MUSKRAT MINERALS INCORPORATED

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2013

The following is a discussion of the unaudited consolidated financial condition and results of operations of Muskrat Minerals Incorporated ("MMI" or "the Corporation") for the three and nine months ended March 31, 2013. This discussion and analysis should be read in conjunction with the Corporation's unaudited condensed consolidated financial statements and the related notes thereto for the period then ended and the audited consolidated financial statements for the fiscal year ended June 30, 2012.

The Corporation principle asset is an indirect 41.1% (29.9% at June 30, 2012) interest in Grand River Ironsands Inc., which in turn owns 77.5% (83.1% at June 30, 2012) of North Atlantic Iron Corporation ("NAIC"), a joint venture iron sands project in Labrador and Newfoundland. This investment has been recorded as a "Pooling of Interest" and is accounted for on an equity basis

The condensed consolidated financial statements for the three and nine months ended March 31, 2013 have been prepared in accordance with International Accounting Standards (IAS) 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). All references to dollars are in Canadian funds unless otherwise indicated.

Additional information about MMI can be found on SEDAR at www.sedar.com and on the Canadian National Stock Exchange Disclosure Hall at www.cnsx.ca

This MD&A is dated as of May 27, 2013 and contains discussion of material events up to and including that date.

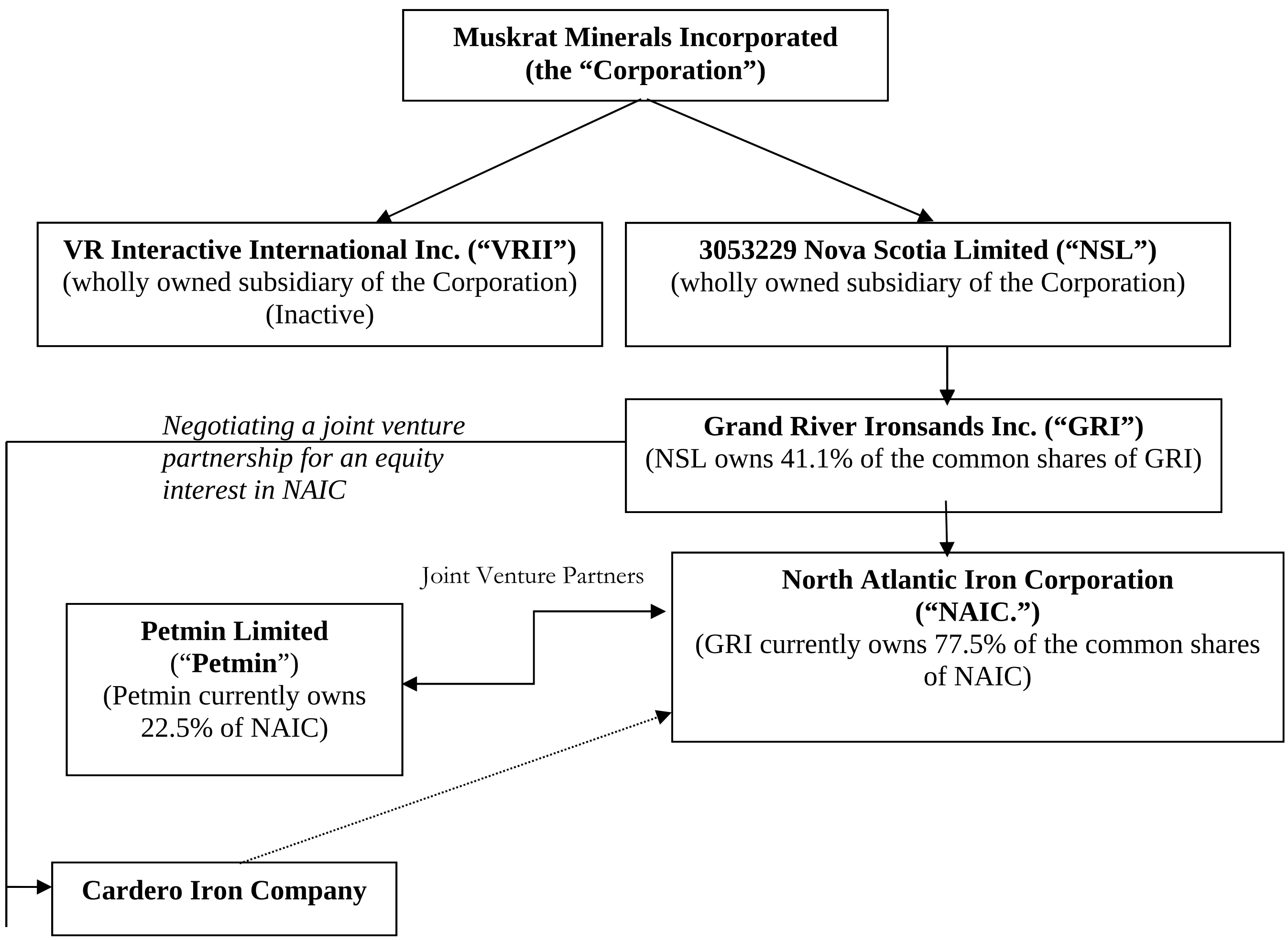
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion and analysis contains forward-looking statements which reflects management's expectations regarding the Corporation's future growth, results of operations, performance, and business prospects and opportunities. Although the forward-looking statements reflects management's current assumptions based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Corporation cannot be certain that actual results will be consistent with these forward looking statements. Forward-looking statements involve significant known and unknown risks, assumptions and uncertainties that may cause the Corporation's actual results, performance, prospects, and opportunities in future periods to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other things, market demand, commodity pricing, regulatory matters, currency risks, liability claims, integration of new operations, financing risks, and interest rate risks. Although the Corporation has attempted to identify important risks and factors that could cause actual results to differ materially from those described in the forward-looking statements, there may be other factors and risks that may cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results may differ materially from those anticipated in such statements. Certain factors that may impact operations are also discussed. Such comments will be affected by, and may involve, known and unknown risks and uncertainties that may cause the actual results of the Corporation to be materially different from those expressed or implied. Accordingly, readers should not place undue reliance on forward-looking statements. These forward looking statements are made as of the date of this MD&A and, except as required by law, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

CORPORATE OVERVIEW

MUSKRAT MINERALS INCORPORATED (the "Corporation") is a publicly listed Corporation, trading on the Canadian National Stock Exchange (the "CNSX"), with a ticker symbol "YYR". Headquartered in Toronto, Canada, the Corporation wholly-owns VR Interactive International Inc. ("VRII"), which is currently not operational, and 3053229 Nova Scotia Inc. ("NSL") which owns 41.1% (29.9% at June 30, 2012) of Grand River Ironsands Inc. ("GRI"). GRI in turn owns 77.5% (83.1% at June 30, 2012) of North Atlantic Iron Corporation ("NAIC"), which is a significant joint venture iron sands project in Newfoundland and Labrador. The Corporation is classified as a resource based company with a principal focus on industrial minerals and investment in mineral projects of interest. The Corporation's major goal is the maximization of the value of its investment in GRI and its joint venture project in Newfoundland and Labrador.

Below is a chart of the corporate structure of the Corporation and its wholly and partially owned subsidiaries, along with the current and potential joint venture partners:



SIGNIFICANT HIGHLIGHTS

During the three and nine months ended March 31, 2013, and to the date of this MD&A, MMI has significantly advanced its investment in Grand River Ironsands Inc. and indirectly in North Atlantic Iron Corporation.

- On July 20, 2012 Muskrat Minerals Incorporated (CNSX: YYR) concluded a share acquisition from two shareholders in the privately-owned GRI. In total, 2,380,017 shares in GRI were acquired for $1,190,009 by the Corporation, increasing its NSL subsidiary's ownership position in GRI from 6,900,000 shares (29.9% of GRI shares issued) to 9,280,017 shares (40.22%).

- On August 21, 2012 project partner Petmin Limited ("Petmin") of Johannesburg, South Africa, pursuant to the joint –venture agreement with GRI announced that the Corporation has increased its investment in NAIC by $4.5 million, or an additional 5.6% of the project, taking its overall stake to 22.5%.

- On August 31, 2012 the Corporation acquired an additional 195,000 shares of GRI increasing its NSL subsidiary's ownership from 40.2% (9,280,017 shares) to 41.1% (9,475,017 shares). The shares were acquired for an aggregate consideration of $136,500 from three unrelated shareholders of the privately-owned GRI.

- On April 7, 2013 Petmin advanced $2,000,000 against its commitment to invest an additional $6,000,000 in NAIC prior to June 30, 2013 for an additional 7.5% of the project. Once the additional $4,000,000 has been received Petmin's overall stake in the project will increase to 30%.

- Management continues to monitor the operations of its investment in Grand River Ironsands Incorporated (GRI) and to seek other investment opportunities.

CURRENT BUSINESS ACTIVITIES

The Corporation's 100% owned NSL Subsidiary has a 41.1% shareholding in GRI, a private company which was incorporated on March 24, 2001, in the Province of Nova Scotia, pursuant to the *Companies Act* (Nova Scotia). As of February 27, 2013, GRI has an 77.5% shareholding (undiluted and potentially 50.1% (fully diluted) in NAIC which is involved in the exploration and development of an iron sands project near Happy Valley-Goose Bay, NL, Canada.

GRI has assembled and secured 1,800 mineral claims covering 450 square kilometres (100% of claims under their previous control) in the area of Happy Valley-Goose Bay, Newfoundland and Labrador, Canada. GRI and its new subsidiary, NAIC, entered into a joint venture by a share purchase agreement dated September 15, 2010, as amended on August 22, 2011 with Petmin (JSE: PET and AIM: PTMN), a publicly traded mining company in South Africa. A Memorandum of Understanding with Cardero was signed on August 5, 2011. The summary details of the Joint Venture were publicly announced on November 18, 2011.

OVERVIEW OF NAIC

NAIC is the Joint Venture entity holding the mineral claim licenses for the mineral sands of the project near Happy Valley-Goose Bay and where Petmin invests its contributions. Since entering into the Joint Venture agreement with GRI Petmin has invested a total of US$11 million into NAIC and currently holds a 22.5% ownership position. Their latest investment was made on April 7, 2013 (US$2.0 million) against Petmin's commitment to advance an additional US $6.0 million in 2013, once the outstanding balance(US $4.0 million) has been received their ownership will increase to 30% of NAIC. Petmin has an option to acquire up to 40%

of NAIC for a total of US$25 million. (US$13 million has been advanced to the date of this MD&A) and, an additional option on a further 9.9% at a market-related price.

Operationally, progress has been made on a number of fronts.

The pilot separation plant in Happy Valley-Goose Bay was commissioned on August 13, 2012, to produce iron ore concentrate, 200 tonnes of which were transported to the United States in December 2012 as input into a significant smelting test. The partners of North Atlantic Iron Corporation (which includes Grand River Ironsands) hot commissioned their furnaces in Easton, PA and smelted their first iron sands briquettes (approximately 9000 lbs. of material) and produced over 2,600 pounds of hot metal on February 26, 2013. Advanced tests using different reductants (coal), continue to be assessed. The indications demonstrated that a wide range of coals – including metallurgical and thermal coals could be used in the process. This smelting process is a critical milestone and management, consultants and all concerned parties are ensuring that requirements and procedures necessary for a successful outcome are in place. These smelting tests will identify the grade of the pig iron to be produced, help define the project economics, and provide significant inputs into the future plant design and operation. In addition, it provides an opportunity to further assess the economic value of the slag, which may contain marketable titanium dioxide (TiO_2). Currently the schedule calls for the smelting tests to be completed and decisions on reductants and processes formulated prior to June 30, 2013.

The selection of a site for pig iron production has the most significant impact on the economics of the project. Among factors being considered are proximity to markets, access to a port with reasonable shipping time to Goose Bay, and the availability and price of power. These input factors contribute to approximately 60% of the cost of pig iron production. Several sites in the US and Canada have been asked to submit proposals for evaluation. The site selection process for locating the first plant has been progressing as scheduled with the preferred site(s) scheduled to be identified before the end of June, 2013. This will be important to establish a broader understanding of the costs to make pig iron.

The NI43 -101 compliant Preliminary Economic Assessment (PEA) which has been underway for the past 12 months is expected to be published before the end of Q4 2013. The PEA covers all aspects of the project including geology, hydrology, environmental, concentration, smelting, site selection and infrastructure requirements. The PEA will provide clarity on best methods for mining as well as beneficiation. Materials handling has also been an aspect of significance and those options are being reviewed. In addition, advanced discussions have been underway with regards to shipping solutions, port facilities, and the various components of the Preliminary Economic Assessment.

NAIC currently has an inferred resource of 594m tonnes of iron sands at 9.53 wt %, of which 37.46% is FE_2O_3, from which NAIC produces a 54% Fe concentrate, a quality feed-stock for high-purity pig iron production. An updated NI43-101 compliant statement published by SRK Consulting in February 2013 confirms an indicated resource of 334m tonnes with a further 260m tonnes in the inferred category. The tonnage has not been discounted for containing clay. The resource statement is based on just 3% of NAIC's 450 square km claim. Additionally, a summer 2013 drill program is being planned to further complement the existing resource targets and further assess economic advantages. During the next few months the company will direct efforts to better understanding the potential value of the other valuable minerals contained in the non-magnetic tailings (e.g. garnet, zircon, etc.) and better understand their economic potential.

A review of the relevant environmental regulatory process is complete and NAIC met in January 2013 with senior environmental officials for Newfoundland and Labrador. Canadian regulators require environmental registration shortly after the conclusion of the PEA. Environmental approval can be expected about a year after registration.

During 2012, NAIC undertook drilling of 21 holes to 40-50 metres in depth to better understand the resource at depth. Most of the 1000+ holes drilled to date have been averaging 10-12 metres in depth. The results from the deep drilling program are currently being processed at the Material Engineering Centre at Dalhousie University and should be available before the end of the June, 2013 and available for release shortly thereafter.

Tenova Group has been engaged since January 2012 on the conceptual design and pre-engineering report on the commercial size iron making plant. This will be the basis for efforts to move forward on permitting, financial modeling, completion of the feasibility report, and economic assessment. The report has been submitted for review and comment and a number of adjustments have been made. This report will continue to be refined over the coming months, as additional information becomes available. The details of this report will be made available, when the Preliminary Economic Assessment (PEA) is completed and released.

Stantec Engineers in Happy Valley-Goose Bay have been engaged to develop the strategy and approach for the environmental permitting and process for the mining operation in Happy Valley-Goose Bay. Community consultation and environmental registration will commence after TWP has completed and submitted its Preliminary Economic Assessment.

The next several months will be active for NAIC as they complete the resource measurement, smelting tests, conceptual plant design, site selection and Bankable Feasibility Study. The Corporation will work closely with NAIC and its partners to ensure milestones are met and will assist in any way to move the project to commercial success.

In addition, the Corporation may seek growth opportunities for Shareholders by investing in related projects in Newfoundland and Labrador, and/or by continuing to increase its ownership of GRI.

FINANCIAL SUMMARY

The major emphasis for the current fiscal year has been focused on increasing its investment in GRI and ensuring NAIC is being positioned for success. Management will continue to review emerging opportunities to preserve and enhance shareholder value. The following table summarizes results from operation for the three month period ended March 31, 2013 and the prior seven quarters. The operating results for any past period are not indicative of results for any future period.

Selected Quarterly Financial Data

	31-Mar 2013	31-Dec 2012	30-Sep 2012	30-Jun 2012	31-Mar 2012	31-Dec 2011	30-Sep 2011	30-Jun 2011
Revenue	-	-	-	-	-	-	-	-
Expenses								
Gen & Admin	39,911	303,729	46,685	168,725	90,114	11,280	11,290	7,602
Depreciation	216	232	249	268	288	309	333	358
Operating loss before under noted	**(40,127)**	**(303,961)**	**(46,934)**	**(168,993)**	**(90,402)**	**(11,589)**	**(11,623)**	**(7,960)**
Share of Loss in GRI	112,923	74,399	47,172	62,815	-	-	-	-
Interest expense	17	17	339	53	1,846	1,851	1,836	1,837
Net loss and comprehensive loss	**(153,067)**	**(378,377)**	**(94,445)**	**(231,861)**	**(92,248)**	**(13,440)**	**(13,459)**	**(9,797)**
Income (Loss) per share	($0.009)	($0.022)	($0.005)	($0.013)	($0.024)	($0.004)	($0.004)	($0.003)
Avg. Weighted Shares O/S	**17,251,015**	**17,251,015**	**17,251,015**	**17,251,015**	**3,830,437**	**3,372,917**	**3,372,917**	**3,372,917**

Overall performance for the three month and nine month period ended March 31, 2013

The following discussion addresses the operating results of the Corporation for the three month and nine month periods ended March 31, 2013. This discussion and analysis is qualified in its entirety by reference to and read in conjunction with the Corporation's unaudited consolidated financial statements for the three and nine months ended March 31, 2013, and the related notes thereto, as well as reference to the forward looking statements within this report.

Selected Consolidated Operating Results				
	Three Months Ended		Nine Months Ended	
	31-Mar-13 $'s	31-Mar-12 $'s	31-Mar-13 $'s	31-Mar-12 $'s
Revenue	-	-	-	-
Expenses				
Gen & Admin	39,911	90,114	390,325	112,684
Depreciation	216	288	696	930
Operating loss before under noted	**(40,127)**	**(90,402)**	**(391,021)**	**(113,614)**
Share of Loss in GRI	112,923	-	234,494	-
Interest	17	1,846	374	5,533
Net income (Loss)	**(153,067)**	**(92,248)**	**(625,889)**	**(119,147)**
Income (Loss) per share	(0.009)	(0.027)	(0.036)	(0.035)
Avg. Weighted Shares O/S	**17,251,015**	**3,372,917**	**17,251,015**	**3,372,917**

Results of continuing operations for the three and nine months ended March 31, 2013

Net loss for the three month period ended March 31, 2013, was $153,067 ($0.009 per share) compared to a net loss of $92,248 ($0.027 per share) for the prior year. On a year to date basis the net loss was $625,889 ($0.036 per share) compared to a loss of $119,147 ($0.035 per share) for the prior year. The major increase in the loss in both the three month and nine month periods ended March 31, 2013 was the result of the increase in operating costs resulting from the restructuring and reactivation of the Corporation in early 2012. In addition, the year to date loss includes a non-cash expenditure for option expense in the amount of $218,000. Also, the three month and year to date loss includes $112,923 and $234,494 respectively, which represents the Corporation share of the operating loss of GRI. There was no such loss in the prior year.

Revenue

The Corporation had no operational revenue for the three and nine months ended March 31, 2013, and does expect any significant revenues in the immediate future.

General and Administration

For the three month period ended March 31, 2013 the Corporation had General and Administrative Expenses of $39,911 compared to $90.114 in the comparable period in the prior year. On a year to date basis, the Corporation had General and Administrative Expenses of $390,325 compared to $112.684 for the comparable period in the prior year. The administration costs in the prior year quarter included non-recurring legal and restructuring costs. In addition, the year to date general and administrative expenses include $218,000 of share-based payment charges relating to options issued during the second quarter of fiscal 2013 compared to $nil in the comparative period of 2012.

Amortization

For the three and nine month periods ended March 31, 2013, the Corporation had amortization expenses of $216 and $696 respectively, compared to amortization expenses of $288 and $930 for the comparable periods in 2012.

Interest Expense

Interest expense for the three and nine month periods ended March 31, 2013 was $17 and $374 respectively as compared to $1,846 and $5,533 for the comparable periods in 2012. This decrease is attributable to the settlement of both long term debt and shareholders advances in fiscal 2012.

Provision for Income Taxes

The Corporation uses the liability method of tax allocation. Under this method, future tax assets and liabilities are recognized for the estimated tax recoverable or payable, which would arise if assets and liabilities were recovered and settled at the financial statement carrying amounts. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the quarters in which temporary differences are expected to be recovered or settled. Changes to these balances are recognized in income in the period in which they occur. No recognition of future income tax assets has been reflected in these financial statements as the Corporation has yet to achieve profitable operations.

Selected Consolidated Financial Information

Selected items from the consolidated Balance Sheets as at March 31, 2013, and audited consolidated Balance Sheets as at June 30, 2012 and March 31, 2011. This information should be read in conjunction with the consolidated annual audited financial statements for the 15 months ended June 30, 2012 and the unaudited condensed consolidated financial statements for the quarter ended March 31, 2013 and related notes.

Selected Consolidated Balance Sheet Items

	Q2 31-Mar-13 $'s	Year End 30-Jun-12 $'s	Year End 31-Mar-11 $'s
Cash	292,930	1,796,393	486
Accounts Receivable	4,972	23,448	-
Investment in associate	3,905,342	2,813,328	-
Accounts Payable	(27,775)	(50,547)	(43,591)
Directors and Shareholder advances	-	-	(1,395,453)
Shareholders Equity (Deficiency)	4,178,456	4,586,346	(1,433,319)

All monetary assets are located in Nova Scotia. Investment in associate consists of an equity investment in a Canadian private company whose operations are located in Newfoundland and Labrador.

Accounts payable of $27,775 at March 31, 2013 reflect current obligations and are comparable to June 30, 2012 year-end balance.

The increase in Investments is the result of the inclusion of the Corporation's share of the loss of GRI and the purchase of an additional 2,575,017 shares of GRI in two separate transactions as detailed in Corporate Overview on page 3. In addition, refer to Note 4 to the March 31, 2013 consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no revenue generating operations from which it can internally generate funds. To date, the Corporation's ongoing operations have been predominantly financed through sale of its equity securities by way of private placements and or shareholders loans and advances. There can no assurances that equity financing or other sources of capital will be available or available on terms acceptable to the Corporation if and when required.

At March 31, 2013 the Corporation's had cash on hand of $292,930 compared to $1,796,393 at June 30, 2012 year end. This decrease is directly associated with the acquisition of additional ownership in GRI during the quarter.

As at March 31, 2013, the Corporation had working capital of approximately $265,155 compared to a working capital of approximately $1,769,000 at June 30, 2012 year-end.

The Corporation expects that it will operate at a loss for the foreseeable future, but believes the current cash will be sufficient for it to complete discretionary activities, and fund its currently anticipated general and administrative costs, through the next 18 to 24 months.

The Corporation believes that outside sources for debt and additional equity capital, if needed, will be available to finance ongoing operations and expansion. The form of any financing will vary depending upon prevailing market and other conditions, and may include short or long-term borrowings from financial institutions, or the issuance of additional equity or debt securities. However, there can be no assurance that funds will be available on terms acceptable to the Corporation and its actions with respect to these activities will be guided accordingly.

Long-Term Debt

The Corporation had no long-term debt outstanding at March 31, 2013.

Shareholders' Equity

A summary of the Corporation's common shares outstanding as of quarter end March 31, 2013, year end June 30, 2012 together with changes during the periods ending on those dates are presented below.

COMMON STOCK ISSUED AND OUTSTANDING			
Authorized: Unlimited number of common shares without par value		Number of Shares	Amount
Issued and outstanding June 30,2012 and March 31, 2013		**17,251,015**	**$ 8,948,981**

Stock Options

Under the Corporation's employee stock option program, the Board of Directors may, at its discretion, grant options to purchase common shares to directors, officers, employees or consultants of the Corporation. At the Annual General Meeting of Shareholders ("AGM") held on November 30, 2012 shareholders approved the number of shares reserved for issuance under the Plan be increased to a maximum of 20% of the issued and outstanding shares, as of the record date, in accordance with the Stock Option Plan approved by Shareholders. However, only 10% can be issued to insiders of the Corporation. Vesting periods are determined by the Board of Directors at the time of the grant and can range up to 3 years from the date of the grant.

The Corporation has reserved 3,450,203 common shares pursuant to the stock option plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan. Compensation costs of options granted under the stock option plan are measured at the grant date, based upon a fair value of the award and is recognized over the related service period.

In July 2007, 237,500 options were granted to Directors, Officers, and employees under the stock purchase plan at an exercise price of $0.80. These options vested immediately. Upon the resignation of two directors of the Corporation in November and December of 2011 50,000 of these options expired. On July 27, 2012 the remaining 187,500 (post consolidation) options expired without being exercised.

On May 28, 2012, 144,000 options were granted to Directors and Officers under the stock purchase plan at an exercise price of $0.65. These options vested immediately.

On November 30, 2012, 450,000 options were granted to Directors and Officers under the stock option plan at an exercise price of $0.65. These options vested immediately.

A summary of the Corporation's outstanding stock option as of March 31, 2013 and changes during the period are presented below:

Continuity of Stock Options Issued and Outstanding		
	Number of Stock Options	Weighted Average Exercise Price
Balance June 30 2012	**331,500**	**$0.73**
Cancelled July 27, 2012	(187,500)	$0.80
Issued November 30, 2012	450,000	$0.65
Balance March 31, 2013	**594,000**	**$0.65**

Options outstanding at March 31, 2013 are as follows:

Grant Date	Expiry Date	Exercise Price	Issued 31-Mar-13	Exercisable 31-Mar-13
May 28, 2012	May 28, 2022	$0.65	144,000	144,000
November 30,2012	November 30, 2022	$0.65	450,000	450,000
Total			**594,000**	**594,000**

Continuity of Contributed Surplus the quarter ended March 31, 2013 and fiscal year end June, 30, 2012, are presented below:

Continuity of Contributed Surplus		
Balance June 30, 2012	**$**	**178,300**
Stock Compensation Expense		218,000
Balance March 31, 2013	**$**	**396,300**

The stock option expense for stock options granted on November 30, 2012 and included in the statement of operations is $218,000. The fair value of the option issued was estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions: risk free interest rates of 1.56%, dividend yield of nil, volatility factor of 100% and a weighted average expected life of the option of 5 years.

CRITICAL ACCOUNTING POLICIES

General

The accounting policies are as described in Note 2 to the unaudited consolidated financial statements for the nine months ended March 31, 2013.

Basis of Presentation and Consolidation

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). As the financial statements represent the Corporation's initial presentation of its interim results and financial position under IFRS and been prepared in accordance with International Accounting Standards (IAS) 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at March 31, 2013.

The acquisition of 3053229 Nova Scotia Limited ("NSL") has been accounted for as an asset acquisition, whereby the value attributed to the assets acquired is based on the fair value of the Corporation's common shares issued as consideration.

Changes in Accounting Policy

In 2012 the Corporation changed its fiscal year end from March 31 to June 30 to align the Corporation's fiscal year with that of GRI to facilitate consolidated financial reporting and disclosure and valuation of its equity interests. As a result of the changing the fiscal year end the prior year's audited consolidated financial statements are for the 15 month period ending June 30, 2013.

International Financing Reporting Standards (IFRS)

The Corporation completed the conversion to IFRS and there were no changes required to the opening balance sheet as at April 1, 2011.

The conversion to IFRS is discussed in detail in Note 3 to the audited consolidated financial statements for the 15 months ended June 30, 2012.

Income taxes

The Corporation uses the liability method of tax allocation. Under this method, future tax assets and liabilities are recognized for the estimated tax recoverable or payable, which would arise if assets and liabilities were recovered and settled at the financial statement carrying amounts. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the quarters in which temporary differences are expected to be recovered or settled. Changes to these balances are recognized in income in the period in which they occur. No recognition of future income tax assets has been reflected in these financial statements as the Corporation has yet to achieve profitable operations.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the consolidated financial statements; and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates and assumptions used in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from those estimates. Following is a list of critical accounting estimates and assumptions that the Corporation believes could impact its reported financial position, results of operations and cash flows.

Management of Capital

The Corporation defines capital that it manages as the aggregate of its share capital, contributed surplus and deficit. Its objectives when managing capital are to ensure that the Corporation will continue as a going concern, so that it can provide returns to its shareholders.

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions. The Corporation, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Corporation is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Corporation's overall strategy with respect to management of capital remains unchanged.

Stock-based compensation and other stock-based payments

The Corporation has a stock option plan for directors, officers, consultants and employees. The Corporation recognizes the value of stock options over their vesting periods as compensation expense. This accounting policy is applied prospectively to all stock options awarded to employees and directors that call for settlement by issuance of equity instruments. The fair value of stock options and other stock-based compensation is determined using the Black-Scholes option pricing model. Once fair value is measured, the value is expensed over the period the options vest and contributed surplus is increased by the corresponding amount. Any consideration paid on the exercise of stock options is credited to capital stock and the related fair value amount of stock-based compensation is transferred from contributed surplus to capital stock.

Non employees

The Corporation recognizes stock-based compensation issued to non-employees as an asset or expense based on the fair value of the equity instrument issued.

Government financing

The Corporation may make periodic applications for financial assistance under available government assistance programs in the jurisdictions in which the Corporation operates. Grants related to capital expenditures will be reflected as a reduction of the cost of the related assets. Grants related to current operating expenditures will generally be recorded as a reduction of expenditures at the time the eligible expenditures are incurred. Repayable interest free loans will be carried at discounted present value with the offsetting benefit credited against the property, plant and equipment for capital programs and against operating expenditures for current operating programs.

RISK FACTORS

Limited Business History

The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Corporation has limited financial resources and there is no assurance that additional funding shall be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Corporation can generate revenues, operate profitably, or provide a return on investment, or that it shall successfully implement its plans.

Additional Funding Requirements

The Joint Venture shall require additional financing to continue its operations. There can be no assurance that GRI, NAIC or its joint venture partners shall be able to obtain adequate financing in the future, or that the terms of such financing shall be favourable for further evaluation, exploration and development of its projects or investments. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development and the indirect property interests of the Corporation with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, shall depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources.

Property Commitments

The property of NAIC in which the Corporation has an indirect interest is subject to work commitments and may be subject to other land payments, royalties and/or work commitments to the land claim holder, the Innu Second Nation. Failure by GRI and NAIC to meet their payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests and dilution.

Potential Joint Ventures

Due to the cost of establishing and operating mining operations, the Corporation may enter into joint ventures in respect of certain mineral exploration properties that may be acquired by the Corporation. Any failure of such joint venture partners to meet their obligations to the Corporation or to third parties could have a material adverse effect on the joint ventures and the Corporation as a result. In addition, the Corporation may be unable to exert influence over strategic decisions made in respect of such properties as a result of its indirect interests.

Resources and Reserves

The property of NAIC and others in which the Corporation shall have an indirect interest does not contain identified mineral resources (NI 41-101) currently. Ultimately, even if the Corporation has success in identifying mineral resources on any properties it may acquire, the economics of potential projects may be affected by many factors beyond the capacity of it to anticipate and control, such as the marketability of the mineral products under profitable conditions, government regulations relating to health, safety and the environment, the scale and scope of royalties and taxes on production. One or more of these risk elements could have an adverse impact on costs of an operation which, if significant enough, could reduce or eliminate the profitability of a particular project.

Operational Risks

The Corporation shall be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins and encountering unusual or unexpected geological conditions and technological failure of exploration methods. This lack of insurance coverage could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Competition for Mineral Acquisition Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, better established mining companies with substantial capabilities and greater financial and technical resources, the Corporation may be unable to acquire rights to exploit additional attractive mining properties on terms that the Corporation considers acceptable. If the Corporation is not able to acquire such interests, this could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Exploration and Development Activities May Not be Successful

Exploration for and development of mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. The Corporation cannot ensure that its future exploration and development programs shall result in profitable commercial mining operations.

Properties May be Subject to Defects in Title

Although the Corporation is not aware of any existing title uncertainties with respect to the property, there is no assurance that such uncertainties shall not result in future losses or additional expenditures, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Environmental, Health and Safety Risks

Mining and exploration companies such as the Corporation must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the costs of decommissioning and reclaiming sites are borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

Governmental Regulation and Policy Risks

Mining operations and exploration activities, refining, conversion and transport in Canada are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Since legal requirements change, are subject to interpretation and may be enforced in varying degrees in practice, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations.

Commodity Price Fluctuations

The price of commodities varies on a daily basis but long term averages are the best method of estimating future prices. However, price volatility could have dramatic effects on the Corporation's results of operations and the ability of the Corporation to execute its business plan.

Currency Fluctuations

The Corporation presently maintains its accounts in Canadian dollars. The Corporation's future operations may make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

Key Personnel

The senior officers of the Corporation are critical to its success. In the event of the departure of a senior officer, the Corporation believes that it shall be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Corporation grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Corporation's business activity grows, it shall require additional key financial, administrative and mining personnel as well as additional operations staff. If the Corporation is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Additional Financing Required and Resale of Shares

The continued operation of the Corporation shall be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Corporation is unable to generate such revenues or obtain such additional financing, any investment in the Corporation may be lost. In such event, the probability of resale of the Corporation's shares would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price shall not occur. It may be anticipated that any quoted market for the shares of the Corporation shall be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of the Corporation's shares shall be affected by such volatility. An active public market for the Corporation's shares might not develop or be sustained after completion of the Proposed Transactions.

Legal Proceedings

There are no outstanding legal proceedings against the Corporation.

Market for Securities

The Common Shares of the Corporation are listed and posted for trading on the Canadian National Stock Exchange (CNSX) under the trading symbol "YYR".

Cash Flow Requirements

There are no long-term debt repayments or payments under various operating leases for the next five years.

Transactions with Related Parties

During the three months and nine months ended March 31, 2013, the Corporation incurred the following related party expenditures.

Relationship	Purpose of Transaction	3 months ended Mar. 31, 2013	9 months ended Mar 31, 2013
Directors of the Corporation	Directors Fees	$ 2,100	$ 8,050
Key Management Personnel	Consulting Fees	$ 22,500	$ 67,500

Key management personnel include the Corporation's President, Vice President and the Chief Financial officer.

These transactions with related parties have been valued in the consolidated financial statements at the estimated fair value, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Proposed Transactions

As at the date of this MD&A there are no proposed transactions that the board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with that have not been publicly disclosed.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by Multilateral Instrument 52-109 issued by the Canadian Securities Exchange Administrators ("MI52-109"), MMI's Chief Executive Officer (CEO) and MMI Chief Financial Officer (CFO) will be filing interim certificates " Certification of Disclosure of Issuers' Annual and Interim Filings" concurrent with the completion of filing its interim filings. The certifying officers have concluded that disclosure controls and procedures are effective at March 31, 2013. Upon completion of its filings, the signed certificates will be available on SEDAR.

The CEO and CFO are reasonably certain that all information is made known to them and that procedures have been implemented to provide reasonable assurance of the reliability of the financial reporting and preparation of the financial statements for external reporting.

The Board of Directors together with an independent audit committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

Changes in Internal Control over Financial Reporting

The Certifying Officers have indicated that there were no significant changes in the Corporation's internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interest of insiders in material transactions, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders, and in the Corporation's comparative financial statements for its most recently completed financial year.

This document may contain forward-looking statements, which may include sales, earnings, and profitability comments. These statements may contain words such as "anticipated", "expected", "could", "should", "may", "plans", "will", or similar expressions that are based on and arise out of our experience, our perception of trends, current conditions and expected future developments as well as other factors. These statements are not a guarantee of future performance. By their very nature, forward-looking statements involve uncertainties and risks that the forecasts and targets will not be achieved.

Readers are cautioned not to place undue reliance on forward looking statements as a number of important factors, as disclosed herein and in the Corporation's other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward looking statements. The Corporation includes in publicly available documents filed from time to time with securities commissions, and the CNSX Exchange, a thorough discussion of the risk factors that can cause the Corporation's anticipated outcomes to differ from actual outcomes. The Corporation disclaims any intention or obligation to update or revise forward-looking statements.

Public Securities Filings

Other information about the Corporation, including the annual information form and other disclosure documents, reports, statements or other information that is filed with Canadian securities regulatory authorities can be downloaded in portable document format (PDF) from the SEDAR web site for Canadian regulatory filings at www.sedar.com additional information is also available on the Canadian National Stock Exchange Disclosure Hall at www.cnsx.ca

CORPORATE PROFILE

Board of Directors

J. Paul Allingham
David J. Hennigar
C.H. (Bert) Loveless
Francis H. MacKenzie
Jean-Marc MacKenzie
Paul R. Snelgrove
K. Barry Sparks
E. Christopher Stait-Gardner

Corporate Officers

David J. Hennigar, Chairman
Francis H. MacKenzie, President & Chief Executive Officer
C.H. (Bert) Loveless, Vice President
Lorne S MacFarlane, Chief Financial Officer
Lina Tannous, Secretary

Corporate Head Office

Muskrat Minerals Incorporated
Attn: K. Barry Sparks
610 – 141 Adelaide Street West
Toronto, ON M5H 3L5
Fax Number: (902) 484-7599
Phone Number: (902) 499-7150

Corporate Information

Bankers	Bank of Montreal, Main Branch, Halifax, Nova Scotia
Lawyers	RBC Law, Halifax, Nova Scotia
Auditors	Collins Barrow Toronto LLP, Toronto, Ontario
Transfer Agent & Registrar	Equity Financial Trust Company, Montreal, Quebec

Stock Exchange

Canadian National Stock Exchange ("CNSX"}
Trading Symbol: YYR

Shareholder Information

Contact Person:	C. H. Bert Loveless
Contact Telephone Number:	(902) 471 -8028
Contact E-Mail Address:	bert@muskratminerals.ca.