosur Mining Inc. ("Orosur" or "OMI") (TSXV:OMI) whereby Olivut may earn a 51% interest in certain diamond prospecting and exploration licenses (the "Rivera Project") located in northern Uruguay, South America. Olivut's interest may be increased to 80% depending on OMI's participation in subsequent work programs. Olivut is the operator.
- On July 6, 2011 the Company announced that it had signed an option agreement with Latin American Minerals Inc. ("LAT") (TSXV:LAT) and certain of its Paraguayan subsidiaries to explore the Itapoty Diamond Project located in central Paraguay, South America. Olivut may earn a 50% interest in the Itapoty Diamond Project. Olivut is the operator.

Exploration program highlights for these projects include:

HOAM Project, NWT

- three new kimberlite discoveries from four targets drilled
- detailed airborne magnetic survey completed during summer months
- numerous additional priority drill targets identified

Itapoty Diamond Project, Paraguay

- initial data compilation has outlined areas of interest
- detailed ground geophysical survey to start during September 2011
- sampling program to commence during September 2011

Rivera Project, Uruguay

- ground magnetometer survey underway to prioritize drill targets
- geochemical sample program completed and results are pending

Further detail is provided under “*Mineral Property and Exploration and Development Activities*”.

Summary of Quarterly Results

	2011 3 rd Quarter	2011 2 nd Quarter	2011 1 st Quarter	2010 4 th Quarter
Total revenues	\$12,185	\$12,962	\$14,728	\$14,835
Net (loss)	\$(940,671)	\$(342,416)	\$(437,539)	\$(432,301)
Basic and diluted net loss per share	\$(0.03)	\$(0.01)	\$(0.01)	\$(0.01)

	2010 3 rd Quarter	2010 2 nd Quarter	2010 1 st Quarter	2009 4 th Quarter
Total revenues	\$12,127	\$11,151	\$11,816	\$23,477
Net (loss)	\$(220,745)	\$(429,241)	\$(273,403)	\$(525,664)
Basic and diluted net (loss) per share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.02)

Results of Operations

Three and nine months ended July 31, 2011 compared to three and nine months ended July 31, 2010

The Company's net loss for the three and nine months ended July 31, 2011 was \$940,671 and \$1,720,626 respectively (2010 - \$220,745 and \$923,389 respectively).

The Company has no active business income. Revenue is entirely interest income, primarily earned on cash deposits, which in the three and nine months ended July 31, 2011 amounted to \$12,185 and \$39,875 respectively (2010 - \$12,127 and \$35,094 respectively). Interest income is substantially consistent with the prior periods.

During the three months ended July 31, 2011 administrative and general expenses totaled \$141,305 compared to \$104,178 in the three months ended July 31, 2010. The increase in expenses quarter over quarter was primarily due to an increase in office and general costs and a net reduction in the management credit earned from operating the Rivera Project and Itapoty Diamond Project.

During the nine months ended July 31, 2011 administrative and general expenses totaled \$482,079 compared to \$491,136 in the nine months ended July 31, 2010. The decline year-over-year was due largely to a reduction in non-cash stock-based compensation expense of \$36,000 offset by increases in property evaluation expense of \$15,005 and a net reduction in the management credit earned from operating the Rivera Project and the Itapoty Diamond Project.

Exploration expenses for the three and nine months ended July 31, 2011 were \$806,784 and \$1,273,247 respectively (2010 - \$128,426 and \$466,543 respectively). The change in exploration expenses period over period is explained below under "*Mineral Property and Exploration and Development Activities*".

Mineral Property and Exploration and Development Activities

The HOAM Project

The Company has a 100% interest in the HOAM project located in the Mackenzie Region, Northwest Territories (the "HOAM Project"), Canada. The interests in exploration properties are subject to a 1.5% Net Smelter Return royalty ("NSR"), 50% of which is held by a director and officer of the Company. The Company has been very successful in identifying kimberlite occurrences in this previously unexplored area of the NWT. Twenty-six kimberlite discoveries have been made to date. Although some of these discoveries are microdiamond bearing, the sources of the extremely positive, yet discrete, kimberlite indicator mineral ("KIM") populations (including G10 garnets), recovered from stream sediment and till samples collected throughout this large project area, remain to be found.

An evaluation of regional geophysical data, conducted by an independent expert in early to mid-2011, resulted in numerous additional targets located up-ice from the areas of anomalous KIMs. The objective of this evaluation was to identify potential new areas of kimberlite occurrences that may have been overlooked by initial assessments. As a result of the evaluation, the 2011 exploration season included detailed geophysical surveys over 27 target areas, geochemical sampling over certain areas and limited drilling. Numerous new drill targets were defined by the airborne survey work. Additional detailed airborne is justified and plans will be undertaken to conduct a program as financing and weather permit. A light weight drill was utilized to drill five shallow holes. Kimberlite was intersected in three of the five holes drilled into four previously untested targets with varied magnetic signatures. Analysis is ongoing to further evaluate many of the high priority target areas in order to provide additional information for prioritization of anomalies for drilling in 2012. Actual exploration costs year-to-date on the HOAM Project are \$1,055,868, or \$862,951 more than the \$192,917 spent in the nine months ended July 31, 2010.

The Rivera Project

In May 2009, the Company signed an option agreement with Orosur Mining Inc. ("Orosur" or "OMI") (TSXV:OMI) whereby Olivut is operator for the Rivera Project located in northern Uruguay, South America. The Rivera Project is held by Cinco Rios S.A., a wholly owned subsidiary of OMI. The Company has the option to acquire a 51% interest in the Rivera Project by incurring minimum expenditures of \$250,000 by August 1, 2010 (\$285,527 was incurred by August 1, 2010) and a total of \$750,000 by December 31, 2011 (\$417,796 was incurred by July 31, 2011). Olivut's interest may be increased to 80% depending on OMI's participation in subsequent work programs. The joint venture earn-in structure was established in order for Olivut to evaluate the potential for kimberlites in this relatively unexplored region without exposing shareholders to high front-end costs.

The Company had a successful initial exploration program on the Rivera Project in Uruguay. Phase 1 exploration work included stream and pit sampling at both regional and local scales. Positive KIMs including a diamond were recovered. Surface features of most of the recovered pyrope garnets indicate a probable proximal source. An early stage drill program was undertaken to test several geomorphological targets. Shallow reverse circulation holes (less than 110 metres) were drilled into four targets in 2010. Intensely serpentinized, ultramafic material was intersected within sandstone in one of the targets. Based on the encouraging initial Phase 1 exploration results, a soil geochemical program was completed over 23 magnetic and geomorphological anomalies. A total of 92 samples have been submitted for enzyme leach analysis. Results are pending. A detailed ground geophysical survey is currently underway over 17 targets to assist with drill target prioritization. Permits are in place and land owner agreements have been finalized to allow drilling to commence once prioritization is complete.

The Company is extremely encouraged by the coincidence of anomalous stream sediment samples, geophysical targets, favourable structures and the presence of ultramafic material, all of which support the probability that kimberlite, though currently undiscovered, exists in the project area. Management is pleased with the amount of positive information obtained from this early stage investigation and that the initial results justify continued expenditures pursuant to the option agreement.

The Rivera Project is situated in the stable Rio de la Plata craton which is consistent with cratonic regions in southern Africa. This provides an additional degree of encouragement that diamondiferous kimberlite bodies may be present in the region of the Rivera Project.

The Itapoty Diamond Project

As described above under the heading "Description of Business", on July 6, 2011 the Company announced that it had signed an option agreement with Latin American Minerals Inc. ("LAT") (TSXV:LAT) to explore the Itapoty Diamond Project located in central Paraguay, South America.

This new opportunity complements Olivut's existing portfolio of diamond exploration properties in Canada and Uruguay, South America. The southern hemisphere location provides a complementary work season to that of the HOAM summer program in Canada. Paraguay's mineral resources remain largely underexplored.

Work commenced immediately upon signing the option agreement. Data has been assimilated and plans are in place to start a detailed ground geophysical survey shortly in specific areas of interest. Additional surveying will be considered upon completion and analysis of the initial geophysical survey. A stream sediment/colluvium sampling program will also be conducted with the aim of providing more precise detail for the source(s) of the numerous diamonds and kimberlite indicator minerals previously retrieved from earlier sampling. A drilling program will be planned for startup during the South American summer months to follow up targets defined by the geophysical and sampling programs. Previous work by LAT recovered 37 macro diamonds (1-2 mm) from the property. Diamond distribution suggests local and multiple sources and surface features of the diamonds indicate proximal sources. Regional and local geology supports emplacement of diatremes and dykes.

During the three and nine months ended July 31, 2011, the Company incurred \$806,784 and \$1,273,247 respectively (2010 - \$128,426 and \$466,543 respectively) on exploration and development expenditures. The principal expenditures year-to-date were for airborne geophysical survey and related costs \$506,582 (2010 - \$33,793) and diamond drilling related costs \$481,975 (2010 - \$112,706) on the HOAM project. Cumulative exploration and development expenditures made by the Company as at July 31, 2011 total \$13,040,940 (at October 31, 2010 - \$11,767,693). This cumulative total represents \$12,506,620 spent on the HOAM Project (October 31, 2010 - \$11,450,752), \$417,796 spent on the Rivera Project (October 31, 2010 - \$316,941) and \$116,524 (October 31, 2010 - \$nil) spent on the Itapoty Project.

Additional information is available at www.sedar.com and the Company's website at www.olivut.com.

Liquidity and Capital Resources

As at July 31, 2011, the Company had a cash and cash equivalents balance of \$1,815,966 (October 31, 2010 - \$3,227,058) to settle current liabilities of \$692,709 (October 31, 2010 - \$297,883) and working capital of \$1,219,927 (October 31, 2010 - \$2,971,351).

Cash equivalents are entirely guaranteed investment certificates issued by a major Canadian chartered bank. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms.

During the three and nine months ended July 31, 2011, cash used by operating activities was \$415,047 and \$1,320,046 respectively, an increase of \$137,888 and \$389,256 respectively compared to the cash used in the three and nine months ended July 31, 2010. The increase year-to-date primarily reflects increased spending on exploration activities.

The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity financing to meet its ongoing working capital requirements. On the basis of the Company's current cash position, management of the Company believes that it has sufficient funds to carry on its ordinary course of business through the fiscal year end October 31, 2011. Additional financing will be solicited during the next year to enable the Company to continue exploration on its projects and to consider new opportunities. Management carefully monitors its cash balances and may postpone material exploration expenses so as to protect the Company's working capital if equity markets do not permit additional financing. As at July 31, 2011, the Company did not have any long-term debt or contractual liability or obligations other than as reported in the financial statements.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Transactions with Related Parties

During the three and nine months ended July 31, 2011 a total of \$58,000 and \$91,500 respectively (2010 - \$9,410 and \$24,910 respectively) for exploration consulting expenditures, and \$2,400 and \$7,200 respectively (2010 - \$2,400 and \$13,200 respectively) for administrative and general expenses (other than salary and benefits) were accrued or paid to directors and officers of the Company or persons or companies related to or controlled by them. The directors and officers of the Company or persons or companies related to or controlled by them were also reimbursed at cost for expenses incurred on behalf of the Company. Included in accounts payable and accrued liabilities at July 31, 2011 is \$31,000 (October 31, 2010 - \$5,800) relating to the above transactions owing to directors and officers of the Company or persons or companies related to or controlled by them.

The above transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties and is intended to reflect market rates between un-related parties. Amounts owing to the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

Critical Accounting Estimates and Changes in Accounting Policies

The Company's critical accounting policies are disclosed in full in Note 3 of the audited financial statements for the year ended October 31, 2010.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In January 2006, the Canadian Institute of Chartered Accountants Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for all publicly accountable companies must converge with IFRS for financial years beginning on or after January 1, 2011. Since the Company's year-end is October 31, it must develop a changeover plan in preparation for conversion from GAAP to IFRS beginning November 1, 2011 (the "changeover date"). Accordingly, management is monitoring and analyzing pronouncements of the International Accounting Standards Board to identify the issues that must be addressed in the transition. The Company has engaged a professional consultant who has assisted management in determining the alternative accounting policies which the Company can adopt under IFRS, identifying financial statement items that require restatement under IFRS and developing the working papers, checklists and proforma financial statements leading to the audit of the opening balance sheet and comparative statement required under IFRS. Based on the analysis of information to date and due to the simplicity of the Company's accounting policies and computer systems and the size of its business, management does not expect any difficulty in completing all necessary changes in accordance with these new standards by the required changeover date.

Outstanding Share Data

As of September 14, 2011, an unlimited number of common shares with no par value are authorized of which 31,650,637 shares are issued and outstanding.

All previously outstanding warrants expired unexercised on May 14, 2011.

Under the terms of the Company's Stock Option Plan, as at September 14, 2011 a total of 3,000,000 options to purchase common shares at exercise prices ranging from \$0.165 to \$1.70 per common share and expiring between January 17, 2012 and March 10, 2016 are outstanding.

Commitments and Contingencies

Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Management Contracts

The Company is party to a management contract. Minimum contract commitments remaining under the agreement are approximately \$660,000, including \$220,000 due within one year. Upon the occurrence of certain events such as a change of control, the contract requires payment of up to \$1,000,000. As the likelihood of these events taking place is not determinable, the contingent payment has not been reflected in the financial statements for the nine months ended July 31, 2011.

Operating Lease

The Company is committed to an operating lease for equipment rental, which expires on May 2, 2014. Minimum lease payments for successive fiscal years ending October 31 are as follows:

Year	\$ Amount
2011	720
2012	2,880
2013	2,880
2014	<u>1,440</u>
	<u>7,920</u>

The Company is not involved in any outstanding litigation.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of capital stock, stock options and contributed surplus. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. Accordingly, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for its administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if reasonably available. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended July 31, 2011. The Company is not subject to externally imposed capital requirements.

Risks and Uncertainties

Financial Risk Factors

The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to amounts receivable and a loan receivable. The Company has no significant credit risk arising from operations. The loan receivable is described in Note 6 to the financial statements for the nine months ended July 31, 2011 and is secured by all assets of the borrower. Management believes that the credit risk with respect to these financial instruments is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. Further discussion relating to liquidity risk is described above under "*Liquidity and Capital Resources*".

In the absence of cash flow from operations the Company must rely on its shareholders or capital markets to fund operations. Although the Company has been successful in the past in obtaining financing, there can be no assurance that additional funding will be available, or available under terms favourable to the Company. Failure to obtain such additional financing could result in delay or the indefinite postponement of further exploration and the development of the Company's properties, as well as the loss of prospecting permits and mineral claims and even the risk of the Company continuing as a going concern.

Market Risk

a) Interest Rate Risk

The Company has cash and cash equivalent balances and no interest bearing debt at July 31, 2011. The Company's current policy is to invest cash in investment-grade short-term guaranteed investment certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company considers interest rate risk to be minimal as investments are short-term, the Company does not carry interest bearing debt and it is expected that future financings, if any, would be secured from equity placements rather than debt obligations.

b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes that the foreign exchange risk from currency conversions is negligible.

As discussed in "Mineral Property and Exploration and Development Activities", the Company acts as operator of exploration programs in Uruguay and Paraguay. At July 31, 2011 the Company has spent \$417,796 on the Rivera Project in Uruguay and has the option to spend an additional \$332,204 by December 31, 2011, all in Canadian dollars. At July 31, 2011 the Company has spent \$116,524 on the Itapoty Project in Paraguay and has the option to spend an additional \$883,476 by January 5, 2013, all in Canadian dollars. Management believes that the Company will not be subject to any material foreign currency risk related to these options.

c) Price Risk

The Company is exposed to price risk with respect to commodity prices. Although the Company has no influence on commodity prices, it closely monitors commodity prices to determine appropriate courses of action.

Fair Value

The Company has designated its cash equivalents as held-for-trading, measured at fair value. Amounts receivable and loan receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts for cash equivalents, amounts receivable and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited terms of these instruments. The fair value of the loan receivable approximates carrying value as the interest rate approximates the current rate for similar instruments.

Sensitivity to Financial Risks

The Company considers interest rate risk to be minimal as investments are short-term, the loan receivable has a fixed interest rate and the Company does not carry interest bearing debt. It is expected that future financings, if any, would be secured from equity placements rather than debt obligations. Based on cash and cash equivalents held by the Company as at July 31, 2011, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately \$18,000.

The Company does not hold any balances in foreign currencies to give rise to foreign exchange risk.

Price risk is remote since the Company is not a producing entity.

There were no changes in the nine months ended July 31, 2011 that occurred that were attributed to financial risks.

Exploration

The Company's exploration projects are subject to conditions beyond its control that can affect the carrying costs and development costs for varying lengths of time. Such conditions include environmental hazards, unusual or unexpected geological formations or pressures and periodic interruptions due to inclement or hazardous weather conditions, geopolitical, economic, regulatory conditions as well as dependence on key employees. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury, environmental damage, delays in exploration programs, monetary losses and possible legal liability. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. Success in establishing marketable mineral reserves is a result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land holdings, the availability of suitable employees, contractors, consultants and equipment and other factors.

If mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal recovery process to extract the minerals from the ore and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment of resources or reserves.

Whether a resource deposit will ultimately be commercially viable depends on a number of factors, including the particular attributes of the deposit such as the deposit's size, financing costs and the prevailing prices for the applicable resource. Also of key importance are government regulations, including those relating to prices, taxes, royalties, land tenure, land use, land treaties and environmental protection.

The Company's continued existence is dependent upon the preservation of its interest in the underlying exploration properties, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to raise financing, if necessary and/or available, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's or its potential joint venture partners' ("Optionors") title. Property title may be subject to unregistered prior agreements, native land claims and non-compliance with regulatory requirements.

Licenses and Permits, Laws and Regulations

The Company's exploration activities may require permits from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company relies on the expertise and commitment of its management team, their advisors, and contractors to ensure compliance with current laws and fosters a climate of open communication and cooperation with regulatory bodies. The Company believes that it or its Optionors hold all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits.

There can be no guarantee that the Company or its Optionors will be able to maintain or obtain all necessary licenses and permits that may be required to explore and develop the properties under exploration, commence construction or operation of mining facilities or to maintain continued operations.