InZinc MINING

Management Discussion and Analysis

For the Year Ended

December 31, 2013

April 23, 2014

Description of Management Discussion and Analysis

The purpose of this Management Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook of InZinc Mining Ltd. (the "Company"). This report also provides information to improve the reader's understanding of the financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the audited consolidated financial statements ("Financial Statements") of the Company for the year ended December 31, 2013. The following discussion is dated and current as of April 23, 2014. This MD&A contains forward-looking information and statements which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a 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 was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Additional information on the Company is available on SEDAR and at the Company's website, **www.inzincmining.com**.

Forward-Looking Statements

Certain disclosures contained in this MD&A may constitute forward-looking information. This is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action which is inherently uncertain. All information other than statements of historical fact may be forward-looking information.

Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits and the possibility that future exploration and development results will not be consistent with the Company's expectations. Some other risks and factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A are described under the heading "Risks and Uncertainties".

Readers are cautioned that any such listings of risks are not, and in fact cannot be, complete. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Description of Business

InZinc Mining Ltd. (the “Company”) is incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange (“TSX-V”). It was renamed from Lithic Resources Ltd. on February 18, 2014. The principal business of the Company is the acquisition and exploration of mineral properties (“exploration and evaluation assets”), either solely or through joint ventures and options.

Discussion of Operations

The Company currently holds one active property, the West Desert Property in western Utah, formerly known as the Crypto Zinc Property. Other than working on its active property, the Company is engaged in a continuing review of properties and projects for possible acquisition.

Since the Company's property is at the exploration stage, it does not have operations or operating results in the conventional use of the terms. The Company’s financial success will ultimately be dependent upon finding economically recoverable mineral reserves, confirmation of its interest in those reserves and its ability to obtain the necessary financing to profitably produce those reserves.

Overall performance

On November 1, 2013, the Company completed a non-brokered private placement of 3,000,000 common shares at a price of $0.06 per share for gross proceeds of $180,000. The Company incurred costs of $1,979 related to this financing.

Summary of Exploration Activities

The following is a breakdown of the components of the Company’s exploration and evaluation assets, on the West Desert Project, for the year ended December 31, 2013 and 2012:

	2013	2012
Acquisition costs		
Balance, beginning of year	$ 381,905	$ 381,905
Additions during year	12,222	-
Balance, end of year	394,127	381,905
Deferred exploration costs		
Balance, beginning of year	4,786,177	4,704,187
Additions during the year:		
Analysis	21,411	-
Engineering	91,186	-
Field costs	5,971	8,612
Geological wages, fees and costs	14,285	45,726
Metallurgical	28,607	-
Property holding costs, taxes and fees	35,166	27,652
	196,626	81,990
Balance, end of year	4,982,803	4,786,177
Total	$ 5,376,930	$ 5,168,082

Exploration and evaluation acquisition costs in 2013 increased to $12,222 from $nil in the previous year. Exploration expenditures in 2013 increased to $196,626 from $81,990 in the previous year, mainly due to the initiation of a new Preliminary Economic Assessment for the Project which included substantial costs for analysis, engineering studies and metallurgical testwork. Field costs were comparable to those in the previous year. Geological costs were lower in 2013 over 2012, as only limited activities were undertaken at the West Desert Project. Property holding costs increased to $35,166 from $27,652 in 2012 due to the acquisition of additional claims.

West Desert Project

In May of 2005, the Company signed an agreement to purchase a 100% interest in the Crypto zinc-copper-silver-indium property from EuroZinc Mining Corporation in exchange for 1.5 million shares and $25,000 in cash. The 4,258 acre property is located in Utah about 160 kilometres southwest of Salt Lake City, is crossed by a power-line, is easily accessable by road and has railheads within 90 kilometres. It includes the historic Fish Springs Mining District which from the late 19th century through the mid-1970's recorded production of 2.7 million oz of silver.

Property Geology and History of Work Prior to Acquisition by the Company

The West Desert deposit is a skarn/carbonate replacement zinc-copper-silver-gold-indium deposit similar in many respects to other deposits in the world class Bingham, Park City, Tintic and other mining districts elsewhere in Utah. Modern exploration commenced in 1953 when Kennecott identified a very large magnetic anomaly at West Desert in a regional search for porphyry copper deposits. Beginning in 1961, Utah International drilled the property for its iron (magnetite) deposits, subsequently discovering significant zinc mineralization on which they focussed their attention until exiting in 1985. In the early 1990's, Cyprus Minerals optioned the property and drilled a number of additional holes, mainly to test the known zones at depth. In all, 68 holes totalling about 27,000 metres were drilled on the property prior to InZinc's involvement.

Zinc mineralization discovered to date at West Desert is concentrated in two adjacent deposits known as the Main and Deep Zones that are situated in a sequence of Cambrian to Ordovician carbonate rocks where they have been cut by a quartz monzonite intrusive of Late Eocene age. Zinc in both zones occurs as coarse-grained sphalerite in magnetite-rich, magnesian skarns preferentially developed in shaly members within the carbonate sequence. Small amounts of chalcopyrite are commonly found with sphalerite and some zones of relative copper enrichment are present. The Main zone is generally oxidized to a depth of about 250 metres, sphalerite having been converted mainly to smithsonite and hemimorphite.

Numerous significant intervals of molybdenite mineralization have been intersected in drilling, both as disseminations in skarn and as porphyry-style quartz-molybdenite-pyrite veinlets and fracture-coatings in the underlying intrusive rocks. The general distribution of mineralization on the West Desert property shows zoning similar to that in typical porphyry systems, with an inner zone of molybdenum-rich mineralization grading outwards through copper and zinc, then lead, silver and manganese with increasing distance from the intrusive. It is very likely that known mineralization is related to an underlying porphyry molybdenum system.

Various workings in the historic Fish Springs District are developed on high grade silver-lead replacement deposits controlled by structures east of the known zinc deposit. Total production in the district, in which the single largest mine by far was the Utah Mine, is recorded at about 20,300 tons grading 128 ounces silver per ton (4,389 gpt) and 44% lead. High grade intercepts of silver-rich replacement style mineralization have been encountered in drilling outside of the historical mine area.

2006-2010 Exploration by InZinc

The Company completed an Induced Polarization survey and a detailed helicopter-borne aeromagnetic survey in 2006. In 2007, a program of core drilling was initiated which was completed in July 2008, a total of 10,639 metres having been drilled in 15 holes. An independent resource estimate was completed by Mine Development Associates ("MDA") of Reno, Nevada and a final version of their report was filed on March 29, 2010. On August 5, 2010, the Company announced it had completed a Preliminary Economic Assessment ("PEA") of the West Desert project. A final report was filed on September 17, 2010.

2014 Preliminary Economic Assessment

On April 1, 2014, the Company announced the results of a new PEA of the Company's 100% owned West Desert project in Utah (the "Project"). The new PEA includes an updated resource estimate and publication of the full report is expected by the end of April, 2014. The new PEA is considered by the Company to be a major re-appraisal of the West Desert project and supersedes the 2010 reports.

Highlights

- after-tax NPV(8%) is US$258.1 million, IRR is 23% and payback is estimated at 3.7 years assuming a zinc price of US$1/lb and a 14.8 year mine life at 2.37 million tonnes per year
- conventional underground mining and processing with good recoveries
- average annual zinc production of 107.9 million lbs
- average annual iron concentrate (magnetite) production of 1.0 million tonnes
- average annual copper production of 9.9 million lbs
- average direct cash costs (C1) of US$(0.04) per pound of zinc and average fully allocated costs (C3) of US$0.50 per pound of zinc
- initial project capital costs of US$247.4 million, including contingencies
- good potential for resource expansion

The PEA was prepared by Mine Development Associates ("MDA") with contributions from International Metallurgical and Environmental Inc.("IME") in accordance with the definitions in Canadian National Instrument 43-101. All dollar amounts are US currency. The PEA is considered preliminary in nature. It includes Inferred mineral resources that are considered too speculative to have the economic considerations applied that would enable classification as mineral reserves. There is no certainty that the conclusions within the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Economics

The table below summarizes base case economic metrics for the Project as well as its sensitivity to the price of zinc:

	After-Tax			Pre-Tax			
Zinc Price ($/lb)	**NPV (5%)**	**NPV (8%)**	**IRR (%)**	**NPV (5%)**	**NPV (8%)**	**IRR (%)**	**Payback (Yrs)**
0.80	$238M	$146M	17%	$321M	$208M	19%	4.9
1.00	**$377M**	**$258M**	**23%**	**$507M**	**$357M**	**27%**	**3.7**
1.20	$507M	$363M	29%	$693M	$506M	34%	3.0

Note: US$; base case at Zn=$1 in bold

Project economics were estimated on the basis of the average of long term metal price forecasts periodically published by a number of large banking and financial institutions and included zinc at $1/lb, copper at $3/lb, iron ore at $105/t (62% Fe, CFR-Tianjin), gold at $1,300/oz and silver at $21/oz. The project's iron concentrate (magnetite) is expected to attract a $10/t premium to the Tianjin benchmark iron ore price and be priced at $115/t. No long term projections were available for the indium price and a price of $600/kg, well below the current spot price of about $750/kg, was chosen.

Mineral Resources

The resource base at the Project was re-estimated to include iron. MDA constructed a highly detailed, three dimensional block model on the basis of both InZinc's and historical drilling. Zinc, iron, copper and indium grades were assigned to each block using inverse distance interpolation. The percentage of iron occurring as magnetite throughout the resource was modelled on the basis of Davis Tube assays from drilling carried out both historically and by InZinc in 2007-2008. Gross metal values (GMV) used for cutoff reporting were based on a zinc price of US$1/lb, a copper price of US$3/lb, an iron ore price of $105/tonne and an indium price of US$600/kg to determine the relative value of each metal. The magnetite price of $115/t ultimately used in the GMV calculation includes the expected $10/t premium to the benchmark iron ore price.

A GMV cutoff value of $50/tonne was used to define resources that would be potentially mineable in an underground operation. A GMV cutoff value of $15/tonne was used to define oxide resources that would be potentially mineable in an open pit operation. All mineralization was diluted to minimum dimensions of 2m by 2m by 3m.

Project wide underground resources are summarized in the table below:

Cut-off ($GMV/t)	Category	Million Tonnes	ZnEq (%)	Zn (%)	Zn (Mlbs)	Cu (%)	Cu (Mlbs)	In (g/t)	In (t)	Magnetite (%)	Magnetite (Mt)
50	Indicated	13.0	6.22	2.16	691.3	0.23	65.1	33	433	48	6.2
100	*Indicated*	*8.0*	*7.96*	*3.18*	*561.1*	*0.29*	*50.9*	*42*	*340*	*53*	*4.2*
150	*Indicated*	*3.9*	*10.50*	*5.28*	*456.1*	*0.34*	*29.2*	*54*	*211*	*53*	*2.1*
50	Inferred	46.0	5.57	1.76	1,781.0	0.22	224.6	24	1,102	48	22.0
100	*Inferred*	*23.8*	*7.59*	*3.02*	*1,583.9*	*0.32*	*167.2*	*32*	*762*	*53*	*12.5*
150	*Inferred*	*9.8*	*10.70*	*5.88*	*1,266.5*	*0.43*	*92.4*	*38*	*375*	*48*	*4.7*

Note: base cases at GMV cutoff = $50 in bold; US$; ZnEq based on 100% recovery and Zn=$1/lb, Cu=$3/lb, Magnetite=$115/t, and In=$600/kg

Project wide near surface oxide resources are summarized in the table below:

Cut-off ($ GMV/t)	Category	Million Tonnes	ZnEq (%)	Zn (%)	Zn (Mlbs)	Cu (%)	Cu (Mlbs)	In (g/t)	In (T)	Magnetite (%)	Magnetite (Mt)
15	Indicated	*1.4*	*4.76*	*3.44*	*106.2*	*0.20*	*6.2*	*8*	*11*	*9*	*0.1*
15	Inferred	*6.2*	*4.40*	*2.95*	*404.8*	*0.14*	*19.8*	*9*	*58*	*15*	*0.9*

Note: base case stated; US$; ZnEq based on100% recovery and Zn=$1/lb, Cu=$3/lb, Magnetite=$115/t, and In=$600/kg

Mineralization is open for expansion in three directions and there is very good potential for the discovery of additional mineralized zones away from existing resources.

Mining and Processing

The PEA contemplates a 5,000 tonne per day underground mining operation ramping up to 6,500 tonnes per day in year three using longitudinal and transverse long-hole open stoping mining methods based on the underground resource only. Near surface oxide resources were not assessed and remain as a future opportunity.

Access to the deposit would be via two ramps, one of which would also host a conveyor system for ore haulage. A total of 34.0 million tonnes would be mined over 14.8 years at an average run of mine mill feed grade of 2.72% Zn, 0.27% Cu, 44.0% magnetite and 30 gpt In. Indicated and Inferred resources below the mining cut-off grade but located inside designed stopes were used to dilute the material processed at grade. Internal dilution of non-resource material was added at zero grade. Average total dilution in the potentially mineable material is approximately 20%.

Run of mine material would undergo crushing and grinding to 65 microns followed by separation of a magnetite concentrate using traditional low intensity magnetic drum separators. Metallurgical studies have shown better than 95% recovery of magnetite into a concentrate grading 63% iron with no deleterious elements. The iron up-grading process is effective at removing copper and zinc and insignificant levels of these metals remain in the iron concentrate. The non-magnetic tails from the separation process, which contain essentially all of the copper and zinc minerals, would feed a standard flotation process plant with design capacity of 6,500 tonnes per day to accommodate variations in the proportion of magnetite in run of mine material. Feed grade to the flotation plant is expected to be in the range of 3-6% Zn.

Expected metallurgical recovery for zinc is 92% into a clean concentrate grading 55% zinc and containing high levels of indium with no deleterious elements. Approximately 74% of the copper is expected to be recovered into a clean concentrate grading 29% copper with payable levels of silver and gold and no deleterious elements.

Projected production of payable metals is summarized in the table below:

	Annual Average	**Life of Mine**
Zinc (Mlbs)	107.9	1,594.3
Copper (Mlbs)	9.9	146.7
Indium (t)	38.3	566.1
Magnetite (Mt)	1.0	14.5
Gold (Koz)	7.6	113.0
Silver (Koz)	76.9	1,137.0

Capital and Operating Costs

The projected capital and operating costs for West Desert over a 14.8 year mine life are summarized in the tables below.

West Desert Capital Costs (US$ millions)

Underground Development	105.4
Project Development	7.0
Facilities	5.2
Mining Equipment	50.9
Process Plant	123.1
Tailings	33.2
Contingency, Indirects, and EPCM	64.1
Life of Mine Capital Cost	388.9
Sustaining Capital	141.5
Initial Capital Cost	247.4

West Desert Operating Costs (US$ per tonne)

Mining Cost	23.00
Expensed Development	3.00
Processing Cost	12.23
Tailings Cost	0.25
G&A Costs	2.60
Total Operating Cost	41.08

C1, C2 and C3 cash costs (as defined by Brook Hunt) per pound of payable zinc are listed in the table below. C1 costs include sustaining capital.

West Desert Average Cash Costs (US$) per Lb Payable Zinc

C1 - Direct Cash Cost	(0.04)
C2 - Production Cost	0.45
C3 - Fully Allocated Cost	0.50

Opportunities for Enhanced Economics

- good potential to increase the resource to the east, west and south
- potential for the discovery of localized higher-grade areas within the resource
- very good potential for the discovery of additional mineralized zones within the Project area
- potential for additional recoverable zinc and copper at depth, within the magnetite resource but beyond the current limits of zinc-copper data
- transportation costs for iron concentrate (magnetite) could be significantly reduced through contract negotiations with the railroads and/or sourcing a domestic consumer(s) in the United States
- potential to process oxide zinc mineralization
- potential cost reductions associated with optimization of the tailings facility

Future Work

Further work leading to a Pre-Feasibility Study is recommended and will include drilling, engineering and marketing studies, hydrological and geotechnical analysis, as well as various baseline environmental and archeological studies.

Outlook for 2014

The Company intends to carry out drilling and other studies recommended by the new PEA as soon as possible. All permits and bonds required for continued drilling and other exploration at West Desert are in place along with all facilities and infrastructure that supported the Company's 2007-2008 drill program, allowing for a quick start to field operations when market conditions permit. The water rights to the property have been secured and two water wells with excellent flow were drilled and/or refurbished in 2011.

Selected Annual Information

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial statements for the year ended December 31, 2013, 2012 and 2011:

		2013 $	2012 $	2011 $
Loss[1]	Total	(391,591)	(504,601)	(480,567)
	Per Share[1]	(0.01)	(0.01)	(0.01)
Total Assets		5,844,699	5,986,516	5,620,393
Working Capital		277,572	689,572	389,189
Total liabilities		111,612	52,562	68,077

(1) Basic and diluted

The Company's project is at the exploration stage and have not generated any revenues other than interest earned. At December 31, 2013, the Company had not yet achieved profitable operations and has a deficit of $8,179,442 (2012 - $7,787,851). These losses resulted in a net loss per share for the year ended December 31, 2013 of $0.01 (2012 - $0.01).

The loss and comprehensive loss for the Company has varied from year to year, depending mainly on the amount of exploration work carried out and whether or not stock options were issued. The loss for 2013 due to items other than share-based compensation was approximately 3% higher than in 2012.

Selected Quarterly Information

The table below summarizes selected financial information for the last eight quarters. The net loss for the Company in each of the three month periods is quite similar other than differences caused primarily due to the recording of stock based compensation. None of the periods included significant exploration activity.

Quarter Ended	Revenue ($)	Loss ($)	Net loss per share ($)[1]
Dec. 31, 2013	Nil	(80,114)	0.00
Sept. 30, 2013	Nil	(82,158)	0.00
June 30, 2013	Nil	(110,060)	0.00
March 31, 2013	Nil	(119,259)	0.00
Dec. 31, 2012	Nil	(228,914)	0.00
Sept. 30, 2012	Nil	(86,772)	0.00
June 30, 2012	Nil	(93,095)	0.00
March 31, 2012	Nil	(95,820)	0.00

(1) Basic and diluted

Fourth Quarter

The net loss for the quarter ended December 31, 2013 was $80,114 or $0.00 per share compared with a loss of $228,914 or $0.00 per share during the same quarter of the prior year. A source of variability specific to the fourth quarter is that non-material year end accounting adjustments are generally all reflected in the fourth quarter rather than adjusting earlier quarters. In addition, the Company recorded share-based compensation of $136,672 in the fourth quarter of 2012.

Results of Operations

The following discussion should be read in conjunction with the accompanying Financial Statements and related notes. The operating and administrative expenses for the year ended December 31, 2013 totalled

$391,591 (2012: $509,447), including share-based compensation issued during the year, valued at $13,780 (2012: $136,672) calculated using the Black Scholes option pricing model. Comparatively, the major changes in expenses for the year ended December 31, 2013 were communications and investor relations of $81,176 (2012 - $39,769), office and miscellaneous of $29,848 (2012 - $18,016), and professional fees of $61,694 (2012 - $82,589).

The table below details the changes in major expenditures for the year ended December 31, 2013 as compared to the corresponding year ended December 31, 2012.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Communications and investor relations	Increase of $41,407	Increase is due to fees for third party investor relations consultant
Office and miscellaneous	Increase of $11,832	Increase is due to the adoption of Director's and Officer's insurance.
Professional fees	Decrease of $20,895	Decrease due to lower legal fees associated with financings completed during the year
Share-based compensation	Decrease of $122,892	Decrease due to 2,250,000 fewer stock options granted during the year resulting in significantly lower fair-value

The table below details the changes in major expenditures for the year ended December 31, 2012 as compared to the corresponding year ended December 31, 2011.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Communications and investor relations	Decrease of $27,843	Decrease is due to reduced monthly retainer for third party investor relations consultant
Office and miscellaneous	Decrease of $21,314	Decrease is due to no attendance at industry related conferences
Professional fees	Decrease of $21,701	Decrease due to primarily to fact that all IFRS accounting and audit changeover costs incurred in 2011 compared $nil in 2012
Share-based compensation	Increase of $78,437	Increase due to 2,650,000 stock options granted during the year with significant fair-value

Related Party Transactions

The Company entered into the following transactions with related parties during the year ended December 31, 2013:

Summary of key management personnel compensation:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Short-term benefits paid or accrued:		
Professional fees	$ 36,000	$ 36,000
Management fees	168,000	168,000
Communication and investor relations	-	2,125
Share-based compensation	-	136,672
	$ 204,000	**$ 342,797**

Included in rent is $21,600 (2012 - $21,600) paid or accrued at cost to a company related by a common director. Included in accounts payable and accrued liabilities are amounts owing to related parties of $64,230 (2012 - $21,575).

Liquidity, Financial Position and Capital Resources

As at December 31, 2013, the Company's liquidity and capital resources are as follows:

	December 31, 2013	December 31, 2012
	$	$
Cash	350,771	704,579
Receivables	22,248	20,045
Prepaid expenses	14,118	14,385
Total current assets	389,184	742,134
Payables and accrued liabilities	111,612	52,562
Working capital	277,572	689,572

The Company had a net working capital position of $277,572 at December 31, 2013 compared with $689,572 at the same point in 2012. As at the end of 2013, the Company had sufficient liquidity to meet its obligations for the next year.

The Company had cash on hand of $350,771 on December 31, 2013 (2012 - $704,579). The primary sources of cash in the year ended December 31, 2013 were the issuance of shares for $180,000 (2012 - $750,000). The primary uses of cash during the period were the funding of operations - $342,471 (2012 - $395,600); exploration and evaluation asset expenditures - $189,358 (2012 - $64,479); and share issue costs - $1,979 (2012 - $20,881).

The Company's general and administrative costs, exclusive of any management compensation or direct business costs such as acquisitions, field work or travel, are in the range of $200,000 annually. These maintenance costs are typical for a public company of this nature and consist of stock exchange fees, legal fees, accounting and audit fees, transfer agent fees and general office expenses such as rent, basic administrative assistance and phone.

The Company has no known mineral reserves and is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets from time to time.

Risks and Uncertainties

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

<u>History of losses</u>

The Company has incurred net losses since inception and as of December 30, 2013, had an accumulated deficit of $8,179,442.

No history of dividends

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

Dilution

The Company does not generate any revenues and does not have sufficient financial resources to undertake by itself all of its planned expenditures. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further expenditures will depend on the Company's ability to obtain additional financing which may not be available under favourable terms, if at all.

Capital and liquidity risk

The amount of financial resources available to invest for the enhancement of shareholder value is dependant upon the size of the treasury, profitable operations, and willingness to utilize debt and issue equity. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

Dependence on key personnel

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for a professional is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

Mineral exploration

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit.

Preliminary Economic Assessments

Preliminary Economic Assessments are considered to be preliminary in nature. They include Inferred mineral resources that are considered too speculative to have the economic considerations applied that would enable their classification as mineral reserves. There is no certainty that the conclusions within a Preliminary Economic Assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Management of industry risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company's mineral exploration activities expose it to potential environmental liability risk. It is management's policy to review environmental compliance and exposure on an ongoing basis. The Company follows industry standards and specific project environmental requirements. The Company is currently in the exploration stage on its property interests and has not determined whether significant site recovery costs will be required. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

Commodity and equity prices

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. 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 of base and precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Critical Accounting Estimates

The preparation of Financial Statements in conformity with IFRS 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 the reported expenses during the year. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the audited financial statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets and valuation of share-based compensation.

Critical judgments exercised apply in accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets
Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Determination of functional currency
The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

New accounting standards adopted

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

a) IFRS 7 – Financial Instruments: Disclosures applies to offsetting financial assets and financial liabilities in accordance with IAS 32. The amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

b) IFRS 10 – Consolidation replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The amendments are effective for annual periods beginning on or after January 1, 2013.

c) IFRS 11 – Replaces IAS 31 and reduces the types of joint arrangements to two: joint ventures and joint options. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities under IAS 31. The amendments are effective for annual periods beginning on or after January 1, 2013.

d) IFRS 12 – Disclosure of Interests in Other Entities in May 2011 and it applies to annual periods beginning on or after January 1, 2013. IFRS 12 requires disclosure of an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The Company is evaluating the impact the final standard will have on its consolidated financial statements.

e) IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards. The amendments are effective for annual periods beginning on or after January 1, 2013.

f) IAS 1 – Presentation of Financial Statements amendment requires components of other comprehensive income (OCI) to be separately presented between those that may be reclassified to income and those that will not. The amendments are effective for annual periods beginning on or after July 1, 2012.

g) IAS 27 – Separate Financial Statement addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2013.

h) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014.

New Accounting Standards Not Yet Adopted

a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The amendments are tentatively effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Financial Instruments and Management of Financial Risk

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, reclamation bonds, and accounts payable and accrued liabilities, and due to related parties. The fair value of these financial instruments, other than cash, approximates their carrying values. Cash and marketable securities are measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and price risk.

Credit risk

The Company is exposed to industry credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's receivables consist primarily of harmonized sales tax recoverable due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and financing to continue its operations and discharge its commitments as they become due.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of December 31, 2013, the Company held an interest bearing demand deposit with a face value $268,516. A change in interest rates of 1% will change income by $2,685 per annum.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States Dollars. However, management believes the risk is not currently significant.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

Other risks

The Company will need additional funding to complete its short and long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, as well as the business performance of the Company. Current global financial conditions have been subject to increased volatility as a result of which access to public financing has been negatively impacted. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. The market price of the Company's shares at any given point in time may not accurately reflect value. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

The Company is dependent upon the services of key executives, including the Chief Executive Officer. Certain directors and officers of the Company also serve as directors and/or officers of other companies involved in mineral exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict.

Authorized and issued share capital as at April 23, 2014:

Issued and outstanding: 63,178,019 common shares

The following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
450,000	0.10	February 2, 2014
400,000	0.10	January 2, 2015
800,000	0.33	January 7, 2015
2,650,000	0.10	November 2, 2017
4,300,000	$ 0.14[1]	

No warrants were outstanding.

Approval

The board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis. A copy will be provided to anyone who requests it.

On Behalf of the Board of Directors,
"*C.F. Staargaard*"
C.F. Staargaard
President, CEO and Director
April 23, 2014