

# **Great Thunder Gold Corp.**

## **Management's Discussion & Analysis**

**Financial year ended April 30, 2013**

Containing information as of August 23, 2013

### **Caution Regarding Forward-Looking Information**

Certain of the statements made and information contained herein and in the financial statements is “forward-looking information” within the meaning of the *Securities Act* (British Columbia) and the *Securities Act* (Alberta). This includes statements by Great Thunder Gold Corp. (formerly Mill Bay Ventures Inc.) (the “Company” or “Great Thunder”) concerning exploration results, including deposit size, quantities, grades and contained metals, which are generally made on the basis of estimations and extrapolations from a limited number of samples, drill holes and assays. These estimations and extrapolations are subject to uncertainties, which include but are not limited to uncertainties in connection with evaluating a deposit until the deposit has been extensively drilled on closely spaced centres. Should one or more of these underlying estimations or extrapolations prove incorrect, actual results may vary materially from those described in forward-looking statements.

Forward-looking statements contained herein also include the Company’s future operating costs and exploration plans at its mineral properties. These involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such 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 information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for funding necessary for operating costs, to acquire and maintain exploration properties and to carry out its desired exploration programs; difficulties in executing exploration programs on the Company’s proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or the availability of essential supplies and services; and factors beyond the capacity of the Company to anticipate and control, such as the marketability of minerals, government regulations relating to health, safety and the environment, and the scale and scope of royalties and taxes on production. Should one or more of these risks or uncertainties materialize, actual results may vary materially from those described in forward-looking statements.

Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.

### **Description of Business**

Great Thunder is a junior exploration company incorporated under the laws of the Province of British Columbia and whose common shares are listed on the TSX Venture Exchange. Its principal business comprises the exploration for minerals and the development of its mineral properties located in British Columbia and Nevada. Great Thunder is in the exploration stage and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

The following discussion and analysis of the operations, results and financial position of Great Thunder should be read in conjunction with the consolidated financial statements (the “financial statements”) as of and for the year ended April 30, 2013 and the notes thereto, which financial statements are incorporated herein by reference.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and unless otherwise cited, references to dollar amounts are Canadian dollars. The financial statements were prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company had working capital of \$12,291 at April 30, 2013 and has accumulated losses of \$11,017,920 since incorporation. The Company’s ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in future.

### Overall Performance and Discussion of Operations

During the financial year ended April 30, 2013, the Company experienced a loss of \$714,538 – an increase of \$157,980 over the preceding year’s loss of \$556,558. Operating expenses for the year increased by \$120,873 from the preceding year. This increase was caused primarily by a \$222,119 increase in write-downs of the Company’s exploration and evaluation assets, a \$49,570 increase in consulting fees and a \$15,713 increase in office and administrative services costs in preparation for the change of management in 2013 (see *Change of Management* below). As part of its strategy to rationalize its holdings, the Company’s new management decided to sell and abandon its non-core properties and write-down the carrying value of those assets. Subsequent to the year end, management terminated its option to purchase the AC Claims, sold its Golden Repeat Claims and plans to sell or abandon several other Nevada claims. This strategy will allow management to focus its resources on the key Valentine Mountain and BRX Claims located in British Columbia.

Offsetting this increase in operating expenses somewhat was a \$139,000 decrease in share-based compensation and a \$33,228 reduction in investor relations costs as a cost-saving measure implemented early in the year. Following is a breakdown of the components of office and administrative services and supplies expense for the two most recently completed financial years:

	Financial Years Ended April 30	
	2013	2012
Administrative fees	\$ 837	\$ 1,198
Bank service charges	1,040	1,192
Donations	200	450
Dues and subscriptions	62	455
Insurance	3,885	4,083
Licenses	962	547
Office	8,070	5,970
Postage and delivery	891	2,155
Rent	9,342	18,378
Salaries and benefits	76,784	51,116
Seminars	-	56
Telephone	2,857	3,618
<b>Total</b>	<b>\$104,930</b>	<b>\$89,218</b>

Also affecting the Company’s loss for the year was a \$42,646 realized loss on its investments.

Total comprehensive loss for the year was \$675,158, as compared with \$628,427 for the preceding year. The differences between loss for the year and total comprehensive loss are caused primarily by changes in the fair value of the Company’s investments. Fluctuations in the

value of those securities are outside the control of management, and the Company may experience significant volatility in these values.

During the fourth quarter of its 2013 financial year, the Company experienced a loss of \$476,719 – a \$393,973 increase over the preceding third quarter. This increase was caused primarily by the \$295,959 write-down of its exploration and evaluation assets recorded in the fourth quarter and the \$42,646 realized loss on its investments, as described above.

As of its April 30, 2013 financial year-end, the Company had working capital of \$12,291, as compared with working capital of \$460,752 at the end of the preceding fiscal year – a decrease of \$448,461. During the year, the Company used \$295,098 of cash for its operations and \$95,585 for the exploration and maintenance of the Valentine Mountain Property and its AC Claims. A breakdown of exploration expenditures for the two most recently completed financial years on a property-by-property basis is provided in note 7 to the financial statements.

As of April 30, 2013, the Company had no contractual obligations, such as long term debt, capital lease obligations, operating leases or purchase obligations, except as described in the financial statements, nor did it have commitments for capital expenditures. Refer to note 14 to the financial statements.

In general, despite recently declining gold prices, the Company has witnessed strong interest for its mineral properties. Many analysts expect gold prices to strengthen, so the Company plans to continue its strategy of advancing its core portfolio of mineral properties.

#### *Change of Management*

On January 25, 2013, Mr. Kevin Whelan joined the Company's Board of Directors and was appointed President and Chief Executive Officer. Mr. Whelan, a graduate of the Northern Alberta Institute of Technology, has served as a director and held executive offices for numerous companies over his 35-year career. Mr. Whelan brings skills in strategic planning, junior mining knowledge and organizational management development. Mr. Whelan previously developed a number of companies from shell to small exploration successes, of which one is now a gold producer in central Canada.

The Company appointed Mr. Glen Wallace as Chief Financial Officer and Corporate Secretary effective February 28, 2013. Mr. Wallace has served as Chief Financial Officer and a director with several development stage public companies since the 1990s. He is a Certified General Accountant with over 25 years of experience in accounting and the management and administration of publicly listed companies, and was a partner in the accounting firm of Austin Chan & Wallace for six years. He has a Master of Business Administration degree from Laurentian University and Advanced Specialty Certificates in Forensic Accounting and Securities Fraud Analysis from BCIT. Mr. Wallace brings extensive skills in regulatory compliance, finance and administration of emerging companies.

#### *Restructuring*

Effective April 16, 2013, the Company consolidated its share capital and exchanged one new common share for every three old common shares. The Company's pre-consolidation issued and outstanding capital of 22,446,539 shares was reduced to 7,482,162 shares. In conjunction with the share consolidation, the Company also changed its name from Mill Bay Ventures Inc. to Great Thunder Gold Corp.

## Selected Annual Information

	Financial Years Ended April 30		
	2013	2012	2011
Revenue	\$ -	\$ -	\$ -
Loss for the year	(714,538)	(556,558)	(772,896)
Loss per share	(0.10)	(0.10)	(0.24)
Total comprehensive loss	(675,158)	(628,427)	(793,477)
Total assets	1,459,610	2,105,186	1,772,503
Total non-current financial liabilities	-	-	-
Cash dividends declared	-	-	-

The annual results summarized herein were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

## Summary of Unaudited Quarterly Results

	2013				2012			
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss for the period	(476,719)	(82,746)	(71,704)	(83,369)	(250,379)	(86,107)	(130,221)	(89,851)
Loss per share	(0.06)	(0.00)	(0.00)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Total comprehensive loss	(422,139)	(88,646)	(69,304)	(95,069)	(259,148)	(104,507)	(163,721)	(101,051)

Variations in loss from quarter to quarter typically result from increases or decreases in exploration activity. During periods of greater activity, consulting fees, office and administrative service costs, regulatory approval costs and travel costs will typically increase.

During the second and fourth quarters of 2012, non-cash share-based compensation costs relating to the grant of stock options increased by \$53,246 and \$139,000, respectively, which caused the loss for the quarter to increase. During the fourth quarter of 2013, loss for the period increased when the Company realized a \$42,646 loss on its investments and it recorded a \$295,959 write-down in the value of its exploration and evaluation assets.

The differences between loss for the period and total comprehensive loss is typically the result of non-cash unrealized losses or gains on investments.

The quarterly results summarized herein were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

## Liquidity and Capital Resources

The Company does not yet generate positive cash flow from operations, and is therefore reliant upon the issuance of its own common shares to fund its operations. There is no assurance that the Company will be successful in raising additional new equity capital.

As of the April 30, 2013 financial year-end, management believed the Company was not adequately funded for the short term, with cash resources of \$53,995 and working capital of \$12,291. Accordingly, in May 2013, management completed a private placement of 4,000,000 units at a price of \$0.05 per unit for gross proceeds of \$200,000.

The Company is able to meet its ongoing financial obligations as they become due. It has no debt obligations and no commitments other than as described herein and in its financial statements. Management believes it has sufficient working capital to fund operating costs through at least December 2013.

## Description of Properties

### *Valentine Mountain*

The 100%-owned Valentine Mountain property consists of 25 cell mineral claims covering 7,188 hectares and two overlying cell placer tenures covering 43 hectares. One of the claims is subject to a 5% net smelter returns royalty capped at \$1,000,000.

The Valentine Mountain property surrounds Valentine Mountain, which has an elevation of 974 metres, is located 20 kilometres northwest of Sooke, British Columbia on southern Vancouver Island and is accessible by forestry roads. The property area is underlain entirely by high-grade metamorphic rocks of the Pacific Rim Terrane, which hosts several minor past producers of gold, silver and copper, including the historic Leech River gold placer gold district, located just to the east of the Property.

The property hosts the Valentine Mountain gold quartz vein prospect, for which a mineral resource estimate is summarized as follows:

Zone / Vein	Tonnes	Gold (g/t) Uncut	Gold (g) Uncut	Gold (g/t) Cut	Gold (g) Cut	Category
Discovery C	22,663	33.8	765,814	16.8	381,103	Indicated
Discovery B	32,100	4.1	130,344	3.7	129,352	Indicated
<b>Total</b>	<b>54,763</b>	<b>16.4</b>	<b>896,158</b>	<b>9.3</b>	<b>510,455</b>	<b>Indicated</b>
Discovery E	8,485	4.2	35,468	4.2	35,468	Inferred
Disc. West C	12,215	35.4	432,278	35.4	432,278	Inferred
<b>Total</b>	<b>20,700</b>	<b>22.6</b>	<b>467,746</b>	<b>22.6</b>	<b>467,746</b>	<b>Inferred</b>

Average gold intercepts for each zone were tabulated, and values calculated for uncut grade, multiplied by true width for each intercept. Based on geo-statistical modeling for each corresponding vein in each zone with significant values, statistical mean values were used as the upper thresholds to cut higher gold values and arrive at the “cut” mineral resource values. Please refer to the entire text of the technical report, entitled *Technical Report on the Valentine Mountain Property, Southern Vancouver Island, British Columbia, Canada* and dated March 27, 2013 available at [www.sedar.com](http://www.sedar.com), for further information and the key assumptions, parameters and methodology used, as well as risk factors.

The practice of “cutting” or reducing exceptionally high grade assays when estimating mineral resources for gold deposits, particularly in vein deposits, is historically industry standard practice, primarily to make the estimates more conservative. The gold quartz veins at Valentine Mountain contain erratically distributed gold, which could cause the estimated grade to vary materially from the actual grade. For completeness, both uncut and cut averaged grades are shown, but the cut grades should be used in evaluating the resource. **Mineral resources that are not mineral reserves do not have demonstrated economic viability.**

The Valentine Mountain property warrants phased exploration work aimed at discovering and delineating gold quartz vein mineralization through systematic yet strategically targeted geochemistry, drilling and underground exploration programs. The technical report recommends future work programs totaling \$4 million in two phases.

This technical information was prepared under the supervision of Jacques Houle, P.Eng, who acts as the Company's Qualified Person as defined by National Instrument 43-101.

#### *BRX Claims*

The Company holds a 50% undivided interest in nine mineral tenures comprising approximately 2,115 hectares in the Lillooet Mining Division of central British Columbia. The remaining 50% joint venture interest is held by Levon Resources Ltd., a corporation with common directors. Under the joint venture agreement with Levon, each of the participants is required to fund their proportionate share of further exploration expenditures, failure of which will dilute their interest. Upon dilution to 10%, the non-contributor's interest will convert to a 10% net profits royalty interest.

During 2010, the Company wrote down the value of the BRX Claims in the amount of \$565,735, leaving a nominal value of \$1. The Company intends to keep all claims in good standing; however, no exploration is planned at this time.

#### *JDN Claims*

The Company owns a 50% undivided interest in 27 mining claims in Lander County, Nevada. The remaining 50% interest is owned by a subsidiary of Coral Gold Resources Ltd., a corporation with common directors. The Company intends to keep all claims in good standing; however, no exploration is planned at this time.

#### *AC Claims*

In 2008, the Company entered into an option to acquire 111 mining claims located in Lander County, Nevada covering approximately two square miles by paying 150,000 shares over three annual instalments (issued), US\$1,300,000 in 11 annual instalments (US\$65,000 paid), and incurring US\$10,000 of exploration expenditures on the property (incurred). The Company terminated the option in June 2013.

#### *Golden Repeat Claims*

The Company owned a 100% interest in 49 mining claims in Elko County, Nevada. In May 2013, the Company sold the claims for \$12,000, 500,000 common shares of the purchaser and a 2% net smelter returns royalty. If, during the 10 years following the sale, the purchaser establishes reserves or a resource of not less than 500,000 ounces of gold or gold equivalent, the purchaser will issue an additional 500,000 shares to the Company.

#### *E&E Group and DH Group*

The Company owns a 100% interest in 26 mining claims in Eureka County, Nevada. Management intends to dispose of these claims in the 2014 financial year.

#### *Ivanpah Property*

In 2007, the Company acquired 16 placer mining claims located in Clark County, Nevada for 220,000 common shares of the Company and US\$128,000 from a Company controlled by a director. Management intends to dispose of the claims in the 2014 financial year.

#### **Outstanding Share Data**

As of the date hereof, the Company has 11,482,162 common shares issued and outstanding.

The Company has, as of the date hereof, outstanding warrants which may be exercised to purchase a total of 7,273,000 shares. Of this total, 2,810,000 warrants may be exercised at \$1.50 per share until September 19, 2013, 400,000 warrants may be exercised at \$0.30 per share until April 20, 2014, and 4,063,000 warrants may be exercised at \$0.10 per share until May 23, 2018.

In addition, the Company has outstanding options which, as of the date hereof, may be exercised to purchase a total of 493,334 shares at \$0.45 per share until October 6, 2016.

### **Transactions Between Related Parties**

During the financial year ended April 30, 2013, the Company made certain payments to officers, corporations controlled by officer and corporations with common directors in respect of the management of the company. Refer to note 9 to the financial statements.

### **Changes in Accounting Policies Including Initial Adoption**

The following standards and interpretations have been issued but are not yet effective and have not been early adopted by the Company. The Company is evaluating the impact of these new standards, but does not anticipate these new standards will have a significant impact on its financial statements.

#### *IFRS 9 – Financial instruments*

IFRS 9 was issued in November 2009 and contain requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. The standard will be effective for the Company for the year ended April 30, 2016.

#### *IFRS 10 – Consolidated financial statements*

IFRS 10 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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. The standard will be effective for the Company for the year ended April 30, 2014.

#### *IFRS 11 – Joint arrangements*

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The standard will be effective for the Company for the year ended April 30, 2014.



*IFRS 12 – Disclosure of interests in other entities*

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles, and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard will be effective for the Company for the year ended April 30, 2014.

*IFRS 13 – Fair value measure*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The standard will be effective for the Company for the year ended April 30, 2014.

*IAS 27 – Separate financial statements*

IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. The standard will be effective for the Company for the year ended April 30, 2014.

*IAS 28 – Investments in associates and joint ventures*

IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13. The standard will be effective for the Company for the year ended April 30, 2014.

*IAS 1 – Presentation of financial statements*

IAS 1 amendment requires components of other comprehensive loss to be separately presented between those that may be reclassified to loss and those that will not. The amendments are effective for annual periods beginning on or after January 1, 2013. The standard will be effective for the Company for the year ended April 30, 2014.

*IAS 32 – Financial instruments: presentation*

IAS 32 amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2013. The standard will be effective for the Company for the year ended April 30, 2014.

*IFRIC 20 – Stripping costs in the production phase of a surface mine*

IFRIC 20 clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The standard will be effective for the Company for the year ended April 30, 2014.

**Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, amounts receivable, investments, reclamation bonds, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of these financial instruments approximates their carrying value due to the short-term nature of the Company's financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company does not use instruments settled by the delivery of non-financial assets.

**Other Information**

Additional information relating to the Company is available from the Company's website at [www.greatthundergold.com](http://www.greatthundergold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) .

ON BEHALF OF THE BOARD

/s/ Kevin C. Whelan

Kevin C. Whelan, Chief Executive Officer