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Form 51-102F1

Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Period Ended June 30, 2013

DATE: October 24, 2013

GENERAL

This Management's Discussion and Analysis ("MD&A") of Confederation Minerals Ltd. ("Confederation" or the "Company") has been prepared by management and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2013. Additional information relating to the Company, including other regulatory filings, can be found on the SEDAR website at www.sedar.com.

All figures are in Canadian dollars unless otherwise noted.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the Company's consolidated financial statements, additional important factors, if any, are identified here.

DESCRIPTION OF BUSINESS

Confederation Minerals Ltd. was incorporated on November 3, 2005 under the *Business Corporations Act* (British Columbia) as "Medina Ventures Inc.", changed its name to "Sienna Minerals Ltd." on April 26, 2006 and changed its name to Confederation Minerals Ltd. on April 11, 2007. The Company is a junior resource company whose business is to seek out and develop mineral deposits.

Newman Todd Project

On November 19, 2010, the Company entered into an option agreement with Redstar Gold Corp ("Redstar") entitling the Company to earn up to 70% of Redstar's Newman Todd gold project (the "Property") in the Red Lake Mining District of Northern Ontario. To exercise the option to earn an initial 50% interest, the Company will be required to incur a cumulative of $5,000,000 of work expenditures on the Property, issue to Redstar a total of 500,000 shares of the Company and make payments to Redstar totaling $250,000 in the following manner:

a) 100,000 shares (issued) and a $50,000 payment (paid) within 10 business days of approval of the Agreement by the TSX Venture Exchange (December 22, 2010);

b) work expenditures of $2,000,000 (incurred), 100,000 shares (issued) and a further $50,000 payment (paid) on or before the first anniversary of the Agreement;

c) further work expenditures of $1,500,000 (incurred), a further 150,000 shares (issued) and a further $75,000 payment (paid) on or before the second anniversary of the Agreement; and

d) further expenditures of $1,500,000 (incurred), a further 150,000 shares and a further $75,000 payment on or before the third anniversary of this Agreement.

To exercise the option to earn a further 20% interest, thereby increasing its overall interest to 70%, the Company will be required to produce, at its own cost, a preliminary assessment of the Property and issue a further 500,000 shares to Redstar on or before the sixth anniversary of the Agreement, subject to minimum annual expenditures of $250,000 during the last three years of the option period. The parties also have agreed to form a joint venture following the exercise of the option by Confederation. The Property is subject to a 2% net smelter return and a 15% net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest. On November 19, 2010, total finder's fee of $132,500 was paid in the form of $66,250 cash and the issuance of 228,448 shares at a value of $0.29.

The Company also owns an effective 17.5% interest in certain other claims adjacent to the Property.

As at June 30, 2013 the Company had incurred $10,817,065 in acquisition and exploration expenditures on the property.

On November 21, 2011, the Company and Magna Resources Ltd. ("Magna") signed a purchase and sale agreement whereby the Company sold to Magna the 50% interest in American Potash LLC then held by the Company ("Purchase and Sale Transaction"). Under the terms of the agreement Magna completed a 2 for 1 subdivision of its outstanding common shares, resulting in the Magna having 22,420,000 common shares being issued and outstanding immediately prior to closing of the Purchase and Sale Transaction.

As consideration for the purchase, Magna issued 22,420,000 common shares (the "Magna Shares") and 2,400,000 common share purchase warrants of Magna ("Purchase Consideration"). Each warrant entitles the Company to purchase a further common share at a price of $0.10 until February 25, 2016. Under IFRS 3, the Magna Shares were measured using the acquisition-date fair value. As a result, a discount from the deemed value of $0.20 per share has been applied due to a lack of marketability of Magna's shares which resulted in the fair value of the Magna Shares being determined at $0.06 per share.

On January 19, 2012 the Purchase and Sale Transaction was completed. As a result of the Purchase and Sale Transaction, the Company effectively controlled Magna and Magna holds a 100% interest in American Potash, which holds potash leases and an option in respect of potash lease applications in the State of Utah.

On December 19, 2012, the Company received an order from the Supreme Court of British Columbia approving distribution (the "Distribution") of 21,186,656 common shares (the "Magna's shares") in the share capital of Magna Resources Ltd., being an approximate 40.94% interest in Magna, on a pro rata basis to the Company's shareholders. Upon completion of the Distribution, the Company's ownership interest in Magna decreased from approximately 56.47% to approximately 16%. At that point the Company determined that it no longer controlled Magna, and as a result, the Company would no longer consolidate the operations of Magna.

At distribution, the Company retained 2,400,000 share purchase warrants that were acquired during the business acquisition. These warrants were valued at $300,000 at June 30, 2013 (2012 - $nil) using the Black-Scholes pricing model using the following assumptions:

Dividend yield	0%
Risk-free interest rate	1.35%
Estimated volatility	255%
Expected life in years remaining	2.67

Other Properties

The Company also owns certain mineral claims in northern Ontario known as the Confederation Lake claims (sometimes referred to as the Mitchell-Belanger claims). No work was undertaken on the properties during the last two fiscal years and therefore at June 30, 2011 management decided to write off all costs incurred to date. The Company abandoned its interest in the Matless Lake claim on February 3, 2012.

All of the Company's presently held exploration and evaluation assets are situated in the Red Lake mining district of the province of Ontario, Canada. However, the Company may seek to acquire interests in other provinces or countries.

The Company finances its properties by way of equity or debt financing. Additional information is provided in the Company's consolidated financial statements. These documents are available on the SEDAR website at www.sedar.com.

EXPLORATION UPDATE

Newman Todd Project

Drilling was re-initiated on the property in July 2013 after a short hiatus following the successful winter 2012-2013 drilling program which allowed for assimilation and interpretation of results to date. In total, 3,861 m in 14 holes were completed during the summer program. Total drilling on the property now totals 54,796 meters in 164 holes over approximately 1.8 km of strike length within the highly-altered, gold-bearing NTS. Total drilling by Confederation at Newman Todd during 2011, 2012 and 2013 now totals 42,644 meters in 110 holes.

As of September 30, 2013, the Company has spent a total of $11,035,476 in exploration and acquisition at its Newman Todd Project. The specific results of the program are discussed in the Company's news releases all of which are available on www.sedar.com.

The 2011-2013 drill programs have confirmed the existence of a large scale, open-ended, gold-bearing hydrothermal system. Several zones of high grade gold mineralization occur with veining and silica/sulphide replacement zones within the widespread iron-carbonate structural/alteration system known as the Newman Todd Structure (NTS). The NTS has so far been identified across a strike length of approximately 2.2 kilometers, a width of 200 meters and from surface to depths of up to 1 kilometer. The working interpretation suggests the gold mineralization may be rheologically controlled, occurring several meters peripherally from the hanging wall contact with zones of concentrated gold which may be associated with folding and/or faulting of the contact. Evidence from the recently concluded summer program suggests an alternative hypothesis whereby an epithermal type deposition, emanating from the footwall, has resulted in lateral gold deposition along strike and a similar deposition of gold concentrated along the hanging wall which may have acted as a non-porous litho-cap or fluid trap. This hypothesis remains to be tested but, if it is found accurate, it would suggest the region where the hydrothermal fluids entered the footwall is a likely area for gold deposition.

Drilling during the winter (late 2012-early 2013) was focused on a restricted strike length along the NTS. This approximately 375 meter-long segment is referred to as the "Hinge Zone", where geological and geophysical evidence suggest a bend in the Newman Todd structural corridor. The objective of restricting the drilling to a short strike length of the entire structure was to understand, on a smaller scale, the controls on mineralization that likely mimic those which acted along the entire structure within the confines of the property (over 2 kilometers). Close spaced drilling, completed on tightly-controlled cross sections, was used to determine the morphology of high grade gold bodies and follow interpreted zones laterally along strike, with a focus on the north, where the mineralization remains open.

Significantly, the winter 2012-2013 drilling program also showed that high-grade gold mineralization is present, but not restricted to, very shallow levels within the NTS. High-grade gold mineralization has been also been returned from surface trenches on the property. When combined with the deep hole (NT-129) drilled in 2012, which intersected gold mineralization approximately 1 km below surface, gold has now been intersected over a strike length of over 1.8 km, and from surface to approximately 1 km depth. This deep hole returned gold intercepts similar to those returned from much shallower mineralization intercepts, indicating that the gold mineralization is open to depth, just as it is along strike.

The 2013 summer diamond drilling program at Newman Todd commenced in July and was completed in September. The initial objective was to follow up high grade zones intersected during the most recent drilling, including a wide intersection, drilled near the end of the winter program, of 7.0 meters grading 32.57 g/t gold which was returned from a shallow hole (NT-148) located on the northern-most section. Holes NT-151 to NT-155 were drilled along three 25 m spaced drill lines in the northeast of the Hinge Zone, close to its boundary with the "NE Zone". Drill highlights include a 9.5 meter intersection grading 10.39 g/t gold, including 0.50 meter at 103.0 g/t gold (hole NT-153). The high grade gold mineralization intersected in these holes is closely related to the hanging wall contact of the NTS, with zones occurring approximately 5 to 25 meters away from the contact. This style of gold mineralization is well documented at the nearby Red Lake Mine where the high grade zone occurs proximal to a folded mafic/ultramafic contact.

The remaining nine holes of the summer program (holes NT-156 to NT-164) were drilled along three 100 m spaced drill lines in the southwest of the Hinge Zone, close to the boundary with the Heath Bull Zone, and within the northeast part of the Heath Bull Zone itself. They are located approximately 250 - 350 meters southwest of the center of the Hinge Zone. High grade mineralization was again intersected in these holes, with highlights of 10.0 meters grading 7.43 g/t gold, including 0.5 meters of 128.0 g/t gold and 6.0 meters of 4.57 g/t gold including 0.5 meters of 49.10 g/t gold (hole NT-162).

Exploration at Newman Todd during the summer period also included the stripping and trenching of shallowly-buried sub-crop in the Hinge Zone close to drill hole collars NT-122, NT-123 and NT-124. Mapping and sampling of the newly-exposed bedrock has been completed and has provided the Company with valuable information regarding the structural controls on mineralization. Outcrops exhibit intense silica-carbonate alteration affecting sulphide-mineralized stromatolitic carbonate beds, hosting intense NW-striking quartz veining.

Also during the summer, further metallurgical tests were completed by SGS Labs on composite samples of drill core selected to be representative of gold mineralization being delineated within the structure. Tests included gravity concentration (9 tests) followed by rougher flotation (34 tests) and cleaner flotation (21 tests). These initial results suggest a 93% gold recovery for head grades above 1.5 g/t Au and 85% gold recovery for the range 1.0g/t to 1.5g/t Au. The metallurgical work is being overseen for Confederation Minerals by metallurgist Daniel Sepulveda of Moose Mountain Technical Services.

Metallurgical results will be incorporated into the Preliminary Economic Assessment (PEA) currently being prepared by Mining Plus Ltd, and planned for completion by the end of 2013. The PEA will provide guidance to the Company regarding open pit and underground options, preliminary resource evaluations, capital cost estimates, mining costs and other aspects of project economics. Management expects the PEA to include a relatively small resource as it will be based on the limited, closer-spaced drilling from the Hinge Zone, which followed mineralized structures, as well as very wide spaced drilling that was not targeted to specific mineralized zones (thus reflecting lower average grade). This resource would therefore, represent only a small percentage of the entire, gold-bearing system, but will be used to extrapolate what a much larger percentage of the entire system may contain as a total gold resource.

Confederation intends to use this period of hiatus in drilling to continue to thoroughly interpret all geological, structural and geochemical information obtained by the recent drill program. The Company has contracted Jean-François Couture from SRK Consulting, a structural geologist with extensive experience in the structural habits of gold concentrations in the large mesothermal deposits of northern Canada. Dr. Couture and Mining Plus are currently working together with Confederation geological staff to interpret the structural controls on mineralization and continuity of gold mineralization in order to further refine their exploration model and targeting. As previously mentioned an alternative hypothesis has emerged from these findings and testing this hypothesis will be a consideration in planning the 2013-2014 winter exploration program.

Stantec Consulting Ltd. are continuing with their environmental baseline studies and building a road map towards permitting the project for all eventualities regarding open pit and/or underground mining and processing.

OTHER CORPORATE INFORMATION

These consolidated financial statements include the accounts of the Company and its controlled interest in Magna and American Potash to the Company's deconsolidation date of December 19, 2012 when it was deemed that the Company no longer controlled Magna.

The board of directors consists of Brian Bapty, Lawrence Dick, Kenneth R. Holmes, Kent Ausburn and Scott Parsons. Lawrence Dick is the Chief Executive Officer, Brian Bapty is the President, and Savio Chiu is the Chief Financial Officer.

On March 15, 2012, Larry Dick resigned as President and Brian Bapty was appointed as President and director.

The Company is a reporting issuer in the provinces of British Columbia and Alberta.

The Company's head office is located at Suite 1980, 1075 West Georgia Street, Vancouver, BC, V6E 3C9.

The Company's common shares were approved for listing on the TSX Venture Exchange and trading commenced on July 15, 2008 under the symbol CFM.

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the consolidated financial statements for the year ending June 30, 2013 and June 30, 2012.

The statement of financial position as at June 30, 2013 indicates a cash balance of $270,981 (2012: $96,899), short term investment of $1,810,985 (2012: $8,962,775), HST receivable of $49,158 (2012: $123,133), share subscription receivable of $750,000 (2012 - $nil) and prepaid expense of $66,518 (2012: $35,417). Total current assets amount to $4,287,642 ($9,218,224). The decrease in total current assets is mainly due to payments of various operating expenses during the year including consulting fees, legal fees, wages, and exploration expenditures associated with the Newman Todd project. It also is decreased because of the expenses incurred in deconsolidating Magna from the Company.

The total current liabilities at June 30, 2013 are $313,110 ($1,032,614). Shareholders' equity is comprised of share capital of $19,847,270 (2012: $19,581,335), share option and warrant reserves of $2,560,143 (2012: $3,078,871), deferred share based payment of $14,678 (2012: $39,838), accumulated other comprehensive income (loss) of $549,687 (2012: ($3,442)), and deficit of $8,150,825 (2012: $6,221,380). The decrease in shareholders' equity is due to the increased deficit as a result of operating and exploration expenditures incurred during the period.

Working capital, which is current assets less current liabilities, is $3,974,532 at June 30, 2013 compared to $8,185,610 at June 30, 2012. The Company's working capital decreased over the period due to the increases in operating expenses and exploration expenditures.

As at June 30, 2013, the Company has no earnings and therefore finances exploration activities by the issuance of its common shares. The key determinants of the Company's operating results are the following:

(a) the state of capital markets, which affects the ability of the Company to finance its exploration activities; and
(b) the write-down and abandonment of exploration and evaluation assets should exploration results provide further information that does not support the underlying value of such properties.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the three most recently completed financial years:

Year ended June 30,	2013	2012	2011
	$	$	$
Total Revenues	Nil	Nil	Nil
Net Loss	(2,058,125)	(3,572,699)	(1,727,206)
Net Comprehensive Loss	(1,508,438)	(3,544,868)	(1,746,365)
Basic Loss per Share	(0.02)	(0.07)	(0.07)
Total assets	15,104,707	18,379,780	14,346,293
Weighted average number of shares outstanding	55,332,231	49,282,028	26,084,782
Total long-term liabilities	nil	nil	8,222
Shareholders' equity	14,791,597	17,347,166	12,908,987

The annual information for 2011 reflects the presentation required for the sale of American Potash having classified its balance sheet items as Assets and Liabilities Held for Sale.

RESULTS OF OPERATIONS

During the year ended June 30, 2013, the Company incurred a net loss from continuing operations of $1,108,158 (2012: $2,723,228). The variance is mainly attributable to a decrease in operations specifically share-based payments of $102,842 (2012: 1,314,394) and the recovery of tax expenses $412,446 (2012: ($178,000)). The other significant costs during the period relate to consulting fees of $880,541 (2012: $922,144), professional fees (accounting and audit fees and legal fees) of $300,254 (2012: $69,041) and wage expense of $191,093 (2012: $48,685).

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed quarters:

For the Quarter Periods Ending on:	June 30, 2013	March 31, 2013	December 31, 2012 (*)	September 30, 2012 (*)
	$	$	$	$
Total Revenues	Nil	Nil	Nil	Nil
Net Loss	(163,079)	(489,145)	(957,374)	(448,527)
Net Comprehensive Income (loss)	422,695	(489,145)	(957,374)	(484,614)
Basic Loss per Share	(0.02)	(0.01)	(0.02)	(0.01)

For the Quarter Periods Ending on:	June 30, 2012 (*)	March 31, 2012 (*)	December 31, 2011	September 30, 2011
	$	$	$	$
Total Revenues	Nil	Nil	Nil	Nil
Net Loss	(1,143,022)	(1,727,427)	(267,088)	(435,162)
Net Comprehensive Loss	(1,120,816)	(1,721,819)	(267,071)	(435,162)
Basic Loss per Share	(0.02)	(0.03)	(0.01)	(0.01)

(*) Previously reported quarterly financial information include the consolidated subsidiary

Overall consulting fees and share based payments are the major components that caused variances in net loss from quarter to quarter.

Current Quarter

The Company recorded a net loss of $163,079 (2012: $1,143,022) during the quarter ended June 30, 2013. The net loss for the quarter ended June 30, 2013 relates to the general and administrative expense loss of $531,025 (2012: $407,051). During the period, operating expenses were mitigated by interest income of $7,008 (2012: $22,811).

LIQUIDITY

At June 30, 2013, the Company had a cash balance of $270,981 (2012: $96,899) and short-term investment of $1,810,985 (2012: $8,962,775). The decrease in total cash and short-term investment is mainly due to the expenditures incurred for the exploration projects. It is also attributable to the deconsolidation of the Company on December 19, 2012. The Company has working capital of $3,974,532 as at June 30, 2013 compared to $8,185,610 as at June 30, 2012.

Net cash used in continuing operating activities for the year ended June 30, 2013 was $2,343,578 compared to $2,114,473 for the year ended June 30, 2012.

Net cash used in continuing investing activities for the year ended June 30, 2013 was $1,663,528 compared to $1,043,220 for the year ended June 30, 2013. The difference is attributable to the deconsolidation of the Company at December 19, 2012.

Net cash derived from financing activities for the year ended June 30, 2013 was $946,000 compared to $4,632,885 for the year ended June 30, 2012.

The Company has no history of profitable operations and its exploration and evaluation projects are at an early stage. Therefore, the Company is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

CAPITAL RESOURCES

The Company's sources of funds are derived from financings. The Company has a capitalization of an unlimited number of common shares without par value of which 65,628,532 common shares are issued and outstanding as at October 24, 2013.

In June 2013, the Company closed a private placement consisting of 10,000,000 units at a price of $0.10 per unit for gross proceeds of $1,000,000. Each unit consisted of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.15 per share for a period of one year from the closing of the offering. The Company paid a finder's fee of $54,000 and issued 540,000 warrants with the same terms as the private placement warrants. The fair value of these warrants was calculated at $92,000 using the Black-Scholes pricing model.

On November 13, 2012, the Company issued 150,000 shares at a fair value of $0.31 per share for the Newman Todd project.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

The aggregate value of transactions recorded as consulting fees relating to key management personnel and entities which they have control or significant influence were as follows:

Services provided by:	Notes	Year ended June 30, 2013	2012
		$	$
Lawrence Dick	(a)	120,000	120,000
Brian Bapty	(b)	150,000	46,981
Primarius Capital Corp.	(c)	120,000	120,000
Baron Global Financial Canada Ltd.	(d)	120,000	137,593
St. Cloud Mining Services Inc.	(e)	150,000	120,000
Compensation benefits to key management	(f)	-	633,709

(a) Lawrence Dick, the CEO of the Company provided management services throughout the year.
(b) Brian Bapty, the President of the Company received management salaries for the year.
(c) Primarius Capital Corp. is a privately held corporation controlled by a director, which provides consulting services to the Company.
(d) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.
(e) St. Cloud Mining Services Inc. is a privately held corporation controlled by a former director of Magna, who provided consulting services to the Company.
(f) Compensation benefits to key management personnel consists of share-based payments made during the fiscal year.

Related party payables:

Year ended June 30,	2013	2012
	$	$
Lawrence Dick	8,630	926
Brian Bapty	-	18,082
Baron Global Financial Canada Ltd.	-	2,691

CRITICAL ACCOUNTING ESTIMATES

For the preparation of consolidated financial statements in accordance with IFRS, management is required to make estimates 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. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, 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:

(a) The purchase price allocation. Business acquisitions are accounted for by the acquisition method of accounting whereby the purchase price is allocated to the assets acquired and the liabilities assumed based on fair value at the time of the acquisition. The excess purchase price over the fair value of identifiable assets and liabilities acquired, if any, is goodwill. The determination of fair value often requires management to make assumptions and estimates. The assumptions and estimates with respect to determining the fair value of property, plant and equipment acquired generally require a high degree of judgment. Changes in the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill, if any, in the purchase price allocation. If material, such adjustments would be reflected via a restatement of previously issued financial statements.

(b) The provision for income taxes which is included in the consolidated statements of comprehensive loss and composition and quantification of deferred income tax assets and liabilities included in the consolidated statement of financial position.

(c) The recoverability of exploration and evaluation assets in the consolidated statements of financial position.

(d) The inputs used in accounting for share purchase option expense in the consolidated statements of comprehensive loss.

FINANCIAL INSTRUMENTS

Classification of financial instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position as follows:

	Fair Value Measurements Using		
As at June 30, 2013	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs Level 3 $
Cash and cash equivalents	270,981	-	-
Short term investment	1,810,985	-	-
Marketable securities	1,040,000	300,000	
Total	3,121,966	300,000	-

	Fair Value Measurements Using		
As at June 30, 2012	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs Level 3 $
Cash and cash equivalents	96,899	-	-
Short term investment	8,962,775	-	-
Total	9,059,674	-	-

The fair values of other financial instruments, which include loan receivable, current assets held for sale, accounts payable and accruals, current liabilities held for sale, and premium on flow-through shares, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

At December 19, 2012, when the Company distributed the shares of Magna Resources, the Company was no longer subject to foreign exchange rate risk as all of the Company's operations are located in Canada.

(d) Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and match the maturity profile of financial assets to development, capital and operating needs.

SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:

(1) Authorized: Unlimited common shares without par value.
(2) The Company has 65,628,532 common shares, and 5,400,000 stock options issued and outstanding.
(3) The Company has 10,540,000 warrants issued and outstanding

EVENTS AFTER THE REPORTING PERIOD

In July 2013, 350,000 stock options were exercised for proceeds of $87,500.

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has expensed the following material cost components during the year ended June 30, 2013:

Year ended June 30,		2013	2012
		$	**$**
Accounting and audit fees	(a)	132,280	27,940
Consulting fees	(b)	880,541	922,144
Filing fees	(c)	41,978	45,304
Insurance	(c)	55,033	14,808
Legal fees	(d)	167,974	41,101
Office expenses	(e)	97,985	35,729
Share-based payments	(f)	102,842	1,314,394
Wages	(g)	191,093	48,685
Loss on discontinued operations	(h)	949,967	849,471
Interest and miscellaneous income	(i)	54,499	96,029

(a) For the period ended June 30, 2013, the accounting and audit fees were related to accounting fees incurred for the Company's audit and business evaluation and US tax concerns.

(b) Consulting fees were paid to directors, officers and consultants of the Company to provide geological, corporate communication, administrative, investor relations and management services. The transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

(c) Insurance fees of $55,033 were recognized for the Company's property liability insurance

(d) Legal fees of $167,974 were recorded for general corporate matters and the distribution of Magna shares to shareholders

(e) Office expense of $97,985 were incurred for general office and software expenses

(f) Share-based payments of $102,842 were expensed for the period. This is a non-cash expense which records the fair value of stock options that have been granted and vested during the year. During the year ended June 30, 2013, 550,000 incentive stock options of the Company were granted to consultants. The Black-Scholes option pricing model was used for the fair value calculation.

(g) Wages of $191,093 were paid to the management of the Company.

(h) The Company recorded a loss of $949,967 relating to the discontinued operations as follows:

For the year ended June 30,	2013	2012
	$	$
General and administrative expenses	(302,599)	(1,039,177)
Loss on marketable securities	-	(18,234)
Interest and miscellaneous income	6,961	263,518
Income tax expenses	-	(55,578)
Loss on transfer of asset	(654,329)	-
Loss from discontinued operations	(949,967)	(849,471)

(i) The Company reported interest income of $54,499 for interest earned on funds held in an interest bearing GIC account. The funds received from the financing held in 2011 and 2012 were transferred to a GIC account on receipt.

The Company has capitalized the following exploration and development costs during the year ended June 30, 2013:

	June 30, 2011	Change	June 30, 2012	Change	June 30, 2013
	$	$	$	$	$
Acquisition					
Cash payments	166,250	50,000	216,250	75,000	291,250
Share issuance	197,250	47,000	244,250	46,500	290,750
	363,500	97,000	460,500	121,500	582,000
Deferred exploration expenditure					
Advance payment	200,000	-	200,000	-	200,000
Assays and reports	114,354	717,252	831,606	346,780	1,178,386
Camp construction	38,662	65,394	104,056	11,220	115,276
Drilling	659,160	2,100,468	2,759,628	1,618,834	4,378,462
Environmental	-	-	-	121,425	121,425
Equipment installation	101,950	-	101,950	-	101,950
Field expenses	366,700	387,380	754,080	293,805	1,047,885
General administration	5,597	23,736	29,333	22,323	51,656
Metallurgy studies	-	-	-	75,706	75,706
Geological consulting	422,483	1,011,963	1,434,446	1,047,871	2,482,317
Permitting	686	1,237	1,923	783	2,706
Reclamation	-	10,000	10,000	-	10,000
Resource estimation	-	-	-	15,230	15,230
Surveys	7,068	-	7,068	-	7,068
Travel and Accommodation	78,677	213,225	291,902	155,096	446,998
	1,995,337	4,530,655	6,525,992	3,709,073	10,235,065
	2,358,837	4,627,655	6,986,492	3,830,573	10,817,065

The Company carried out an exploration program on its Newman Todd Project which consisted of mapping and sampling of diamond drilling.

RISK AND UNCERTAINTIES

The Company’s principal activity is mineral exploration and development. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks applicable to new and developing enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders’ investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. 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 favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters.

Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the Company's fiscal years beginning on or after July 1, 2013. The following standards and interpretations are relevant to the Company's financial statements but are not yet effective::

(a) IFRS 9, Financial Instruments
IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015.

(b) IFRS 13 Fair Value Measurement
IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company has yet to assess the full impact of IFRS 13 and is required to adopt the standard no later than the accounting period beginning on or after July 1, 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the consolidated financial statements and notes thereto, MD&A and other information contained in this annual report. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors"). The Directors are responsible for reviewing and approving the annual audited consolidated financial statements and MD&A. Responsibility for the review and approval of the Company's quarterly unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the consolidated financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional information relating to the Company's operations and activities can be found by visiting the SEDAR website at www.sedar.com.