

GOLDREA RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended July 31, 2013 and 2012.

This management's discussion and analysis ("MD&A") was prepared as of November 28, 2013 and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the years ended July 31, 2013 and July 31, 2012. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect the Company management's expectations or beliefs regarding future events and include, but are not limited to, estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

For more information, visit the Company's website at www.goldrea.com or at www.sedar.com.

1.1 Overall performance

Description of business

Goldrea Resources Corp., ("the "Company") was incorporated under the provisions of the Business Corporations Act (British Columbia) on March 2, 1981, and is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. In addition to the Company's ongoing work program on the properties, it continues to actively evaluate new potential projects. The Company is listed for trading on the TSX Venture Exchange under the symbol "GOR". The Company is engaged in the business of exploring, acquiring, and if warranted, developing mineral properties and placing such properties into production. The Company currently holds interests in several resource properties as follows:

1. British Columbia – Crowrea/Empress
2. British Columbia – Dobbin I
3. British Columbia – Tadpole (Dobbin II)
4. British Columbia – Flap
5. U.S.A. – Gold Chain Arizona
6. U.S.A. – Gold Rush Arizona
7. China – Shandong Rushan Goldrea Gold (RGG)

Exploration and development requires significant amounts of capital and even if the funds were available, the outcome is dependent on finding sufficient quantities and grades of minerals, permitting the project, successful dealings with various stakeholder groups, constructing the processing and ancillary facilities and starting commercial production. This process takes time, and many factors including commodity prices, political and economic conditions may change affecting the viability of the projects.

Operations, property interests and activities

The Company's interests are mainly in China (Shandong); Canada (British Columbia); and USA (Arizona). Mineral prospects focus on gold, copper, silver, platinum, palladium, molybdenum, and iron as the major metals of interest. Recently the Company managed to raise a total of \$101,400 through private placement at a price of \$0.03 per unit, the funds have been used toward paying the annual audit and filing fees and general administration expenses. In the meantime, management is working to market and sell its interests in RGG, and did receive a non-refundable deposit from an interested party, and is working to finalize an agreement..

Constrained by funding, the Company conducted limited exploration activities on its Canadian properties, and also optioned out 60% interests of its US Gold Chain and Gold Rush properties to Sandfield Resources Inc. Sandfield did not make the payments required to earn the 60% interest and the option agreement was terminated in 2013. The Company has reduced the number of claims from 40 to 25.

A summary of the status for each property is as follows:

Rushan Goldrea Gold, Shandong Province, China:

The Company has accumulated the required data to prepare a geological report that meets the Chinese government standards required to apply for mining permits for Rushan Goldrea Gold (RGG), and to this end, completed over 50,115 metres (164,400 ft.) of diamond drilling. This is a necessary step toward applying for a Chinese mining permit. However, due to lack of financial resources, the Company has not completed its Chinese technical report, and therefore, has not its application for a mining permit. The Company's attempt to bring RGG into production was not as successful as expected due to financing difficulties. An 80% interest in Daye Gold Mine ("Daye"), the 10% interest shareholder of RGG, was acquired by Qingdao Kingking Applied Chemistry Co Ltd. (herein QKAC or Kingking) on November 11, 2011.

Late last year, Kingking began efforts to reopen an underground iron pyrite mine owned by Daye, but located some distance from the Daye Gold Mining Complex. The mine had been flooded and they pumped it out, and on January 11, 2012 lowered five people down the shaft. All five perished, apparently overcome by sulfur dioxide (SO₂) gas.

Because of these multiple fatalities, the local government safety bureau has closed all of the mines operated by Daye, including Golden Rose, pending their evaluation of safety practices and working conditions. The Local safety inspection has been completed, and Daye has re-started its operation; however, the accident has led to more stringent safety requirements. RGG will need to apply for its safety and mining permit before it can resume its underground operation.

The Golden Rose Shaft operation has 46,809 tonnes of mineralized material in stockpile at the Daye Mill. This material was originally planned to be processed when 60,000 tonnes were accumulated. Since the suspension of underground operation delayed stockpile accumulation, further delay is expected due to safety and mining permitting,.

The resource is located down dip from the Daye open pit mine and mill. Goldrea resumed contacting the new owners (Kingking) in regards to using Goldrea's resource as a potential Joint Venture or sale to Kingking. At the same time, the Company is also in talks with several other local mining companies for the sale of the property.

The Company has received a good faith payment of \$500,000 from an arm's length party to purchase Rushan Goldrea Gold, as described previously.

Wigwam Property, Vancouver BC, Canada:

In the 2013 fiscal year, the Company decided to discontinue the Wigwam Property, let the claims lapse, and wrote off the deferred costs incurred of \$55,963.

Nevada Clean Magnesium Inc.(formerly Molycor Gold Corporation) JV, White Rocks Mountain, BC, Canada:

The Company's focus on Goldrea/Nevada Clean Magnesium Inc. JV will entail work on the following contiguous mineral properties as follows (Crowrea/Empress located 15 kms south of the past producing Brenda Molybdenum/Copper Mine near Penticton, BC; Dobbin, Tadpole Lake, and Flap properties located 27 kms northeast of Kelowna, BC) :

i. The Crowrea/Empress Molybdenum Property:

The Company did not perform exploration work on the property in the year ended July 31, 2013, However, the Company still intends to keep the remaining claims in good standing and plans to conduct further exploration when financial conditions improve.

GOLDREA RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
For Fiscal Year Ended July 31, 2013

Page 4 of 14

ii. Dobbin I Platinum/Palladium/Copper property:

The Company has not performed exploration work on the property in the year ended July 31, 2013, but it still keeps the property in good standing, and will temporarily cease exploration until market conditions improve.

iii. Tadpole Lake Molybdenum (Dobbin II) property:

The Company has not performed exploration work on the property for three years, but it still keeps the property in good standing, and may try to option the property to a third party.

iv. Flap Gold property:

The Company did not perform exploration work on the property in the year ended July 31, 2013, but it still keeps the property in good standing, and will temporarily cease exploration until market conditions improve.

Gold Chain and Gold Rush Claims, Mohave County, Arizona, U.S.A.:

In December 2010, the Company entered into an option agreement with Sandfield Resources Inc. where Sandfield will incur \$500,000 of exploration expenditures on the Gold Chain and Gold Rush properties in the next three years, as well as pay the Company \$60,000 (\$40,000 paid) in cash and issue 300,000 (100,000 issued) of Sandfield's common shares to earn a 60% interest in the properties. The arrangement releases the Company of cash expenditures to be incurred in the US properties in the short term. The Company received total payments of \$40,000 in December, 2011. According to the option agreement, Sandfield will be responsible to maintain the mineral claims in good standing during the option period, and it has paid the annual BLM fees in August, 2012. Sandfield did not make the payments required to earn the 60% interest, and the option agreement was terminated in 2013. The Company has reduced the number of claims from 40 to 25.

Selected annual information

	Year ended July 31, 2013	Year ended July 31, 2012	Year ended July 31, 2011
Net Income (Loss)	(\$461,825)	(\$7,531,369)	(\$2,247,742)
Net Income (Loss) per share (basic and diluted)	(0.01)	(0.10)	(0.02)
Working capital	(1,860,980)	(1,693,080)	(927,033)
Total assets	4,918,773	5,233,428	11,267,388
Exploration and evaluation assets	753,405	841,367	845,361
Mineral properties	1,440,424	1,700,000	\$ 8,316,859

1.2 Results of operations

During the year ended July 31, 2013, the Company recorded a net loss of \$461,825 or \$0.01 per share, compared to a loss of \$7,531,369 or \$0.10 per share last year. The Company recorded \$Nil share-based payment expense during the year ended July 31, 2013 as compared to \$9,204 in 2012.

The Company recorded a mineral property write down of \$55,963 related to Wigwam in 2013 compared to an impairment loss of \$6,670,833 in 2012.

General and administrative expenses excluding share-based payments were \$195,143 in 2013 (2012 - \$680,812). Due to economic conditions, the Company was forced to make substantial cutbacks in staffing and other expenses in 2013 resulting in much lower costs. Advertising and promotion expenses were a credit of \$9,453 due to reversal of an error in accrued liabilities in 2013 (2012 - \$45,732); consulting fees were \$(16,091) due to correction of accounts payable (2012 - \$123,756); office and administration expenses were \$126,347 compared to \$314,987 in 2012; professional fees were \$67,256 in 2013 (2012 - \$120,251).

Mineral property expenditures were \$263,997 during the year ended July 31, 2013, (see Schedule of Mineral Property Costs for details).

Fourth quarter

For the quarter ended July 31, 2013, the Company recorded a loss of \$141,127 or \$0.002 per share as compared to a loss of \$6,826,882 or \$0.09 per share in the quarter ended July 31, 2012.

The \$6,670,833 mineral property impairment loss in the 2012 year was triggered by the Company's market capitalization being less than the carrying value of its assets on July 31, 2012.

Operating expenses excluding stock-based compensation decreased to \$1,832 in Q4 2013 compared to \$141,960 in Q4 2012, as the Company cut almost all expenses. Office and administration expenses decreased from \$96,626 in Q4 2012 to \$37,280 in Q4 2013; consulting expenses decreased from \$8,000 in Q4 2012 to \$(16,091) in Q4 2013; advertising and promotion expenses decreased from \$2,644 in Q4 2012 to \$(9,453) in Q4 2012; shareholder communication expenses decreased from \$8,564 in Q4 2012 to \$(153) in Q4 2012; professional fees decreased from \$33,065 in Q4 2012 to \$(12,580) in Q4 2012.

GOLDREA RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
For Fiscal Year Ended July 31, 2013

Page 6 of 14

1.3 Summary of quarterly results

	Quarter ended July 31, 2013	Quarter ended Apr. 30, 2013	Quarter ended Jan. 31, 2013	Quarter ended Oct. 31, 2012
Net Income (Loss)	\$ (141,127)	\$ (90,579)	\$ (132,642)	\$ (97,478)
Loss per-share (basic and diluted)	(0.002)	0.000	(0.001)	(0.001)
	Quarter ended Jul. 31, 2012	Quarter ended Apr. 30, 2012	Quarter ended Jan. 31, 2012	Quarter ended Oct. 31, 2011
Net loss	\$ (6,826,882)	\$ (215,768)	\$ (196,023)	\$ (292,696)
Loss per-share (basic and diluted)	(0.090)	(0.003)	(0.003)	(0.004)

The Company recorded write-down charges of \$Nil in 2013 Q4 and \$6,670,833 in 2012 Q4.

1.4 Liquidity and solvency

The Company has no revenue in the year ended July 31, 2013. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and increasing of accounts payable. As at July 31, 2013, the Company had cash and cash equivalents of \$170,871. Cash flow from operations for the year ended July 31, 2013 was a net cash outflow of \$218,859, compared to net cash outflow of \$176,813 in the same period a year ago.

Investing activities include \$263,997 spent on mineral exploration and acquisition. The Company also received \$500,000 from a cash deposit on the sale of its Chinese interests. and \$3,246 from recovery of a reclamation bond. (See Consolidated Statement of Cash Flows for details).

Financing activities included \$123,000 from the issuance of shares; payment of share issue costs of \$1,365 and \$105,295 relating to a loan repayment.

As at July 31, 2013, the Company had unrestricted cash of \$170,871. The Company's current assets were at \$1,914,716 and total current liabilities were \$3,775,696.

The financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since inception. The Company has insufficient cash resources to meet its current obligations and planned expenditures and is in the process of seeking additional financing. As at July 31, 2013, the Company has a working capital deficiency of \$1,860,980. The ability of the Company to continue as a going concern depends upon its ability to raise adequate financing to pursue its business objectives and develop profitable operations. There can be no assurance that the Company will be able to continue to raise funds, in which case, the Company may be unable to meet its obligations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in the financial statements.

1.5 Capital resources

As at July 31, 2013, the Company had 3,100,000 outstanding stock options with exercise price of \$0.14 per share. 2,030,000 stock options were cancelled in the year. It also had 12,018,000 outstanding share purchase warrants with exercise prices between \$0.10 and \$0.16 per share. During 2013, 1,128,000 warrants expired, and 4,100,000 were issued resulting from a private placement.

During the 2013 fiscal year, the Company completed and closed its Non-Brokered Private Placement for gross proceeds of \$123,000 comprised of 4,100,000 units (the Unit") at a price of \$0.03 per Unit. Each Unit is comprised of one common share in the capital of the Company plus a two year share purchase warrant. Each Warrant entitles the holder to purchase one common share at a price of \$0.05 in the first year and \$0.10 in the second year at any time up to 5:00 pm (Vancouver time) on October 5, 2014.

1.6 Off-balance sheet arrangements

As of the report date, the Company has no material off-balance sheet arrangements.

1.7 Transactions with related parties

Amounts due to and from officers, directors and companies with common directors are interest free, unsecured and have no specified terms of repayment. They have arisen from the provision of services and expense reimbursements or advances.

The Company has directors and officers in common with Nevada Clean Magnesium Inc. (formerly Molycor Gold Corporation), and American Manganese Inc. (formerly Rocher Deboule Minerals Corp.,) (American Manganese). The Company and Nevada Clean Magnesium Inc. are 50/50 joint venture participants in various properties in British Columbia.

Related party balances are as follows:

		31-Jul-13	31-Jul-12
Due from Nevada Clean Magnesium Inc. ⁽¹⁾	\$	19,205	\$ 22,279
Due from directors and officers of the Company		5,748	1,609
Subtotal due from related party	\$	24,953	\$ 23,888
Due to American Manganese Inc.	\$	(167,603)	\$ (240,139)
Due to directors			(20,677)
RGG accounts payable to Daye Gold Mine		(3,124,354)	(2,521,113)
Subtotal due to related party	\$	(3,291,957)	\$ (2,781,929)

⁽¹⁾ Molycor Gold Corp changed name into Nevada Clean Magnesium Inc. ("NVM") and its shares converted 1:1 on April 17, 2012.

During the year ended July 31, 2013:

- consulting fees of \$Nil (2012 - \$70,000) were payable to a company owned by a director and \$Nil (2012 - \$13,574) was paid to a director;
- administrative fees of \$97,361 (2012 - \$126,300) were paid to executive directors and officers of the Company;
- office building use and technical support service fees of Rmb 36,000 (CAD\$5,738) (2012 – Rmb 36,000 (CAD\$5,763) and ore mining fees of Rmb 189,834 (CAD\$37,019) (2012 – Rmb 4,905,414 (CAD\$887,716) were accrued payable to Daye Gold Mine, a 10% owner of RGG. As at July 31, 2013, total accounts payable to Daye Gold Mine amounted \$3,124,354 (2012 – \$2,521,113). The Company intends to settle the amount owing to Daye Gold Mine with proceeds from the processing and sale of inventory.

The above transactions were in the normal course of business and were measured at the exchange amount which is the amount agreed to by the related parties.

1.9 Proposed transactions

Management is working to market and sell its interests in RGG, did receive a good faith payment from an interested party, and is working to finalize an agreement

Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the International Accounting Standards Board ("IASB"): IFRS 9 - Financial Instruments, IFRS 10 – Financial Statements and IFRS 13 - Fair Value Measurement. The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements.

(a) IFRS 9, Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009, and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized costs or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

(b) IFRS 10, Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on August 1, 2013 and is currently evaluating the impact on its consolidated financial statements.

(c) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Company does not expect this standard to have a significant impact on the financial statements.

(d) IFRS 13, Fair Value Measurement

IFRS 13, Fair Value Measurement ("IFRS 13") was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

(e) IAS 1 - Presentation of Financial Statements:

IAS 1 - Presentation of Financial Statements requires an entity to group items presented in the statement of other comprehensive income on the basis of whether they may be reclassified to profit or loss subsequent to initial recognition. For those items presented before tax, the amendment to IAS 1 also require that the tax related to the two separate groups be presented separately.

(f) IFRIC20 - Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 was issued in October 2011. IFRIC 20 clarifies the requirements for accounting for the costs of stripping activity in the production phase when two benefits accrue: (i) usable ore that can be used to produce inventory, and (ii) improved access to further quantities of material that will be mined in future periods. This IFRIC will have no material impact on the Company's financial statements.

1.10 Commitments and contingencies

As of July 31, 2013, the Company has contributed \$5,012,700 to Rushan Goldrea Gold Corp. (RGG), and earned the 90% interest according to the joint venture contract. RGG has over Rmb 23,217,662 (equivalent of \$3,813,093) outstanding payable as of July 31, 2013, while its cash balance is only Rmb 29,8966 (equivalent of \$5,016). Although the Company's liability is limited to its share contribution to RGG, it is management's intention to keep RGG in good standing by settling RGG's outstanding payables to facilitate the Company's efforts to realize RGG's estimated resource value.

The Company borrowed Rmb 1,200,000 (\$188,800) from Chinese lenders in March 2012, the funds will be used for its China operation. The loan has a term of eighteen months and bears an annual interest rate of 11%. The Company issued 1,000,000 shares as a bonus in connection to the loan.

1.11 Risks and uncertainties

The exploration and development of mineral properties are highly speculative activities and are subject to significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors; including management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically-recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfill the Company's obligations under any

applicable agreements. Other uncertainties include currency and metal price fluctuations, permits and licences, environmental regulatory requirement changes, mineralization estimates, and political risks.

Competitive industry

Mining industry is intensely competitive and the company will compete with other companies that have far greater resources.

Fluctuating metal and share prices

Factors beyond the control of the Company may affect the marketability of gold, molybdenum, or any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploratory and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Permits and licences

The operations of the Company will require licences and permits from various governmental authorities, which have been applied for and/or will be applied for at the proper time. There can, however, be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations of its projects.

Environmental regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The Company may become subject to liability for pollutions or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Estimates of mineral resources may not be realized

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered

in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations. The Company has engaged expert independent technical consultants to advise it with respect to mineral resources and project engineering, among other things. The Company believes that those experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. However, if the work conducted by those experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs in developing its properties.

Dependence on key personnel

The Company is dependent on the services of its senior management, including James Elbert, its President and Chief Executive Officer, and Larry Reaugh, a director of the Company, and a small number of other skilled and experienced employees and consultants. The loss of any such individuals could have a material adverse effect on the Company's operations.

The following are the risks related to the Company's financial instruments:

a. Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. Cash and investments are with Schedule 1 banks or equivalent, with majority of cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The credit risk in amounts receivable is considered low by management as they consist primarily of amounts owing from government authorities in relation to HST refunds and other receivables which are not considered past due.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to assist in determining the funds required to support normal operating requirements on an ongoing basis, including capital development and exploration expenditures. This process resulted in the decision in October 2008 to enter into a service agreement with Daye Gold Mine for the underground operation of Golden Rose Shaft. As at July 31, 2013, the Company had a cash and cash equivalent balance of \$170,871 (2012 - \$134,141) to settle accounts payable and accrued liabilities of \$3,775,698 (2012 - \$3,546,405). Accounts payable and accrued liabilities are due within the current operating period. See note 1 of the consolidated financial statements under Going Concern.

c. Market risk

The Company's primary market risk is in the areas of metal prices and foreign exchange risk on financial instruments in other than Canadian dollars. At July 31, 2012, the Company had no hedging agreements in place with respect to metal prices or exchange rates:

(i) Commodity price risk:

The value of the Company's primary mineral property is dependent on the price of gold and the outlook for this metal. The value of exploration stage gold and molybdenum properties is also dependent on the price of gold and molybdenum and the outlook for these metals.

Market prices for these metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control including but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators, as well as certain other factors related specifically to gold.

The profitability of the Company's primary property is highly correlated to the market price of gold. If gold prices decline for a prolonged period below the cost of production it may not be economically feasible to continue towards production.

The Company has not entered into any hedging or commodity based risk instruments.

(ii) Currency risk:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has offices in Canada, the United States, and China and holds cash in Canadian, United States and Chinese currencies in line with forecasted expenditures. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar and Chinese Renminbi could have an effect on the Company's results of operations, financial position or cash flows. At July 31, 2012 the Company had no hedging agreements in place with respect to foreign exchange rates.

Based on the net currency rate exposures as of July 31, 2012, and assuming that all the other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against Chinese Rmb would result in an increase/decrease of approximately \$151,367 liabilities; a 10% depreciation or appreciation of the Canadian dollar against US dollar would result in an increase/decrease of approximately \$26 cash balance.

(iii) Equity price risk:

Equity price risk arises from available-for-sale equity securities. The Company's exposure at July 31, 2012 was \$19,341. The shares are publicly traded, market-prices are readily available, and their carrying value is equal to the market value at July 31, 2012.

(iv) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents contain highly liquid investments that earn interest at market rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are presently low, however this conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the consolidated financial statements.

Outstanding share data

As of the report date, the Company has 75,379,252 common shares outstanding, as well as options to purchase 3,100,000 common shares at the price of \$0.14 exercisable before and on February 24, 2015. The Company also has 12,018,000 outstanding share purchase warrants with exercise prices between \$0.03 and \$0.10 per share expiring at various dates between October 25, 2014 and November 5, 2014. On a fully diluted basis, therefore, the Company has 90,497,252 common shares outstanding.

1.12 Approval

The Board of Directors of the Company has approved this Management Discussion and Analysis. Additional information is available on the Company's website, www.goldrea.com, or on the SEDAR website, www.sedar.com.