

MUSKRAT MINERALS INCORPORATED MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER ENDED MARCH 31, 2014

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, 2014. 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 three and nine months then ended and the audited Financial Statements for the fiscal year ended June 30, 2013.

The Corporation’s principle asset is an indirect 40.2% (41.1% at June 30, 2013 and 29.9% at June 30, 2012) interest in Grand River Ironsands Inc. (“GRI”). GRI owns 67.2% (74.85% at June 30, 2013 and 83.1% at June 30, 2012) of North Atlantic Iron Corporation (“NAIC”), a joint venture investing to become a vertically integrated pig iron producer with an iron sands project in Labrador and Newfoundland. GRI also owns 100% of Forks Specialities Metal Inc. (“FSM”), which owns and operates two electric arc smelting furnaces in Pennsylvania, USA.

For fiscal 2012 the investment in GRI was recorded as a “Pooling of Interest” and accounted for on an equity basis. During fiscal 2013 the Corporation, through its wholly owned subsidiary 3053229 Nova Scotia Limited (“NSL”), acquired additional shares in GRI, increasing the ownership to 41.1%. Combined with the shareholdings of directors and related parties, this resulted in the Corporation acquiring a deemed controlling interest in GRI, requiring consolidation of its operations for fiscal 2013. (Refer to Note 2 of the June 30, 2013 audited consolidated financial statements)

The consolidated financial statements are presented in Canadian dollars which is also the Corporation’s and its subsidiaries’ functional currency and 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”). These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at March 31, 2014.

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

This MD&A is dated as of May 30, 2014 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

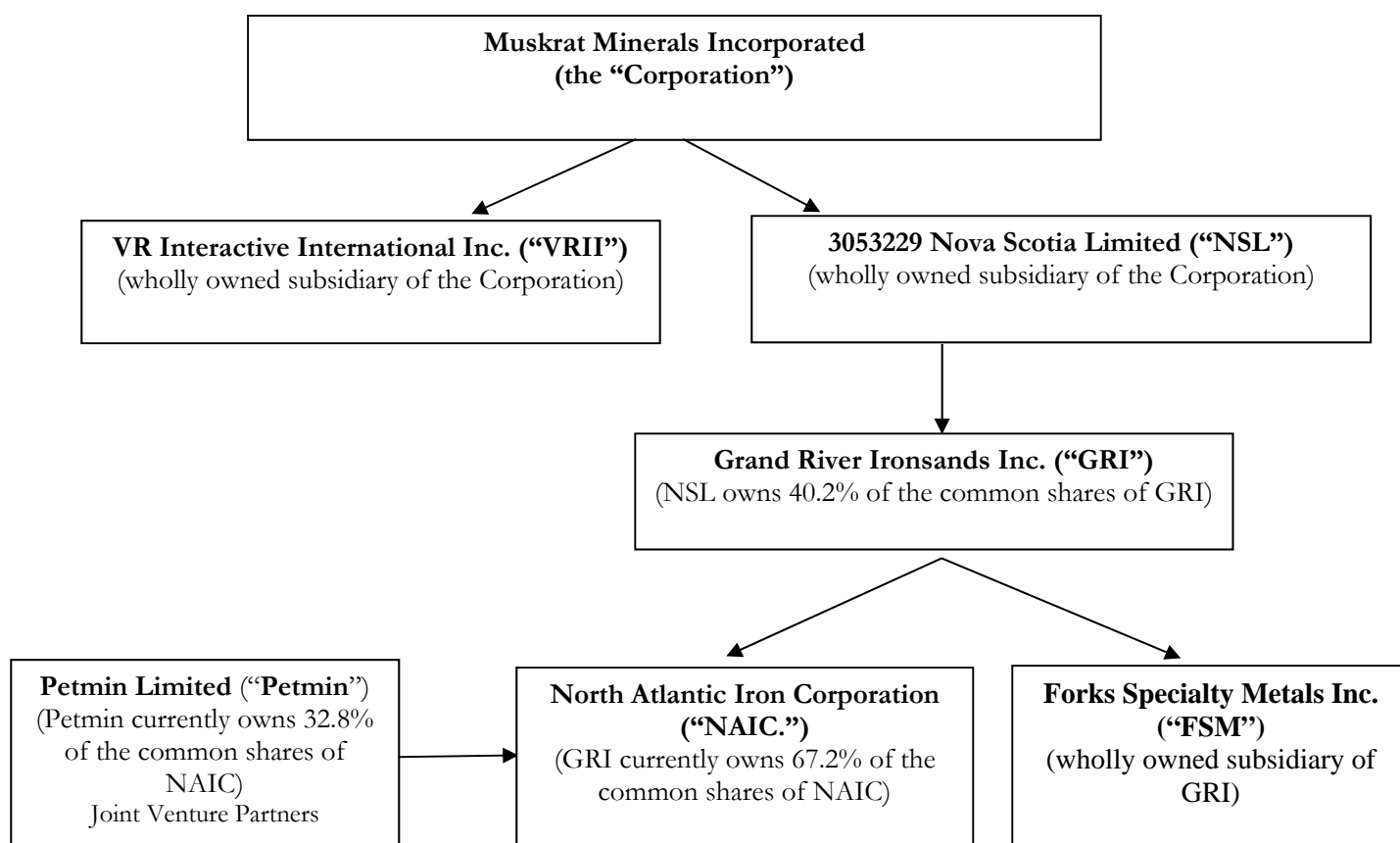
The following discussion and analysis contains forward-looking statements which reflects management’s expectations regarding the Corporation’s future growth, results of operations, performance, and business prospects and opportunities. Although the forward-looking statements reflect management’s current 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 Securities Exchange (the “CSE”), with a ticker symbol “YYR”. Headquartered in Toronto, Canada, the Corporation wholly-owns VR Interactive International Inc. (“VRII”) and 3053229 Nova Scotia Inc. (“NSL”). NSL is a holding company and it owns 40.2% (41.1% at June 30, 2013 and 29.9% at June 30, 2012) of Grand River Ironsands Inc. (“GRI”). GRI in turn owns 67.2% (74.85% at June 30, 2013 and 89.3% at June 30, 2012) of North Atlantic Iron Corporation (“NAIC”), which is investing to become a vertically integrated pig iron producer with an iron sands project in Labrador and Newfoundland. GRI also owns 100% of Forks Speciality Metals Inc. (“FSM”), which owns and operates two electric arc smelting furnaces in Pennsylvania, USA.

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 hereinafter explained:



CURRENT BUSINESS ACTIVITIES

The Corporation’s subsidiary, NSL, has a 40.2% 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 time of issuance of this MD&A, GRI has a 67.2% shareholding (undiluted and potentially 50.1% fully diluted) in NAIC, a joint venture investing to become a vertically integrated pig iron producer. In addition, NAIC is involved in the exploration and development of an iron sands project near Happy Valley-Goose Bay, NL, Canada which could provide feed stock for NAIC’s intended pig iron production facility.

GRI, prior to the creation of the NAIC joint venture, assembled and secured 1,800 mineral claims covering 450 square kilometres. NAIC assessed all mineral claims and based on economic value and environmental considerations certain claims were abandoned resulting in 1,490 mineral claims covering 372.5 square kilometres in the area of Happy Valley-Goose Bay, Newfoundland and Labrador, Canada at the date of the MD&A. This excludes Porcupine Strand which was not transferred to NAIC and is currently under review by the Federal Government—refer to page 11, section on Minerals Claims. GRI and its new subsidiary, NAIC, entered into a share purchase agreement with Petmin (JSE: PET), a publicly traded mining company in South Africa, dated September 15, 2010, as amended, whereby GRI contributed its mineral claims to NAIC and Petmin acquired shares in NAIC through cash investments.

OVERVIEW OF NAIC

NAIC is the joint venture entity that holds the mineral claim licenses for mineral sands located in Happy Valley-Goose Bay, NL, Canada. NAIC's goal is to become a vertically integrated North American pig iron producer, which may utilize mineral sands owned by NAIC as the primary feed stock. The joint venture project includes the mining of the mineral sands; the separation and production of iron sands; the development of a pig-iron making process; the construction, commissioning and operation of pig iron smelting plant; and all transportation and logistics systems. This fully integrated pig iron production solution is herein referred as the "Project" or "Joint Venture" or "Joint Venture Project".

Petmin invests its contributions to NAIC. Since entering into the Joint Venture agreement with GRI, Petmin has invested a total of US\$19 million into NAIC and currently holds a 32.8% ownership position. Its latest investment was made on April 7, 2014 (US\$2.0 million) and represented the first payment towards Petmin's commitment to advance US\$8 million (US\$6 million remains outstanding) over the next 12 months. Petmin has an option to acquire up to 40% of NAIC for a total of US\$25 million (US\$19 million invested to date). Following the completion of its US\$25 million investment, Petmin has the option to acquire an additional 9.9% of the common shares of NAIC, at a fair market price, increasing its potential ownership of NAIC to 49.9% on a fully diluted basis.

Within the next 15 days, the corporation will file on SEDAR "NI 43-101" highlighting resource estimates from three major mineral blocks contained within the Corporation's Labrador mineral claims, together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The "NI 43-101" was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the "NI 43-101" document for detailed resources estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation.

PROJECT BACKGROUND AND OPERATIONAL HIGHLIGHTS

- A pilot separation plant in Happy Valley-Goose Bay was commissioned on August 13, 2012, to produce iron ore concentrate from NAIC's iron sands resource. 200 tonnes of concentrate was transported to the United States in December 2012 to be used as feedstock for significant direct reduction and smelting tests.
- GRI, through its wholly owned subsidiary FSM, acquired two 1MW submerged arc furnaces ("SAF") in early 2013, located in Easton, PA. These furnaces are demonstration scale versions of what NAIC plans to use in a commercial pig iron production plant. They provide the resources and facilities required to undertake the extensive smelting tests required to prove the technical and economic viability of producing pig iron from NAIC's iron sands. Data from these tests support the Preliminary Economic Assessment ("PEA") and future Feasibility Studies.
- NAIC conducted direct reduced iron ("DRI") production tests at the Midrex rotary hearth furnace ("RHF") simulator located in Pineville, NC. Data from this test work will also support the PEA and future Feasibility Studies.

- The partners of NAIC hot commissioned the FSM furnaces in Easton, PA in February 2013. Five smelting test trials were then conducted throughout 2013. The first two test utilized cold bonded briquettes (“CBQ”) with a met coke reductant.
- Following the successful use of a high grade reductant in the pig iron production process, plans were put in place for tests using different lower cost reductants (coal) in a third round of testing. Following laboratory scales tests, a thermal coal from the Illinois Basin was chosen. This type of coal is inexpensive and readily available. Using this coal, a three day smelting effort at the FSM facility was completed July 31-August 2, 2013. Pig iron was successfully produced from CBQ proving that a thermal (low cost) coal could be used as a reductant.
- The first three smelt tests demonstrated that a wide range of coals can be used as a reductant for producing pig iron from NAIC’s iron sands concentrate. The next step for NAIC was to replicate the full process of a commercial pig iron plant in a way that demonstrates process and scalability. This production process involves briquetting > direct reduction > smelting.
- DRI production testing was conducted from Oct 7, 2013 to Oct 15 2013 at the Midrex RHF simulator in Pineville, NC. Dr. Iakov Gordon from Hatch was present to witness the test. The feed material used for the test was CBQ made from Goose Bay iron ore concentrate with two types of reductants: met coke and thermal coal. A total of 49 short tons were processed with 83% being thermal coal based CBQ.
- The DRI production test work showed that highly metalized DRI could be successfully produced using low cost thermal coal. Metallization of 77% in a residence time of 11 minutes was achieved using the thermal coal.
- The 4th and 5th smelting campaigns in Easton were conducted using the DRI produced at the Midrex simulator. This DRI was transported by truck from North Carolina to Easton, PA. These last two smelting tests provided results for analysis of the full projected flowsheet CBQ > direct reduction > smelting of DRI. The efforts further provided areas for the technical team to improve the overall engineering design of the process to make pig iron, and deemed to be useful and positive.
- With 5 melt campaigns completed – with the last 3 campaigns witnessed by Hatch Engineering – the project has been able to confirm that low grade ironsands, along with lower grade coal, can be melted to make pig iron.
- Continued work in Labrador will focus on other valuable minerals that may be contained within NAIC’s resource claims. These could include minerals commonly found in other iron sands resources including garnets, zircon, rutile, vanadium, etc. To date, revenues from these minerals are not factored into the PEA nor have they been included in a 43-101 resource. Mining and separation approaches, for the iron concentrate, have been assessed and future work will refine the approaches and economics if other minerals are included. Additionally, work will continue on key infrastructure requirements, such as port, power, and access roads. Permitting efforts will not be contemplated until these items are favourably resolved.
- The 2014 efforts on the mineral sands resource, as stated will be primarily two fold – (i) to establish the potential economics of valuable minerals other than the iron products; (ii) to better understand the economic and operational issues related to the port infrastructure, locating a plant and transport solutions.
- NAIC’s pig iron production site selection process has been considerably narrowed down and additional information is required from only one location. Locations actively under review are in Eastern Canada, on the Great Lakes and on or near the Mississippi River.

- NAIC will continue to meet with a number of steel mills (electric arc furnace operators) to assess their interest in working with NAIC towards advancing its pig iron project. Additionally, discussions will commence shortly with off-takers and traders as well as potential capital markets partners. It is expected an additional \$20-30 million will be required to finalize the Bankable Feasibility Study and Permitting on the first pig iron plant. It is expected the project will initially source iron ore concentrates from the open market due to the lower prices currently projected into the foreseeable future. NAIC believes this strategy provides the shortest timeline to production and cash flow. Efforts will continue on the Labrador sands to be used as feedstock for a second plant or to eventually vertically integrate the first production facility.
- Tenova Group has been engaged since January 2012 on the conceptual design and pre-engineering report on the commercial size iron making plant. Hatch Engineering is conducting a technical review and will provide input on the equipment selected, projected production levels and CapEx and OpEx. This work will be the basis for efforts to move forward on permitting, financial modeling, completion of the feasibility report, and eventual financing. The details of this report will be made available, when the PEA is completed and released.

The key goals for 2014 will be to publish the Preliminary Economic Assessment; a review of the economics in the PEA and a decision to initiate a pre-feasibility/bankable feasibility study; assessing interest with strategic partners for partnering, off-take and other possible business arrangement; finalizing the site selection and initiate the permitting process for the first pig iron making facility; complete an Impacts Benefits Agreement with the Innu Nation; initiate a capital raise campaign and other corporate related requirements with all partners to the project including MMI, Petmin Limited and Grand River Ironsands Incorporated. In addition, the Corporation may seek growth opportunities for its shareholders by investing in related projects in Newfoundland and Labrador, and/or by continuing to increase its ownership of GRI.

FINANCIAL SUMMARY

The Corporation is in the mining and exploration sector through its wholly owned subsidiary NSL. During the fiscal year ended June 30, 2013 the Corporation acquired additional shares in GRI increasing the ownership from 29.9% to 41.1%, which, combined with the shareholdings of directors and related parties, resulted in the Corporation acquiring a deemed controlling interest in GRI, requiring the reporting and disclosure on a consolidated basis of GRI and its operating subsidiaries.

The March 31, 2014 consolidated financial statements include the accounts of the Corporation and the following entities:

- 100% VR Interactive International Inc. (“VRI”)
 - An inactive company incorporated in Nova Scotia
- 100% 3053229 Nova Scotia Limited (“NSL”)
 - A holding company incorporated in Nova Scotia
 - 40.3% Grand River Ironsands Incorporated (“GRI”)
 - A company incorporated in Nova Scotia and engaged in the exploration and development of mineral deposits
 - 100% Forks Specialty Metals Inc. (“FSM”)
 - A company incorporated in Pennsylvania and engaged in iron ore smelting
 - 74.85% (70% at the date of this MD&A) North Atlantic Iron Corporation (“NAIC”)
 - A corporation incorporated in Newfoundland and Labrador and engaged in the exploration and development of mineral deposits

The following discussion addresses the operating results for the three and nine month periods ended March 31, 2014. This discussion and analysis is qualified in its entirety by reference to and should be read in conjunction with the Corporation’s unaudited consolidated financial statements at March 31, 2014, and the related notes thereto, as well as reference to the forward looking statements within this report. All results in this report are presented in Canadian dollars, unless otherwise indicated.

HIGHLIGHTS

Following is a summary of the major financial highlights for the three and nine months ended March 31, 2014, and to the date of this MD&A

- On July 17, 2013, Petmin Limited, an unrelated entity, acquired an additional 23 common shares of NAIC increasing its non-controlling interest in NAIC from 25.1% to 27.4%, in exchange for cash consideration of \$2,070,400 US\$2,000,000).
- During October and November GRI issued 222,206 flow through common shares at \$2.25 per share and 211,376 non-flow through common shares at \$2.10 per share for an aggregate consideration of \$943,853. The shares issuances reduce the Corporation's interest in GRI to 40.3%.
- On October 22, 2013 Petmin advanced the final US\$2 million against its commitment to invest an additional US\$6 million in NAIC for an additional 7.5% of the project. This brought Petmin's overall stake in NAIC to 30%.
- On April 4, 2014, GRI issued 61,048 non-flow through common shares at \$2.10 per share for gross proceeds of \$128,200. The share issuances reduce the Corporation's interest in GRI to 40.2%.
- On April 7, 2014, Petmin purchased 30 additional common shares in NAIC for a consideration of US\$2,000,000, increasing their shareholding to 32.8%.

Financial and operational results

The following tables summarize selected financial results from operation for the three and nine months ended March 31, 2014 with comparative numbers for the previous year. The results are only consolidated for fiscal 2013 and subsequent quarters making comparisons to prior years difficult.

Selected Consolidated Operating Results				
	Three Months Ended		Nine Months Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	\$'s	\$'s	\$'s	\$'s
Revenue	-	-	-	-
Expenses				
General & Admin	209,305	35,088	1,333,348	375,111
Operating	116,739	4,824	360,918	15,214
Operating loss before under noted	(326,044)	(39,911)	(1,694,266)	(390,325)
Share of Loss in GRI	-	(112,923)	-	(234,494)
Depreciation	(9,551)	(216)	(28,689)	(696)
Interest	6,234	(17)	(12,241)	(374)
Consolidated income (loss)	(329,361)	(153,067)	(1,735,196)	(625,889)
Other Comprehensive Income	271,592	-	271,592	-
Non-controlling interest	11,713	-	494,374	-
Income (loss) attributable to MMI	(46,055)	(153,067)	(969,229)	(625,889)
Income (Loss) per share	(0.0027)	(0.009)	(0.056)	(0.036)
Avg. Weighted Shares O/S	17,251,015	17,251,015	17,251,015	17,251,015

Overall performance for the three and nine months ended March 31, 2014

Net loss for the three month period ended March 31, 2014, was \$46,005 (\$0.003 per share) compared to a net loss of \$153,067 (\$0.009 per share) for the prior year. On a year to date basis the net loss was \$969,229 (\$0.056 per share) compared to a loss of \$625,889 (\$0.036 per share) for the prior year. The major increase in the consolidated loss before the inclusion of comprehensive income and non-controlling interest loss in both the three month and nine month periods ended March 31, 2014 was the result of the increase operating activity of GRI and its operating subsidiaries.

Other comprehensive income represents an unrealized gain from the settlement of a loan obligation from an associated company. (Refer to Note 4 of the March 31, 2014 unaudited financial statements)

The nine month loss for the period ended March 31, 2014 includes a non-cash expenditure for option expense in the amount of \$625,000 compared to a non-cash expenditure for option expense of \$218,000 for the prior year periods. In addition, the three month and year to date loss for the prior year includes \$112,923 and \$234,494 respectively, representing the Corporation share of the operating loss of GRI. There was no such loss in the current year due to consolidation of the operations of GRI and its subsidiaries.

Revenue

The Corporation had no operational revenue for the three and nine months ended March 31, 2014, and does expect any significant revenues in the immediate future.

General and Administration

For the three month period ended March 31, 2014 the Corporation had General and Administrative Expenses of \$209,305 compared to \$35,088 in the comparable period in the prior year. On a year to date basis, the Corporation had General and Administrative Expenses of \$1,333,348 compared to \$375,111 for the comparable period in the prior year. The current year results reflect the costs associated with the financial consolidation of the operations of GRI and its subsidiaries. In addition, general and administrative expenses include \$625,000 of share-based payment charges relating to options issued during the third quarter of 2013 compared to \$218,000 for share-based payment charges relating to options issued in the comparative period of the previous year.

Amortization

For the three and nine month ended March 31, 2014, the Corporation had amortization expenses of \$9,551 and \$28,689 respectively, compared to amortization expenses of \$216 and \$696 for the comparable periods in the prior year. The increase reflects the consolidation of the operations of GRI.

Interest Expense

Interest expense three and nine month ended March 31, 2014 was \$(6,234) and \$12,241 respectively as compared to \$17 and \$374 for the comparable periods in 2013. Interest expense in the current quarter was impacted by the capitalization of interest charges from the previous quarter.

Selected Quarterly Financial Data

The following table reports the operating results for the last eight quarters. The adjustments and restatements necessary to reflect the consolidation of the Corporation with GRI and its subsidiaries were all recorded in the June 30, 2013 quarter, making comparison to previous quarters difficult.

Selected Quarterly Financial Data								
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
	2014	2013	2013	2013	2013	2012	2012	2012
Revenue	-	-	-	-	-	-	-	-
Expenses								
Gen & Admin	209,305	921,482	207,964	622,119	39,911	303,729	46,685	168,725
Operating Expenses	116,739	(129,708)	368,484	1,166,238	-	-	-	-
Operating loss before under noted	(326,044)	(791,774)	(576,448)	(1,788,357)	(39,911)	(303,729)	(46,685)	(168,725)
Share of Loss in associate	-	-	-	234,494	(112,923)	(74,399)	(47,172)	(62,815)
Depreciation	(9,551)	(9,561)	(9,577)	(7,189)	(216)	(232)	(249)	(268)
Interest expense	6,234	(12,194)	(6,281)	(19,594)	(17)	(17)	(339)	(53)
Gain on Debt forgiveness	-	-	-	373,463	-	-	-	-
Gain on acquisition of control	-	-	-	8,709,672	-	-	-	-
Bargain purchase gain	-	-	-	2,784,620	-	-	-	-
Income tax recovery	-	-	-	1,058,339	-	-	-	-
Consolidated Income (Loss)	(329,361)	(813,529)	(592,306)	11,345,447	(153,067)	(378,377)	(94,445)	(231,861)
Other comprehensive Income	271,592	-	-	-	-	-	-	-
Non-controlling interest	11,713	190,246	292,415	355,912	-	-	-	-
Net Income (Loss)	(46,055)	(623,283)	(299,891)	11,701,359	(153,067)	(378,377)	(94,445)	(231,861)
Income (Loss) per share	(\$0.019)	(\$0.047)	(\$0.034)	\$0.678	(\$0.009)	(\$0.022)	(\$0.005)	(\$0.013)
Avg. Weighted Shares O/S	17,251,015	17,251,015	17,251,015	17,251,015	17,251,015	17,251,015	17,251,015	17,251,015

Segmented Information

	Corporate		GRI		NAIC		FSM		Eliminations		Consolidated	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue - external customers	-	-	-	-	-	-	-	-	-	-	-	-
Revenue - intersegment	-	-	57,660	-	-	-	993,416	-	1,051,076	-	-	-
	-	-	57,660	-	-	-	993,416	-	1,051,076	-	-	-
Operating expenses	779,515	390,325	170,243	-	788,418	-	924,431	-	968,341	-	1,694,266	390,325
	(779,515)	(390,325)	(112,583)	-	(788,418)	-	68,985	-	82,735	-	(1,694,266)	(390,325)
Share of loss of an associate	-	(234,494)	-	-	-	-	-	-	-	-	-	(234,494)
Depreciation	(523)	(696)	(4,340)	-	(23,826)	-	(67,721)	-	(67,721)	-	(28,689)	(696)
Interest and bank charges	(75)	(374)	(7,462)	-	(4,705)	-	(12,416)	-	(12,416)	-	(12,241)	(374)
	(598)	(235,564)	(11,801)	-	(28,531)	-	(80,137)	-	(80,137)	-	(40,930)	(235,564)
Segment income (loss) before taxes	(780,112)	(625,889)	(124,385)	-	(816,949)	-	(11,152)	-	2,598	-	(1,735,196)	(625,889)

The Corporation's Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Corporation's income taxes are monitored on a consolidated level and are not allocated to operating segments.

Geographical segments

The above segments are managed on a worldwide basis, but operate in two principal geographical areas, namely, Canada and the United States.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Non-current assets	31-Mar-14	31-Mar-13
	\$	\$
Canada	55,946,492	4,206,231
United State of America	2,504,951	-
Total non-current assets	58,451,443	4,206,231

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet as at December 301 2013, with comparable numbers for the prior two fiscal years.

Selected Consolidated Balance Sheet Items			
	Third Quarter	Year End	Year End
	March 31, 2014	June 30, 2013	June 30, 2012
	\$'s	\$'s	\$'s
Cash	826,550	1,055,880	1,796,393
Other receivables	279,840	121,236	23,448
Prepaid and other deposits	320,662	438,357	-
Investment and loan receivable	387,410	115,818	-
Investment in associate	-	-	2,813,328
Iron interests	56,084,027	53,548,968	-
Mineral claim deposits	408,814	434,677	-
Property and equipment	1,958,602	2,032,209	3,684
Accounts Payable	(1,439,170)	(1,557,741)	(50,547)
Directors and Shareholder advances	-	-	-
Long term debt	(1,448,698)	(1,425,900)	-
Deferred Taxes	(11,101,669)	(11,101,669)	-
Shareholders' Equity (Deficiency)	17,837,208	16,754,681	4,586,346
Shareholders' Equity associated with Non controlling interests	28,439,160	26,907,155	-

All monetary assets are located in Nova Scotia. Investment in GRI, a Nova Scotia private company whose operate an iron sands project, located in Newfoundland and Labrador, and a smelting facility in Pennsylvania, USA. Details of significant balance sheet items are detailed below.

Prepaid and Other Deposits

The prepaid and other deposits in the amount of \$320,662 consists principally of a rent security deposit for the smelting facility in Forks, PA, prepaid liability and environmental insurance, and various utilities prepaid.

Iron interests

Iron Interests					
	Balance			Balance	Balance
	30-Jun-13	Additions	Deletions	31-Mar-14	31-Mar-13
	\$	\$	\$	\$	\$
Labrador Mineral Sands	53,433,947	2,535,059	-	55,969,006	-
Porcupine Strand	115,021	-	-	115,021	-
	53,548,968	2,535,059	-	56,084,027	-

The Happy-Valley, Goose Bay mineral sands relate to 22 licenses held by NAIC, which include Churchill River, Mud Lake, Muskrat Lake, Goose Bay, and Hamilton River. The Porcupine Strand property was acquired from a former director of GRI for \$NIL cash consideration other than reimbursement of staking costs. The property consists of four mineral licenses covering approximately 3.5 square kilometers in Happy-Valley, Goose Bay. NAIC received notice that the federal government intends to establish the Mealy Mountain National Park which will encompass the lands to which NAIC has staked these claims. While the plans for the park have not yet been approved or finalized, NAIC has renewed the claims as recently as November 2010, but has been refused exploration permits in this regard. NAIC anticipates receiving compensation sufficient to recover any investment it has made in these claims to date.

Mineral Claim Deposits

Mineral claim deposits are licenses held by NAIC with the province of Newfoundland and Labrador that required a deposit and commitment by NAIC to inject a prescribed amount of exploration expenditures into the land designated by the license within a five year time frame. If NAIC fulfills their commitment, the deposit will be fully refundable; if NAIC doesn't fulfill their commitment, they will forfeit the deposit, at which time the cost will be written off. During the quarter NAIC forfeited \$25,863 in deposits as a result of the failure to incur the required expenditures in 2013

Mineral claim deposits					
	Balance	Additions	Balance	Balance	Balance
	30-Jun-13	\$	Deletions	31-Mar-14	31-Mar-13
		\$	\$	\$	\$
Mineral claim deposits	434,677	-	(25,863)	408,814	-
NAIC is required to inject the following exploration expenditures:					
		2014		596,265	
		2015		210,275	
		2018		24,981	
		2022		162,900	

Property and Equipment

Description	Cost			Accumulated Depreciation			Net Book	Net Book
	Balance		Balance	Balance		Balance	Value	Value
	30-Jun-13	Additions	31-Mar-14	30-Jun-13	Depreciation	31-Dec-13	31-Mar-14	31-Mar-14
Computer hardware	88,913		88,913	73,461	2,308	75,769	13,144	2,051
Automotive equipment	5,500	795	6,295	-	944	944	5,351	-
Industrial equipment	2,296,345	67,917	2,364,262	303,254	138,075	441,329	1,922,934	-
Office furniture and equipment	29,735		29,735	11,569	994	12,563	17,172	936
	2,420,493	68,713	2,489,206	388,284	142,320	530,604	1,958,602	2,987

Accounts Payable

The accounts payable balance at March 31, 2014 was \$1,439,170 and are normal trade payables that are for the most part current.

Income taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in rates is included in the statement of comprehensive income in the period which included the substantive enactment date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

Currently the Corporation had approximate cash on hand of \$2,290,000 CDN equivalent

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 12 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

NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of \$500,000. The loan is repayable in five annual equal and consecutive installments commencing nine months after the end of the fiscal year in which 'Project Success' is achieved. It is anticipated that 'Project Success' will be achieved in the fiscal year ending June 30, 2015 and repayments will commence in December 2015. The carrying value of the loan has been discounted using an effective interest rate of 9%.

FSM received a loan from the State of Pennsylvania in the amount of US\$1, 600,000 (\$1,628,987) to partially finance the acquisition of industrial equipment in Forks Township, Pennsylvania. The loan bears interest at 1% and is repayable in monthly principal installments of US\$14,017, commencing March 1, 2013, maturing on February 1, 2023. The carrying value of the loan has been discounted using an effective interest rate of 9%.

Share Capital

A summary of the Corporation's common shares outstanding as of March 31, 2014 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, 2013 and March 31, 2014	17,251,015	\$ 8,948,981

There were no stock issuances during the period.

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 granting 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.

On December 6, 2013, 985,000 options were granted to directors, officers, and employees under the stock purchase plan at an exercise price of \$0.85. These options vested immediately and expire in 10 years.

A summary of the Corporation's outstanding stock option and changes during the nine month period ended March 31, 2014 and the prior fiscal year ended June 30, 2013 are presented below:

Continuity of Stock Options Issued and Outstanding				
	March 31, 2014		June 30, 2013	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning balance	594,000	\$0.65	331,500	\$0.73
Cancelled during the year	-	-	(187,500)	\$0.80
Issued during the year	985,000	\$0.85	450,000	\$0.65
Ending Balance	1,579,000	\$0.77	594,000	\$0.65

Options outstanding at December 30, 2013 are as follows:

Grant Date	Expiry Date	Exercise Price	Issued	Exercisable
			March 31, 2014	
May 28, 2012	May 28, 2022	\$0.65	144,000	144,000
Nov. 30, 2012	Nov. 30, 2022	\$0.65	450,000	450,000
Dec. 06, 2013	Dec. 06, 2023	\$0.85	985,000	985,000
Total			1,579,000	1,579,000

Continuity of Contributed Surplus nine month period ended March 31, 2014 and fiscal year June, 30, 2013 are presented below:

Continuity of Contributed Surplus		
	31-Mar-14	30-Jun-13
Beginning balance	\$ 288,000	\$ 178,300
Reclassification of expired options	-	(108,300)
Stock Compensation Expense	625,000	218,000
Ending balance	\$ 913,000	\$ 288,000

The fair value of the option issued during the nine months ended March 31, 2014 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%, share price of \$0.85, and a weighted average expected life of the option of 5 years.

Grand River Ironsands Incorporated Stock Options

The Board of Directors of GRI has established a 10% rolling stock option plan under which options to purchase common shares are granted to directors, officers, consultants and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors. Options expire five years from the date of the grant.

At March 31, 2014, there were 2,350,328 common shares reserved pursuant to the stock option plan, of which 2,342,000 options to acquire common shares have been issued and are outstanding under the plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

A summary of the GRI's outstanding stock option and changes are presented below:

Continuity of Stock Options Issued and Outstanding				
	March 31, 2014		June 30, 2013	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning Balance	1,842,000	\$1.25	2,120,000	\$1.25
Cancelled/expired during the year	-	-	(365,000)	\$1.25
Issued during the year	500,000	\$2.10	87,000	\$1.25
Ending Balance	2,342,000	\$1.43	1,842,000	\$1.25

Options outstanding at March 31, 2014:

		Exercise	Issued	Exercisable
Grant Date	Expiry Date	Price	March 31, 2014	
May 31, 2009	May 31, 2014	\$1.25	365,000	365,000
Dec. 31, 2010	Dec. 31, 2015	\$1.25	365,000	365,000
Sept. 02, 2011	Sept. 02, 2016	\$1.25	480,000	480,000
May 31, 2012	May 31, 2017	\$1.25	545,000	545,000
Nov. 05, 2012	Nov. 05, 2017	\$1.25	87,000	87,000
Dec. 06, 2013	Dec. 06, 2018	\$2.10	500,000	500,000
Total			2,342,000	2,342,000

GRI does not calculate and expense the fair value of options issued due to the fact there is no public market for the shares and therefore no liquidity or basis for established fair value.

CRITICAL ACCOUNTING POLICIES

General

The accounting policies have been reviewed with the Corporation's Audit Committee and are as described in Note 2 to the consolidated financial statements.

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 annual results and financial position under IFRS, they were prepared in accordance with IFRS 1, SECOND-time Adoption of International Financial Reporting Standards. These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at March 31, 2014.

International Financing Reporting Standards (IFRS)

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after June 30, 2013. Those pronouncements that are not applicable or do not have a significant impact to the Corporation have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine the resultant impact on the Corporation.

- IFRS 9 Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted.
- IFRS 10 Consolidated Financial Statements (“IFRS 10”) was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- IFRS 11 Joint Arrangements (“IFRS 11”) was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- IFRS 12 Disclosure of Interests in Other Entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- IFRS 13 Fair Value Measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 provides a consistent and less complex definition of fair value; it establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- IFRS 7 Financial Instruments: Disclosures was amended by the IASB in December 2011 to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity’s financial position. The amendments are effective for annual periods beginning on or after January 1, 2013.

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 loans from directors and shareholders, ACOA long-term debt, 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 makes periodic applications for financial assistance under available government assistance programs in the jurisdictions in which the Corporation operated. Grants related to capital expenditures are reflected as a reduction of the cost of the related assets. Grants related to current operating expenditures are generally recorded as a reduction of expenditures at the time the eligible expenditures are incurred. Repayable interest free loans are carried at discounted present value with the offsetting benefit credited against the property, plant and equipment for capital programs and grants 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

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.

Properties Remote

The property of NAIC is located in a remote area with limited infrastructure. Exploration activities on such projects are particularly vulnerable to delays and additional costs due to weather conditions, labour shortages and other unforeseeable issues.

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 cost of decommissioning and reclaiming sites is 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.

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

The long-term debt repayments or payments under various operating leases for the next five years are as follows:

Contractual Obligations					
Description	Total	Less than one year	1-3 years	4-5 years	After 5 years
Loan repayment- ACOA- CAD	\$ 500,000	\$ -	\$ 200,000	\$ 200,000	\$ 100,000
Loan repayment - State of PA	1,508,586	169,284	338,568	338,568	662,166
Property Rental- FSM	2,719,250	725,000	1,450,000	544,250	-
	\$ 4,727,836	\$ 894,284	\$ 1,988,568	\$ 1,082,818	\$ 762,166

Transactions with Related Parties

During the quarter ended March 31, 2014, the Corporation incurred the following related party expenditures.

The compensation expense associated with key management and directors for services is as follows:

Relationship	Purpose of Transaction	Amount (\$)
Directors of the Company	Directors Fees	9,800
Key Management Personnel	Consulting Fees	123,750
Directors and Officers -MMI	Stock based compensation	625,000
Key operating personnel	Consulting fees	651,017
Key operating personnel	Salaries	37,657
		1,447,224
Capitalized		183,980
Operating expenses		1,263,244

Key management personnel includes the President, Vice President and the Chief Financial Officer of MMI, the President, Chief Executive Officer, Chief Financial Officer and Chief Corporate Affairs, Geologist, and Chief Operating Officer for GRI.

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 and 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 annual certificates “ Certification of Disclosure of Issuers’ Annual and Interim Filings” concurrent with the completion of filing its annual filings. The certifying officers have concluded that disclosure controls and procedures are effective at June 30, 2012. 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 those 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 and highly qualified audit committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

Changes 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 Securities Exchange 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

Mailing Address

Muskrat Minerals Incorporated
Attn: Lorne S. MacFarlane
380 - 311 Bedford Highway
Halifax, NS B3M 2L4

Corporate Information

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

Stock Exchange

Canadian Securities Exchange (“CSE”)
Trading Symbol: YJR

Shareholder Information

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