

**ROMIOS GOLD RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the year ended June 30, 2013**

# **ROMIOS GOLD RESOURCES INC.**

## **Management's Discussion and Analysis – June 30, 2013 As of September 18, 2013**

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 consolidated financial and operating performance for the year ended June 30, 2013. The MD&A was prepared as of September 18, 2013 and should be read in conjunction with the consolidated audited financial statements ("Financial Statements") of the Company for the years ended June 30, 2013 and 2012, 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 British Columbia, Ontario, Quebec, and Nevada. The exploration work in fiscal 2013 was carried out during the summer of 2012 and focused on the Newmont Lake Property located near Galore Creek in the area known as the Golden Triangle of northwestern British Columbia. In particular, the 72 Zone, the Northwest Zone and the Ken Zone were the targets of this exploration program.

The program consisted principally of 14 additional diamond drill holes and ground geophysical surveys. Widespread copper, gold and silver mineralization was encountered at the 72 Zone, and sections of gold-bearing mineralization over widths greater than those encountered historically intersected at the Northwest Zone. Numerous intersections of gold, copper and silver mineralization and significant amounts of scandium were intersected in all of the holes drilled at the Ken Zone.

Romios considers the results of the 2012 summer program of diamond drilling and geophysical surveying on the Newmont Lake Project to be highly encouraging. The summer 2013 program of prospecting, sampling and mapping provided very good results and was followed up with a ZTEM electromagnetic survey. The Company will be reviewing its plans for the Golden Triangle as soon as the data from this summer's work becomes available. Snow conditions limit access for exploration to only a few months each summer.

The overall evaluation of the Timmins-Hislop Property indicates that the 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 exploration activities undertaken in all areas during the year ended June 30, 2013 cost \$1,524,688.

### **Mineral Properties**

The following is a summary report on the Company's exploration activities on each of its mineral properties.

#### **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. 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 2900 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 80,000 hectares (198,000 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 by spring 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 under construction.

### **Summer 2012 program**

The summer 2012 program consisted principally of 14 diamond drill holes and ground geophysical surveys on the Newmont Lake Property (six on the 72 Zone, two on the Northwest Zone and six on the Ken Zone). A number of sulphide horizons were encountered at the 72 Zone which contained gold, copper and silver and notable amounts of selenium, tellurium, platinum and palladium within a brecciated limestone, intersected by numerous porphyry dikes. At the Northwest Zone, both drill holes intersected gold-bearing sulphide mineralization over widths greater than those previously encountered. A geophysical anomaly was identified along strike in the Northwest Zone and a new gold-bearing horizon (Northwest Deep Horizon) was identified, illustrating the potential for an increase in the size of the existing Northwest Zone resource. At the Ken Zone, numerous intersections of gold, copper and silver-bearing sulphides were encountered in the drilling, with significant amounts of scandium intersected in the drill holes.

The detailed results of the Newmont Lake Property summer 2012 drill program were announced in three separate News Releases issued on October 10, and 25, 2012 and November 13, 2012.

The exploration activities undertaken in the Golden Triangle during the year ended June 30, 2013 cost \$1,420,555.

### **Summer 2013 program**

In August, 2013 a prospecting, sampling and mapping program was carried out over several new zones within the Trek and Newmont Lake areas. The news release on September 4, 2013 reported that along the margin of the Dirk porphyry, recent high temperatures and reduced summer snowpack exposed approximately 300 metre long by 225 metre wide porphyry-related copper and gold bearing sulphide mineralization extending over 100 metres in elevation along trend of the 72 and Telena Zones. This new area, named "Burgundy Ridge", is interpreted as one of the principle epicentres for porphyry mineralization throughout the entire Newmont Lake area. Grab samples, continuous chip and 84 grid samples have been submitted for assay, with reports currently pending. Photos of the Burgundy Ridge Zone can be seen on the website [www.romios.com](http://www.romios.com).

As part of the same program, the historical and silver-rich "Argent" mineral showing was rediscovered after remaining hidden due to historical mapping errors. As reported in the news release on August 27, 2012, four historical samples at the showing range from 5.16 to 369.64 oz/ton silver and up to 4.22 g/t gold. Additional samples were taken and await assay results.

On September 15, 2013 Geotech Ltd. completed a 359 line kilometre helicopter-borne ZTEM electromagnetic survey over the Newmont Lake Project Area, including the Northwest Zone, "72" Zone, Telena Zone and the Burgundy Ridge. The ZTEM system provides unparalleled depth penetration. The survey results are expected to be available in a number of weeks.

Scandium drill core samples from the 2012 drill program on the Ken Zone were submitted for scoping level mineralogical testing and beneficiation and metallurgical recovery testing. The beneficiation tests were not successful. A number of different recovery methods on whole ore were tried, with an acid-bake test indicating 70% recovery, but with high acid usage. Further testing will be carried out. As these samples were from only a small number of drill holes, further testing on additional drill intersections in the future are also warranted.

## **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 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 metre (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.

In the fourth quarter of fiscal 2013, Romios completed a review of all available previous exploration work carried out on the Property including 12 exploratory drill holes completed 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 holes drilled by Chevron, 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 by Romios 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 have been 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 and is strategically located with regard to the neighbouring gold zones.

### **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. The Company has engaged an Indigenous and Community Relations Consultant and continues to work towards an agreement with the North Caribou Lake First Nation Community in order to further its exploration activities on the property. There has been no activity on the property in the past year.

## **Nevada Property:**

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. No additional work is currently planned.

## Selected Annual Information

	2013	2012	2011
	\$	\$	\$
Net loss	(300,344)	(1,726,103)	(251,407)
Net loss per share – basic and diluted	(0.00)	(0.01)	(0.00)
Total assets	27,202,897	27,919,937	23,253,006

## Results of Operations

Total operating expenses for the year ended June 30, 2013 were \$776,117 compared to \$1,188,092 in 2012. The major contributors to the year over year decrease compared to the previous year is the decrease in non-cash share-based compensation to \$180,479 (2012 - \$327,069), professional fees to \$145,831 (2012 - \$309,645), and the decrease in shareholder communication expenses to \$120,946 (2012 - \$209,938).

Interest income was \$26,255 for the year ended June 30, 2013, compared to \$45,565 for 2012. The decrease is due to decreased cash balances held during the year.

The Company's net loss before income tax was \$768,044 compared with \$1,099,345 in 2012. The financial results in 2012 included the transaction with Mexivada Mining Corp. which resulted in a gain of \$50,000 as the value of the subject project had previously been written down to zero. Subsequently, the carrying value of the Mexivada shares were marked to market resulting in a reduction in the carrying value of the shares to \$0.

## Fourth Quarter

The Company's net income and comprehensive income for the three months ended June 30, 2013 was \$116,441 compared to net loss and comprehensive loss \$1,012,356 in the prior year. The change in the fourth quarter of 2013 was due to the decrease in share-based payments to \$40,665 (2012 - \$199,303), professional fees to \$39,618 (2012 - \$71,989), and to the recording of \$309,689 in future income tax recovery (2012 - \$626,758 in future income tax expense).

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

2011/2012	June 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
	\$	\$	\$	\$
Net income/(loss) and comprehensive Income/(loss)	116,441	(194,590)	(203,430)	(18,765)
Net loss per share – basic and diluted	0.00	(0.00)	(0.00)	(0.00)
Total assets	27,202,897	27,354,047	27,541,132	27,997,520

2011/2012	June 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011
	\$	\$	\$	\$
Net loss and comprehensive loss	(1,012,357)	(193,153)	(245,903)	(274,691)
Net loss per share – basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)
Total assets	27,919,937	28,051,252	28,869,254	26,977,989

## Capital Resources and Liquidity

At June 30, 2013, the Company had working capital of \$1,672,288 compared to \$3,305,599 as at June 30, 2012. As the Company has no operating revenue, it continues to be funded with equity based private placements. During the year ended June 30, 2013, the Company did not raise any capital for general operations or to fund

Canadian Exploration Expenditures (“CEE”). By June 30, 2013, the Company had fulfilled all its obligations to spend flow-through funds on 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 maintain ongoing operations and 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 June 30, 2013 and 2012 is 156,762,001 with a share capital value of \$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 June 30, 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 #	June 30, 2013 Weighted- average exercise price \$	Options #	June 30, 2012 Weighted- average exercise price \$
Outstanding, beginning of the year	9,125,000	0.23	7,543,000	0.32
Granted	250,000	0.10	3,400,000	0.20
Exercised	-	-	(300,000)	0.14
Expired	(2,250,000)	0.32	(1,518,000)	0.65
Outstanding, end of year	7,125,000	0.18	9,125,000	0.23
Options exercisable at end of the year	7,000,000	0.18	7,375,000	0.23

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
500,000	500,000	6.7 months	\$0.15	January 22, 2014
150,000	150,000	12.8 months	\$0.15	July 24, 2014
1,750,000	1,750,000	21.3 months	\$0.14	April 9, 2015
1,000,000	1,000,000	28.3 months	\$0.15	November 8, 2015
250,000	250,000	10.3 months	\$0.53	May 10, 2014
325,000	325,000	11.2 months	\$0.20	June 7, 2014
2,900,000	2,900,000	47.4 months	\$0.20	June 12, 2017
250,000	125,000	57.3 months	\$0.10	April 9, 2018
7,125,000	7,000,000			

## Outstanding common share purchase warrants

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

	June 30, 2013		June 30, 2012	
	Warrants	Exercise	Warrants	Exercise
	#	Price Range	#	Price Range
		\$		\$
Outstanding, beginning of the year	5,432,301	0.52 to 1.00	3,786,666	0.12 to 0.40
Private placement warrants issued	-	-	5,432,301	0.52 to 1.00
Exercised	-	-	(60,000)	0.12
Expired	(5,432,301)	0.52 to 1.00	(3,726,666)	0.30 to 0.40
<b>Outstanding, end of the year</b>	<b>Nil</b>		<b>5,432,301</b>	<b>0.52 to 1.00</b>

As at June 30, 2013 and as at September 18, 2013, the Company had 156,762,001 common shares outstanding and 7,125,000 stock options and 1,000,000 common shares reserved for property transactions. The fully diluted number of common shares that could be outstanding was 164,887,001.

### Related Party Transactions

During the year ended June 30, 2013, the Company incurred related party expenses of \$244,725 (2012 – \$246,725). 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 June 30, 2013 \$20,371 (2012 - \$6,085) was due and payable to these related parties.

Non-cash share based compensation to key management and directors for the year ended June 30, 2013 was \$166,336 (2012 - \$200,039).

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended June 30, 2013 and 2012.

During the year ended June 30, 2013, the Company incurred expenses of \$39,690 (2012 - \$109,742) for legal fees to a law firm related to a Director of the Company, William R. Johnstone. At June 30, 2013, \$4,345 (2012 - \$21,496) was due and payable.

During the year ended June 30, 2013, the Company incurred expenses of \$23,000 (2012 - \$25,000) related to directors' fees to independent directors. At June 30, 2013, \$ 6,000 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.

### 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 June 30, 2013 there is no impairment of carrying value on its British Columbia and Quebec 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 \$1.5 million at September 18, 2013, 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 the past, 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.

### **New accounting pronouncements not yet adopted**

We have not yet adopted the standards and amendments to existing standards that have been issued. The standards and amendments, unless otherwise stated, are effective for periods beginning on or after January 1, 2013. We are assessing the impact of the following standards and amendments on our financial statements:

- *IFRS 7, Financial Instruments: Disclosures*
- *IFRS 9, Financial Instruments*
- *IFRS 10, Consolidated Financial Statements*
- *IFRS 11, Joint Arrangements*
- *IFRS 12, Disclosures of Interests in Other Entities*
- *IFRS 13, Fair Value Measurement*
- *IAS 1, Presentation of Financial Statements*
- *IAS 19, Employee Benefits*
- *IAS 32, Financial Instruments: Presentation (January 1, 2014)*

### **Outlook**

The Company's focus is 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.

Management considers the results of the 2012 summer program on the Newmont Lake Project to be highly encouraging. The results at the Ken Zone and the 72 Zone indicate significant gold, copper and silver mineralization, with the Ken Zone also reporting very good widths of scandium

The Company is very excited with the results of the summer 2013 program and the discovery of the Burgundy Ridge Zone, followed up with a ZTEM electromagnetic survey. The Company will be reviewing its plans for the Golden Triangle, as soon as the data from this summer's work becomes available. Snow conditions limit access for exploration to only a few months each summer.

The overall evaluation of the Timmins-Hislop Property indicates that the 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 Lundmark-Akow Lake property exploration identified evidence of widespread gold mineralization and a zone of stringer-type copper mineralization that is believed to reflect a more massive sulphide occurrence at depth. An agreement with the North Caribou Lake First Nation Community is required in order to resume exploration.

The La Corne molybdenum, bismuth and lithium property was drilled in 2010 with encouraging results, and, subject to metal prices and financial market conditions, the Company intends to do further work at La Corne to evaluate the viability of the open pit mining potential of the molybdenum bearing granite (disseminated and in veins) within and adjacent to old mine workings.

The lack of investor confidence has impacted negatively on the junior resource industry, with many companies not raising money by conventional means because of severely depressed share prices. Alternative financing opportunities, including joint ventures or strategic alliances will continue to be pursued. Exploration activity in fiscal 2014 may be limited by financial constraints.

The Company has a cash balance of \$1.4 million and is confident that it will raise additional funds at the appropriate time to finance future exploration and evaluation programs.

### **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.