VIKING GOLD EXPLORATION INC.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2013

A) GENERAL:

This Management Discussion and Analysis ("MD&A") document prepared as of May 23, 2013, should be read together with the annual financial statements of **Viking Gold Exploration Inc.** (hereafter "**the Company**" or "**Viking Gold**") for the three months ended March 31, 2013, which are prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS") in accordance with IAS 34 ("Interim Financial Reporting"). Readers should also read the Company's most recent annual audited financial statements for the year ended December 31, 2012.

All amounts herein are expressed in Canadian dollars, and are based on the Company's IFRS accounting policies, unless otherwise indicated.

The address of the Company's registered head office is #2B – 2900 John Street, Markham, Ontario, Canada, L3R 5G3. Additional information about Viking Gold is available on the SEDAR website at www.sedar.com and on the Company's website at www.vikinggold.ca.

B) OVERVIEW AND CONTINUANCE OF OPERATIONS:

Overview

Viking Gold Exploration Inc. is incorporated under the laws of the Province of Ontario and is a junior exploration company engaged in mineral exploration in Canada. It is a reporting issuer in the Provinces of Ontario, Newfoundland and Labrador, British Columbia and Alberta, and is a Tier-2 listed company on the TSX Venture Exchange ("TSX-V"), trading under the symbol **VGC**.

There has been no determination whether the Company's properties contain mineral reserves that are economically recoverable. The Company has not earned significant revenue and is considered to be an exploration stage entity. Further details of the Company's projects and underlying properties are set out in the MD&A section "E) Exploration and Evaluation Assets".

Continuance of Operations

During the three months ended March 31, 2013, the Company had an operating loss of $130,221 and an accumulated deficit of $7,711,295 as at March 31, 2013, and it has not generated positive cash flow from operations. As at March 31, 2013, the Company also had a working capital deficiency of $185,340 and an estimated flow-through expenditure obligation of approximately $558,000. Accordingly, continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes that sufficient working capital will be obtained from external financing to meet the Company's current and future liabilities and commitments as they become due, though there is a significant risk that additional financing may not be available on a timely basis or on terms acceptable to the Company. See also MD&A section "I) Liquidity and Capital Resources – Forward-looking Strategy".

B) OVERVIEW AND CONTINUANCE OF OPERATIONS (Continued):

Continuance of Operations (Continued)

The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material. As a result of the financial matters discussed in the preceding paragraph, there is significant doubt regarding the ultimate applicability of the Company's going concern assumption.

C) RISKS AND UNCERTAINTIES:

The Company is primarily involved in gold exploration, an inherently high-risk activity. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

Exploration is also capital intensive and the Company has no funding mechanism other than equity financings (including private placements and exercises of common share purchase warrants and common share purchase options) and potential financial arrangements with other mineral exploration companies.

Market risk and environmental risk are additional risks the Company faces. Market risk is the risk of depressed metals prices, particularly gold. The Company is dependent on capital markets to fund exploration, development and general working capital requirements and a period of depressed gold prices might make access to investment capital more difficult. Environmental regulations affect the cost of exploration and development as well as future mining operations.

The skills of management and staff in mineral exploration and raising capital serve to mitigate these risks. The ability of the Company to continue operations into the future is dependent upon continuing to obtain favourable results from its exploration activities, which will affect its ability to raise funds and to attract potential exploration partners. In addition, there is also a risk that existing exploration partners may be unable to meet their financial obligations, which could delay resource projects and possibly place additional stress on the Company's cash resources.

D) FORWARD-LOOKING STATEMENTS:

This MD&A may contain certain forward looking statements relating to, but not limited to, the Company's operations, exploration plans, anticipated equity financing, business prospects and strategies. Forward looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors as identified under "Risks and Uncertainties" above, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include financial market conditions and economic, competitive, regulatory and business conditions. The Company updates its forward-looking statements at future dates based on outcomes not presently known and as such, readers should not place undue reliance on forward-looking statements.

E) EXPLORATION AND EVALUATION ASSETS:

Description of Properties

During the three months ended March 31, 2013, the Company acquired one (1) mineral property interest in Quebec. Below is a summary of the Company's seven (7) active properties.

Properties	Year acquired	Ref.	Current mineral tenure	# of claims *
Venton Lake, ON	2011	i)	Claims, under option to the Company which may earn a 100% interest	13
Larose, ON	2011	ii)	Claims, under option by the Company to a third party which may earn up to a 50% interest	16
Total ON properties				29
Verneuil, QC				
Verneuil Central	2011	ii)	Claims; 70% undivided working interest **	22
Verneuil West	2011	ii)	Claims	20
Verneuil East	2011	ii)	Claims	9
				51
Guyenne, QC	2012	iii)	Claims, under option to the Company which may earn a 50% interest	7
Vent d'Or, QC	2013	iv)	Claims, under option to the Company which may earn a 100% interest	44
Total QC properties				102
Total active properties				131

ON = Ontario; QC = Quebec; NT = Northwest Territories

* The claim quantities for the QC properties have been updated, where necessary, to reflect the conversion in 2012 from "ground staking" to "map staking".

** Prior to December 31, 2011, the mineral tenure was disclosed as a joint venture; it is now disclosed as an undivided working interest.

In 2011, the Company recorded write-downs totalling $3,635,489 in respect of its six (6) inactive Morris Lake, NT properties. A full description of these properties can be found in the Company's annual audited IFRS financial statements for 2011. On March 31, 2013, the Company wrote off the remaining $6 nominal carrying value of these inactive properties.

Accounting Policy for Joint Arrangements

A portion of the Company's activities is conducted jointly with other parties wherein the Company enters into agreements that provide for specified percentage interests in mineral properties. Once the parties have earned their respective interests and undertake to conduct further acquisition, exploration or development through a joint venture or other legal arrangement, the Company determines the proper accounting treatment for its continued interest in the mineral property. Where the property is subject to the shared joint control of the parties, the Company discloses this relationship as "a joint venture" and applies proportionate consolidation accounting. Under this method of accounting, the Company's share of assets, liabilities, revenue and expenses are grouped with similar items in the Company's financial statements. Where shared joint control is not present, the Company discloses this relationship as being one of "undivided working interests" and instead recognizes its assets, liabilities, revenue and expenses and/or its relative shares thereof. In either case, costs incurred during earn-in periods remain capitalized and are added to amounts recorded under the new arrangement, subject to any overriding impairment tests.

E) EXPLORATION AND EVALUATION ASSETS (Continued):
Description of Properties (Continued)

A continuity schedule of the Company's exploration and evaluation (E&E) assets for the year ended December 31, 2012 and the three months ended March 31, 2013 follows. Additional information about the Company's active properties is presented thereafter.

	Balance, January 1, 2012	Expenditures for 2012	Balance, December 31, 2012	Expenditures for three months ended March 31, 2013	Write-offs for three months ended March 31, 2013	Balance, March 31, 2013
Acquisition costs						
Venton Lake, ON	$ 112,536	$ 79,250	$ 191,786	$ -	$ -	$ 191,786
Larose, ON	93,028	7,000	100,028	-	-	100,028
Verneuil, QC						
Verneuil Central	137,372	-	137,372	-	-	137,372
Verneuil West	93,926	-	93,926	-	-	93,926
Verneuil East	65,615		65,615	-	-	65,615
Guyenne, QC	-	62,675	62,675	-	-	62,675
Vent d'Or, QC	-	-	-	35,590	-	35,590
Active properties	502,477	148,925	651,402	35,590	-	686,992
Inactive properties						
Morris Lake, NT	5	-	5	-	(5)	-
Total properties	502,482	148,925	651,407	35,590	(5)	686,992
Deferred expl'n expenditures						
Venton Lake, ON	-	85,654	85,654	-	-	85,654
Larose, ON	179	-	179	-	-	179
Verneuil, QC						
Verneuil Central	718,829	14,011	732,840	-	-	732,840
Verneuil West	164,214	247,735	411,949	1,000	-	412,949
Verneuil East	98,177	20,279	118,456	-	-	118,456
Guyenne, QC	-	361,352	361,352	1,230		362,582
Vent d'Or, QC	-	-	-	-	-	-
Active properties	981,399	729,031	1,710,430	2,230	-	1,712,660
Inactive properties						
Morris Lake, NT	1	-	1	-	(1)	-
Total properties	981,400	729,031	1,710,431	2,230	(1)	1,712,660
Total expenditures						
Venton Lake, ON	112,536	164,904	277,440	-	-	277,440
Larose, ON	93,207	7,000	100,207	-	-	100,207
Verneuil, QC						
Verneuil Central	856,201	14,011	870,212	-	-	870,212
Verneuil West	258,140	247,735	505,875	1,000	-	506,875
Verneuil East	163,792	20,279	184,071	-	-	184,071
Guyenne, QC	-	424,027	424,027	1,230	-	425,257
Vent d'Or, QC	-	-	-	33,000	-	33,000
Active properties	1,483,876	877,956	2,361,832	37,820	-	2,399,652
Inactive properties						
Morris Lake, NT	6	-	6	-	(6)	-
Total properties	$ 1,483,882	$ 877,956	$ 2,361,838	$ 37,820	$ (6)	$ 2,399,652

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Description of Properties (Continued)

i) Venton Lake

On April 12, 2011, the Company signed a letter agreement in which it was granted an option to earn a 100% undivided interest in 13 mining claims located near Thunder Bay, Ontario known as “Venton Lake”. The agreement provides that the Company (as optionee) will earn a 100% interest in the property by making an initial $75,000 cash payment followed by three additional annual cash payments of $75,000 each from the “Effective Date” (of the transaction) which is defined as the date the TSX-V approves the transaction plus 10 days. Each respective cash payment is also to be accompanied by the issuance of the Company’s common shares to the optionor, as follows – 150,000 shares (initial – completed), 50,000 shares (after the first year – completed), 50,000 shares (after the second year) and 100,000 shares (after the third year), for a total of 350,000 shares.

Upon the exercise of the option, the optionor will retain a 2.5% net smelter return royalty (“NSR”) on output from the properties following the commencement of commercial production. For the period commencing on the date that is 60 months following the Effective Date and ending on the commencement of commercial production, the Company is required to pay an advance minimum royalty of $15,000 per year to the optionor within 30 days of the start of each year, which aggregate amounts shall be deducted from the subsequent 2.5% NSR payments. The Company may buy back up to one-fifth of the 2.5% NSR at a price of $500,000, for a period of 20 years from the Effective Date. The Company may abandon the option granted to it by giving 30 days notice prior to abandonment, provided that the mineral rights will be in good standing for at least six months following the date of abandonment.

The TSX-V approved the Venton Lake transaction on April 26, 2011 and the transaction closed on September 19, 2011.

On April 26, 2012, the Company issued 50,000 common shares as a share-based option payment for the Venton Lake property. The fair value of the shares issued was $4,250. On May 24, 2012, the Company also paid $30,000 towards its first annual $75,000 cash option payment, and was granted an extension by the optionor to pay the $45,000 balance by August 31, 2012. On August 27, 2012, the Company completed the necessary payment.

ii) Verneuil and Larose

On May 10, 2011, the Company signed a property sale agreement with Freewest Resources Canada Inc. (“Freewest”), a wholly owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF), in which it agreed to acquire a 70% undivided working interest in the Verneuil property (“Verneuil Central”) and a 100% undivided interest in the Larose property (“Larose”), in exchange for a combined share-based payment of 1,000,000 common shares (valued at the $200,000 fair value of the shares issued) and a 0.5% NSR on each property.

Verneuil Central is comprised of 22 claims in Verneuil Township in the Abitibi region of Quebec. The other 30% interest in Verneuil Central is held by Golden Tag Resources Ltd. (“Golden Tag”). Larose is comprised of 16 claims in Moss Township in Northwestern Ontario. Verneuil Central is subject to an existing 1% NSR and Larose to an existing 3% NSR. The NSR's described herein apply to all minerals in perpetuity.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Description of Properties (Continued)

ii) Verneuil and Larose (Continued)

On June 7, 2011, the Company signed a letter agreement with other parties in which it agreed to acquire "Verneuil East", a 100% undivided interest in 9 mining claims located immediately east of Verneuil Central, in exchange for cash of $20,000 (paid), a share-based payment of 200,000 common shares (issued) and a 2% NSR in perpetuity. The Company may re-purchase half of the 2% NSR for $1,000,000 at any time.

On June 13, 2011, the Company signed a letter agreement with other parties in which it agreed to acquire "Verneuil West", a 100% undivided interest in 20 mining claims located immediately west of Verneuil Central, in exchange for cash of $30,000 (paid), a share-based payment of 300,000 common shares (issued) and 150,000 warrants (issued and exercisable at a price of $0.30 for 2 years), and a 2% NSR in perpetuity. The Company may re-purchase half of the 2% NSR for $1,000,000 at any time.

The TSX-V approved the Verneuil/Larose transaction on May 27, 2011 and the Verneuil East and West transactions on June 21, 2011. These three transactions closed on June 28, July 20 and June 29, 2011, respectively.

The Company and Golden Tag agreed that Golden Tag is not required to contribute financially towards deferred exploration expenditures incurred on the Verneuil Central property prior to January 1, 2012. For the year ended December 31, 2012, the parties further agreed that Golden Tag's share of the Verneuil Central exploration expenditures was $100,000. As at December 31, 2012, this amount had been received and is therefore recorded as a reduction of deferred exploration expenditures (i.e. included in the $14,011 net deferred exploration expenditure for Verneuil Central in the continuity schedule for 2012).

On December 8, 2011, the Company entered into an option agreement with Golden Share Mining Corporation ("Golden Share") whereby Golden Share may earn up to a 50% interest in the Larose property. Under the terms of the agreement, Golden Share agreed to issue: (i) 100,000 shares to the Company on the later of execution of the agreement and TSX-V approval (received with an assigned value of $8,500) and (ii) an additional 100,000 shares on the first anniversary date of the agreement (received with an assigned value of $3,000 on December 13, 2013). Golden Share also agreed to spend $200,000 in the first year of the agreement on exploration of the property (completed) plus another $150,000 in each of years two and three of the agreement. The parties agreed that at the time they become 50/50 owners in the property, they would enter into a joint venture agreement with Golden Share as the operator.

On December 18, 2012, the parties amended the December 8, 2011 option agreement to allow Golden Share to extend the second year commitment by one year (i.e. to December 8, 2014), and move the third year commitment into a fourth year (i.e. which ends on December 8, 2015). Golden Share also agreed to pay $5,000 of a June 2013 $10,000 advance royalty payment, which the Company is responsible for. Golden Share has agreed to keep the property in good standing while the option agreement, as amended, is in effect.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Description of Properties (Continued)

iii) Guyenne

On August 29, 2012, the Company entered into an option agreement with Globex Mining Enterprises Inc. (TSX:GMX, hereafter "Globex") to earn a 50% interest in the 7 claims known as the Guyenne Property. The claims are situated approximately 40 kilometres northwest of Amos, Quebec, which is northwest of Val-d'Or in the Abitibi Mining District.

Under the terms of the option agreement, the Company will pay a total of $105,000 cash and issue 550,000 common shares to Globex as follows – (i) an initial payment of $20,000 and 150,000 shares, representing the minimum commitment (completed); (ii) $25,000 and 150,000 shares on or before the first anniversary date; and (iii) $60,000 and 250,000 shares on or before the second anniversary date. In addition, the Company is required to spend a minimum of $1,500,000 exploring the claims, as follows – $250,000 in the first year (completed); $250,000 in the second year; and $1,000,000 in the third year.

The TSX-V approved the Guyenne transaction on September 18, 2012. The transaction closed on September 19, 2012. The Company also agreed to issue 100,000 common shares as a finder's fee on the closing of the option agreement. These shares were issued on October 3, 2012 at an assigned value of $10,500.

iv) Vent d'Or

On March 4, 2013, the Company entered into an option agreement to earn a 100% undivided interest in the Vent d'Or Property. Vent d'Or, which consists of 44 mineral claims, is located southwest of the town of Chibougamau in the Druillettes and Hazur Townships in Central Quebec.

Under the terms of the option agreement, the Company will pay a total of $90,000 cash and issue 1,000,000 common shares to the optionor as follows – (i) an initial payment of $15,000 and 400,000 shares (completed on March 4 and 21, 2013, respectively); (ii) $30,000 and 300,000 common shares on or before June 1, 2014; and (iii) $45,000 and 300,000 common shares on or before June 1, 2015. In addition, the Company has agreed to grant a 2% NSR royalty to the optionor. The Company may acquire 50% of the NSR by making a payment of $1,000,000.

The TSX-V approved the Vent d'Or transaction on March 18, 2013 and the transaction closed on March 25, 2013.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Description of Properties (Continued)

v) Acquisition Costs Summary

Acquisition costs of exploration and evaluation assets for the year ended December 31, 2012 and the three months ended March 31, 2013 are summarized below. The values assigned to the common shares issued by the Company were based on the closing share price on the respective dates of issuance.

Properties	# of common shares issued	Value of common shares Issued	Cash payments due	Option payments rec'd	Legal and other	Totals
Year ended December 31, 2012:						
Venton Lake, ON	50,000	$ 4,250	$ 75,000	$ -	$ -	$ 79,250
Larose, ON	-	-	(1) 10,000	(2) (3,000)	-	7,000
Guyenne. QC	(3) 250,000	30,000	20,000	-	12,675	62,675
Acquisition costs for year	300,000	$ 34,250	$ 105,000	$ (3,000)	$ 12,675	$ 148,925
Three months ended March 31, 2013:						
Vent d'Or. QC	400,000	$ 18,000	$ 15,000	$ -	$ 2,590	$ 35,590

Comments:

(1) = advance royalty payment made pursuant to an existing 3% NSR

(2) = issue date fair value of shares of Golden Share received as option payments (see Notes 3b and 5)

(3) = includes finder's fee of 100,000 common shares (see Note 3c)

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Quebec Exploration Activities

HISTORICAL INFORMATION – VERNEUIL

- Freewest Activities.
  In the early 1990's, Freewest Resources Canada Inc. estimated, based on 10 drill holes intersecting the Toussaint Shear Zone (TSZ), historical gold reserves of approximately 188,000 tonnes with an average grade of 7.1 g/t Au. *(A qualified person has not done sufficient work to classify the historical estimate as current mineral resources; the Company is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.)*

  From 1991 to 1995, Freewest carried out a series of extensive exploration programs resulting in the discovery of several gold-bearing shear zones. These programs consisted of prospecting, geophysics, trenching and diamond drilling. Six mineralized zones were uncovered by trenching with several significant gold values. Freewest completed a series of 35 diamond drill holes intersecting the TSZ. The results and location of these zones are posted on the Company's website.

VIKING GOLD EXPLORATION PROGRAMS – VERNEUIL

- June 2011 – Summer exploration program at Verneuil (Central, East, West) to generate new exploration targets.
  The program included line cutting, followed by geological and geophysical surveys, stripping, trenching and channel sampling and finally diamond drilling. Assay results for the Company's Verneuil summer exploration program were presented in the Company's September 13, 2011 and November 15, 2011 press releases, copies of which may be found on the Company's website.

- October 2011 – Fall-winter drilling program at Verneuil (4500 m, 25 holes) as a follow-up to the 2011 summer exploration programs.
  On February 14, 2012, the Company announced that it had completed this drilling program distributed between 20 new drill holes and 2 holes from previous programs that were deepened. Sampling of drill core was completed by mid-January 2012 and most of the assay results were received by the end of February.

  Over 500 samples were submitted in Q1-2012 for re-assay by metallic sieve method (SCR) due to the coarse-gold nature of the mineralization as observed in several places. The original assay and re-assay results were mutually consistent. Several instances were also noted where the gold content increased significantly under SCR when compared to the original atomic absorption spectroscopy (AAS) method.

- November 2012 – Fall exploratory drill program at Verneuil West (1000 m, 7 holes) to explore the area west of the known Toussaint gold zone.
  The 2012 fall exploration drill program was completed prior to December 31, 2012 at a cost of approximately $208,000. On February 13, 2013, the Company announced that this work had produced no significant assay results.

  The Company plans to perform data compilation of the three Verneuil properties in 2013, with a view to developing a follow-up exploration program for 2014.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Quebec Exploration Activities (Continued)

VIKING GOLD EXPLORATION PROGRAMS – GUYENNE

- Historical drilling.
  Previous drilling on this property in 1988, performed by Abbey Exploration Inc., showed promising results including 0.173 ozt Au over 20.3 feet (5.38 g/t Au over 6.2 m) from hole #88-N-4.

- Fall-winter 2012 – Exploration work at Guyenne.
  In Q3-2012, the Company performed approximately $40,000 of initial exploration work on the Guyenne property. The Company further planned a 1200 m exploratory drill program for the Guyenne property in Q4-2012. The permit for this program was delayed until November 27, 2012 due to consultations with the First Nations.

  Based on the results from previous exploration programs, a general region of interest was first defined and covered with line cutting and geophysical surveys. In the fall of 2012, the northern part of the Property was mapped and prospected in detail. The exposed geology is composed of a gabbro/basalt assemblage, cut by several diorite and felsic dykes. Occasional centimetric to metric shear zones are present. The general geological trend is ESE-WNW. Samples collected during the mapping did not return significant Au values.

  The $260,000 drill program, completed in December 2012, was aimed at four target areas (TA) defined from the 2012 geophysical surveys and the results of past exploration. The program consisted of 13 holes for a total of 1515 metres of drilling. On February 11, 2013, the Company announced the most significant drilling results, as follows:

TA1	GP12-01	- from 13.0 to 14.0m:	1.36 g/t Au/1m
	GP12-01	- from 82.0 to 83.0m:	2.16 g/t Au/1m
TA1	GP12-04	- from 32.0 to 35.0m:	5.27 g/t Au/3m, incl. 27.23 g/t Au/0.5m
TA1	GP12-10	- from 52.0 to 53.0m:	11.3 g/t Au/1m
	GP12-10	- from 73.0 to 74.0m:	13.36 g/t Au/1m
	GP12-10	- from 79.0 to 80.12m:	1.29 g/t Au/1.12m
TA2	GP12-05	- from 93.0 to 94.0m:	1.35 g/t Au/1m
	GP12-05	- from 101.0 to 102.0m:	1.61 g/t Au/1m
	GP12-05	- from 124.0 to 125.0m:	0.98 g/t Au/1m
TA2	GP12-06	- from 29.3 to 30.35m:	1.58 g/t Au/1m
	GP12-06	- from 72.4 to 75.0m:	2.61 g/t Au/1m incl 8.25 g/t Au/0.6m
	GP12-06	- from 79.0 to 80.0m:	3.29 g/t Au/1m
	GP12-06	- from 89.0 to 90.0m:	2.19 g/t Au/1m
TA2	GP-12-07	- from 19.0 to 20.0m:	0.47 g/t Au/1m

  TA1 – North-central part of the property; 8 holes drilled
  TA2 – Northwest part of the property; 3 holes drilled
  TA3/TA4 – Southern part of the property; 4 holes drilled; completed to verify IP anomalies as well as Au mineralization intersected in isolated historical holes nearby (9.8 g/t Au/1.5m and 6.2 g/t Au over 0.6 m respectively). No significant Au values were intersected by drill holes GP-12-08/09.

- Fall-winter 2013 – Planned exploration work at Guyenne.
  Guyenne data compilation is planned for 2013, with a follow-up exploration program in 2014.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Quebec Exploration Activities (Continued)

VIKING GOLD EXPLORATION PROGRAM – VENT D"OR

- Summer-fall 2013 – Planned exploration work at Vent d'Or.
  The Company plans to conduct a 2013 summer exploration program at Vent d'Or consisting of line cutting, geological and geophysical surveys, and prospecting. If warranted, the Company will then utilize, either in the late summer or fall, mechanical stripping and trenching to test the targets defined by the summer surveys.

Ontario Exploration Activities

VIKING GOLD EXPLORATION PROGRAMS – VENTON LAKE

- Summer 2012 – Exploration work at Venton Lake.
  On June 27, 2012, the Company announced that it had completed an airborne magnetic survey over its Venton Lake claims which are located south of the "Ring of Fire" area in Northwestern Ontario. The survey work was performed under contract by Canadian Mining Geophysics Ltd. ("CMG") and consisted of one block totalling 511.6 line-kms with a line spacing of 100 m. The Company's preliminary assessment of the airborne survey results is presented below. A comprehensive technical analysis and interpretation of the results, by an independent consultant, was subsequently completed.

  Within the completed high-resolution magnetic survey, a number of isolated features were revealed that could represent ultramafic bodies containing minerals such as nickel, copper and platinum group elements. This includes a discrete 800 m strike length feature that appears to be coincident with similar features identified in the Wabassi area to the east. A second series of magnetic anomalies is located toward the western margin of the Company's survey with a strike length of 3.7 km and containing four discrete anomalies. Northern Shield is also conducting exploration to the west of these anomalies. In total there are six magnetic anomalies that could be related to ultramafic rocks similar to those intersected by Northern Shield on its Wabassi and Max Projects that surround the Company's ground. A shaded image of the total magnetic intensity (TMI) over the survey area, extracted from CMG's report dated June 12, 2012, is presented on the Company's website.

- Fall 2013 – Planned exploration work at Venton Lake.
  The Company plans to conduct a follow-up ground exploration program for Venton Lake in 2013, at a budgeted cost of approximately $100,000. This would consist of rock sampling, GPS georeferencing and additional airborne survey work.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Ontario Exploration Activities *(Continued)*

OPTIONED PROPERTY – LAROSE

Golden Share has commenced exploration of the Larose property under its option agreement with the Company. Golden Share has reported the following information on its website (www.goldenshare.ca), which was included in the Company's MD&A for Q1-2012:

"The sedimentary rock package and the association of the gold with syenitic type intrusives are very reminiscent of the Malartic and Timmins mining camps. Golden Share very much looks forward to working with the Viking team to further unlock the potential of this promising property."

Golden Share executed a fall 2011 campaign comprising geological reconnaissance, outcrop sampling, channel sampling, 73 km of line cutting and a ground magnetometer survey over the freshly cut grid. Highlights for this recent campaign are provided by channel sampling on the P1 trench located within the central part of the LSZ and which yielded 45.93 g/t Au over 3.1 m and 54.21 g/t Au over 1.4 m. The mineralization is hosted in sheared, very fine-grained metasediments showing local sericitization, silicification and carbonatization and quartz veinlets containing up to 20% sphalerite, 10% pyrite and 2% galena.

Golden Share subsequently completed a summer 2012 work program for the Larose property and has posted its technical results in a press release dated October 25, 2012 and also on its website. As previously explained in MD&A section E), part ii, the Company has granted a one-year extension to Golden Share in respect of its exploration commitment for the Larose property.

Recent Developments – Trilogy Mining Corporation, Uruguay

On November 15, 2012, the Company signed a non-binding letter of intent to acquire Trilogy Mining Corporation ("Trilogy"), a privately owned Canadian mineral explorer active in Uruguay.

Trilogy, through its wholly owned subsidiaries, owned the "Ecovent Projects", a mineral exploration property located in the Florida Greenstone belt in southwestern Uruguay. Trilogy held a 51% interest in an adjacent property, "Chamizo Project", with the right to increase its ownership to 80% by investing $350,000 on the property prior to September 30, 2015. Two other permits, Rincon and El Cuervo, were to be granted by the Uruguayan authorities and added to Trilogy's portfolio.

The Company proposed a share-for-share exchange with the shareholders of Trilogy, whereby the Company would issue 15,000,000 common shares from treasury in exchange for 100% of the shares of Trilogy. The Company's shares would be placed in escrow and released in three tranches – the first tranche of 5,000,000 shares on closing, the second tranche of 5,000,000 shares two months after closing, and the final tranche of 5,000,000 shares within ten days of the Trilogy subsidiary receiving a "prospecting permit" for the Ecovent Projects. The completion of the acquisition was conditional on the Company completing a private placement for a minimum of $300,000. The Company was also required to replace an existing $50,000 Cash Guarantee Environmental Bond within 12 months from the date of closing.

The parties intended to execute a definitive agreement after the completion of all necessary due diligence. The agreements and transactions contemplated were subject to the final approval of the TSX-V. The transaction was originally scheduled to close on January 31, 2013 assuming all conditions in the agreement were satisfied. Thereafter, the parties extended the planned closing date to April 30, 2013.

E) EXPLORATION AND EVALUATION ASSETS (Continued):

Recent Developments – Trilogy Mining Corporation, Uruguay (Continued)

On May 2, 2013, the Company announced that the parties had jointly agreed to allow their non-binding letter of intent to lapse. Legal fees expense for the three months ended March 31, 2013 includes approximately $15,000 attributable to the cancelled Trilogy transaction. Subsequent to March 31, 2013, the Company expensed/accrued additional Trilogy-related legal fees of $10,000.

Mineral Properties Advisory Committee

The Company identifies new exploration properties for acquisition through its Property Advisory Committee, whose members are presently Mr. Mackenzie Watson (Committee Chairman) and Mr. Rejean Gosselin. These members are investors of the Company, and are experienced and successful prospectors/geologists who are well known in the Canadian mining industry. In exchange for their participation on the Committee, these members periodically receive stock options. Background information on the members is presented on the Company's website.

Qualified Person

Mr. Pierre Poisson, P.Geo., is the Company's independent "Qualified Person" for its Quebec properties, as that term is defined in NI 43-101, and he has reviewed and approved the technical disclosures in this MD&A. In July and December 2012, Mr. Poisson's company, Muroc Inc., produced two detailed studies of the work completed to date on the Quebec properties along with recommendations for follow-up exploration. The Company's management is currently assessing these recommendations.

F) SELECTED FINANCIAL INFORMATION:

Selected comparative financial information for the Company, prepared under IFRS, is as follows:

	Three months ended March 31, 2013	Year ended December 31, 2012	Three months ended March 31, 2012
Financial Results for Period			
Additions to E&E assets - acquisition	$ 35,590	$ 148,925	$ -
Additions to E&E assets - exploration	2,230	729,031	101.910
Write-downs of E&E assets	(6)	-	-
Net increase in E&E assets	37,814	877,956	101,910
Stock-based compensation	2,000	10,000	-
Deferred income tax expense	-	20,000	-
Net (loss) and comprehensive (loss)	(130,221)	(420,763)	(81,809)
Basic and diluted (loss) per share	(0.002)	(0.006)	(0.001)
Dividends	-	-	-
	March 31, 2013	December 31, 2012	March 31, 2012
Financial Position As At			
Working capital (deficiency)	$ (185,340)	$ (40,555)	$ 383,070
E&E Assets	2,399,652	2,361,838	1,585,792
Total assets	2,584,271	2,983,293	2,096,698
Share capital and reserve	9,931,840	9,916,840	9,279,851
Deficit	(7,711,295)	(7,586,074)	(7,296,598)

G) QUARTERLY RESULTS:

Summarized quarterly results for the Company for the past eight quarters, prepared under IFRS, are as follows:

Quarter ended	March 31, 2013 (Q1)	December 31, 2012 (Q4)	September 30, 2012 (Q3)	June 30, 2012 (Q2)
Additions to E&E assets (a)	$ 37,820	$ 528,176	$ 129,133	$ 118,737
Deferred income tax (recovery)	-	20,000	-	-
Net (loss)	(130,221)	(159,613)	(72,865)	(106,476)
Basic and diluted (loss) per share	(0.002)	(0.002)	(0.001)	(0.002)

Quarter ended	March 31, 2012 (Q1)	December 31, 2011 (Q4)	September 30, 2011 (Q3)	June 30, 2011 (Q2)
Additions to E&E assets (a)	$ 101,910	$ 701,491	$ 298,914	$ 504,854
Deferred income tax (recovery)	-	(198,267)	(133,900)	(5,500)
Net (loss)	(81,809)	(3,133,132)	(861,978)	(139,072)
Basic and diluted (loss) per share	(0.001)	(0.050)	(0.013)	(0.002)

(a) Net of recoveries, but excluding write-offs/write-downs (see below)

The Company is involved in mineral exploration and has no operating revenues. The fluctuations in the quarterly loss are mainly due to the normal timing of expenditures, however, certain additional non-cash items may also have a significant impact. Examples include share-based compensation expense, write-downs of exploration and evaluation assets, and deferred income tax provisions.

Share-based compensation expense was recorded in the following quarterly periods: Q1-2013 – $2,000; Q4-2012 – $4,000; Q2-2012 – $6,000; Q4-2011 – $273,000; Q3-2011 – $231,000; Q2-2011 – $62,000.

Write-offs/write-downs of exploration and evaluation assets were recorded in the following quarterly periods: Q1-2013 – $6; Q4-2011 – $2,906,158; Q3-2011 – $657,331, as explained in MD&A section “E) Exploration and Evaluation Assets”.

Income tax (recovery) expense for each quarter is also disclosed above. In each of Q4-2011 and Q3-2011, the Company’s substantial income tax recovery was attributable to operating losses and the tax impact of write-downs of E&E assets, as reduced by income tax adjustments relating to flow-through shares.

H) RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2013:

Net Loss

Net loss of $130,221 for Q1-2013 was $48,412 higher than the Q1-2012 net loss of $81,809. The $48,412 increase in the quarterly net loss was due to: i) an increase in operating expenses of $27,248, plus ii) a decrease in other income, net, of $21,164, as outlined below.

Total Expenses and Operating Loss

Total expenses and operating loss of $127,215 in 2013 was $27,248 (27%) higher than the 2012 total expenses and operating loss of $99,967. The increase in total expenses and operating loss is further explained below:

Components of expenses, under IFRS		% change in expense	Three months ended March 31, 2013	Three months ended March 31, 2012	Increase (decrease) in expense
Management fees		+ 8	$ 43,373	$ 39,989	$ 3,384
Professional and regulatory fees	a)	+ 71	48,729	28.414	20,315
Office and administration	b)	+ 25	31,447	25,114	6,333
Depreciation		- 38	250	400	(150)
Claims management		-	1,050	1,050	-
Investigation of new properties	c)	- 93	366	5,000	(4,634)
Sub-totals before share-based compensation		+ 25	125,215	99,967	25,248
Share-based compensation	d)	-	2,000	-	2,000
Total expenses and operating loss		+ 27	$ 127,215	$ 99,967	$ 27,248

Some key explanations follow:

a) Increased legal fees in Q1-2013 of $12,603 mainly due to cancelled Trilogy transaction; also increased audit & accounting in Q1-2013 of $5,500 relating to an under-accrual as at year-end.
b) Increased office and administration expense in Q1-2013 of $6,333 – resulting from new investor relations fees of $15,000 in 2013, less decrease in new website development costs in 2013 of approximately $8,000, reduced related party rent of $1,080 in 2013, plus other net expense increases in 2013 of $413.
c) New industry consultant retained in Q1-2012 at a cost of $5,000; N/A in Q1-2013.
d) No options were granted/vested in Q1-2012; 50,000 options granted in Q1-2013.

Other Income (Expense)

Other expense, net of $3,006 in 2013 was $21,164 lower than 2012 other income, net of $18,158. The decrease in other income, net is further explained below:

Components of other income (expense), under IFRS		% change in income	Three months ended March 31, 2013	Three months ended March 31, 2012	(Decrease) increase in income
Interest income	e)	- 100	$ -	$ 408	$ (408)
Unrealized loss – investment	f)	- 200	(3,000)	(1,000)	(2,000)
Realized gain – investment	g)	- 100	-	18,750	(18,750)
Sub-totals before write-down of E&E assets		- 116	(3,000)	18,158	(21,158)
Write-off of E&E assets	h)	-	(6)	-	(6)
Other (expense) income, net		- 117	$ (3,006)	$ 18,158	$ (21,164)

Some key explanations follow:

e) Investment in flexible GIC's – no investment in Q1-2013, therefore no income.
f) Unrealized write-down of held-for-trading investment – larger negative fair-value adjustment in 2013 than 2012.
g) Sale of unquoted equity investment in 2012 for gross proceeds of $20,000, less carrying value of $1,250.
h) Write-off of Morris Lake properties nominal carrying values.

I) LIQUIDITY AND CAPITAL RESOURCES:

Liquidity

The Company has available cash and working capital resources as outlined below. The Company also has a flow-through expenditure commitment to be satisfied from available resources.

Under IFRS, as at	March 31, 2013	December 31, 2012	March 31, 2012
Cash and cash equivalents	$ 145,275	$ 500,124	$ 345,760
Working capital (deficiency) [includes cash and cash equivalents]	(185,340)	(40,555)	383,070
Flow-through expenditure commitment	558,000	560,000	620,000

Forward-looking Strategy

Management has identified that the Company's strategy for 2013 will be to attempt to raise additional capital of approximately $800,000 to $1,000,000 through private placements of common shares and investor warrants, in order to fund, on a balanced basis, existing exploration commitments, property option and other payments, share issue costs, operating activities and the replenishment of working capital.

However, given the current weakened state of the capital markets and the lower price of gold, the Company may not be able to exercise its desired strategy for 2013. This could lead to, for example, the Company allowing a property option agreement to lapse and recording a write-off of the related E&E asset. Alternatively, the Company could attempt to renegotiate an extension for a given property option agreement. In addition, the replenishment of working capital may take longer than planned.

It is also possible for the Company to raise additional monies through warrant and option exercises, if the price of its publicly traded common shares improves significantly. In this case, fewer funds would need to be raised through private placements.

The Company will require an additional private placement of shares and warrants in the second half of 2013 or in the first-half of 2014, in order to finance 2014 exploration.

Capital Resources

Shares Issued to Acquire Assets

Details of common shares issued by the Company in 2013 and 2012 to acquire exploration and evaluation assets, are disclosed in MD&A section "E) Exploration and Evaluation Assets".

Net Capital Resources Raised

In 2012, the Company raised total net capital resources of $691,217 (2011 – $1,126,331) from private placements and common share purchase warrant/option exercises. This amount is net of issue costs paid/payable in cash (but excludes the effect of other warrants issued and recorded as transaction costs, and also deferred tax benefits). Further details follow.

Private Placements

The Company participates in capital resource transactions with investors and others to raise funds for exploration and working capital purposes. This may include private placements and exercises of share purchase warrants and stock options.

I) LIQUIDITY AND CAPITAL RESOURCES (Continued):

Capital Resources (Continued)

Private Placements (Continued)

In 2012, there were three private placements, details of which follow.

On October 26/31, 2012, the Company completed a first non-brokered private placement of 656,000 units at a price of $0.60 each for total gross proceeds of $393,600. Each unit consisted of four flow-through and one non-flow-through common shares and two and one-half common share purchase warrants, each whole warrant entitling the holder to purchase one additional non-flow-through common share at a price of $0.17 per share for a period of 24 months from the closing of the offering. The 3,280,000 common shares and 1,640,000 investor warrants issued were subject to a 4-month restricted period.

Of the common shares issued in this first 2012 private placement, 2,624,000 (i.e. 80%) were flow-through shares. Issue costs were $42,753 and 212,100 broker warrants were also issued in connection with this offering. The $8,000 value assigned to these broker warrants was calculated using the Black-Scholes pricing model, and recorded as a transaction cost reducing both share capital and deficit.

On December 31, 2012, the Company completed a second non-brokered private placement of 525,000 units at a price of $0.60 each for total gross proceeds of $315,000. Each unit consisted of four flow-through and one non-flow-through common shares and two and one-half common share purchase warrants, each whole warrant entitling the holder to purchase one additional non-flow-through common share at a price of $0.17 per share for a period of 24 months from the closing of the offering. The 2,625,000 common shares and 1,312,500 investor warrants issued are subject to a 4-month restricted period.

Of the common shares issued in this second private placement, 2,100,000 (i.e. 80%) were flow-through shares. Issue costs were $33,430 and 183,750 broker warrants were also issued in connection with this offering. The $9,000 value assigned to these broker warrants was calculated using the Black-Scholes pricing model, and recorded as a transaction cost reducing both share capital and deficit.

On December 31, 2012, the Company completed a third non-brokered private placement of 500,000 units at a price of $0.10 each for total proceeds of $50,000. Each unit consisted of one non-flow-through common share and one common share purchase warrant, each warrant entitling the holder to purchase one additional non-flow-through common share at a price of $0.15 per share for a period of 24 months from the closing of the offering. The 500,000 common shares and 500,000 investor warrants issued are subject to a 4-month restricted period.

No private placements were initiated during the three months ended March 31, 2013.

Common Share Purchase Warrants Exercised

On October 23, 2012, the Company received proceeds of $6,000 from the exercise of 75,000 other warrants at $0.08 per share. On November 2, 2012, the Company received proceeds of $2,800 from the exercise of 35,000 other warrants at $0.08 per share.

No investor or other warrants were exercised during the three months ended March 31, 2013.

I) LIQUIDITY AND CAPITAL RESOURCES (Continued):

Capital Resources (Continued)

Investor Warrant Extensions and Acceleration

In October 2012, the Company applied for and received TSX-V approval for the six-month extension of 3,750,000 warrants from November 2, 2012 to May 2, 2013 ("E1"). In December 2012, the Company applied for and received TSX-V approval for the six-month extension of 3,000,000 warrants from December 31, 2012 to June 30, 2013 ("E2"), and 13,654,000 warrants from January 25, 2013 to July 27, 2013 ("E3").

The Company has the right to accelerate the expiry of the unexercised 13,654,000 investor warrants, which otherwise expire on July 27, 2013, if the Company's stock trades over $0.30 for 30 consecutive days.

Stock Options Granted

On February 9, 2012, the Company granted a total of 150,000 options to a consultant. These vested immediately.

On February 7, 2013, the Company granted 50,000 new options to an officer. The new options, which vested immediately, have a five-year term and an exercise price of $0.12 each. The grant date fair value of these options was $2,000.

Stock Options Exercised/Expired

No options were exercised during the year ended December 31, 2012 or the three months ended March 31, 2013.

On January 26, 2012, 150,000 vested options expired unexercised. The grant date fair value of these options was $14,857. On May 28, 2012, 200,000 vested options expired unexercised. The grant date fair value of these options was $32,478.

On January 8, 2013, 50,000 options, held by an officer, expired unexercised. The grant date fair value of these options was $5,000.

Events Occurring After March 31, 2013

On April 9, 2013, an aggregate total of 550,000 options, held by directors, officers and consultants, expired unexercised. The grant date fair value of these options was $45,833.

On May 1, 2013, an aggregate total of 900,000 options were granted to directors, officers and a consultant. These new options have a five-year term and an exercise price of $0.10 each. The grant date fair value of these options was $15,000

Off-Balance Sheet Arrangements

The Company has no off-balance sheet financing arrangements.

J) SHARE DATA:

The Company's share data as at March 31, 2013 with a roll-forward to May 23, 2013, the date of this MD&A, is as follows:

Share data, under IFRS	As at March 31, 2013	Transactions after March 31, 2013	As at May 23, 2013
Common shares outstanding	77,784,369	-	77,784,369
Potential issuance of common shares			
Common share purchase warrants	28,549,851	(1) (3,750,000)	24,799,851
Common share purchase options	6,850,000	(2) 350,000	7,200,000
Fully diluted number of common shares outstanding	113,184,220	(3,400,000)	109,784,220

Transactions Occurring After March 31, 2013

(1) On May 2, 2013, 3,750,000 investor warrants expired unexercised.

(2) On April 9, 2013, 550,000 options expired unexercised. On May 2, 2013, an aggregate total of 900,000 options were granted to directors, officers and a consultant.

Potential Issuance of Common Shares

The schedule above excludes the effects of the potential issuance of 950,000 common shares that the Company may issue in future periods, in respect of existing property option agreements as explained in MD&A section "E) Exploration and Evaluation Assets".

Outstanding Common Share Purchase Warrants

The Company's outstanding common share purchase warrants are as follows:

Expiry date(s)	Term (yrs.)	Exercise price	As at March 31, 2013	Transactions after March 31, 2013	As at May 23, 2013
May 2, 2013	2.5 *	$0.15	3,750,000	(1) (3,750,000)	-
June 30, 2013	3.5 *	$0.20	3,000,000	-	3,000,000
July 27, 2013	3.5 *	$0.20	13,654,000	-	13,654,000
June 29, 2013	2 **	$0.30	150,000	-	150,000
Nov./Dec. 2013	2 *	$0.20	3,495,834	-	3,495,834
Nov./Dec. 2013	2 **	$0.20	651,667	-	651,667
October 2014	2 *	$0.17	1,640,000	-	1,640,000
October 2014	2 **	$0.12	212,100	-	212,100
December 31, 2014	2 *	$0.17	1,312,500	-	1,312,500
December 31, 2014	2 **	$0.12	183,750	-	183,750
December 31, 2014	2 *	$0.15	500,000	-	500,000
Total warrants			28,549,851	(3,750,000)	24,799,851

* = investor warrants ** = other warrants (i.e. issued to non-investors)

The 24,799,851 outstanding warrants have a weighted-average exercise price of $0.195 each.

J) SHARE DATA (Continued):

Outstanding Common Share Purchase Options

The Company's outstanding and exercisable common share purchase options are as follows:

Expiry date	Exercise price	As at March 31, 2013		Transactions after March 31, 2013	As at May 23, 2013
April 9, 2013	$0.16	550,000	(2)	(550,000)	-
September 12, 2013	$0.115	100,000		-	100,000
February 4, 2015	$0.11	650,000		-	650,000
October 6, 2015	$0.125	1,200,000		-	1,200,000
November 15, 2015	$0.17	700,000		-	700,000
May 17, 2016	$0.24	300,000		-	300,000
September 12, 2016	$0.17	1,675,000		-	1,675,000
December 8, 2016	$0.20	1,475,000		-	1,475,000
February 9, 2017	$0.175	150,000		-	150,000
February 9, 2018	$0.175	50,000		-	50,000
May 1, 2018	$0.10	-	(2)	900,000	900,000
Total options		6,850,000		350,000	7,200,000

The 7,200,000 outstanding options have a weighted-average exercise price of $0.157 each.

K) RELATED PARTY TRANSACTIONS:

The Company considers its related parties to consist of the Company's key management personnel (e.g. officers, directors and advisory committee members) and companies related to such individuals.

Summary of Related Party Transactions

Details of the Company's transactions with key management personnel and their related companies, for the three months ended March 31, 2013 and 2012, are as follows:

	2013	2012
Statements of Financial Position		
Evaluation and exploration assets – capitalized during period		
Legal fees – officer's law firm, capitalized to acquisition costs	$ 2,590	$ -
Geology fees – advisory committee members, capitalized to deferred exploration expenditures	2,000	-
	$ 4,590	$ -
Statements of Loss and Comprehensive Loss		
Management fees – officers' companies	$ 43,373	$ 39,989
Website development fees – officer's company	-	3,995
Rent – officer/director	5,250	6,330
Legal fees – officer's law firm	21,417	8,814
	70,040	59,128
Share-based compensation – officer (Note 7e)	2,000	-
Total expense	$ 72,040	$ 59,128

The Company's officers receive fees through their companies pursuant to fee-for-service arrangements in lieu of salaries. The Company's board of directors approves these fees and all share-based compensation.

Related Party Balances

Amounts receivable as at March 31, 2013 (see Note 6) includes $10,000 (December 31, 2012 – $10,000) due from the President's company. This amount is non-interest bearing and without fixed terms of repayment. On April 30, 2013, a $4,000 repayment of this balance was made to the Company.

Trade and other payables as at March 31, 2013 includes amounts due to related parties of $71,189 (December 31, 2012 – $42,356) consisting of amounts owed to officers and their companies/law firm (see Note 9) and advisory committee members. These related party liabilities are unsecured, non-interest bearing and due within 30 days.

L) FINANCIAL RISK FACTORS:

Financial Instruments

The Company's financial instruments consist of financial assets and liabilities as outlined below.

	March 31, 2013	December 31, 2012
Statements of Financial Position		
Financial assets		
FVTPL – Held for trading		
Investment	$ 5,000	$ 8,000
Loans and receivables		
Amounts receivable	22,146	107,410
Cash	145,275	500,124
	167,421	607,534
Total financial assets	$ 172,421	$ 615,534
Financial liabilities		
Other financial liabilities		
Trade and other payables	$ 294,726	$ 583,527
(Deficiency) excess of financial assets over financial liabilities	$ (122,305)	$ 32,007

As at March 31, 2013, the carrying values and fair values of the Company's financial instruments are approximately the same. In addition, the Company's financial instruments that are carried at fair value consist of a FVTPL investment, classified as "Level 1", within the fair value hierarchy.

Financial Risks

Risk exposures and the impact on its financial instruments are summarized below.

Credit Risk

The Company's financial assets are exposed to some credit risk. The Company has no significant concentration of credit risk arising from operations.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2013, the Company has a cash balance of $145,275 (December 31, 2012 – $500,124) to settle trade and other payables of $294,726 (December 31, 2012 – $583,527).

All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is also committed to spending an additional $558,000 (December 31, 2012 – $560,000) on qualifying Canadian exploration expenditures prior to January 1, 2014 (December 31, 2012 – January 1, 2013).

Based on the information contained in the two preceding paragraphs, the Company presently assesses its liquidity risk as "significant."

L) FINANCIAL RISK FACTORS (Continued):

Financial Risks (Continued)

Market Risk

The Company's market risk has three components – interest rate risk, foreign currency risk and price risk.

i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to periodically invest excess cash in guaranteed investment certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

ii) Foreign currency risk

The Company's functional currency is the Canadian dollar and all purchases are transacted in Canadian dollars. The Company has no foreign operations and thus has no foreign exchange risk derived from either currency conversions or from holding foreign currencies. The Company does not speculate in the foreign currency market nor does it have any need to acquire foreign currency hedges.

iii) Price risk

The Company is exposed to some price risk with respect to commodity prices; however, this is limited since the Company is not a producing entity. The Company closely monitors commodity prices to determine its appropriate course of action.

Derivatives Risk

The Company's investor warrants are equity instruments and not financial liabilities or financial derivatives. The Company has not used any hedging or financial derivatives.

c) Sensitivity Analysis

Management believes that sensitivity analysis on the Company's financial instruments is presently unnecessary, since any changes in interest rates and commodity prices are unlikely to have a material effect on the Company's financial instruments.

M) COMMITMENTS AND CONTINGENCIES:

Flow-through Shares

As at March 31, 2013, the Company is committed to incur, on a best efforts basis, $566,880 in qualifying Canadian exploration expenditures pursuant to two 2012 private placements for which flow-through share proceeds had been received and renounced to investors with an effective date of December 31, 2012. As at March 31, 2013, the Company had incurred qualifying expenditures of approximately $9,000; accordingly, the Company must incur approximately $558,000 of qualifying expenditures prior to January 1, 2014.

The Company believes that it has incurred sufficient qualifying expenditures to satisfy its December 31, 2011 and prior flow-through share commitments.

The Company has agreed to indemnify the subscribers of its flow-through shares for tax-related amounts that become payable by them, if the Company fails to meet it expenditure commitments.

Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations and has made, and expects to make in the future, appropriate expenditures to comply with such laws and regulations.

N) NEW IFRS ACCOUNTING STANDARDS:

The Company has adopted eight (8) new IFRS standards, amendments and interpretations to existing standards as of January 1, 2013. In addition, the Company plans to adopt two (2) other new IFRS standards on their official effective dates.

Details of the ten (10) new IFRS standards are outlined below.

New IFRS standard	Description	Status
• Amendments to IFRS 7 – Disclosures of Offsetting Financial Assets and Liabilities (issued December 2011)	The standard was amended to improve offsetting rules and related disclosures for financial instruments	Adopted on January 1, 2013
• IFRS 10 – Consolidated Financial Statements (issued May 2011)	The standard provides a new definition of control, which is intended to provide more consistent guidance in the determination of whether control exists to justify consolidation of investees.	Adopted on January 1, 2013
• IFRS 11 – Joint Arrangements (issued May 2011)	The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.	Adopted on January 1, 2013

N) NEW IFRS ACCOUNTING STANDARDS (Continued):

New IFRS standard	Description	Status
• IFRS 12 – Disclosure of Interests in Other Entities (issued May 2011)	The standard sets out disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.	Adopted on January 1, 2013
• IFRS 13 – Fair Value Measurement (issued May 2011)	The standard provides guidance on measuring fair value when required by other IFRS's.	Adopted on January 1, 2013
• Amendments to IAS 1 – Presentation of Financial Statements (issued June 2011)	The standard was amended to align the presentation of items in other comprehensive income with U.S. standards.	Adopted on January 1, 2013
• Amendments to IAS 27 – Separate Financial Statements (issued May 2011)	The standard addresses accounting and disclosure for investments in subsidiaries, joint ventures and associates in separate financial statements.	Adopted on January 1, 2013
• Amendments to IAS 28 – Investments in Associates and Joint Ventures (issued May 2011)	The standard establishes accounting principles for investments in associates under significant influence. It sets out the equity method of accounting for investments in associates and joint ventures.	Adopted on January 1, 2013
• Amendments to IFRS 7 – Related amendments to IAS 32 (issued December 2011)	The standards were amended to improve offsetting rules and related disclosures for financial instruments	To be adopted on January 1, 2014
• IFRS 9 – Financial Instruments (issued November 2009 and revised October 2010)	The existing standard was expanded in 2010 to include guidance on the classification and measurement of financial liabilities.	To be adopted on January 1, 2015 (extended from January 1, 2013)

The adoption of the eight (8) new IFRS accounting standards did not result in any material changes in the Company's Condensed Interim Financial Statements for the three months ended March 31, 2013 as compared to previous IFRS interim periods.

Management is currently assessing the impact of adopting the final two proposed new standards on the Company's financial reporting.