

**ROMIOS GOLD RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three and six months ended December 31, 2013**

# **ROMIOS GOLD RESOURCES INC.**

## **Management's Discussion and Analysis – December 31, 2013 As of February 24, 2014**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Romios Gold Resources Inc. ("Romios" or the "Company") constitutes management's review of the factors that affected the Company's condensed interim consolidated financial and operating performance for the three and six months ended December 31, 2013. The MD&A was prepared as of February 24, 2014 and should be read in conjunction with the unaudited condensed interim consolidated financial statements ("Financial Statements") of the Company for the three and six months ended December 31, 2013 including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as described in Note 2 to the Financial Statements.

### **Executive Summary**

Romios is a Canadian mineral exploration company with a primary focus on gold, copper and silver. Its projects are located in the British Columbia Golden Triangle Area, Ontario, Quebec, and Nevada. Exploration and evaluation costs for all areas during the six month period ended December 31, 2013 were \$236,443.

The Company is very excited with the results of the summer 2013 program and the discovery of the Burgundy Ridge Zone in the Newmont Lake Project area, which was followed up with a ZTEM airborne electromagnetic survey in September. The Argent Showing grab and chip samples returned assays confirming the mineralized nature of the Showing, which appears similar to the vein and shear-hosted mineralization styles of the historic Johnny Mountain and Snip Gold deposits located approximately 15 kilometres to the southwest. The Company will be formulating its 2014 plans for the Golden Triangle in the near future.

The overall evaluation of the Timmins-Hislop Property indicates that the four zones of strong gold mineralization and visible gold extend to the neighbouring properties and may have development potential. Discussions with other parties have been initiated.

In January, 2014 the Company received an exploration permit to allow drilling on its Ontario Lundmark-Akow Lake property and shortly thereafter entered into a Letter of Intent with the North Caribou Lake First Nation Community whereby both parties recognized the need to work together for their mutual benefit. Planning has commenced for an airborne geophysical survey in order to select sites for drill holes on the Akow Lake claims.

The Company has a cash balance of \$1.2 million and is confident that it will raise additional funds at the appropriate time to finance future exploration and evaluation programs. Sufficient work has been done on the properties that there will be only marginal carrying costs to maintain title to all its claims in the foreseeable future.

### **Mineral Properties**

The following is a summary report on the Company's exploration activities on each of its mineral properties in the period ended December 31, 2013.

#### **British Columbia**

##### **Golden Triangle Area Properties**

Romios holds mineral claims in the Golden Triangle area of northwestern British Columbia. Principal properties include the Trek, Dirk, Newmont Lake, and the Andrei properties. In addition to a NI 43-101 Inferred Resource of 1.4 million tonnes @ 4.4 g/t Au, 0.22%Cu and 6.4 g/t Ag in the Northwest Zone, there are numerous mineralized showings on each of these properties, which are being explored by the Company.

In August, 2012, the Company announced the acquisition of an additional 5,700 hectares of mineral tenures within the Golden Triangle area to expand its land position southward along the projected metallogenic corridor from the Newmont Lake project. In May 2013 Romios acquired 3000 hectares in the vicinity of the Red Chris copper-gold deposit currently being developed, and northwest of the recent copper-gold discovery made by Colorado Resources Ltd. These acquisitions bring the Company's total land position to approximately 78,000 hectares (193,000 acres) in the Golden Triangle area.

Northwestern British Columbia hosts a number of significant copper-gold porphyry and VMS gold deposits as well as polymetallic massive sulphide occurrences. The Federal and Provincial governments are funding the development of the Northwest Transmission Line which will bring the provincial power grid to the area, scheduled for completion in 2014. Access to the provincial power grid will facilitate the construction of infrastructure and expedite development in the area for many projects. Hydroelectric projects, situated within 10 km of the Newmont Lake property, are expected to be completed in 2015.

## **Summer 2013 program**

### **Burgundy Ridge**

In August, 2013 a prospecting, sampling and mapping program was carried out over several new zones within the Trek and Newmont Lake areas. Along the margin of the Dirk porphyry, higher summer temperatures reduced the snowpack, exposing a 300 metre-long by 225 metre-wide area and exposed in a cliff face extending to over 50 metres high. The total relief of the exposed mineralization extends over 150 metres in elevation, and both the assay and geologic mapping strongly support a continuation of the mineralization to the north, west, and south. This new area has been named "Burgundy Ridge"

A grid with lines spaced every 15 metres in an east-west direction was set and 100 rock chip samples cover an area of about 300 metres by 225 metres. The assays of these rock chip samples varied from zero to as high as 6.18% Cu, 3.57 g/t Au, 28.5 g/t Ag, and 5.85% Cu, 3.89 g/t Au, 13.70 g/t Ag. The arithmetic average of all the 100 grid samples is 0.47% Cu, 0.27 g/t Au, and 3.77 g/t Ag.

Thirty-three grab samples were selected from the numerous higher-grade zones that were not sampled by the grid sampling. These 33 grab samples, also representative of a 2 metre circle at the site, averaged 2.18% Cu, 0.52 g/t Au, and 9.9 g/t Ag, with individual assays ranging from 0.04%Cu, 0.02 g/t Ag to as high as 21.90% Cu, 7.38 g/t Au, and 51.1 g/t Ag. Pods of 75% to 100% sulphides up to a metre in length occur in the breccia. One selected sample from one of these pods assayed 26.6% Cu, 1.48 g/t Au and 128 g/t Ag.

Four chip samples were selected across the width of one well-exposed porphyry dyke. Two of these chip samples, taken across the width of a 10 metre-long exposure of a well-mineralized portion of the dyke, assayed 3.31% Cu, 0.43 g/t Au, 14.6 g/t Ag, and 1.19% Cu, 0.15 g/t Au, and 7.67 g/t Ag, over 0.8 metres and 0.3 metres, respectively.

The reader is cautioned that these assays do not define the mineralized zones, but rather they confirm the high potential of the Burgundy Ridge Showing. The Burgundy Ridge is interpreted to be one of the principal epicenters for porphyry mineralization through the entire Newmont Lake Project area, and represents a significant drill-ready target for future exploration. Photographs of the mineralization at the Burgundy Ridge Showing can be accessed on the Company's website at <http://www.romios.com/s/BurgundyPhotos.asp>

On September 15, 2013 Geotech Ltd. completed a 372 line kilometre helicopter-borne Z-Axis Tipper Electromagnetic ("ZTEM") and Aeromagnetic Geophysical Survey. The geophysical data acquired cover an area of 109 km<sup>2</sup> within the Newmont Lake Project Area, and includes the Northwest Zone, "72" Zone, Telena Zone and Burgundy Ridge. The ZTEM system provides third dimension depth penetration information. The preliminary survey results show interesting structures across the property with the magnetic results containing worthwhile information in support of targets of interest. The survey data is being processed and along with the results of the summer 2013 exploration program, is being analysed in order to plan the 2014 program.

## **Argent Showing**

The field crews visited the Argent Showing in the southeast portion of the Newmont Lake area, nine kilometres from road access. Two veins located within the southeast of the Argent Showing were found to contain highly anomalous values in silver and copper. Nine rock grab samples collected over a 10 metre long exposure of these veins returned assays greater than 31 grams of silver per tonne and significant copper values. The three highest grade samples assayed 840 g/t Ag, 1.25 % Cu; 917 g/t Ag, 1.69 % Cu, 0.15 g/t Au; and 1450 g/t Ag, 2.76 % Cu, and 0.22 g/t Au.

Two veins located approximately 300 metres further north, along the eastern side of the Argent Showing also contain elevated silver and copper. Grab samples from outcrops of these veins assayed 1.9 g/t Ag, 0.39% Cu; and 1.6 g/t Ag, 0.24% Cu. A sample from an exposed quartz vein located in the northwest portion of the Argent Showing assayed 11.8 g/t Au and 2.8 g/t Ag.

While these assays may not be representative of the entire Argent Showing, they do confirm the strongly mineralized nature of the Showing, which appears similar to the vein and shear-hosted mineralization styles of the historic Johnny Mountain and Snip Gold deposits located approximately 15 kilometres to the southwest. Johnny Mountain produced approximately 220,000 tonnes grading 18.7 g/t Ag, 12.4 g/t Au, and 0.5% Cu. Barrick Gold mined the Snip Gold deposit and reported nearly 1 million tonnes grading approximately 31 g/t Au.

## **Metallurgical Testing**

Scandium drill core samples from the 2012 drill program on the Ken Zone of the Newmont Lake property were submitted to SGS Minerals Services for scoping level mineralogical testing and beneficiation and metallurgical recovery testing. The results of beneficiation tests completed in August were not satisfactory. A number of different recovery methods on whole ore were tried, with an acid leach-bake test indicating 70% recovery, but with high acid usage. Further testing has been recommended, and as the samples were from only a small number of drill holes, further testing on additional drill intersections is also warranted.

The exploration and evaluation activities undertaken in the Golden Triangle during the six months ended December 31, 2013 cost \$197,582.

## **Sheslay Valley**

In January-February 2014, the Company acquired by staking, a total of 6,239 hectares in the Sheslay Valley area in Northwestern BC. The area is over airborne magnetic anomalies which resemble the geophysical anomaly covered by the Hat Property, where Doubleview Capital Corp. announced that it had recently drilled 0.32 per cent copper equivalent over 313.11 metres and, that it is of the opinion that the discovery qualifies as a copper-gold alkali porphyry-type deposit. (Doubleview Capital Corp. news release dated January 20, 2014).

The property ownership map for the Sheslay area can be found on the Company website, [www.romios.com](http://www.romios.com). Romios is reviewing past results and intends to initiate exploration on the new claims in its upcoming 2014 exploration program.

## **Ontario**

### **Timmins-Hislop**

The Timmins-Hislop Property is located on the southwestern edge of the Porcupine-Destor Fault and is surrounded by a number of significant gold occurrences and deposits, including the St. Andrew Goldfields Ltd.'s Hislop mine, and it is within 400 metres of Brigus Gold Corp.'s recently discovered "Contact Zone".

Mexivada Mining Corp., which was exploring the Hislop Property under an option agreement with Romios, encountered visible gold in three of the four holes, identified as R12-001 through R12-004 drilled on the Property in September, 2012. As Mexivada was unable to fulfill the terms of the option agreement with Romios, an unrestricted title to the Property was reacquired by Romios.

The most notable gold mineralization encountered by Mexivada was in their drill hole R12-001 which intersected a 3.8 metre (12.46 feet) interval that averaged 9.0 g/t gold. A higher grade zone within this interval assayed 23.5 g/t gold over 0.80 metres (2.62 feet). In drill hole R12-003, an interval of 1.3 metres (4.26 feet) was intersected that averaged 21.4 g/t gold. Deeper in the hole, a second interval of 4.7 metres (15.42 feet) assayed 2.7 g/t gold.

On July 15, 2013 Romios reported on its review of all available previous exploration work carried out on the Property including 12 exploratory drill holes completed by Chevron in 1988. This review included re-logging and re-assaying the drill core, including previously un-assayed core, with the results of this work computerized and analyzed in detail. As previously reported, gold was encountered in most of the Chevron holes, the most notable being hole C-88-202 which intersected a zone 0.72 metre (2.36 feet) wide that assayed 12.12 g/t gold. Re-sampling the core in other drill holes identified a 1.0 metre (3.28 feet) wide zone in hole C-88-204 that assayed 2.6 g/t gold as well as a 1.0 metre (3.28 feet) wide zone in hole C-88-232 that assayed 4.51 g/t gold.

As a result of the comprehensive review of the results of exploration on the Property, 4 potential, parallel gold-bearing zones transecting the Property with an azimuth of approximately 290 degrees were identified. This attitude is consistent with the orientation of several neighbouring gold zones south and southeast of the Property. The Property is approximately 65 hectares, is strategically located with regard to the neighbouring gold zones and is ready for drilling. Discussions with parties interested in the Property have been initiated.

### **Lundmark-Akow Lake**

The Lundmark-Akow Lake property is located in the centre of the North Caribou Lake greenstone belt in northwestern Ontario. Exploration activities by Romios have identified evidence of widespread gold mineralization and a zone of copper mineralization is believed to reflect a more massive sulphide occurrence at depth. A three-year exploration permit was received from the Ministry of Northern Development and Mines, Ontario in January, 2014. On February 19, 2014 the Company announced that a Letter of Intent had been entered into with the NCLFNC, recognizing the need for both parties to work together for their mutual benefit. The Company intends to conduct an airborne deep penetrating geophysical survey in the Akow Lake area, following up on the drill results of 1998 and 1999, before determining the location of sites for further drilling.

### **Nevada**

Romios owns the Scossa Gold property located 6 miles from the Rosebud Mine and 8 miles from the Hycroft Mine in northwestern Nevada. The property operated as a high grade underground gold mine in the 1930s and encompasses a number of wide gold-bearing veins. Thirty historical drill holes were completed to test a number of gold-bearing epithermal quartz breccia veins and gold has been found in every hole to date. There has not been any current activity but additional drilling and exploration is justified to advance this prospect.

### **Quebec**

The La Corne molybdenum, bismuth and lithium property is located in northwestern Quebec approximately 30 kilometres from the city of Val d'Or. It previously produced 3.8 million tons of molybdenum grading 0.33% MoS<sub>2</sub> and 0.04% bismuth. Romios completed two drilling programs on the property by 2010. The Company conducted a program to sample and evaluate the tailings on the property for possible reprocessing and intends to evaluate the bulk tonnage potential of the property. In December 2013 the Company engaged consultants to complete a property survey of the 2008 drill core, testing the core for resistivity, chargeability and magnetism. More detailed review of the data has been recommended, but induced polarization and resistivity is considered a favourable exploration method in this area. Further work on the property is being considered.

### **Outlook**

The Company's focus remains the systematic exploration of its expanding properties in the Golden Triangle area of northwestern British Columbia. Since the summer of 2008 Romios has carried out extensive exploration programs in this area with considerable success.

The Company is very excited with the results of the 2013 summer program which was highlighted by the discovery of the Burgundy Ridge Zone, and the high copper and silver values that were obtained from the sampling that was carried out at the Argent Showing. The airborne geophysical surveys, notably the ZTEM electromagnetic survey, identified structural features that appear to be associated with known mineralization. Interpretation of the results of the airborne magnetic and electromagnetic data is not yet complete but should prove extremely helpful in designing further follow-up exploration.

The Company will be reviewing all its available data and after receipt of the data relating to the ZTEM survey will prepare plans for the Golden Triangle for 2014.

The overall evaluation of the Timmins-Hislop Property indicates that the four zones of strong gold mineralization and visible gold extend to the neighbouring properties which may have development potential. Discussions with other parties have been initiated.

The Company is optimistic that exploration on the Lundmark-Akow Lake property in 2014 will be very encouraging.

The Company intends to do further work at the La Corne molybdenum, bismuth and lithium property, subject to metal prices and financial market conditions, in order to evaluate the viability of an open pit mining potential of the molybdenum bearing granite (disseminated and in veins) within and adjacent to old mine workings.

Investor confidence appears to be improving for the junior resource industry. Romios is pursuing financing opportunities, including joint ventures and strategic alliances. Exploration activity in fiscal 2014 may be limited by financial constraints.

The Company has a cash balance of \$1.2 million and is confident that it will raise additional funds at the appropriate time to finance future exploration and evaluation programs.

## **Results of Operations**

Total operating expenses for the three months ended December 31, 2013 were \$129,952 compared to \$193,956 in 2012. The major contributors to the year over year decrease is the decrease in non-cash share-based compensation to \$1,478 (2012 - \$47,372), and the decrease in shareholder communication expenses to \$19,758 (2012 - \$28,532).

Interest income was \$4,653 for the three months ended December 31, 2013, compared to \$8,708 in 2012.

The Company's net loss and comprehensive loss for the three months ended December 31, 2013 was \$125,299 compared with \$203,430 in 2012.

Total operating expenses were \$249,647 for the six months ended December 31, 2013 compared to \$376,661 in 2012. The major contributors to the year over year decrease is the decrease in non-cash share-based compensation to \$2,956 (2012 - \$98,533), and the decrease in shareholder communication expenses to \$36,661 (2012 - \$54,872).

Interest income was \$10,512 for the six months ended December 31, 2013, compared to \$14,637 in 2012.

The Company's net loss and comprehensive loss for the six months ended December 31, 2013 was \$239,135 compared with \$222,195 in 2012. The negative change in 2013 compared with 2012 was due to the recording of \$158,011 in future income tax recovery in the three months ended September 30, 2012

### Selected Quarterly Information (all quarters reported under IFRS)

	Dec 31, 2013	Sep 30, 2013	June 30, 2013	Mar 31, 2013
	\$	\$	\$	\$
Net income/(loss) and comprehensive	(125,299)	(113,836)	116,441	(194,590)
Income/(loss)				
Net loss per share – basic and diluted	(0.00)	(0.00)	0.00	(0.00)
Total assets	27,015,274	27,151,151	27,202,897	27,354,047

  

	Dec 31, 2012	Sep 30, 2012	June 30, 2012	Mar 31, 2012
	\$	\$	\$	\$
Net loss and comprehensive loss	(203,430)	(18,765)	(1,012,357)	(193,153)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)
Total assets	27,541,132	27,997,520	27,919,937	28,051,252

### Capital Resources and Liquidity

At December 31, 2013, the Company had working capital of \$1,244,853 compared to \$1,672,288 as at June 30, 2013. As the Company has no operating revenue, it continues to be funded with equity based private placements. During the six months ended December 31, 2013, the Company raised \$80,000 in flow-through financing to fund Canadian Exploration Expenditures (“CEE”). The Company’s fixed monthly costs are approximately \$40,000 per month and it has enough financial resources to continue operations for the next twelve months. The resources generated from flow-through financings enable the Company to pursue its planned exploration activities. Additional funding will be required to fully pursue the exploration and development of its properties. The Company’s ability to meet its obligations and continue as a going concern continues to be dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

### Common Shares

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at December 31, 2013 was 158,362,001 (June 30, 2013 - 156,762,001) with a share capital value at December 31, 2013 of \$30,871,993 (June 30, 2013 - \$30,796,443).

### Common share purchase stock options

The Company has created a stock option plan for the benefit of directors, officers, key employees, and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at December 31, 2013, 7,125,000 common shares were reserved for the exercise of stock options granted under the Company’s stock option plan (the “Plan”). The following table provides the details of changes in the number of issued common share purchase options during the period:

	Options	Weighted-average exercise price
	#	\$
Outstanding at June 30, 2012	9,125,000	0.23
Granted	250,000	0.10
Expired	(2,250,000)	0.32
Outstanding at June 30, 2013 and December 31, 2013	7,125,000	0.18
Exercisable at June 30, 2013 and December 31, 2013	7,000,000	0.18

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
500,000	500,000	0.7 months	\$0.15	January 22, 2014
150,000	150,000	6.8 months	\$0.15	July 24, 2014
1,750,000	1,750,000	15.3 months	\$0.14	April 9, 2015
1,000,000	1,000,000	22.3 months	\$0.15	November 8, 2015
250,000	250,000	4.3 months	\$0.53	May 10, 2014
325,000	325,000	5.2 months	\$0.20	June 7, 2014
2,900,000	2,900,000	41.4 months	\$0.20	June 12, 2017
250,000	125,000	51.3 months	\$0.10	April 9, 2018
<b>7,125,000</b>	<b>7,000,000</b>			

### Outstanding common share purchase warrants

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	<b>Number</b> #	<b>Price Range</b> \$
Balance June 30, 2012	5,432,301	0.52 to 1.00
Expired	(5,432,301)	0.52 to 1.00
Balance June 30, 2013	Nil	
Private placement warrants issued	1,600,000	0.05
Balance December 31, 2013	1,600,000	0.05

Issuance of the common shares in December, 2013 included warrants entitling the holder to acquire additional common shares of the Company. A summary of the outstanding warrants is as follows:

	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
Warrants	1,600,000	12 months	\$0.05	December 31, 2014
Balance December 31, 2013	1,600,000			

As at December 31, 2013, the Company has 158,362,001 common shares, 7,125,000 stock options, 1,600,000 share purchase warrants and 1,000,000 common shares reserved for property transactions outstanding. The fully diluted number of common shares that could be outstanding as at December 31, 2013 was 168,087,001.

The number of common shares outstanding on February 24, 2014 was 158,362,001. Taking into account 6,625,000 outstanding share purchase options, 1,600,000 warrants and 1,000,000 shares reserved for property transactions, the fully diluted common shares that could be outstanding on February 24, 2014 was 167,587,001.

### Related Party Transactions

During the three months ended December 31, 2013, the Company incurred related party expenses of \$57,038 (2012 – \$52,500) and \$111,600 for the six months ended December 31, 2013 (2012 - \$119,375). These expenses related to salary and consulting fees paid to the Company's key senior officers, Tom Drivas, President and Chief Executive Officer, Frank van de Water, Chief Operating Officer (effective April 2013), Thomas Skimming, V.P. Exploration and Michael D'Amico Chief Financial Officer and Mel de Quadros, Director. As at December 31, 2013 \$4,958 (2012 - \$ nil) is due and payable to these related parties.

Share based compensation to key management and directors for the three months ended December 31, 2013 was \$1,478 (2012 - \$42,195) and for the six months ended December 31, 2013 was \$2,956 (2012 - \$81,717).

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term

benefits during the period ended December 31, 2013 and 2012.

During the three months ended December 31, 2013, the Company incurred expenses of \$6,919 (2012 - \$6,846) and \$7,705 for the six months ended December 31, 2013 (2012 - \$9,698) for legal fees to a law firm related to a Director of the Company, William R. Johnstone. At December 31, 2013, \$4,092 (2012 - \$9,308) was due and payable.

During the three months ended December 31, 2013, the Company incurred expenses of \$6,500 (2012 - \$8,000) and \$13,000 for the six months ended December 31, 2013 (2012 - \$12,000) related to directors' fees to independent directors. At December 31, 2013, \$ nil (2012 - \$2,000) was due and payable.

These amounts were expensed in the period incurred as administrative and general expenses. Expenses and amounts paid and owing are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

On December 31, 2013 the Company completed a financing of 1,600,000 non-brokered flow-through unit private placement with Directors and Officers of the Company for proceeds of \$80,000.

On January 22, 2014, 500,000 options, exercisable at \$0.15 per share and belonging to a related party expired unexercised.

### **Subsequent Events**

In January, 2014, the Company staked an additional 6,239 hectares (15,417 acres) of claims in the Sheslay Valley area of northwestern British Columbia at a cost of \$10,918. The five claims held by Romios form a contiguous block in an area where recent drilling by other property owners has indicated potential for porphyry-type copper-gold deposits.

On January 22, 2014, 500,000 options, exercisable at \$0.15 per share and belonging to a related party expired unexercised.

In January 2014, a three-year exploration permit was received from the Ministry of Northern Development and Mines, Ontario with respect to the Lundmark-Akow Lake property. On February 19, 2014 the Company announced that a Letter of Intent had been entered into with the North Caribou Lake First Nations Community, recognizing the need for both parties to work together for their mutual benefit.

### **Carrying value of mining and exploration properties**

The Company regularly reviews the carrying value of its properties for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows. Assumptions underlying the cash flow estimates include the forecasted prices for gold, copper, silver and molybdenum, production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that as at December 31, 2013 there is no impairment of carrying value on its properties.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

### **Financial Instruments and Other Instruments**

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments recognized in the balance sheet consist of cash, and cash equivalents, HST/GST receivable and current liabilities. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

## **Risk Factors**

There are a number of risks that could affect Romios' business prospects. They include the speculative nature and the ability to finance the exploration and development of the Company's mineral properties, operating hazards, environmental and other government regulations, competition in the marketplace, markets for the Company's securities and the demand for gold and base metals. In the future, the Company's viability will depend on the successful definition of recoverable and economic resources and the establishment of positive comprehensive feasibility studies leading to production decisions. After completion of positive feasibility studies, the Company's success is dependent on maintaining the title and beneficial interest in the properties, obtaining the necessary governmental approvals and the successful financing, construction and operation of a facility to profitably extract the contained metals.

### *Exploration Risk*

Mineral exploration and development involve a high degree of risk. A very low percentage of exploration projects ultimately evolve into producing mines. There is no assurance that the Company's future exploration and development activities will result in the definition of a commercial ore body. The viability of an ore body depends on a number of factors which include, but are not limited to, location, size, grade, geometry of ore body, availability of experienced labourers, proximity to existing infrastructure, metal prices and government regulations, including environmental restrictions.

### *Financial Capability and Additional Financing*

The Company had working capital of \$1.2 million at February 24, 2014, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to continue as a going concern.

### *Fluctuating Prices*

The price of gold and other metals has fluctuated widely in recent years and is affected by factors beyond the control of the Company. International economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends are some of the factors that could impact on the viability of the Company's exploration projects that are impossible to predict with certainty.

### *Environment*

Both the exploration and production phases of the Company's operations will be subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

### *Cash Flow*

The Company's properties are all in an early stage of exploration and as a result, the Company has no source of operating cash flow. Failure to obtain additional financing could result in a delay or indefinite postponement of further exploration with the possible loss of such properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The

Company will require new capital to continue to operate its business and to continue exploration on its various properties, and there is no assurance that capital will be available when needed, if at all.

#### *Title Matters*

The mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims have not been converted to lease and tenure, and as a result, are subject to annual compliance with assessment work requirements. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims, including First Nations' land claims and title may be affected by undetected defects. There is no guarantee that title to the Company's properties or its rights to earn an interest in its properties will not be challenged or impugned. Also, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments in respect of resource properties. To date, the Company is not aware of any such claims against its properties.

#### *Exploration Permitting*

As of April 1, 2013, under the recently modified Mining Act (Ontario), the Company is required to obtain permits to conduct exploration and evaluation activities on its Ontario properties. In management's view, there is uncertainty concerning the First Nation's ability and the ability of the Ministry of Northern Development and Mines to comply with the legislation on a timely basis, and there is a risk of permitting delays. The impact of any delays on the Company's operations is unknown.

#### **Special Note Regarding Forward-Looking Statements**

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors and including the risk factors summarized above under the heading "Risk Factors". New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

### **Additional Information**

- (1) Additional information may be found on SEDAR at [www.sedar.com](http://www.sedar.com).
- (2) Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the Company's most recent annual meeting of security holders that involved the election of directors.
- (3) Thomas Skimming, P. Eng., Vice-President, Exploration and a Director of the Company, a qualified person under NI 43-101, has reviewed and approved the technical information included in this Management Discussion and Analysis.