GTA RESOURCES AND MINING INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2013

Overview

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of GTA Resources and Mining Inc. ("GTA" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended March 31, 2013. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended March 31, 2013 and 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. The results for the interim period presented are not necessarily indicative of the results that may be expected for any future period. The Company is presently a "Venture Issuer" as defined in NI 51-102.

The Company's financial statements and the financial data included in the MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee that are effective as at March 31, 2013, the date of the Corporation's first annual reporting under IFRS.

The IFRS accounting policies set forth in Note 2 of the financial statements have been applied in preparing the financial statements for the years ending March 31, 2013 and 2012.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of GTA's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity

The MD&A was reviewed and approved by the Audit Committee and the Board of Directors and is effective as of July 26, 2013.

Forward Looking Information

Certain information regarding the Company within Management's Discussion and Analysis ("MD&A") may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such thing as future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward-looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

Nature of the Business

The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for exploration and evaluation assets ("mineral properties") is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values.

The Company is a reporting issuer under applicable securities legislation in the provinces of Ontario, Alberta and British Columbia and its outstanding common shares ("Common Shares") are listed on the TSX Venture Exchange (the "TSX.V") under the symbol "GTA".

Financing

During the year, the Company triggered acceleration clauses with respect to warrants which had been issued in June 2010 and December 2011 resulting in the exercise of 408,600 warrants for gross proceeds of $125,733. In addition, 7,934 broker warrants were exercised for gross proceeds of $2,777.

During the year 140,000 options were exercised for gross proceeds of $48,000.

Selected Quarterly Financial Information

The following table sets out the selected financial information for the three months ended:

	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012
Total assets	$ 8,007,912	$ 8,088,850	$ 8,496,542	$ 8,371,542
Working capital	$ 3,677,685	$ 3,980,905	$ 4,441,604	$ 5,081,522
Net loss for the period	$ 203,762	$ 163,650	$ 81,393	$ 80,250
Loss per share	$ 0.01	$ 0.01	$ 0.00	$ 0.00

	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	June 30, 2011
Total assets	$ 8,416,879	$ 1,936,509	$ 1,870,887	$ 1,736,849
Working capital	$ 5,487,091	$ 149,778	$ 80,392	$ 426,164
Net loss for the period	$ 1,300,924	$ 85,811	$ 92,248	$ 63,290
Loss per share	$ 0.12	$ 0.01	$ 0.01	$ 0.00

GTA reported no discontinued operations and declared no dividends for any period presented.

The following section discusses the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variation seen over and between individual quarters is primarily dependent upon the success of the Company's exploration activities on its current properties, none of which are possible to predict with any accuracy. There are no general trends regarding the Company's quarterly results, and the Company's business of mineral exploration is not seasonal.

Quarterly results can vary significantly depending on the activity level of the Company, whether the Company has granted stock options or hired new employees/contractors. These are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. General operating costs other than the specific items noted above tend to be quite similar from period to period.

Results of Operations

Years ended March 31, 2013 and 2012

The Company incurred a net loss of $529,055 for the year ended March 31, 2013, compared to a net loss of $1,542,273 for the year ended March 31, 2012. It is comprised of $1,006,645 (2012-$1,633,322) general and administrative expenses, offset by interest income of $72,948 (2012-$2,128) and deferred income tax recovery of $404,642 (2012-$89,428).

38% decrease in general and administrative expenses resulted from the following:

- $213,869 share-based payments charges in the current period versus $1,159,305 in the comparative period.
- Shareholder communication increased from $26,958 to $140,402 mainly due to expanding the advertising/marketing budget and activity at trade shows, as well as the retaining of an Investor Relations consultant.
- Management remuneration increased from $144,000 to $290,000 due to additional personnel and increases in compensation/management fees.
- The Company earned $72,948 interest income from its GICs in the current period versus $2,128 in the comparative period.
- Deferred income tax recovery reflects the fulfilment of flow-through share commitment during the current period in the amount of $1,618,568 versus $408,140 in the comparative period.

Three months ended March 31, 2013 and 2012

During the three months ended March 31, 2013, the Company incurred a loss of $203,762 (2012-$1,300,924). It is comprised of $256,738 (2012-$1,356,445) general and administrative expenses, offset by interest income of $16,128 (2012-$1,413) and deferred income tax recovery of $37,682 (2012-$47,335).

- $23,357 share-based payments charges in the current period versus $1,159,305 in the comparative period.
- Shareholder communication increased from $6,560 to $30,288 mainly due to expanding the advertising/marketing budget and activity at trade shows, as well as the retaining of an Investor Relations consultant.
- Management remuneration increased from $36,000 to $97,500 due to additional personnel and increases in compensation/management fees.
- The Company earned $16,128 interest income from its GICs in the current period versus $1,413 in the comparative period.
- Deferred income tax recovery reflects the fulfilment of flow-through share commitment during the current period in the amount of $150,730 versus $189,340 in the comparative period.

During the three months ended March 31, 2013, the Company entered into transactions with related parties in the normal course of operations. Included in related party transactions were key management personnel remuneration of $145,500 (2012-$54,000) accrued or paid and $nil (2012-$1,159,305) in share-based payments. Office rent, supplies and equipment acquired from related parties during the period was $25,485 (2012-$27,100). In addition, the Company paid or accrued $nil (2012-$47,600) for mineral property exploration consulting fees.

Accounts payable and accrued liabilities include $72,167 (2012 - $101,350) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Liquidity and Capital Resources

This section should be read in conjunction with the audited statements of financial position for the year ended March 31, 2013, and the corresponding notes thereto.

The Company has total assets of $8,007,912 (2012 - $8,416,879). The primary assets of the Company are cash and cash equivalents of $4,084,031 (2012 - $6,258,609), miscellaneous receivables of $52,970 (2012 - $133,287), prepaid expenses of $6,649 (2012 - $41,451), and exploration and evaluation assets of $3,844,986 (2012 - $1,966,026). The Company has no long-term liabilities and has working capital of $3,677,685 (2012 - $5,487,091).

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $2,724,258. As at March 31, 2013, the Company had cash and cash equivalents of $4,084,031 to settle current liabilities of $465,965.

To continue operations and to fund future obligations, the Company will be required to raise funds through equity or other financing alternatives. Recent global economic conditions and market uncertainty may have an impact on the Company's ability to raise funds through the equity markets. Management believes that there are sources of financing available.

During the year ended March 31, 2013, warrants and options were exercised resulting in cash proceeds of $128,510 and $48,000 respectively.

There can be no assurance that the Company will be successful in its future fund-raising activities.

The Company relies on issuance of equity securities and alternative sources of financing, if required, to maintain adequate liquidity to support its ongoing working capital commitments. The following table is a summary of quantitative data that the Company manages as capital:

		March 31, 2013		**March 31, 2012**		**Change**
Cash and cash equivalents	$	4,084,031	$	6,258,609	$	(2,174,578)
Share capital	$	8,635,550	$	8,213,072	$	422,478
Contributed surplus	$	1,630,655	$	1,452,724	$	177,931
Deficit	$	(2,724,258)	$	(2,195,203)	$	(529,055)

The Company monitors these items to assess its ability to fulfill its ongoing financial obligations, including its flow-through obligations, and its exploration program.

Mineral Property Interests

	Squid East Property	**Auden Property**	**Northshore Property**	**Total**
Balance, March 31, 2011	$ -	$ 1,209,657	$ -	$ 1,209,657
Acquisition costs	-	-	215,000	215,000
Deferred exploration costs		19,075	522,294	541,369
Balance, March 31, 2012	-	1,228,732	737,294	1,966,026
Acquisition costs	50,000	-	200,700	250,700
Deferred exploration costs	9,691	2,107	1,616,462	1,628,260
Balance, March 31, 2013	$ 59,691	$ 1,230,839	$ 2,554,456	$ 3,844,986

Northshore Property

The Northshore Property is located four kilometres south of the town of Schreiber in Ontario and approximately 70 kilometres west along the Trans-Canada Highway from the Hemlo gold deposit in the Schreiber-Hemlo greenstone belt. The property consists of two unpatented and 5 patented mineral claims (approximately 322.26 hectares) situated in the Township of Priske, Thunder Bay Mining Division, Ontario. Gold mineralization at Northshore is hosted within altered and fractured felsic intrusions.

High grade gold mineralization has been identified along several vein systems which include the Audney, Caly and former producing Northshore vein systems. The Audney and Caly veins are part of a broader zone of gold mineralization referred to as the Afric Zone which encompasses both high-grade veins and broad zones of strongly anomalous gold values located in the altered country rock hosting the veins. The Afric Zone is the current focus of exploration on the property with expansion of the high-grade vein system a secondary priority.

On July 27, 2011 the Company entered into an Option Agreement with Balmoral Resources Ltd. to acquire up to a 70% interest in the Northshore Property by making cash payments in aggregate totaling $150,000, issuing in favour of Balmoral 3,500,000 common shares and completing $5,500,000 in eligible work expenditures on the Property over a 5 year period.

Certain of the mineral claims on the Northshore Property have attached patented surface rights which also may be acquired as part of the transaction with Balmoral Resources Ltd.

Since acquisition the Company has carried out four phases of diamond drilling. The initial Phase 1 program was completed during the year ended March 31, 2012 and consisted of a 12 holes (1038 m) targeting the Afric Zone in the area surrounding the Audney and Caly Vein systems.

During the 2013 fiscal year the Company completed Phase 2 and Phase 3 programs comprising approximately 7,200 metres of drilling, significantly expanding the scale of the known gold mineralized system over an area of 350 x 450 metres and to a depth of 320 metres. Previous results from the central part of the Afric Zone included an intersection of 12.49 g/t Au over 33.2 meters within a zone assaying 3.21 g/t Au (1.20 g/t cut) over 152 metres in hole WB-11-11. The zone remains open in several directions. An additional 2,313 metres of drilling has been completed in a Phase 4 program with results defining the western extension of the Afric Zone and confirming the continuity of the east extension of the Afric Zone. In addition, the final hole of the Phase 4 program intersected a new high grade gold system between the Afric Zone and the former producing high-grade Northshore mine. Early interpretation suggests that this new system is open for lateral and vertical expansion.

In general most holes have resulted in significant gold intersections within a strongly altered felsic volcanic, often including multiple occurrences of visible gold. Results from the recent drilling were very encouraging and have partially outlined the Afric Zone as a "porphyry style" gold system with a minimum surface extent exceeding 450 meters by 350 meters. The drilling completed to date indicates the zone is open in multiple directions and at depth.

Squid East Property

On February 27, 2013 the Company and Metals Creek Resources Corp. entered into a Letter Agreement whereby the Company has been granted the right to acquire up to a 70% interest in Metals Creek's interest in the Squid East Property. The property is located 80 km southwest of Dawson City in the White Gold District. The claims are proximal to the Matson Creek placer gold mining camp which is accessed via an airstrip and a four wheel drive ridge road originating from the "Top of the World" Highway west of Dawson City.

Under the terms of the Letter Agreement, the Company may earn an initial 51% interest ("First Option") in the Squid East Property by making cash payments to Metals Creek of $60,000, issuing in favour of Metals Creek 2,000,000 common shares of GTA and incurring a minimum of $2,000,000 in eligible exploration expenditures on the property over a three-year period from receipt of regulatory approval. A cash payment of $20,000, issuance of 200,000 shares and a year one exploration expenditure of $500,000 are firm commitments by GTA under the Letter Agreement. The initial cash payment of $20,000 and the issuance of 200,000 common shares were recorded during the year. In addition, the Company has incurred exploration expenditures of $9,691 to March 31, 2013.

Upon exercise of the First Option outlined above, the Company will have the right to elect to proceed with a Second Option, under which the Company would have the ability to earn an additional 19% interest in the Squid East Property by making an additional cash payment of $100,000, issuing an additional 1,000,000 shares in favour of Metals Creek upon exercising its right and incurring additional exploration expenditures totalling $1,000,000 over an additional 24 month time frame.

The Squid East Property hosts a strong northwest trending gold plus pathfinder element soil anomaly which will be the focus of the 2013 exploration program. The anomaly was identified in 2012 by Metals Creek while following up on results from a previous regional geochemistry program. Anomalous values are remarkably continuous between sample locations with gold ranging from 15 ppb (parts per billion) to 1086 ppb. Associated with the gold assays are strong pathfinder element results include silver, lead, antimony, barium and mercury. The anomaly has minimum dimensions of approximately 450m long by 200m wide and is coincident with a distinct northwesterly trending magnetic low. Several other soil anomalies are also present within this magnetic low and will require additional follow-up sampling. The strength and size of this newly discovered anomaly is comparable to soil anomalies associated with the recent discoveries in the White Gold District and the associated pathfinder elements are typical of these new discoveries.

The Company has incurred minimal costs to date with respect to the Squid East Property and expects to commence exploration activities in late June, 2013.

Auden Property

The Company acquired a 100% interest in the Auden Property in June 2010 by issuing 5,074,855 common shares.

The Auden Property is located between the towns of Hearst and Longlac, in northern Ontario and consists of claims covering a total of 25,000 hectares covering the eastern portion of a greenstone belt which lies approximately 110 kilometres to the east of the east end of the Beardmore-Geraldton greenstone belt. The Beardmore-Geraldton greenstone belt has historic gold production in excess of 4 million ounces. The claims are all located in the Porcupine Mining Division, in Auden Township, Pitopiko River Area, Feagan Lake Area, Fintry Township, Mulloy Township, Rowlandson Township, Shuel Township and Limestone Rapids.

The Auden Property hosts a number of exploration targets identified from historic exploration work and a recently flown airborne geophysical survey on the central claims. Based on historic drilling, encouraging gold mineralization is known to occur in a number of geological settings including sulphide facies iron formation, silica facies iron formation, mafic volcanic hosted quartz-carbonate-tourmaline veining and conglomerate hosted pyrite and pyrrhotite mineralization. Additionally a number of untested airborne EM anomalies have been identified for follow-up. These anomalies are hosted in a variety of rock types and will be targeted for Base Metals, Nickel-PGMs and Graphite.

The Company continues to consult with the local First Nation membership with respect to exploration activity on the Auden Property.

The Company has been granted an exclusion of time, to a maximum of twelve months, to complete exploration work on several of its mining claims within the Auden Property.

Qualified Person and QA/QC

Robert Duess P.Geo, a qualified person as defined by NI 43-101, has reviewed the scientific and technical information that forms the basis for the disclosure regarding the Company's properties in this MD&A and has approved the disclosure herein. Mr. Duess is not independent of the Company, as he is the Vice President, Exploration and holds common shares and incentive stock options.

Critical Accounting Estimates

The preparation of the audited financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These audited financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of miscellaneous receivables that are included in the audited statements of financial position;
- the recoverability of exploration and evaluation expenditures incurred on the Company's mineral property interests;

Changes in Accounting Policies

Future Accounting Changes

IFRS 9, *Financial Instruments: Classification and Measurement* issued in December 2009, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. The Company has not early adopted IFRS 9 and has not yet considered the impact on its financial statements.

In May 2011, the IASB issued the following standards effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, which have not yet been adopted by the Company. IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IFRS Fair Value Measurement, IFRS 19 Employees Benefits, IAS 27 Separate Financial Statements, and IAS 28 Investments in Associates and Joint Ventures. The Company is assessing the impact of these new standards, but does not expect them to have a significant impact on the financial statements.

Financial Instruments

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(a) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with a Canadian Schedule A bank, from which Management believes the risk of loss to be minimal.

Amounts receivable are in good standing as of March 31, 2013. Management believes that the credit risk with respect to financial instruments included in amounts receivable is minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2013, the Company had cash of $4,084,031 (March 31, 2012 - $6,258,609) to settle current liabilities of $465,965 (March 31, 2012 - $946,256). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(i) Interest rate risk

Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported net income (loss) and comprehensive income (loss) for the three months and year ended March 31, 2013.

(ii) Foreign currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to precious metals and other minerals, and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As of March 31, 2013, the Company was not a precious mineral, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Related Party Transactions

The transactions entered into by the Company and related parties are in the normal course of operations and are measured at the exchange value (the amount established and agreed to by the related parties) and are detailed in note 10 of the audited financial statements for the year ended March 31, 2013.

Key management personnel remuneration during the year included $559,400 (2012-$300,650) in cash compensation and $53,111 (2012-$1,159,305) in share-based payments. Office rent, supplies and equipment acquired from related parties during the year was $72,998 (2012-$72,400). In addition Directors' fees of $18,250 (2012-$nil) were paid.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

Proposed Transactions

As of the date of this MD&A there are no proposed transactions, not otherwise reported herein, where the Board of Directors or senior management believes that confirmation of the decision by the board is probable or with which the board and senior management have decided to proceed.

Share Data

As of the date of this MD&A, the Company has 25,731,855 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 2,455,000 common shares expiring at various dates between April 2014 and December 2017 and exercisable at prices between $0.20 per common share and $1.05 per common share and, (b) share purchase warrants to purchase an aggregate of 2,103,691 common shares. Share purchase warrants to purchase an aggregate of 1,754,165 common shares, exercisable at $1.25 per common share, expire September 12, 2013.

There are 349,526 broker warrants outstanding, exercisable at $0.90 per unit and expiring September 12, 2013. Each unit is comprised of one common share and one half share purchase warrant which is exercisable at $1.25 per common share until September 12, 2013.

For additional details of share data, please refer to Notes 6, 7 and 8 of the March 31, 2013 audited financial statements.

In addition, 50,000 fully paid options outstanding to acquire common shares of the Company were exercised on June 6, 2013. No fully paid options remain outstanding.

Capital Management

The Company's objectives when managing capital are as follows:

(i) To safeguard the Company's ability to continue as a going concern;
(ii) To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
(iii) To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short term working capital requirements, and its planned exploration and development program expenditure requirements. The capital structure of the Company is comprised of shareholders' equity which includes share capital, warrants, contributed surplus and deficit. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilized annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the period.

Legal Proceedings

To the knowledge of the Company, there are no actual or pending legal proceedings to which the Company is or is likely to be a party or of which any of its assets are likely to be subject.

Risks and Uncertainties

<u>Liquidity and Additional Financing</u>

The Company has limited financial resources and no sources of revenues and has no assurance and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, 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 favorable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Regulatory Requirements

Even if the Company's properties are proven to host economic reserves of gold or other precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, regulations concerning business dealings with indigenous peoples, expropriation of property, environmental legislation and mine safety.

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, if any, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of diamond, precious and non-precious metals, any of which could result in work stoppages, damage to the property, and possible environmental damage. Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fires, power outages, labor disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labor are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the financial position of the Company.

The Company will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to determine if mineralization reserves exist through drilling, to develop processes to extract the precious and non-precious metals from the mineralization and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis or at all. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of mineralization mined, fluctuations in markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access to any properties in which the Company has or may have an interest may have an adverse effect on profitability in that infrastructure costs will be higher.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and cause insolvency and/or a decline in the value of the securities of the Company.

No Assurance of Title to Properties

The acquisition of title to mineral projects is a very detailed and time consuming process. Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Delays, or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Competition

The mineral exploitation industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

Environmental Regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, platinum or any other minerals discovered. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, consumption patterns, speculative activities and increased production due to new mine developments and improved mining and production methods.

The effect of these factors on the price of gold, base and precious metals and therefore the economic viability of any of the Company's projects cannot be accurately predicted.

Reliance on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. The Company does not carry any key man insurance.

Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interest of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* (Ontario) to disclose the conflict of interest and to abstain from voting on the matter.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Share Price Volatility

Recently, securities markets in North America have experienced a high level of price and volume volatility, and the market price of many companies, particularly those considered exploration and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or such fluctuations will not materially adversely impact on the Company's ability to raise equity capital without significant dilution to its existing shareholders, or at all.

General Economic Conditions

Recent events in the global financial markets have had a significant impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. A continued or more profound slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending/confidence, employment rates, business conditions, inflation, fuel and energy, consumer debt levels, lack of available credit, the state of the financial markets, sovereign debt issues, interest rates, and tax rates may adversely affect the Company's growth and profitability.

More specifically, the global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity, and the devaluation and volatility of global stock markets impacts the valuation of the Company's common shares, which may impact the Company's ability to raise funds through the issuance of equity securities.

Financial Resources

The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. Future property acquisitions and the future exploration/development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public/private financing, or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

Dilution

The Company may require additional equity financing to be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Commitments and Contingencies

The Company is committed to spending approximately $958,292 associated with the flow-through offering that was completed in March 2012. The Company intends to fulfill all flow through commitments by December 31, 2013. The Company has fulfilled its obligations with respect to the flow-through share offering of June 2010 and December 2011.

Internal Control over Financial Reporting

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements, and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.