APPIA ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended March 31, 2013

APPIA ENERGY CORP.

Management's Discussion and Analysis – March 31, 2013
As of April 24, 2013

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Appia Energy Corp. ("Appia" or the "Company") constitutes management's review of the factors that affected the Company's condensed interim financial and operating performance for the three and six months ended March 31, 2013. The MD&A was prepared as of April 24, 2013 and should be read in conjunction with the unaudited condensed interim financial statements ("Financial Statements") of the Company for the three and six months ended March 31, 2013, and the audited financial statements for the year ended September 30, 2012, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 to the Financial Statements. For further information regarding the accounting policies used in preparation of these Financial Statements readers should refer to the Company's annual financial statements for the year ended September 30, 2012.

Executive Summary

Appia Energy Corp. is a Canadian mineral exploration company with a primary focus on Uranium and Rare Earth Elements. The Company holds a 100% mineral rights interest in 12,545 hectares (31,000 acres) located near the town of Elliot Lake (the "Property"). In addition, it holds a 100% mineral rights interest in 39,751 hectares (98,227 acres) and a 60% mineral rights interest in 10,365 hectares (25,612 acres) in the Athabasca Basin of Saskatchewan.

Independent consultants, Watts, Griffis and McOuat Ltd. ("WGM"), completed a NI 43-101 technical report on the Teasdale Zone (the "Technical Report") entitled, "A Technical Review of the Appia Energy Corp. Rare Earth and Uranium Property, Elliot Lake District, North-Central Ontario, Canada." dated July 18, 2011, with certificates dated November 7, 2012, written by Al Workman, P. Geo and Kurt Breede, P. Eng (collectively the "Authors") of WGM and was filed at www.sedar.com on December 12, 2012. The Technical Report outlines mineral resources for two principal zones on the Elliot Lake Property – the Teasdale Zone and the Banana Lake Zone.

The approval of the Company's Long Form Non-Offering Prospectus ("Prospectus") dated December 12, 2012 resulted in Appia now being a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario. Full particulars are set out in the Prospectus which is available at www.sedar.com.

The Company substantially performed the Phase 1 Program on the Teasdale Zone as set out in the Technical Report and completed 17 drill holes in late August, 2012. The drill program was designed to increase both the uranium and rare earth resources at the Teasdale Zone and advance the zone towards the completion of a revised NI 43-101 resource estimate. The results are set out in the Prospectus at pages 8A to 8F. The Technical Report had budgeted for a 4,000 metre drill program at $1.7 million but as a result of lower drilling costs and the use of a barge rather than a helicopter to mobilize the drill, the Company completed 8,177 metres of drilling for approximately $1.3 million. In order to incur required CEE expenditures by December 31, 2012, the Company completed a 1,650 metre hole northwest of the Banana Lake Zone at a cost of $224,000.

Metallurgical recovery test work is being completed and is required for WGM to prepare a Preliminary Economic Assessment ("PEA") on the Teasdale Zone involving an update of the mineral resource estimate. Completion of the PEA will provide the Company with sufficient information to plan the next phase of exploration for the Property.

Further exploration on the Banana Lake Zone or the Teasdale Zone will require additional equity financing. The Company continues to monitor the financial market conditions and expects to complete a financing when market conditions improve. Also under consideration is securing a joint venture or strategic partner.

Exploration and evaluation assets

Ontario:

Appia holds over 12,545 hectares (31,000 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario. The zones are called Teasdale, Banana Lake, Canuc, Bouck Lake and Buckles Lake. The Elliot Lake area has produced over 300 M lbs of U_3O_8 and is the only mining camp in Canada with significant historical commercial rare earth production.

The following disclosure concerning the exploration and evaluation assets is taken from the Technical Report. WGM prepared Mineral Resource estimates for mineralized zones belonging to the Teasdale and Banana Lake Zones that have sufficient data to show continuity of geology and grades set out in the tables below. Please see the table entitled "NI 43-101 Compliant uranium Mineral Resources on the Appia Property" below (the "Prior Resources Estimate"). The current Teasdale Zone Mineral Resource estimate was prepared from a polygonal model using a geological cut-off and a minimum bed thickness of 2.44 metres (8 ft.) which takes into consideration the continuity of grade within the various mineralized beds and historical mining practices. No grade cut-off or high capping was used for this estimate as the grades were themselves quite robust and the utilization of a cut-off grade would require complex economic modelling of individual metals that is not required at this time. The estimate was based on total rare earth element content ("TREE") as the main subject of interest, however the average grade of the most abundant individual rare earth elements ("REE") was estimated. The mineralized zone was geologically constrained by the well-defined markers provided by the upper surface of the highest mineralized bed and the lower surface of the basal bed. The estimated uranium (U) REE resource is a smaller volume (tonnage) of mineralized rocks that is contained within the Prior Resource Estimate which was a U only resource estimate.

Current Rare Earth Metals and Uranium Mineral Resource Estimate on Teasdale Zone

(La-Lanthanum; Ce-Cerium; Pr-Praseodymium; Nd-Neodymium; Sm-Samarium; Eu-Europium; Gd-Gadolinium; Tb-Terbium; Dy-Dysprosium; Ho-Holmium; Er-erbium; Tm-Thulium; Yb-Ytterbium; Lu-Lutetium; Hf-Hafnium; Y-Yttrium)

Summary of Teasdale Zone Rare Earth Metal and Uranium Resource Estimate

Category	Tonnes ('000)	Tons ('000)	TREE (%)	U_3O_8 (lb/ton)	Average Thickness (m)	Contained TREE ('000 lbs)	Contained U_3O_8 ('000 lbs)
Indicated	3,366	3,710	0.146	0.506	9.76	10,852	1,878
Inferred	21,217	23,388	0.181	0.615	7.22	85,895	14,379

Notes:

1. The Mineral Resources are effective as of July 18, 2011.
2. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
3. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
4. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council December 11, 2005.
5. S.G. of 2.85 tonnes/m^3 (or 3.14 tons/m^3) was used.
6. Indicated amounts may not precisely sum due to rounding.

The average grades for the most abundant REEs comprising the TREE are shown in the table below.

Individual REE Resource Grade Composition Summary

Category	Light REE (lbs/ton)						Heavy REE (lbs/ton)									
	La	Ce	Pr	Nd	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu	Hf	Y
Ind.	0.75	1.33	0.13	0.43	0.07	0.002	0.04	0.01	0.03	0.004	0.010	0.002	0.01	0.002	0.01	0.11
Inf.	0.93	1.64	0.16	0.53	0.09	0.004	0.06	0.01	0.03	0.016	0.012	0.002	0.01	0.002	0.01	0.13

Notes:

1. *The Mineral Resources are effective as of July 18, 2011.*
2. *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
3. *The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.*
4. *The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council December 11, 2005.*
5. *S.G. of 2.85 tonnes/m3 (or 3.14 tons/m3) was used.*
6. *Indicated amounts may not precisely sum due to rounding.*

Banana Lake Zone Resource Estimate

WGM's NI 43-101 compliant Mineral Resource estimate for the Banana Lake deposit is based on seven (7) diamond drill holes, the results of which are summarized in the table below. The estimate was prepared from a block model using a 0.6 lb U_3O_8/ton cut-off grade based on an uranium price of US$65/lb a C$:US$ exchange rate of 1:0.9, and a minimum vertical thickness of 5 m to accommodate larger mining equipment. The challenge for Appia is to demonstrate that sufficient tonnage exists to justify mine development. It is clear that a Preliminary Assessment is needed to estimate the resource (tonnes and grade) threshold that the deposit should clear to be economically viable, as well as exploring mining and processing options. One consideration in determining such inputs as a cut-off grade would be whether or not the ore from this deposit could be processed in a central milling facility that would accommodate proposed neighbouring mining operations in the Elliot Lake camp. This would significantly reduce capital and operating costs and allow for a lower cut-off grade.

Banana Lake Zone Mineral Resource Estimate
(using 0.6 lb U_3O_8/t cut-off)

Category	Tons ('000)	S.G. (tons/m^3)	lb U_3O_8/t	Total lbs U_3O_8 ('000)
Inferred Resources	30,315	3.14	0.912	27,638

Notes:

1. *The Mineral Resources are effective as of July 18, 2011.*
2. *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
3. *The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.*
4. *The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council December 11, 2005.*
5. *S.G. of 2.85 tonnes/m3 (or 3.14 tons/m3) was used.*
6. *All tonnage and total lbsU_3O_8 amounts rounded to nearest thousand or thousandth. Totals may not add up due to rounding*

Teasdale and Banana Lake Zones Uranium Resource Estimates

The above WGM Rare Earth Metals and Uranium Mineral Resource estimate on the Teasdale Zone takes in both uranium and rare earth element mineralization and is based on the six holes completed by Appia. This represents a subset of the total 22 holes drilled on the deposit and used in the WGM audit referred to below. Because only these six Appia holes were assayed for rare earths, the current Rare Earth Metals and Uranium Mineral Resource estimate has been restricted to the area of influence of this data and the historical drill holes have necessarily been excluded. The estimated U-REE resource is a smaller volume (tonnage) of mineralized rocks that is contained within the below Prior Resource Estimate which was a U-only resource estimate. In the Teasdale Zone, Appia's drilling during the winter 2007-08 exploration program confirmed historical intersections which were concentrated in an area west of Teasdale Lake, with holes ranging from less than 300 m to nearly 600 m in length. Former Rio Algom Chief Geologist Doug Sprague's historical resource estimate based on this drilling was audited by WGM and confirmed as a valid expression of the amount of uranium in the Teasdale Zone. Appia's drilling enlarged the area previously known to contain uranium resources and provided the basis for a NI 43-101 compliant Mineral Resources estimate. Using a cut-off grade of 0.60 lbs U_3O_8/ton, WGM's prior estimate showed that the Teasdale deposit (being that part of the Teasdale Zone which contains economically interesting uranium-rare earth metal mineralization and herein referred to as the "Teasdale Deposit") contained an Indicated Mineral Resource of 17.4 million tons (15.8 Mt) with an average grade of 1.10 lbs U_3O_8/ton (0.55 kg U_3O_8/t) and an Inferred Mineral Resource of 48 million tons (43.5 Mt) at the same grade.

The Banana Lake Inferred Resources were estimated by Kurt Breede, who is also the co-author of the Technical Report. The two older estimates are summarized in the table below.

Prior NI 43-101 Compliant Uranium Mineral Resources on the Appia Property
(using 0.6 lb U_3O_8/t cut-off)

Zone	Classification	Tons	S.G. (tons/m^3)	Average Grade (lb U_3O_8/ton)	Contained Uranium (lb U_3O_8)
Banana Lake	Inferred Resources	30,315,000	3.14	0.912	27,638,000
Teasdale	Indicated Resources	17,400,000	3.14	1.10	19,000,000 *
	Inferred Resources	48,000,000	3.14	1.10	52,700,000 *

* All tonnage and total lbs U_3O_8 amounts rounded to nearest thousand or thousandth. Totals may not add up due to rounding

Notes:

1. *The Mineral Resources are effective as of July 18, 2011.*
2. *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
3. *The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.*
4. *The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council December 11, 2005.*
5. *S.G. of 2.85 tonnes/m3 (or 3.14 tons/m3) was used.*
6. *Indicated amounts may not precisely sum due to rounding.*

WGM believes that the close association between the uranium and rare earth metals supports suppositions regarding the areas of the Teasdale Zone defined by historical drilling but untested by Appia. If the U-REE resource is extrapolated in a linear sense to cover the entirety of the Teasdale Zone as previously estimated by WGM, then the total REE resources would be expected to increase substantially given that the total contained uranium outlined to date is approximately 19 Mlbs (Indicated) and 53 Mlbs (Inferred). If the REE:U ratio is sustained throughout the deposit, then the Teasdale Zone as outlined by historical and current drilling should contain between 400 to 450 Mlbs of total REEs[1] at an average grade of approximately 3 to 4 lbs/ton, most of which will be La ($93/kg), Ce ($96/kg) and Nd ($150/kg) with significant amounts of Y ($105.50/kg), Gd ($100.50/kg) and Pr ($138.50/kg). In WGM's opinion, this represents the conceptual exploration target for the Teasdale Zone that is now being explored by Appia. The potential quantity and grade is conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource. The prices for REEs at July 18, 2011 as set out in the Technical Report enable the REEs to add considerable value (>$100/ton) to Teasdale mineralization over and above the value of the uranium. As the Teasdale Deposit is not currently well constrained by drill hole data, and is open laterally in all directions, the expected TREE content should be greater yet, although additional drilling as recommended in the Technical Report will be required to prove or disprove this concept.

The aforementioned U-REE resources offer a different and arguably more representative approach to the resources of the Teasdale Deposit, however REE data is not available for part of this zone as explained above.

Saskatchewan Properties:

Appia holds a 100% mineral rights interest in 39,751 hectares (98,227 acres) and a 60% mineral rights interest in 10,365 hectares (25,612 acres) in the Athabasca Basin of Saskatchewan.

The Company recently staked additional claims in the Athabasca Basin of Saskatchewan, primarily near the Patterson Lake South area, bringing its total holdings in twenty mining claim blocks to 50,116 hectares (123,839 acres). The area boasts a recent high grade uranium discovery reported by Fission Energy Corp. and Alpha Minerals Inc.

Results of Operations

Total operating expenses for the three months ended March 31, 2013 were $132,651 compared to $613,285 in 2012. The year over year decrease is due to the decrease in the non-cash share based compensation to $62,483 for the three months ended March 31, 2013 compared to $509,624 for same period of the previous year, and the decrease in professional fees to $23,468 from $79,072 for the comparable period of the previous year, offset somewhat by the increase in management fees and salaries as a result of the addition of a Chief Financial Officer.

Interest income was $3,722 for the three months ended March 31, 2013, compared to $7,232 for 2012. The decrease is primarily due to a lower cash position in 2013 as compared to 2012.

Total operating expenses were $292,741 for the six months to March 31, 2013 ($808,564 for the six months ended March 31, 2012). The major contribution to the year over year change is the decrease in the non-cash share based compensation to $124,966 for the six months ended March 31, 2013 compared to $644,351 for same period of the previous year, and decrease in professional fees to $86,183 from $113,893 for the comparable period of the previous year.

Interest income was $10,090 for the six months ended March 31, 2013 ($21,996 for the six month period ended March 31, 2012). The increase is primarily due to a decreased cash position in 2013 as compared to 2012.

The Company's net loss and comprehensive loss for the three and six months ended March 31, 2013 was $128,929 and $203,835 or $0.00 and $0.00 loss per share ($605,363 and $785,110 or $0.01 and $0.02 loss per share for the three and six months ended March 31, 2012).

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[1] Equivalent to the total contained uranium oxide in the 2008 WGM uranium-only resources estimate for the entire Teasdale Zone divided by the uranium oxide contained in the current resource estimate based solely on the recent Appia drilling and then multiplied by the current TREE content.

Selected Quarterly Information (all quarters reported under IFRS)

2012/2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012
	$	$	$	$
Net (loss) and comprehensive (loss)	(128,929)	(74,906)	(108,100)	(276,213)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	7,344,922	7,466,699	7,701,563	7,529,730

2011/2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	June 30, 2011
	$	$	$	$
Net profit/(loss) and comprehensive profit/(loss)	(605,363)	(179,747)	(278,305)	(119,415)
Net loss per share – basic and diluted	(0.01)	(0.00)	(0.01)	(0.00)
Total assets	7,545,874	7,627,152	7,608,016	7,622,843

Capital Resources and Liquidity

At March 31, 2013, the Company had working capital of $868,113 compared to $3,260,896 as at March 31, 2012. As the Company has no operating revenue, it continues to be funded with equity based private placements. At March 31, 2013, the Company had fulfilled all of its obligations to spend money raised in flow-through financings on eligible expenditures. The Company's exploration of its properties, which includes drilling and other evaluation programs, is dependent on raising sufficient capital resources. The Company has enough financial resources to continue operation through the next twelve months. The funds generated from flow-through financings enable the Company to pursue its planned exploration activities. Additional funding will be required to maintain ongoing operations and to fully pursue the exploration and development of its properties. The Company's ability to meet its obligations and continue as a going concern continues to be dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

Common Share Data

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at September 30, 2012 and March 31, 2013 is 41,616,078.

Common share purchase stock options

The Company has created a stock option plan for the benefit of directors, officers and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at March 31, 2013, 2,200,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

On February 17, 2011, the Company issued 1,000,000 stock options exercisable at $1.25 per share until February 17, 2016 to directors of the Company.

On July 14, 2011, the Company issued 400,000 stock options exercisable at $1.25 per share until July 14, 2016 to a director of the Company.

On January 23, 2012, the Company issued 400,000 stock options exercisable at $1.25 per share until January 23, 2017 to an officer of the Company.

On February 1, 2012, the Company issued 400,000 stock options exercisable at $1.25 per share until February 1, 2017 to a director of the Company.

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,000,000	1,000,000	34.6 months	$1.25	February 17, 2016
400,000	400,000	39.5 months	$1.25	July 14, 2016
400,000	400,000	45.8 months	$1.25	January 23, 2017
400,000	400,000	46.0 months	$1.25	February 1, 2017
2,200,000	2,200,000			

Common share purchase warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number #	$
Balance September 30, 2012	15,860	1,302
Warrants expired	(15,860)	(1,302)
Balance March 31, 2013	Nil	Nil

As at March 31, 2013, the Company had 41,616,078 common shares and 2,200,000 stock options outstanding. The fully diluted number of common shares that could be outstanding as at March 31, 2013 is 43,816,078.

As at April 24, 2013, the Company had 41,616,078 common shares and 2,600,000 stock options outstanding. The fully diluted number of common shares that could be outstanding as at April 24, 2013 is 44,216,078.

Related Party Transactions

During the three and six months ended March 31, 2013, the Company incurred related party expenses of $27,000 and $54,000 (2012 - $22,000 and $40,000). These expenses related to salaries and consulting fees for key management personnel Tom Drivas, Chief Executive Officer and Michael D'Amico, Chief Financial Officer and office administration services paid to a company where Tom Drivas is a director and officer. At March 31, 2013, $328,306 (2012 - $268,306) of accumulated related party expenditures is due and outstanding to Tom Drivas and is included under accounts payable and accrued liabilities. The amount charged for office administration services is included under office and general expenses.

Share based compensation to management and directors for the three and six months ended March 31, 2013 were $62,483 and $124,966 (2012 - $509,625 and $644,352) respectively.

During the three and six months ended March 31, 2013, the Company incurred expenses of $6,500 and $10,500 (2012 - $nil and $nil) related to directors' fees to independent directors. At March 31, 2013, $10,500 was due and payable.

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the three and six months ended March 31, 2013 and 2012.

During the three and six months ended March 31, 2013, the Company incurred expenses of $15,316 and $48,991 (2012- $64,824 and $85,095) for legal fees to a law firm related to a senior officer and director of the Company, William R. Johnstone. At March 31, 2013 $36,953 (2012 – $27,160) was due and payable to this related party.

As disclosed in Note 5(a) of the Financial Statements, the Company's major exploration property was acquired from a related party.

Contingency

In January of 2013, the Company was served with a summons under Section 24 of the Provincial *Offences Act* charging the Company with an offence under Section 36(1) of the *Lakes and Rivers Improvement Act*, R.S.O. 1990, Chapter L.3 and Section 2(1)(d) Ontario Regulation 453/96 made under the *Public Lands Act*, R.S.O. 1990, Chapter P.43 relating to a minor incident that occurred in July of 2012 during the Company's summer drill program at Elliot Lake. The Company has not received any further particulars of the offence or the details relating thereto and is investigating the matter. No allegations have been proven in court and it is not possible to determine the amount of any liability to the Company at this time. While the Company and the drilling contractor retained by the Company both maintain insurance coverage, it is not possible to determine whether such insurance is applicable or adequate at this time. The Company is of the view that it took all steps necessary at the time to alleviate the problem and will take all steps necessary to ensure appropriate remediation has been effected once it is able to obtain full particulars of the offence from the prosecutor.

Subsequent events

On April 9, 2013, Frank van de Water was appointed Chief Operating Officer and Corporate Secretary of the Company, and a new member of the Board of Directors. As part of his compensation, Frank was granted 400,000 options exercisable at $1.25 per share for a period of 5 years.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its exploration and evaluation assets for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows. Assumptions underlying the cash flow estimates include the forecasted prices for uranium and rare earth elements, production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that as at March 31, 2013, there is no impairment of carrying value on its Ontario and Saskatchewan exploration and evaluation assets.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments recognized in the balance sheet consist of cash, and cash equivalents, HST/GST receivable and current liabilities. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

Risk Factors

There are a number of risks that could affect Appia`s business prospects. They include the speculative nature and the ability to finance the exploration and development of the Company's mineral properties, operating hazards, environmental and other government regulations, competition in the marketplace, markets for the Company's securities and the demand for gold and base metals. In the future, the Company's viability will depend on the successful definition of recoverable and economic resources and the establishment of positive comprehensive feasibility studies leading to production decisions. After completion of positive feasibility studies, the Company's success is dependent on maintaining the title and beneficial interest in the properties, obtaining the necessary governmental approvals and the successful financing, construction and operation of a facility to profitably extract the contained metals.

Exploration Risk

Mineral exploration and development involve a high degree of risk. A very low percentage of exploration projects ultimately evolve into producing mines. There is no assurance that the Company's future exploration and development activities will result in the definition of a commercial ore body. The viability of an ore body depends on a number of factors which include, but are not limited to, location, size, grade, geometry of ore body, availability of experienced labourers, proximity to existing infrastructure, metal prices and government regulations, including environmental restrictions.

Financial Capability and Additional Financing

The Company has working capital of approximately $853,000 at April 24, 2013, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past, in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to continue as a going concern.

Fluctuating Prices

The prices of uranium and rare earth elements have fluctuated widely in recent years and are affected by factors beyond the control of the Company. International economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends are some of the factors that could impact on the viability of the Company's exploration projects that are impossible to predict with certainty.

Environment

Both the exploration and production phases of the Company's operations will be subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Cash Flow

The Company's properties are all in an early stage of exploration and as a result, the Company has no source of operating cash flow. Failure to obtain additional financing could result in a delay or indefinite postponement of further exploration with the possible loss of such properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company will require new capital to continue to operate its business and to continue exploration on its various properties, and there is no assurance that capital will be available when needed, if at all.

Title Matters

The mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims have not been converted to lease and tenure, and as a result, are subject to annual compliance with assessment work requirements. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims, including First Nations land claims, and title may be affected by undetected defects. There is no guarantee that title to the Company's properties or its rights to earn an interest in its properties will not be challenged or impugned. Also, in many countries, including Canada and the USA, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries in respect of resource properties.

Uncertainty in the Estimation of Mineral Resources

The figures for mineral resources contained in this MD&A are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral resources could be mined or processed profitably. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

The Company and WGM have carefully prepared and verified the mineral resource figures and believe the methods of estimating mineral resources have been verified by mining experience. All mineral resource estimates have been prepared in accordance with National Instrument 43-101 ("NI 43-101") and the Canadian Institute of Mining and Metallurgy ("CIM") Classification System. However, such figures are estimates, and no assurance can be given that the indicated level of mineral will be produced. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Fluctuations in the prices of rare earth elements and uranium may render mineral resources containing lower grades of mineralization uneconomic. Market price fluctuations of rare earth elements and uranium may render the present mineral resources unprofitable for periods of time.

Fluctuation in rare earth elements and uranium prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources, or of the Company's ability to extract these mineral resources, could have a material adverse effect on the Company's operations and financial condition.

Land access

As of April 1, 2013, under the recently modified Mining Act, the Company is required to obtain permits to conduct exploration and evaluation activities on its Ontario properties. In management's view there is uncertainty concerning the First Nation's ability to comply with the legislation on a timely basis, and there is a risk of permitting delays. The impact of any delays on the Company's operations is unknown.

Outlook

Appia intends to advance the development of its extensive Elliot Lake rare earth and uranium resource within the next six months by:

- Completing a NI 43-101 resource calculation after completion of metallurgical recovery testing of the REE resource at the Teasdale Zone
- Completing a Preliminary Economic Assessment based on various mining and metallurgical recovery methods for the Teasdale Zone resource.

Appia intends to monitor financial market conditions, and if possible, complete a financing to advance the exploration activities on its Elliot Lake and Saskatchewan properties, including:

- Drilling at Banana Lake Zone with the objective of converting the substantial historical resources to NI 43-101 compliant standards and increasing the existing NI 43-101 resources
- Drilling a large, untested, potentially higher grade area northwest of Banana Lake Zone.
- Drilling other zones to explore in order to expand the potential mineralization.

- Reviewing all options for the development and advancement of the Teasdale Zone.
- Initiating exploration of the Saskatchewan properties.
- Considering joint venture opportunities and possible strategic partners

Special Note Regarding Forward-Looking Statements

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors and including the risk factors summarized above under the heading "Risk Factors". New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

New accounting pronouncements

New standards and interpretations not yet adopted

We have not yet adopted the standards and amendments to existing standards that have been issued. The standards and amendments, unless otherwise stated, are effective for periods beginning on or after January 1, 2013. We are assessing the impat of the following standards and amendments on our financial statements:

- *IFRS 7, Financial Instruments: Disclosures*
- *IFRS 9, Financial Instruments*
- *IFRS 10, Consolidated Financial Statements*
- *IFRS 11, Joint Arrangements*
- *IFRS 12, Disclosures of Interests in Other Entities*
- *IFRS 13, Fair Value Measurement*
- *IAS 1,Presentation of Financial Statements*
- *IAS 19,Employee Benefits*
- *IAS 32, Financial Instruments: Presentation (January 1, 2014)*

Additional Information

(1) Additional information may be found on the Company's website at www.appiaenergy.ca.

(2) The technical information included in this MD&A has been reviewed and approved by Al Workman, P.Geo. Senior Geologist, Watts, Griffis and McOuat Ltd., a Qualified Person in accordance with the Canadian regulatory requirements as set out in NI 43-101.