



**SENATOR MINERALS INC**  
418 East 14<sup>th</sup> St, North Vancouver, BC V7L2N8 1-800-263-9900  
SNR: TSX-V

**MANAGEMENT DISCUSSION and ANALYSIS**  
**accompanying the 31 December 2012 audited Consolidated Financial Statements**

*This Management Discussion and Analysis, prepared as of 24 April 2013, is intended to be read in conjunction with the audited consolidated financial statements for the period ending 31 December 2012 and related notes thereto, which have been reported in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS").*

This discussion relates to the operations of Senator Minerals Inc (the "Company" or "Senator") during the reporting period ending 31 December 2012, and the period up to the date of this report, being 24 April 2013.

Senator is a Tier 2 Issuer on the TSX-Venture Exchange ("TSX-V") under the symbol SNR.

The Company is also listed on the Frankfurt Exchange (symbol "T1K").

Business:

The Company is focused on mineral exploration and has as its main objectives the identification and acquisition of, and subsequent profitable disposition of interests in, mineral properties of merit.

In the last two years, the Company has depended on cash generated from option payments, operator fees, sale of mineral exploration concessions and net smelter returns, and interim loan arrangements to fund its activities.

These proceeds have been used for investigation and appraisal of targeted mineral concessions, acquisition and exploration of certain mineral concessions, the administration and maintenance of the company's operations, and compliance with all regulatory requirements. While it remains the directors' consensus that a long-term commodity-driven market is underway, the Company's policy of property acquisitions is subject to continuous review and has been halted until there is evidence of an improvement in the financial markets related to junior exploration companies.

Current market conditions are comparatively poor and management is aware that material uncertainties exist that could possibly affect the Company's ability to continue as a going concern. Recognizing that there are insufficient cash reserves to conduct planned programs and continue operations for the ensuing twelve months, management is fully aware that the Company must continually review its spending commitments and priorities because it will need to generate working capital through a combination of property options, arrangements with creditors, or arrangement of additional equity financing. For this reason, the Company has established a \$250,000 line of credit that has allowed it flexibility in the timing of financings.

Mineral Exploration Property Interests:

It remains the directors' collective opinion that political risk and cost efficiency are two of the most important factors when determining the general areas most acceptable for mineral exploration. The Company has therefore concentrated the majority of its time, effort, and resources on mineral exploration opportunities in North America and, at this point, the Company's portfolio of properties remains concentrated in North America.

The Company's main project is its 100% interest in the Taurus property, a recognized porphyry copper-molybdenum-gold deposit in the Tintina Gold Belt in southeastern Alaska, and part of the White Gold mineral trend centered in the Yukon. The Taurus property was the most significant property in Senator's portfolio in the

mid-1990s, with substantial previous work by majors before Senator (known then as Cross Canada Resources) expended over \$1.3 million on it during a three year period. The property was lost but re-acquired on a 100% basis in 2004, and since then more than \$1,000,000 has been spent on exploration.

A three hole diamond drill program was undertaken in 2008 to test areas at greater depths than any previous work. For the first time, based on current and historical work on a small (<10%) portion of the property, results generated a NI 43-101-compliant inferred resource of significant size. Because of the perceived size and projected costs of exploration of Taurus, the Company is weighing alternatives available to it, ranging from financing further work to enhance the value of the project to finding a major company to earn an interest in the property.

During exploration for gold on Ivanhoe Creek, one of Senator's optioned Nevada properties, a bentonite deposit of undetermined size was discovered. Consequently, seven placer claims were staked in order to acquire the right to exploit this deposit in the event it proves economic. These placer claims were owned and maintained by Senator (50%) and Kent Exploration Inc (50%), net of a 1% Net Smelter Return ("NSR") in favor of a company controlled by R. Redfern, a former director of the Company. In April 2012, Senator sold its 50% interest in the claims for a nominal \$100 and retained a 3% Production Royalty. Details are included in the financial statements, Note 11b.

Through non-arms-length agreements with Seguro Projects Inc ("Seguro"), a company controlled by L. Simon, an officer, and D. Simon, a director and officer of the Company, Senator had a 1% net smelter return ("NSR") in each of the Key and Okey properties, two high-grade copper projects in northern BC. In December 2011, Senator sold these NSR's back to Seguro for \$400,000. As the transaction was non-arms-length and to allow for any possible differences in opinion on the value of the NSR's, Senator retained the right to re-purchase the NSR's for the same price (\$400,000) at any time within six months of the sale (June 2012). That right to re-purchase has now expired.

In late 2010 and early 2011, the Company identified two opportunities in the Yukon, comparatively close to its 100%-owned Taurus property in southeastern Alaska. One property, King Dome, was optioned (option details are included in the financial statements, Note 8f) but not worked on. In December 2011, this option was dropped. Through staking, the Company acquired a 50% interest in a second property, the Mustang. In December 2012, the Company sold its 50% interest to an arms-length private company for \$50,000 cash. Details are included in the financial statements, Note 8c.

In an acquisition finalized and announced 31 May 2011, the Company acquired a 100% interest in the Rosebud property, Mohave County, Arizona. Details are included in the financial statements, Note 8d. A 100% interest in the property, net of a 2% NSR, has been optioned to an arms-length private company.

#### Non-Arms-Length Transactions:

In the past Senator completed a number of non-arms-length acquisitions. All were done on terms that were advantageous to the Company, at or below industry-standard tariffs. All were subject to independent technical and valuation reporting and approval of the TSX-Venture Exchange, and all requisite approvals were obtained. All property interests involving non-arms-length transactions have now be dropped, with the exception of the 1% NSRs on Key and Okey, which were sold as described above.

#### Financial Results and Operations:

The relatively high costs of having small companies operate rationally and efficiently while meeting the requirements of increasingly complex regulatory regimes is a continuing impediment to the success of venture companies like Senator.

A possible offsetting positive market factor for junior exploration venture companies is that, because the gold and exploration markets are relatively minuscule compared to the general dollar-based economy, it would take only a minor shift in investment preferences to bring market activity and capitalization to levels that are significantly higher than those at present.

Due to some significant cost saving measures, the \$26,065 in general and administrative (“g&a”) costs incurred in the fourth quarter of 2012 is approx 51% lower than the \$53,295 average g&a quarterly costs for the last two years.

Fourth quarter 2012 g&a expense comparisons to the two-year average (shown in brackets) are:

- communications costs \$1,505 (2 yr avg: \$1,824) are significantly lower due to cost-cutting;
- filing and listing fees of \$nil (2 yr avg: \$2,117), is ;
- loan interest \$5,668 (2 yr avg: \$7,039) is a significant cost saving due to a negotiated change in the credit line loan interest rate and a lower principal amount of the loan;
- professional fees of \$4,270 (2 yr avg: \$4,538) are slightly lower due to timing of accrued amounts,
- shareholder information \$11 (2 yr avg: \$718) is lower purely due to timing of expenses for the AGM;
- transfer agent \$nil (2 yr avg: \$2,087) is lower due to deletion/reclassification of filing fees;
- travel \$181 (2 yr avg: \$797) is significantly lower due to curtailment of activity;
- office and general \$619 (2 yr avg: \$753) is marginally lower and comparatively insignificant.
- A revised approach to office management means no expense for consultants for all of 2012.
- Management fees to insiders \$11,625 (2 yr avg: \$27,875) is significantly lower due to a reduction in fees charges from \$10,000/month to \$3,500/month commencing in September 2012.

A summary of financial results by quarter in the previous two years follows:

Quarter ended	General and Admin Expenses	Net Loss (Profit)	Loss (Profit) per share
31 Dec 2012	\$ 24,673	\$ ( 16,852)	\$ (0.000)
30 Sep 2012	\$ 39,288	\$ 42,143	\$ 0.001
30 Jun 2012	\$ 56,134	\$ 34,654	\$ 0.001
31 Mar 2012	\$ 56,503	\$ 27,274	\$ 0.001
31 Dec 2011	\$ 43,823	\$ ( 310,809)	\$ (0.007)
30 Sep 2011	\$ 59,906	\$ 72,154	\$ 0.002
30 Jun 2011	\$ 80,073	\$ 93,304	\$ 0.002
31 Mar 2011	\$ 65,630	\$ 78,741	\$ 0.002

The last private placement done by the Company was in December 2010: 6,300,000 shares for net proceeds of \$312,093 after deduction of TSX-V financing fees. There has been no equity financing activity in the Company in 2012, 2011 or up to the date of this report in 2013. The Company’s current assets at the end of December 2012 totalled \$28,671 (31 Dec 2011: \$4,490).

The Company is not subject to any legislated capital requirements. The Company’s working capital position at 31 December 2012 was a negative \$357,868 (31 Dec 2011: negative \$245,846). The Company does not have sufficient cash reserves to conduct planned programs and continue operations for the ensuing twelve months without generating significant working capital through equity financing, option or sale of mineral property interests, arrangements with creditors, or further expansion of and drawdowns on the line of credit.

A summary of selected financial information for the last three fiscal years is as follows:

	2012	2011	2010	2009**
Revenues	\$ 100,100	\$ 392,446	\$ --	\$ --
Loss (profit)	\$ 87,022	\$ (66,610)	\$ 447,550	\$ 259,600
Loss (profit) per share, basic and diluted	\$ 0.000	\$ ( 0.002)	\$ 0.011	\$ 0.008
Total assets	\$ 28,671	\$ 4,490	\$ 131,639	\$ 73,783
Total long-term liabilities	\$ nil	\$ nil	\$ nil	\$ nil

\*\* 2009 figures were prepared in accordance with Canadian GAAP, not IFRS.

The Company had no warrants or incentive stock options outstanding at the end of December 2012. The Company has never paid any dividends.

All phone inquiries continue to be handled in-house. The Company has two web sites, Senatorinc.com and SenatorMinerals.com (special design for mobiles), which are operational and kept up to date. All news releases and technical and valuation reports that have been prepared on properties in which the Company holds an interest are posted on the web sites for investors' reference. Additional information is available in the public documents filed by the Company that are available for viewing on [www.Sedar.com](http://www.Sedar.com).

#### Corporate Governance:

The following description of the Company's corporate governance should be considered within a frame of factual reference. The Company has written <100 cheques in 2012 (<100 cheques in 2011 and <130 in 2010). All expenditures have been pursuant to specific contractual arrangements that were previously authorized by the Board and/or the TSX-V, or for activities authorized by the Board in principle but not in detail.

The Board of Directors is authorized for up to six people and presently consists of six: four independent: Mark Ferguson, Richard Grayston, Jeffrey Scouten, and Andrew Nevin; and two non-independent: Donald Simon, CEO, and Roger Kidlark, CFO. Management makes a regular practice of consulting with, and where appropriate seeking approval in advance from, the Board on all matters of substance related to the Company's activities. The Company remains alert to the identification of suitable candidates for Board membership.

Directors of the Company have other directorships in reporting issuers as follows: Mark Ferguson: Abbastar Resources; Richard Grayston: Abbastar Resources, Xtra-Gold Resources, Buccaneer Gold, Logan Resources, and SG Spirit Gold; Andrew Nevin: Goldon Resources; Roger Kidlark, Jeffrey Scouten, and Donald Simon: directors of SNR only.

Since 2004, the Company has had an Audit Committee Charter, available for viewing on the Company's main web site. The Company's Audit Committee consists of three financially literate directors (Andrew E. Nevin, Jeffrey P. Scouten, and Donald A. Simon). A. Nevin and J. Scouten are independent, while D.A. Simon is not, being an officer of the Company.

The Audit Committee conducted a detailed review of the Company's disclosure controls and procedures in conjunction with the preparation of the 31 December 2011 audited financial statements, and concluded that those controls and procedures were effective. In the course of continuous and year-end review by the Audit Committee there were no changes noted in the Company's internal control over financial reporting to the end of 2011 and 2012, and there have been no changes in 2013 up to the date of this report. Due to the lack of segregation of duties that results from small office operations, disclosure controls and procedures are designed to ensure that all commitments and spending have been approved in advance either specifically or in principle by the Board, and that all information required to be filed or disclosed pursuant to applicable securities laws is generated and organized in a timely manner.

A Compensation Committee, consisting of three independent directors, was formed in 2006 to consider and authorize remuneration for the CEO. The Committee completed a comparison to other publicly traded companies, a comparison to other professional remuneration, an appraisal of revenues generated for Senator by the CEO, and a review of actual responsibilities before authorizing the current remuneration package. There has been no change in authorized remuneration since 2006. In the third quarter of 2012, due to ongoing limited exploration activity, at the suggestion of the CEO remuneration of the CEO was reduced to \$3,500 per month.

Continuing Education: Members of the Board receive regular memos from management alerting them to facts, news, and events related to industry news and the responsibilities of directorship. Members have enrolled in continuing education classes sponsored by various groups including the TSX-V, the BCSC, the ICABC, and others. Members of the Board also take classes in their own professional disciplines from time to time.

Ethics: The board includes directors of other public companies, three registered professionals, and one former registered professional. The corporate culture is 100% oriented to professionalism and ethical conduct.

Self-assessment: There is no formal or informal procedure for assessment of the performance of the Board, its Committee, or the CEO. It has been observed and agreed that the Company and its Board are both too small to make that process meaningful.

## Budgets and Financing:

Until late 2010, exploration expenses were limited to due diligence on potential acquisitions and essential maintenance, as the Company took steps to reduce cash outflows until the markets stabilized and improved. In December 2010, the Company recognized acquisition opportunities in the Yukon and completed a private placement to finance two property acquisitions, one an option and the other the acquisition of a 50% interest. The option has been dropped, but the Company maintains its 50% ownership interest in the Mustang property. Budgeted general and administrative expenses remain cut to a minimum.

The Company's short-term property, work, and administration commitments have been covered through property option revenues, operator fees, sale of NSR's, and private placements, with backup in the form of a credit line for meeting financial needs.

Given the current market situation, it is comparatively difficult to identify viable companies to option interests in the Company's properties and to finance exploration work. Therefore management recognizes that it cannot count on the generation of revenues that are possible, but not assured, from future property option agreements and exploration operatorship.

The Company has an approved incentive stock option plan in place, but there are no options outstanding at the date of this report. All options were allowed to expire in the first half of 2010. Based on the latest CRA policies that apparently move substantial risk to the option issuer, changes will be made to future option arrangements to assure that the Company is not at financial risk when options are exercised. No incentive stock option awards are planned at this time.

In light of projections and prospects, the Company's management has used funding from the December 2010 private placement, December 2011 sales of NSR's, and a property option payment and property sale in 2012, backed up with a credit line (up to \$250,000) to meet operating obligations and to delay another financing until the market situation becomes more advantageous.

## Conclusions:

The Company's general business model seeks to, where possible, share exploration risk and minimize dilution while creating significant potential value to shareholders through operatorship and carried participation in exploration programs. Therefore the Company continues to maintain a limited though diverse portfolio of properties in areas of comparatively low political risk.

Senator has given high priority to its 100%-owned Taurus copper-molybdenum-gold property in Alaska. It considers this deposit to be a situation where project and company value could possibly respond positively, providing the next phase of exploration work can enhance the inferred resource as anticipated.

The Company will continue to employ responsible fiscal management and give priority to efficient allocation of its resources while seeking optionees to participate financially in exploring the Company's properties, and taking advantage of acquisition and joint venture opportunities that are identified.

**Approved by the Directors:**

*"Roger Kidlark"*  
CFO, Director

*"Donald A Simon"*  
CEO, President, and Director

24 April 2013