MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013

Date of Report: November 29, 2013

The following Management discussion and analysis ("MD&A") provides analysis of Cadman Resources Inc. ("the Company")'s condensed interim financial results for the period ended September 30, 2013 with comparisons to 2012. This MD&A should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2012. Additional information relevant to the Corporation is available for review on SEDAR at www.sedar.com.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Information

Certain information included in this discussion may constitute forward-looking statements.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," or "continue" or the negative thereof or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. These factors include the inherent risks involved in the mining, exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future and other factors described in the Company's Annual Information Form under the heading "Risk Factors". The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. The reader is cautioned not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company was incorporated pursuant to the Business Corporation Act (British Columbia) on November 13, 2007. The Company was a "Capital Pool Company"("CPC"), as defined in the policies of the TSX Venture Exchange (the "Exchange" or "TSX-V"). On December 23, 2010, the Company transferred the listing of the Company's share to the NEX Board. On July 6, 2012, the Company delisted from the NEX Board and began trading on the Canadian National Stock Exchange ("CNSX") under the symbol "CUZ".

The Company's main business involves the acquisition, exploration and development of mineral properties

HIGHLIGHTS

- On November 9, 2012, the Company signed an option agreement with Bertrand Brassard to acquire 100 percent interest in the copper project located in the Gaspe Peninsula in the Province of Quebec. The Gaspe copper property is comprised of 56 permits totalling 3,192 Ha. Historical results showed trench samples up to 5.1% copper. Conditions permitting, management intends to begin work on the Property immediately.

- On March 26, 2013, the Company renegotiated with Shenba Resources Holdings Limited to acquire a 75% equity interest in Tung Wing Trading Co. Ltd., a Tanzania registered company with interest in 3 mineral exploration properties in Tanzania. Tung Wing Trading Co. Ltd. has a letter of intent ("LOI") to acquire certain mineral interest in Tanzania. On signing of this LOI, the Company effectively terminated the previous LOI with Shenba to acquire 65 per cent of the Mbozi Copper project.

  On June 10, 2013, the Company concluded the negotiations with Shenba Resources Holdings Limited ("Shenba") and has entered into an agreement with Shenba.

- On July 26, 2013, the Company signed an option agreement with JP & Associates Inc. to acquire a 100 percent interest in the rare-earth project located north of Ottawa/Gatineau near the town of Maniwaki in Quebec. The Maniwaki West property comprises 24 permits totalling 14.23 km^2. The property itself is adjacent to the recent rare-earth-element discoveries by Cavan Ventures Inc.

- September 20, 2013, the Company signed an agreement for a new graphite project in Buckingham township in the Ottawa valley, western Quebec to acquire a 100 percent interest in the graphite project located east of Ottawa/Gatineau The Buckingham North property (the "Property") is comprised of 18 permits totaling 10.89 km^2. To exercise the option and earn 100 percent interest in the Property, the Company is required to deliver 3,000,000 shares of Company common stock upon signing of the option agreement and to make a cash payment of $5,000.

- On November 12, 2013, the Company signed another option agreement to acquire additional property adjacent to its Buckingham North graphite project in the Ottawa valley, western Quebec. This additional new property is comprised of 4 permits totaling 2,4 km^2. To exercise the option and earn 100 percent interest in the Property the Company is required to deliver 1,000,000 shares of Company common stock upon signing of the option agreement and to make a cash payment of $5,000.

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OUTLOOK

Throughout 2012 and thus far in 2013 the junior resource market has experienced a downturn. Overall share prices have declined and traditional sources of financings have weakened. The immediate future of the entire sector is somewhat diminished as demand for raw materials and prices fluctuate downward and the entire sector consolidates. In response to current events, Cadman has been seeking alternative sources financing in order to ensure the continuation of the Company. As a non-revenue generating entity, Cadman is dependant of external sources of funding to finance the Company's exploration activities and as such has placed a priority on securing foreign sources of funds.

MINERAL PROPERTIES

Golden Star Block

On March 6, 2012 and amended on May 28, 2012, the Company entered into an option agreement to acquire a 55% undivided interest in 2 blocks of mining claims, leases and patents, known as the Golden Star Block and the Baseline/Nugget Block, that are located in Northwestern Ontario. The Company can acquire the interest by paying $275,000 in cash, issuing 960,000 common shares of the Company and incurring $600,000 exploration expenditures on the properties within two years as follows:

	Cash Payments	Share Issuance	Exploration Expenditures
	$		$
30 days after July 6, 2012 (paid)	25,000	–	–
5 days after July 6, 2012	–	960,000	–
3 months after July 6, 2012 (paid $5,000)	100,000	–	–
12 months after July 6, 2012	150,000	–	250,000
24 months after July 6, 2012	–	–	350,000
	275,000	960,000	600,000

The property is subject to a 2% NSR. The Company may purchase one half of each of the NSR at any time for $500,000.

The Company made deposit of $25,000 in 2011 and made $5,000 payment in 2012 on the property. The Company did not issue the 960,000 common shares as required in the option agreement. Management has determined not to pursue any further exploration in the property. Consequently, the $30,000 deferred acquisition cost balance was charged to net loss in 2012.

Mbozi Copper

On July 10, 2012 the Company entered into a letter of intent with Shenba Resources Holdings Limited ("Shenba") to acquire a 65% interest in the Mbozi Copper project located in the United Republic of Tanzania. During the year ended December 31, 2012, the Company paid $55,000 as a deposit and incurred $41,132 for geology related expenses.

This Option Agreement was terminated on March 12, 2013 when the Company signed a new letter of intent with Shenba to acquire a 75% ownership interest in Tung Wing Trading Co. Ltd., a registered company in the United Republic of Tanzania. As a result, the $55,000 deposit was recorded as impairment expense and the $41,132 exploration and evaluation expenditures were charged to net loss in 2012.

On March 26, 2013, the Company renegotiated with Shenba to acquire a 75% equity interest in Tung Wing Trading Co. Limited ("Tung Wing"), a Tanzania registered company. Tung Wing has a letter of intent

("LOI") to acquire certain mineral interest in Tanzania. The Company will pay to Shenba the sum of US$100,000 cash and issue a total of 10,000,000 common shares of the Company within 6 months of completion of the final purchase agreement. On signing of this LOI, the Company effectively terminated the previous LOI with Shenba to acquire 65 per cent of the Mbozi Copper project.

On June 10, 2013, the Company concluded the negotiations with Shenba and has entered into an agreement with Shenba.

Tung Wing holds three mineral exploration properties in Tanzania. There are two adjacent properties in the southern region of Ruvuma totalling 61.15 km2 and a third property of 7.41 km2 in the northern part of Tanzania, near Lake Victoria.

As consideration for the option, the Company will pay to Shenba the sum of US$100,000 cash and issue a total of 10,000,000 common shares of the Company. The Company will then have the option to acquire 75% of Tung Wing upon payment of US$120,000 within 6 months. The Company will then have the obligation to finance any future property acquisitions, pay operating costs required by the Tanzanian Ministry of Commerce and pay exploration costs.

On June 19, 2013, the Company issued Shenba 10,000,000 common shares. As a result, Shenba owns 38.05% of the issued and outstanding common shares on an undiluted basis as of the date of this news release and has become a control person (as defined by applicable securities law) of the Company.

A director of Shenba who owns 15% equity interest in Shenba is related to an officer of the Company who was appointed Chief Financial Officer of the Company on March 7, 2013.

During the period ended September 30, 2013, the Company incurred $76,699 for geology related expenditures.

Gaspe Copper

On November 9, 2012, the Company signed an option agreement with Bertrand Brassard to acquire 100 percent interest in the copper project located in the Gaspe Peninsula in the Province of Quebec. The Gaspe copper property is comprised of 56 permits totalling 3,192 Ha. Historical results showed trench samples up to 5.1% copper. To exercise the option and earn 100 percent interest in the property the company is required to deliver 100,000 shares of Company common stock upon signing of the option agreement and to deliver a further 1,000,000 shares of Company common stock on or prior to December 31, 2013. The Company has made a cash payment of $5,000 at the signing of the LOI and must make a further cash payment of $25,000 on or prior to December 31, 2013. The Company also has a work commitment of $300,000, $100,000 of which must be incurred by June 1, 2013 and the remaining $200,000 must be incurred by December 31, 2013.

The property is subject to a 2% net smelter return ("NSR"). The Company has the right, at any time and at its sole discretion, to purchase one of the two percentage points of the NRR on the property by paying to the optionor the sum of $1,000,000.

Maniwaki West property

On July 26, 2013, the Company has signed an option agreement with JP & Associates acquire 100 percent interest in the rare earth project (the "REE project") located north of Ottawa/Gatineau near the town of Maniwaki in the Province of Quebec. The Maniwaki West property (the "Property") is comprised of

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24 permits totaling 14.23 km^2. To exercise the option and earn 100 percent interest in the Property the company is required to deliver 2,000,000 shares of Company common stock upon signing of the option agreement and to make a cash payment of $10,000. On July 25, 2013, the Company issued 2,000,000 shares in accordance to the Maniwaki West property agreement.

Buckingham North property

On September 20, 2013, The Company has signed an option agreement with JP & Associates Inc. and Alexander Johnston to acquire 100 percent interest in the graphite project located east of Ottawa/Gatineau. The Buckingham North property (the “Property”) is comprised of 18 permits totaling 10.89 km^2. To exercise the option and earn 100 per cent interest in the Property the company is required to deliver 3,000,000 shares of Company common stock upon signing of the option agreement and to make a cash payment of $5,000. On November 5, 2013, 3,000,000 shares were issued in accordance to the Buckingham North property agreement .

Buckingham township is the site of several past producing graphite mines including the Diamond Mine, the Walker Mine, directly to the south and the Plumbago mine to the south east. These past producing mines and their surrounding areas have all been the subject of recent exploration and staking activity. With the renewed interest in graphite this area is once again becoming a centre of activity. Previous development work in the area was associated with large flake deposits and lump/vein occurrences are also recorded.

Within Cadman’s claims are the now abandoned Winning-Elliot and Kendall mines and also just outside of Cadman’s claims are the abandoned Lac Rhéaume and London mines. These mines produced mostly apatite and mica in the late 1800’s. Apatite has been associated with lump/vein graphite in the surrounding area and more notably also in many of the Sri Lankan vein graphite deposits.

On November 12, 2013, the Company signed another option agreement to acquire additional property adjacent to its Buckingham North graphite project in the Ottawa valley, western Quebec. This additional new property is comprised of 4 permits totaling 2,4 km^2. To exercise the option and earn 100 percent interest in the Property the company is required to deliver 1,000,000 shares of Company common stock upon signing of the option agreement and to make a cash payment of $5,000.

FINANCIAL RESULTS

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company.

Quarterly Information		Revenue		Net Profit (Loss)		Basic and diluted loss per common share
September 30, 2013	$	-	$	(61,046)	$	#DIV/0!
June 30, 2013	$	-	$	(83,213)	$	(0.01)
March 31, 2013	$	-	$	(165,167)	$	(0.01)
December 31, 2012	$	-	$	(218,988)	$	(0.02)
September 30, 2012	$	-	$	(86,734)	$	(0.02)
June 30, 2012	$	-	$	(102,129)	$	(0.01)
March 31, 2012	$	-	$	(25,614)	$	(0.00)
December 31, 2011	$	-	$	(132,392)	$	(0.01)
September 30, 2011	$	-	$	(59,661)	$	(0.01)

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Comparison of operating results

	Three Months Ended September 30	
	2013	2012
	$	$
GENERAL AND ADMINISTRATIVE EXPENSES		
Consulting	**7,500**	9,200
General exploration expense	**-**	35,100
Management and director's fees	**35,500**	-
Marketing	**496**	5,499
Office and miscellaneous	**549**	7,601
Professional fees	**3,459**	12,050
Rent	**7,815**	6,704
Share-based compensation	**-**	-
Transfer agent and filing fees	**3,395**	3,533
Travel and promotion	**2,332**	7,399
	61,046	87,086

For the three months ended September 30, 2013, the Company's general and administrative expenses were decreased by $26,040 compared to the same period last year, mainly due to the following:

- the Company decreased consulting fees by $1,700 in comparison with the same period last year, and increased management and director fees by $35,500 compared to $Nil in 2012 due to management and directors' compensation resolutions and new consulting agreements signed in 2012.

- the Company signed an acquisition agreement on June 10, 2013, and as a result, all general exploration expenses have been capitalized, shown as $(35,100).

- the administration fees are $5,003 lower due to the additional admin fees charged in 2012 related to qualified transactions.

- professional fees is $8,591 lower, mainly due to completion of a qualified transaction in 2012.

- the rent is comparable to the same period last year.

- the transfer agent fee is comparable to the same period last year.

- travel and promotion expenses were $5,068 lower compared to the same period last year due to reduced travel for acquisition or negotiation of various properties in 2013 in relation to 2012.

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	Nine Months Ended September 30	
	2013	2012
	$	$
GENERAL AND ADMINISTRATIVE EXPENSES		
Consulting	**30,965**	17,200
General exploration expense	**-**	35,100
Management and director's fees	**146,500**	-
Marketing	**4,094**	9,915
Office and miscellaneous	**7,962**	10,539
Professional fees	**38,579**	86,922
Rent	**21,830**	20,113
Share-based compensation	**13,544**	-
Transfer agent and filing fees	**11,603**	27,085
Travel and promotion	**34,349**	8,501
	309,426	215,375

For the nine months ended September 30, 2013, the Company's general and administrative expenses were increased by $94,051 compared to the same period last year, mainly due to the following:

- the Company's consulting fees is $13,765 higher, management fee is $146,500 comparing to the same period last year due to management and directors' compensation resolutions and new consulting agreements signed in 2012

- the Company signed an acquisition agreement on June 10, 2013, and as a result, all general exploration expenses have been capitalized, shown as $(35,100).

- the administration fees are $5,003 lower due to the additional admin fees charged in 2012 related to qualified transactions.

- professional fees is $48,343 lower, mainly due to completion of a qualified transaction in 2012.

- the rent is comparable to the same period last year

- there is an increase of $13,544 share based compensation due to 1,425,000 new options being granted on March 6, 2013 to various directors, officers and consultants.

- the transfer agent fee is $15,482 lower, due to delisting on the NEX Board and listing on the CNSX and completion of a qualified transaction in 2012.

- travel and promotion expenses were higher by $25,848 compared to the same period last year due to an increase in the number of acquisition or negotiation of various properties.

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Liquidity and Capital Resources

As of September 30, 2013, the Company had cash of $3,895 compared to $142,874 at December 31, 2012. Working capital was $(283,992) compared to $19,888 at December 31, 2012.

The Company received gross proceeds of $42,000 and $206,700 from two non brokered private placements in August and December 2012. The Company received $15,000 subscription from non brokerage private placements announced in July which is still on going.

In order for the Company to earn its interest in mineral properties under the option, the Company must meet certain exploration spending thresholds.

In management's view, given the nature of the Company's operations, which consists of exploration, mining and evaluation of mining properties, the most relevant financial information relates primarily to current liquidity, solvency and planned property expenditures. The Company's financial success will be dependent upon the extent to which it can discover mineralization and the economic viability of developing its properties. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

LATEST OUTSTANDING SHARE DATA

The following is the latest share data as of November 29, 2013.

Common shares – 31,282,118

Stock Options – 1,425,000

Warrants – 3,653,314

OFF BALANCE SHEET TRANSACTIONS

The Corporation has not entered into any off balance sheet agreements.

RELATED PARTY TRANSACTIONS

The following is a summary of transactions with directors and officers, and companies controlled by directors of the Company:

	September 30, 2013	December 31, 2012
	$	$
Director fees, paid to a Company with a common director	18,000	6,000
Management fees, paid to Officers and/or Directors	128,500	49,500
Consulting fees, paid to a Company with a common director	-	2,100
Total key management compensation	146,500	57,600

During the period ended September 30, 2013, the Company also paid consulting fees of $3,000 to an officer of the Company who was appointed as CFO on March 7, 2013.

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The remuneration of the Company's directors and other key management personnel is as follows:

	September 30, 2013	December 31, 2012
	$	$
Management fees, paid to 3 Officers and/or Directors	128,500	49,500
Stock-based compensation	13,544	-

Included in prepaid and accounts payable was $1,374 and $183,599 due from and to these related parties respectively (2012 - $177 and $40,413). These amounts are unsecured and non-interest bearing.

FINANCING

Non-Brokered Private Placement

On March 3, 2011, the Company closed a non-brokered private placement to issue 4,000,000 common shares at a price of $0.15 per share for gross proceeds of $600,000. The Company paid $18,000 and issued 270,000 common shares as finders' fees. The shares issued are subject to a 4 month hold period until July 4, 2011.

On August 9, 2012, the Company closed a non-brokered private placement of 280,000 units at a price of $0.15 per unit for gross proceeds of $42,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is entitled the holder to purchase one common share at a price of $0.20 per share for a period of 18 months. The Company incurred cash commission of $3,360 and granted 8,000 common share purchase warrants as finders' fees. The Company recorded $259 in non-cash share issue costs related to the 8,000 warrants. These warrants have the same term and exercise price as the private placement warrants.

On December 22, 2012, the Company closed a non-brokered private placement of 2,003,333 flow-through units at a price of $0.06 per unit for gross proceeds of $120,200. Each unit consisted of one flow through common share and one non-flow through common share purchase warrant. Each whole warrant is exercisable to one common share at a price of $0.09 per share for a two year term. In connection with the flow-through share issuance, the Company recorded a $20,033 flow-through share premium liability calculated as the difference between the share issuance price and the market price at the time of closing. The Company incurred cash commission of $8,176 and granted 136,226 common share purchase warrants as finders' fees. The Company recorded $1,483 in non-cash share issue costs related to the 136,226 warrants. These warrants have the same term and exercise price as the private placement warrants.

On December 28, 2012, the Company closed a non-brokered private placement of 2,090,000 units at a price of $0.05 per unit for gross proceeds of $104,500. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant is exercisable to one common share at a price of $0.07 per share for a two year term. The Company incurred a cash commission of $4,360.

On July 29, 2013 the Company announced a non-brokered private placement of up to 3,000,000 flow-through units (the "FT Units") at a price of $0.08 per FT Unit for aggregate gross proceeds of up to $240,000. Each FT Unit will be comprised of one flow-through common share (an "FT Share") and one common share purchase warrant of the Company (an "FT Warrant"). Each whole FT Warrant will entitle the holder to purchase one common share of the Company (a "Common Share") for a period of 18 months from the closing date at an exercise price of $0.11per Warrant Share. The proceeds of the Flow Through Offering raised will be used for allowable exploration expenditures for the newly announced Maniwaki REE project.

In addition, the Company will also be offering a hard dollar component of the private placement of up to 3,000,000 units (the "Units") at a price of $0.05 per Unit for aggregate gross proceeds of up to $150,000 (the “Hard Dollar Offering” and together with the Flow Through Offering the “Offering”). Each Unit will be comprised of one Common Share and one common share purchase warrant of the Company (a "Warrant"). Each whole Warrant will entitle the holder to purchase one Common Share of the Company for a period of 18 months from the closing date at an exercise price of $0.07 per Warrant Share.

$15,000 subscriptions were received in the quarter.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Management has identified deferred mineral property acquisition, mineral property acquisition and exploration costs. Please refer to Note 3 of the Company’s audited financial statements of the Company for a description of all of the significant accounting policies.

Under IFRS, the Company defers all costs relating to the acquisition and exploration of its mineral properties (“exploration and evaluation” assets). Any revenues received from such proper ties are credited against the costs of the property. When commercial production commences on any of the Company’s properties, any previously capitalized costs would be charged to operations using a unit-of-production method. The Company reviews when events or changes in circumstances indicate the carrying values of its properties to assess their recoverability and when the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value. IFRS also allows the reversal of impairments if conditions that gave rise to those impairments no longer exist.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property do create measurement uncertainty concerning the estimate of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

Under IFRS 2 - Share-based Payments, stock options are accounted for by the fair value method of accounting. Under this method, the Company is required to recognize a charge to the statement of loss based on an option-pricing model based on certain assumptions including dividends to be paid, historical volatility of the Company’s share price, an annual risk free interest rate, forfeiter rates, and expected lives of the options.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new accounting pronouncements that have been issued and are effective. These include:

IAS 1

“Presentation of Financial Statements” retains current IAS 1 presentation standards, but requires disclosure of Other Comprehensive Income (Loss) items distinguishing between those that are recycled to profit and loss and those that are not recycled. Retrospective application is required, and the standard is effective for annual periods beginning on or after July 1, 2012, with early application permitted.

IFRS 9

The Company will be required to adopt IFRS 9 “Financial Instruments”, which replaces the current standard, IAS 39 Financial Instruments: Recognition and Measurement. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value, and is effective for annual periods beginning on or after January 1, 2015, with early application permitted.

IFRS 11

“Joint Arrangements” establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 12

“Disclosure of Involvement with Other Entities” requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 13

“Fair value measurement” replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at September 30, 2013, the Company’s financial instruments consist of cash and cash equivalents and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

IFRS 7 “Financial Instruments – Disclosures”, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial instruments measured at fair value on a recurring basis at September 30, 2013 is as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalent	$ 3,895	$ -	$ -	$ 3,895

RISK AND UNCERTAINTIES

Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure or easy access.

The economics of developing gold and other mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Depending on the price of gold or other minerals produced, which have fluctuated widely in the past, the Company may determine it is impractical to commence or continue commercial production.

Reserves and resource estimates

The mineral and resources estimates disclosed in the Company's public filings are only estimates and no assurances can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially minerable deposit which can be legally and economically exploited. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by ore type at optimal crush sizes. Actual mineral recoveries may exceed or fall short of projected laboratory test results. As stated previously, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions among other things. Short-term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under onsite conditions or in production scale operations. Material changes in proven and probable reserves or resource grades, waste-to-ore ratios or recovery rates may affect the economic viability of projects. The estimated proven and probable reserves and resources disclosed in the Company's public filings should not be interpreted as assurances of mine life or of the profitability of future operations.

The Company has engaged expert independent technical consultants to advise it on, among other things, mineral reserves and resources and project engineering. The Company believes these experts are competent and that they have carried out their work in accordance with internationally recognized standards. If, however, the work conducted by these experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs.

Foreign countries, laws and regulations

If the Company signed definite agreement with Shenba Resources Holdings Limited (“Shenba”) who has the property in United Republic of Tanzania and is exposed to the laws governing the mining industry in United Republic of Tanzania.

Commodity prices

The profitability of the Company’s operations, if established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of gold by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political development. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production of the Company’s properties to become impracticable.

A reduction in the price of gold and copper may prevent the Company’s properties from being economically mined or result in the write-off of assets whose value is impaired as a result of low gold prices.

The price of gold and copper may also have a significant influence on the market price of the Company’s common shares.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company’s Chief Financial Officer and Chief Executive Officer (the "Certifying Officers”) are responsible for establishing and maintaining disclosure controls and procedures (“the Procedures”) which provide reasonable assurance that information required to be disclosed by the Company under provincial or territorial securities legislation (the “Required Filings”) is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Company’s Certifying Officers are also responsible for establishing and maintaining internal controls over financial reporting (“Internal Controls”) and have designed such Internal Controls, or caused it to be designed under their supervision, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During 2013, there were inherent weaknesses in the Internal Controls due to the small size of the Company and its inability to segregate incompatible functions. The Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time.

The Certifying Officers evaluate the Company’s Internal Controls on a regular basis and have certified that there were no change in the Company’s Internal Controls during the period ended September 30, 2013 that materially affected, or is reasonably likely to materially affect, the Company’s Internal Controls.

APPROVAL

The Board of Directors of the Company Resource Inc. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be obtained along with additional information, on the SEDAR website at www.sedar.com.