KAZAX MINERALS INC.

Management Discussion & Analysis

For the three and six month periods ended September 30, 2012

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The effective date of this MD&A is November 29, 2012

Introduction

The following management discussion and analysis (“MD&A”) of the financial condition and results of the operations of KazaX Minerals Inc. (the “Company”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the period ended September 30, 2012. This MD&A was written to comply with the requirements of National Instrument 51-102 Continuous Disclosure Obligations.

This discussion should be read in conjunction with the unaudited consolidated financial statements of the Company for the three and six month periods ended September 30, 2012 and the audited consolidated financial statements for the year ended March 31, 2012, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

Unless otherwise noted, financial results are now being reported in accordance with International Financial Reporting Standards (“IFRS”). Further details are included in Note 2 of the consolidated interim financial statements for the three and six months ended September 30, 2012.

Additional information about the Company is available on SEDAR at www.sedar.com and on the Company’s website at www.kazaxmineralsinc.com.

Description of Business

The Company was incorporated under the Business Corporations Act of British Columbia on September 12, 2005 and was initially classified as a Capital Pool Company (“CPC”) as defined by Policy 2.4 of the TSX Venture Exchange (the "TSX").

On March 12, 2010, the Company completed its Qualifying Transaction (“QT”) as defined by the policies of the TSX and emerged from being a CPC to a Tier 2 listed mining issuer on the TSX.

Overall Performance

In December 2011, the Company entered into a share purchase agreement (the “SPA”) with Safin Element GmbH. ("Safin"), a private Austrian company, to acquire 99.9% of Safin’s beneficial interest (the “Interest”) in the Lomonosovskoye Limited Liability Partnership (the “LP”) (the “Transaction”). Pursuant to a contract between the LP and the Ministry of Industry and New Technologies of Kazakhstan dated March 20, 2009 and as amended on July 31, 2009 and December 28, 2010 (the “Subsoil Use Contract”), the LP holds unrestricted exploration and production rights to the Lomonosovskoye iron ore deposit (the “Deposit” or “Project”), located in Kostanay Oblast, Kazakhstan.

To partially finance the payments required under the SPA and to carry out confirmation work on the Project, in March 2012, the Company completed a private placement financing for gross proceeds of $24,885,000 by issuing a total of 124,425,000 securities of the Company comprised of 64,325,000 shares issued at $0.20 per share and 60,100,000 subscription receipts issued at $0.20 per receipt which were converted into one share of the Company on July 16, 2012.

A share commission of 5,000,000 shares was issued to an arms-length party as consideration for arranging a portion of the Financing.

Upon signing the SPA, the Company changed its name to KazaX Minerals Inc. On October 16, 2012, the Company announced a restructuring of the SPA – See Subsequent Event note for details.

Lomonosovskoye Iron Ore Deposit

The Deposit is located in the northwest corner of the Republic of Kazakhstan in the Kostanay Region, 618km northwest of the country's capital of Astana and 50 west-southwest of the regional capital of Kostanay.

The iron ore deposits, along with a number of significant magnetite deposits, occurs in the Turgai belt of the regional Valerianovskoe magmatic arc in northern Kazakhstan. The magnetite deposits of the Valerianovskoe magmatic arc are hosted by andesitic volcanics, pyroclastics, and intercalated sediments and carbonates of the Valerianovo supergroup. Large gabbro-diorite-granodiorite igneous bodies of the Sarbai-Sokolovsk and Sulukolskaya complexes are related to the mineralization, with granitic facies interpreted as having been intruded from Mid-Visean to Permian period. In some deposits, the host sedimentary sequence is cross cut by post-ore dioritic porphyry. The Palaeozoic units of the Turgai belt in Kazakhstan are entirely covered by Mesozoic to Cainozoic sediments which are from 40 to 180 m in thickness.

The Deposit comprises two deposit sites: the North-Western ("NW") deposit and Central deposit, which differ in geological structure, genesis and composition of ores. Although they are located within 1 km of each other, they are considered as individual deposits being separated by a diorite intrusion. Historical work to date has outlined skarn iron ore mineralization at the NW Deposit and the Central Deposit beneath 100m of overburden and extending to 1400m depth in the NW Deposit, and some 900m at Central. The mineralization outlined by the historical drilling has not been closed off at depth at the NW Deposit and may be open at Central.

A technical report dated December 19, 2011 prepared by Mining Associates Pty Ltd. of Australia with respect to the Deposit and compliant with NI 43-101 has been completed and was filed with the TSX Venture Exchange (the "Exchange") for review and was filed on SEDAR on April 19, 2012.

Kazakhstan

From Kazakhstan's independence from the Soviet Union over 20 years ago, President Nursultan Nazarbayev, with the assistance of Prime Minster Serik Akhmetov, have played proactive roles in modernizing and transforming the country into a dynamic independent state.

Terms of the SPA Transaction

The payment terms below outline the original SPA amounts. Revised terms disclosed in Subsequent Event note.

The first payment is USD $18,768,000 comprising a cash payment of USD $14,152,800 and that number of shares of the Company equal to dividing the sum of USD $4,615,200 by Cdn$0.20 per share (the "First Installment") USD $4,615,200, and will be paid to Safin on the closing of the Transaction.

The second installment is a conditional payment and is the sum of USD $25,760,000 comprising a cash payment of USD $22,190,000 and that number of common shares of the Company equal to dividing the sum of USD $3,570,000 by 100% of the volume weighted average trading price of the Company's share for the five consecutive trading days ending on the trading day preceding the date the Company issues the shares to Safin (the "Second Installment").

The third installment is a conditional payment and is the sum of USD $25,760,000 comprising a cash payment of USD $22,190,000 and that number of common shares of the Company equal to dividing the sum of USD $3,570,000 by 100% of the volume weighted average trading price of the Company's share for the five consecutive trading days ending on the trading day preceding the date the Company issues the shares to Safin (the "Third Installment").

The Second Installment is due on or before thirty (30) business days following receipt by the Company of the results of tests by an independent laboratory to confirm to the Company's satisfaction, acting reasonably, the iron ore product quality of the Deposit (the "Quality Test"). The Company expects that the Quality Test will be completed in the 3rd quarter of fiscal 2013.

The Third Installment is due on or before thirty (30) business days following receipt by the Company of the results of a drilling program to be undertaken by the Company in 2012, confirming, to the Company's satisfaction, acting reasonably, the level of certainty of the historical mineral resources of the Deposit and the completion by the Company of a resource estimate to be conducted by and under the supervision of an independent qualified person and senior resource geologist (collectively the "Resource Estimate"). The Company expects that the Resource Estimate will be completed in the 4th quarter of 2012.

In the event the Company is not satisfied with either the Quality Test or the Resource Estimate, the Company had the right, up to and including September 12, 2012, to sell back the Interest to Safin and Safin is obligated to purchase from the Company the Interest for that amount equal to the First Instalment (and the Second Instalment if previously paid by the Company to Safin) less certain expenses incurred by the LP to meet its obligations under the Subsoil Use Contract and unrecoverable taxes paid by Safin to the Kazakhstan state.

A finder's fee payable in installments is payable to a third party for introducing the Transaction to the Company. The payments are**:**

1. USD $1,662,464 upon approval of the Transaction by the Kazakhstan authorities;

2. USD $1,766,368 upon the payment of the Second Installment; and

3. USD $1,766,368 upon the payment of the Third Installment.

On October 16, 2012, the Company announced a restructuring of the Share Purchase Agreement – See Subsequent Event for details.

Financing Activities

In March 2012, the Company completed a private placement financing for gross proceeds of $24,885,000 by issuing a total of 124,425,000 securities of the Company comprised of 64,325,000 shares issued at $0.20 per share and 60,100,000 subscription receipts issued at $0.20 per receipt which were converted into one share of the Company on July 16, 2012

A share commission of 5,000,000 shares was issued to an arms-length party as consideration for arranging a portion of the Financing.

During the year ended March 31, 2012, 400,000 common shares were issued upon the exercise of 400,000 incentive stock options for gross proceeds of $66,000.

During the year ended March 31, 2012, 250,000 common shares were issued upon the exercise of 250,000 share purchase warrants for gross proceeds of $30,000.

Summary of Quarterly Results

The following table sets forth a comparison of revenues and earnings for the previous eight quarters:

Quarter	2013 Second	2013 First	2012 Fourth	2012 Third	2012 Second	2012 First	2011 Fourth	2011 Third
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Exp	-	-	-	-	-	-	-	-
Net Loss	(3,561,070)	(1,886,156)	(5,249,037)	(25,063)	(37,372)	(19,066)	(39,370)	(21,691)
Net Loss per Share	(0.03)	(0.02)	(0.47)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)

Financial Results of Operations – Six months ended September 30, 2012

During the six month period ended September 30, 2012, the Company's efforts were focused on advancing the feasibility study for the Project. Key achievements include:

a. Continuation of the confirmation drilling program and associated geo-assay test-work (under the supervision of an independent QP).

b. Continuation of the Environmental baseline study.

c. Development of the open pit mine plan.

d. Development of the beneficiation plant engineering.

e. Initial discussions with key equipment suppliers in Europe and the Commonwealth of Independent States (CIS).

f. Advancement of off-take discussions with CIS and Chinese steel mills.

The Company is also active in investigating other potential mineral development opportunities within Kazakhstan.

During the six months ended September 30, 2012, the Company incurred a net loss of $5,447,226 compared to $56,438 in the previous year.

Project development expenditures of $4,521,978 were incurred in the six months ended September 30, 2012 compared to $Nil in the corresponding six months in the previous year as a result of the expenditures for the Project. Office expenses increased to $136,402 for the period ended September 30, 2012 compared to $30,715 in the previous year. Insurance costs were $22,738 compared to $4,194 in the previous year. The current period included higher consulting and management fees related to the due diligence and feasibility preparation. Consulting fees increased to $84,004 compared to $Nil in the previous year. Travel, meals and entertainment increased to $205,824 compared to $Nil in the previous year, and wages and benefits increased to $331,372 from $Nil due to increased activity with the property.

Cash used in operations during the six months ended September 30, 2012 was $7,269,884 compared to $79,393 in the previous year. The increase was mainly due to expenditures on the Project.

Cash used in investing activities was $54,887 for the establishment of a Canadian office during the period ended September 30, 2012 compared to $Nil during the previous year. $6,586 was incurred on the Treadwell Property in the previous year.

Liquidity and Capital Resources

As at September 30, 2012, the Company had a working capital surplus of $12,551,383 (March 31, 2012 - $19,654,705) including cash and cash equivalents of $13,602,902 (March 31, 2012 - $20,927,673), accounts receivable of $115,541 (March 31, 2012 - $47,441), prepaid expenses of $107,354 (March 31, 2012 - $634,631) and current liabilities of $1,274,414 (March 31, 2012 - $1,955,040).

The Company has enough funds to finance the next period of operations but will require additional funds to advance the Project to production. The Company expects to obtain financing in the future primarily through further equity and/or debt financing. There can be no assurance that the Company will succeed in obtaining financing in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

Credit Facilities

The Company has no credit facility outstanding as at September 30, 2012.

Contractual Obligations

KMI has entered into an open book arrangement with Stonehouse Construction Pte Ltd. (SHC), a company related by common directors. The arrangement comprises three alliance contracts:

a. Overall Project Management – between the Company & SHC(Singapore), a company with a common officer and directors;

b. KMI Management Services – between the Company & Stonehouse Mining Corp (Canada), a company with common officers and directors; and

c. Site Management Services – Between LLLP & SHC(Kazakhstan).

Collectively these contracts attract a fee of 10% on cost payable by the Company to SHC.

On March 1, 2010, the Company entered into an agreement with New Dawn Holdings Ltd. Under the terms of the agreement the Company paid the sum of $4,000 per month for CFO and administrative services, $1,000 per month for rent and reimburses direct office expenses. The agreement was on a month to month basis and was terminated on April 30, 2012.

Off Balance Sheet Arrangements

As at September 30, 2012, the Company had no off-balance sheet arrangements.

Proposed Transactions

There are currently no proposed transactions, except as otherwise disclosed in this MD&A. Confidentiality agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and or development of certain properties.

Subsequent Event

Subsequent to September 30, 2012:

On October 16, 2012, the Company announced a restructuring of the Share Purchase Agreement (SPA) for the purchase of 100% of beneficial interest of the Lomonosovskoye Limited Liability Partnership (LLLP). After the restructure the State Agency Tobol will take a 25% interest in the Project.

As a result, the value of Kazax's transaction is US$56,383,200 (previously US$75,483,200) with the following revised payments:

- Initial SPA payment of US$13,587,040 comprised of cash payment of US$6,933,784 and number of shares of the Company equal to US$4,615,200 divided by the deemed value of $0.20 per share and a Capital Gains Tax (CGT) payment of US$2,038,056. This payment and share issue to be made upon the closure of all the conditions precedent within the SPA.
- The balance of SPA cash payment (i.e., cash + CGT) totalling UD$30,460,960 made in eight (8) equal quarterly payments commencing on 30th of March 2013. CGT payments of US$5,640,144 are included within this balance of SPA cash payments
- The balance payable in shares of the Company equal to US$7,140,000 divided by volume weighted average trading price for the five days prior to the issue

The Conditions Precedent and other material terms and conditions within the SPA remain unchanged (Note 8).

The revised Share Purchase Agreement is subject to regulatory approval.

Related Party Transactions

The Company has entered into a contract with a corporation with Directors in common with the Company to manage the Project described in Note 8. A fee of 10% of expenditures is charged to the Company by the corporation and $521,839 (2011 - $Nil) for this fee is included in project development expenditures for the six months ended September 30, 2012.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the consideration established and agreed to by the related parties and are on terms and conditions similar to non-related parties.

	September 30, 2012	September 30, 2011
Directors fees	$ 11,250	$ –
Business development	4,954	–

The liabilities of the Company include the following balances with related parties:

	September 30, 2012	March 31, 2012
Prepaid expenses	$ –	$ 560,684
Due from affiliates	1,609,328	–
Accounts payable and accrued liabilities	288,029	219,774

The key management of the Company comprises of executives, with remuneration as follows:

		September 30, 2012		September 30, 2011
Remuneration and short-term benefits	$	286,412	$	–

Outstanding Share Data

Common shares outstanding

	Number of Shares
Issued and outstanding	138,208,333
Warrants outstanding	4,616,667
Stock options outstanding	–
Fully diluted at November 29, 2012	142,825,000

The first 1,100,000 shares issued to founders were subject to an escrow agreement. Pursuant to the escrow agreement, 10% of the escrowed shares were released upon receipt of the Final Exchange Bulletin (the "Initial Release") issued by the TSX signifying the acceptance of a "qualifying transaction" and 15% will be released every six months thereafter for a period of thirty-six months. The balance of shares held in escrow at September 30, 2012 and the date of this report is 165,000. This last tranche will be released on March 12, 2013.

Stock Options Outstanding

During the year ended March 31, 2012, 400,000 incentive stock options were exercised leaving a balance of Nil incentive stock options outstanding as at September 30, 2012.

Financial Instruments and Other Instruments

As at September 30, 2012, the Company's financial instruments consist of cash and cash equivalents, receivables, reclamation bond, due from affiliates, and accounts payable. The Company is not exposed to derivative financial instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks arising from its financial instruments and their fair values approximate their carrying values. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with high credit quality financial institutions.

Risks and Uncertainties

The Company's principal activity is mine development and production. As such, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities. There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to develop and maintain its projects and to carry out its desired development programs.

Other risks include, but are not limited to, environmental, fluctuating metal prices, political and economical. Additionally, there are inherent risks with development projects to successfully achieve production due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Although the Company has taken steps to verify the title to its Project, in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves. The Company's mineral properties are in the development stage only, and have no ongoing mining operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mine development activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties the Company may be subject to.

The Company will be subject to normal market risks including fluctuations in foreign exchange rates. While the Company expects to manage its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Forward Looking Statements

This report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "schedule", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this news release contains forward looking statements and information concerning the Company s future operations and prospects. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company, including expectations and assumptions concerning equipment and crew availability, and joint venture partner financial capability. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because the Company can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the Company's actual results and experience to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, reservoir performance, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, and political and economic conditions. Additional information on these and other factors is available in continuous disclosure materials filed by the Company with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this news release or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purpose. The Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.