# SUPER NOVA MINERALS CORP.

## Management Discussion & Analysis
## For the three and nine months ended February 28, 2013

Management Discussion and Analysis ("MD&A") focuses on significant factors that affected the performance or may affect future performance of Super Nova Minerals Corp. ("Super Nova" or the "Company") and is intended to help the reader understand the financial statements of Super Nova. The information herein should be read in conjunction with the audited financial statements for the year ended May 31, 2012 and 2011 and the unaudited interim financial statements for the three and nine months ended February 28, 2013 and related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A is prepared as at April 25, 2013 and all monetary amounts are in Canadian dollars unless otherwise stated. Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained therein.

## COMPANY OVERVIEW

Super Nova is a Canadian resource exploration company engaged in the acquisition, exploration and development of mineral properties, and currently holds interests in resource properties in British Columbia and Quebec, Canada, and Montana, United States.

## HIGHLIGHTS

The following are highlights of events occurring during the three and nine months ended February 28, 2013 and subsequent thereto:

***Amalgamation with 0922519 BC Ltd and Public Listing***

On October 2, 2012, Super Nova Minerals Corp. ("SNMC") and 0922519 B.C. Ltd. ("519 BC") were amalgamated into on entity and continued to use the name of Super Nova Minerals Corp. (the "Company" or "Newco"). Upon amalgamation, shareholders of 519 BC received one common share of Newco for every six (6) 519 BC's common shares they held before the amalgamation while shareholders of SNMC received one share of Newco for one SNMC's common shares they held before the amalgamation. Although the transaction resulted in a single entity, control passed to the former shareholders of SNMC and the transaction constitutes a reverse take-over of 519 BC by SNMC and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share-based Payment and IFRS 3 Business Combinations. As 519 BC did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by the SNMC for the net asset of 519 BC. Also, as the main purpose of the amalgamation is to use the shell of 519 BC to list the shares of the Newco on Canadian National Stock Exchange ("CNSX"), the acquisition cost over the net asset acquired is recorded as listing fee on the statements of loss and comprehensive loss.

The preliminary acquisition price allocation price is as follows:

| | | |
|---|---|---|
| Net assets acquired | | |
| Accounts payable and accrued liabilites | $ | (16,651) |
| | $ | (16,651) |
| | | |
| Acquisition cost | | |
| Fair value of shares issued (1,006,445 shares of Newco) | $ | 100,645 |
| Transaction cost | | 66,641 |
| | $ | 167,286 |
| | | |
| Cost of public listing | $ | 183,937 |

On October 22, 2012, the common shares of the Company were listed on CNSX under the symbol "SNP".

**Property Acquisitions**

- In November 2, 2012, the Company entered into a purchase agreement (the "Preissac Agreement") with Pristine Capital Corp. ("Pristine") to acquire the Preissac Property, which comprised of 13 mineral titles (totalling 456 hectares) located in the Rouyn-Noranda-Val dor mining camp, in Northwest Quebec for $30,000 cash and 1,450,000 Common Shares of the Company.

- In November 2012, the Company entered into a farmout agreement (the "Farmout Agreement") with Elk Hills Petroleum Canada Ltd. and Elk Hills Heavy Oil, LLC (the "Farmors") to acquire an option, by making certain cash payment and completing certain exploration work, to earn an 85% working interest before payout and a 50% interest after payout in the Morris Block, which contains 1,900 in its entirety, on the Elk Hills Project in the Big Horn basin of Montana, United States.

  In February 2013, the Company entered into an Amendment Farmout Agreement ("Amendment Agreement") with the Farmors to replace the Farmout Agreement. Pursuant to the terms of the Amendment Agreement, the Company will acquire a 50% working interest in the Elk Hills Property, which covering approximately 14,444 acre land position in its entirety containing Morris Block and Cottonwood Creek Prospect, until the Farmors have received a total of $3 million in net revenue from oil production through their fully carried working interest and an 87.5% working interest after the Farmors have received a total of $3 million in net revenue out of oil production by issuance of 16,786,665 common shares to the shareholders of Elk Hills Petroleum , cash payment of $700,000 to the Farmors, and completing certain project work per agreed schedule.

***Financing***

In June 2012, the Company closed a private placement and raised $135,440 through the issuance of 712,000 Flow Through shares at a price of $0.12 per share, of which $85,440 was received in fiscal 2012, and the issuance of 500,000 shares at a price of $0.10 per share of which $10,000 was received in fiscal 2012.

In September 2012, the Company closed a private placement and raised $70,500 through issuance of 705,000 shares of the Company at a price of $0.10 per share.

In January 2013, the Company closed a private placement and raised gross proceeds of 86,000 by issuance of 1,146,662 units at $0.075 per unit. Each unit comprises one common shares and one share purchase warrant which can be converted into one common share over a two-year period at an exercise price of $0.15 per share before the first anniversary of the date of the issuance, and $0.20 per share after the first anniversary of the date of the issuance.

In February 2013, the Company closed a private placement and raised gross proceeds of $132,500 by issuance of 1,766,666 units at $0.075 per unit. Each unit comprises one common shares and one share purchase warrant which can be converted into one common share over a two-year period at an exercise price of $0.125 per share before the first anniversary of the date of the issuance, and $0.175 per share after the first anniversary of the date of the issuance.

All proceeds raised were used as planned to fund exploration activities and general working capital.

## RESOURCE EXPLORATION PROJECTS

### *a) Marbridge Property, Quebec*

The Company's 100% interest owned Marbridge Property is nickel-copper-platinum group element (PE) mineralization project, located in the Lamotte Township, 470 km northwest of Montreal and 33 km northwest of Val d'Or in the Abitibi region of west-central Quebec, along the north-trending Highway 109 which joins the town of Riviere-Heva town located on Highway 117 and Amos, 39 km to the north.

Geologically, the Marbridge property is situated in the south-central Archean Abitibi greenstone belt where it overlies the Malartic Group. The latter is comprised of numerous late batholithic bodies that intrude volcanic and sedimentary sequences. The preceding is comprised of roughly east-west-trending komatiitic and minor volcanic-sedimentary assemblages that curl around three large late- to post-tectonic granitic batholiths.

Comprehensive detailed exploration of the Marbridge Property remains to be undertaken. The Company has planned a two-phased exploration program at Marbridge Property. The first phase would consist of geological mapping, geophysics, geochemistry, and drilling, and the second phase would consist almost entirely of drilling, but would be contingent on the results obtained from Phase I.

During three and nine months ended February 28, 2013, the Company incurred exploration expenditures of $2,781 at Marbridge Property. As of November 30, 2012, costs incurred at Marbridge Property, including acquisition cost of $213,950, amounted to $355,808.

Marbridge Property is subject to a net smelter return royalty of 3%, of which 2% may be purchased for $1,000,000.

### *b) Iron Ridge Project, British Columbia*

Pursuant to a series of agreements, the Company entered into an option to acquire a 100% interest in the Iron Ridge Property, located in south-eastern British Columbia, approximately 10 kilometers east of the town of Creston, and consisted of five mineral claim blocks, covering a total area of 549.87 hectares. In consideration for acquiring the property, the Company issued 1,300,000 common shares valued at $130,000 during fiscal 2008, issued 2,000,000 common shares valued at $100,000 during fiscal 2011 and paid a total of $39,000 in cash to May 31, 2011. In order to acquire the property, the Company is required to pay an additional $6,000 within 60 days of listing its common shares for trading on a recognized stock exchange.

The Iron Ridge Property is an early exploration stage property with a favourable structural and stratigraphic setting for economic minerals. During the year ended May 31, 2012, the Company carried out a field exploration program which consisted of a small sampling program and ground magnetic survey. At total of 20 rock samples and 116 soil samples were collected on the Iron Ridge Property for the sampling program. Approximately 6.6km of survey lines were covered in the ground magnetic survey in order to provide higher quality geophysical data for assessment purposes in respect to the Iron Ridge Fault. Laboratory assay results of the rock and soil samples showed no indication of any enrichment in economic minerals in the area. However, the ground geophysics produced some interesting structures and trends which could represent possible targets for further re-evaluation.

During three and nine months ended February 28, 2013, the Company incurred exploration expenditures of $9,975 at Iron Ridge Property. As of November 30, 2012, costs incurred at Iron Ridge Property, including acquisition cost of $269,000, amounted to $360,609.

Iron Ridge Property is subject to a net smelter return royalty of 3%, of which 2% may be purchased for $1,000,000.

***c) Preissac Property***

On November 2, 2012, the Company entered into a purchase agreement (the "Preissac Agreement") with Pristine Capital Corp. ("Pristine") to acquire the Preissac Property, which comprised of 13 mineral titles (totaling 456 hectares) located in the Rouyn-Noranda-Val dor mining camp, in Northwest Quebec for $30,000 cash and 1,450,000 Common Shares of the Company ("Purchase Price"). On November 6, the Company issued a total of 1,450,000 Common Shares, valued at $0.10 per share, to Pristine and the cash consideration is to be paid by installments, of which $10,000 is due on January 15, 2013 and $20,000 is due on February 28, 2013. Upon completion of payment of the Purchase Price, the Company will acquire an undivided 100% interest in and to the property.

***d) Elk Hills Property***

In November 2012, the Company entered into a farmout agreement (the "Farmout Agreement") with Elk Hills Petroleum Canada Ltd. and Elk Hills Heavy Oil, LLC (the "Farmors"). Under the terms of the Agreement the Company acquired an option to earn an 85% working interest before payout and a 50% interest after payout in the Morris Block, which contains 1,900 in its entirety, on the Elk Hills Project in the Big Horn basin of Montana, United States, by completing the following:

(i) Making cash payments to the Farmors totaling USD$380,000 as follows:

- USD$82,000 (paid);
- USD$70,000 as a non-refundable payment before November 26, 2012, for the exclusive right to develop a 5 spot steam injection project (the "5 Spot") within the Morris Block; and
- USD$280,000 on or before 90 days following completion of the 5 Spot;

(ii) Completing the drilling of a well on the Morris Block for steam production testing by January 31, 2013;

(iii) Purchasing an adequate Steam Generator, with water purifier, trailers, timer and retrofitted burner by January 31, 2013; and

(iv) Completing the 5 Spot in an area on the Morris Block designated by the Farmors;

Upon satisfactory completion of a development program on the Morris Block, the Company will have the right to provide USD$150,000 additional non-refundable payment for the lease option to acquire the same working interest in the Cottonwood Creek Lease Block, a nearby property on the Elk Hills project.

In February 2013, the Company entered into an Amendment Farmout Agreement ("Amendment Agreement") with the Farmors to replace the Farmout Agreement. Pursuant to the terms of the Amendment Agreement, the Company will acquire a 50% working interest in the Elk Hills Property,

which covering approximately 14,444 acre land position in its entirety containing Morris Block and Cottonwood Creek Prospect, until the Farmors have received a total of $3 million in net revenue from oil production through their fully carried working interest and an 87.5% working interest after the Farmors have received a total of $3 million in net revenue out of oil production by doing the following:

(i) Making cash payments to Farmors totaling $700,000 as follows:

- $47,000, receipt of which is hereby acknowledged by the Farmors;
- $25,000 before February 25, 2013 (paid)
- $48,000 before March 15, 2013
- $30,000 before April 30, 2013
- $100,000 before May 31, 2013
- $150,000 at the start of the Steam Injection Test on the Bauwens or Cottonwood Creek well but no later than 60 days after the Cottonwood Creek well is drilled and cased and no later than July 31, 2013
- $300,000 within one week of the first well for the 5 Spot being spudded.

(ii) Issuing common shares to the shareholders of Elk Hills Petroleum Canada Ltd. ("Elk Hills") totaling 16,786,665 as follows:

(iii) 5,595,555 shares within five business days after receipt approval from Canadian National Exchange (issued)

(iv) 5,595,555 shares within one week after the well is drilled, cased, and logged

(v) 5,595,555 shares after all lifting costs and flow rates have been established by a huff and puff on either the Bauwens 15-13 well or the newly drilled Cottonwood Creek Prospect well

(vi) Drilling, coring and casing one well in the Cottonwood Creek Prospect no later than April 30, 2013

(vii) Start a Steam Injection Test at the Bauwens well or the newly drilled and cased Cottonwood Creek will within 60 days after the Cottonwood Creek well is drilled and cased and no later than July 31, 2013;

(viii) Complete a 5 Spot Consisting of drilling an injection well and thereafter drilling four additional producing wells surrounding the injection well in an area on the Morris Block or in the Cottonwood Creek Area designated by the Farmors; the drilling of the 5 Spot shall commence within 60 days of the completion of the Steam Injection Test.

The Elk Hills Property is subject to royalty burdens totally 20%.

## SELECTED ANNUAL FINANCIAL DATA

The following selected financial information is derived from the audited financial statements and notes thereto. The information has been prepared in accordance with IFRS.

| | As at May 31, | | |
|---|---|---|---|
| | **2012** | 2011 | 2010 |
| Current assets | **$ 139,315** | $ 136,996 | $ 623 |
| Exploration and evaluation asssets | **703,661** | 601,229 | 505,761 |
| Total assets | **842,976** | 738,225 | 506,384 |
| | | | |
| Current liabilities | **79,062** | 89,040 | 176,866 |
| Shareholders' equity | **766,109** | 649,185 | 329,518 |
| Total liabilities and shareholders' equity | **$ 845,171** | $ 738,225 | $ 506,384 |
| | | | |
| Working capital (deficiency) | **$ 60,253** | $ 47,956 | $ (176,243) |

| | Years ended May 31, | | |
|---|---|---|---|
| | **2012** | 2011 | 2010 |
| Revenue | **$ -** | $ - | $ - |
| Expenses | **182,961** | 47,587 | 14,625 |
| Loss and comprehensive loss for the year | **$ 182,961** | $ 47,587 | $ 14,625 |
| | | | |
| Basic and diluted loss per share | **$ 0.02** | $ 0.01 | $ - |
| | | | |
| Weighted average number of common shares outstanding | **11,328,694** | 4,346,105 | 3,734,000 |
| | | | |
| Divisends per share | **$ -** | $ - | $ - |

As Super Nova is in the exploration stage, none of the Company's current properties are in production. Therefore, mineral exploration expenditures are capitalized and losses are incurred as a result of administrative expenses related to the operation of the Company's business. Consequently, the Company's loss and comprehensive loss for the year is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases its chance of finding and developing an economic deposit.

At this time, the Company is not anticipating profit from operations. Until such time as the Company is able to realize profits from the production and sale of commodities from its mineral interests, Company will report an annual loss and will rely on its ability to obtain equity or debt financing to fund ongoing operations.

## SUMMARY OF QUARTERLY RESULTS (unaudited)

The following table summarizes the operation results for the past eight quarters:

| As at | **Feb 28, 2013** | Nov 30, 2012 | Aug 31, 2012 | May 31, 2012 | Feb 29, 2012 | Nov 30, 2011 | Aug 31, 2011 | May 31, 2011 |
|---|---|---|---|---|---|---|---|---|
| Current assets | **$ 10,274** | $ 37,010 | $ 167,989 | $ 178,141 | $ 133,856 | $ 165,457 | $ 226,591 | $ 136,996 |
| Exploration and evaluation asssets | **943,417** | 891,417 | 716,417 | 703,661 | 693,659 | 679,386 | 645,023 | 601,229 |
| Total assets | **953,691** | 928,427 | 884,406 | 881,802 | 827,515 | 844,843 | 871,614 | 738,225 |
| | | | | | | | | |
| Current liabilities | **235,402** | 256,568 | 200,982 | 117,888 | 106,689 | 97,939 | 101,393 | 89,040 |
| Flow through premium liabilities | **14,240** | 14,240 | 14,240 | 14,240 | - | - | - | - |
| Shareholders' equity | **704,049** | 657,619 | 669,184 | - | 720,826 | 745,904 | 770,221 | 649,185 |
| Total liabilities and shareholders' equity | **$ 953,691** | $ 928,427 | $ 884,406 | $ 132,128 | $ 827,515 | $ 843,843 | $ 871,614 | $ 738,225 |
| | | | | | | | | |
| Working capital (deficiency) | **$ (225,128)** | $ (219,558) | $ (32,993) | $ 60,253 | $ 27,167 | $ 67,518 | $ 125,198 | $ 47,956 |

| | Quarters ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Feb 28, 2013** | Nov 30, 2012 | Aug 31, 2012 | May 31, 2012 | Feb 29, 2012 | Nov 30, 2011 | Aug 31, 2011 | May 31, 2011 |
| Revenue | **$ -** | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Expenses | **158,577** | 304,210 | 155,990 | 87,852 | 28,330 | 39,317 | 27,462 | 29,086 |
| Loss and comprehensive loss for the period | **$ 158,577** | $ 304,210 | $ 155,990 | $ 87,852 | $ 28,330 | $ 39,317 | $ 27,462 | $ 29,086 |
| | | | | | | | | |
| Basic and diluted loss per share | **$ 0.01** | $ 0.02 | $ 0.01 | $ 0.01 | $ 0.00 | $ 0.00 | $ 0.00 | $ 0.00 |
| | | | | | | | | |
| Weighted average number of common shares outstanding | **18,619,402** | 15,588,126 | 14,607,289 | 12,241,822 | 12,004,050 | 12,004,050 | 9,032,854 | 6,588,398 |
| | | | | | | | | |
| Divisends per share | **$ -** | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

## RESULTS OF OPERATIONS

***Three months ended February 28, 2013 (Q3 2013) vs. three months ended February 29, 2012(Q3 2012)***

**Net loss** for Q3 2013 was $158,577 (loss per share: $0.01), an increase of $130,247, compared to the loss of $28,330 incurred during the same period last year. The increase of loss was mainly associated with the increased administration and investor relation activities after the Company became a public listing company and the details are as follows:

**General administrative** for Q3 2013 was $12,611, an increase of $10,031, compared to the expense of $2,580 incurred during the same period last year, and mainly due to increased administration services after the Company became a public reporting issuer while the Company was a private enterprise last year.

**Investor relations and shareholders' communication** for Q3 2013 was $88,121, an increase of $73,564, compared to the expense of $14,557 incurred in the same period last year as the Company spend significant efforts to raise the public awareness of Company and communicate with potential and existing shareholders of the Company after the common shares of the Company listed on CNSX in October 2012.

**Management, wages and salaries** for Q3 2013 was $53,796, an increase of $42,603, compared to the expense of $11,193 incurred in the same period last year, and mainly due to more manpower and

time consumed to enhance the corporate governance and administration duties after the Company became a public reporting issuer in October 2012.

**Listing, transfer agent, and filing fee** for Q3 2013 was $4,049 while there was no listing, transfer agent, and filing fee recorded in Q3 2012 as the Company was a private company.

***Nine months ended February 28, 2013 vs. nine months ended February 29, 2012***

**Net loss** for the nine months ended February 28, 2013 was $618,777 (loss per share: $0.04), an increase of $523,668, compared to the loss of $95,109 incurred during the same period last year. The increase of loss was mainly associated with the public listing of the common shares of the Company and the increased activities after becoming a public reporting issuer and the details are as follows:

**General administrative** for the nine months ended February 28, 2013 was $57,267, an increase of $45,744, compared to the expense of $11,523 incurred during the same period last year, and mainly due to increased administration services associated with the amalgamation with 519 BC and listing of the common shares of the Company on CNSX.

**Investor relations and shareholders' communication** for the nine months ended February 28, 2013 was $174,814, an increase of $133,664, compared to the expense of $41,150 incurred in the same period last year as the Company spend more efforts to raise the public awareness of Company and communicate with potential and existing shareholders of the Company associated with the listing of the common shares of the Company on CNSX.

**Management, wages and salaries** for the nine months ended February 28, 2013 was $131,930, an increase of $95,238, compared to the expense of $36,692 incurred in the same period last year, and mainly due to more manpower and time consumed to enhance the corporate governance and administration duties associated with the listing of the common shares of the Company.

**Profession fees** for the nine months ended February 28, 2013 was $49,925, an increase of $44,520, compared to the expense of $5,405 incurred in the same period last year, and mainly due to the increase of audit fee as the Company engaged an independent auditor to audit the financial statements associated with the listing of common shares of the Company while no audit was done in the same period last years.

**Listing, transfer agent, and filing fee** for the nine months ended February 28, 2013 was $204,841, an increase of $204,502, compare to the expense of $339 incurred in last year, and mainly because that the fair value of common shares issued to the former shareholders of the 519 BC and costs associated with the amalgamation with 519 BC, which amounted to $183,937 were expensed as listing fee on the statement of loss and comprehensive loss.

## LIQUIDITY AND CAPITAL RESOURCES

The Company is in the exploration stage and therefore has incurred losses and negative cash flows from operations. The Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placement. On October 22, 2012, the common shares of the Company were listing on CNSX. Although public listing could increase the liquidity, the Company's ability to raise cash mainly depends on capital market conditions, commodities price, and the results of ongoing exploration programs. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to

raise funds arise. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity.

The mining industry is capital intensive and there can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its common shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options or rely on joint venture partners to supply some of funds required to explore and develop any acquisitions. There is no assurance that the Company will be successful in obtaining the funds it may require for its program or that the terms of any financing obtained will be acceptable.

The Company has no commitments for capital expenditures and financing arrangements which have been arranged but not yet used as at February 28, 2013.

As at February 28, 2013, the Company had only cash and cash equivalents on hand of $665 (May 31, 2012 - $122,829). The decrease of cash and cash on hand was mainly due to more cash was used in operation and investment activities during the Q3 2013.

**Cash used in operating activities** for the Q3 2013 was $153,079 compared to a total of $50,279 used in same period last year. More cash used in operation was because the Company incurred more loss due to increase of general administrative and investor relations activities.

Cash used in operation activities for the nine months ended February 28, 2013 was $339,672 compared to a total of $121,642 used in the same period last year. More cash used in operation was mainly because the increased administration and investor relation activities related the public listing of the common shares of the Company.

**Cash used in investing activities** for the Q3 2013 was $52,000 compared to a total of $9,616 cash used in investing activities in the same period last year. The increase of cash used in investing activities was mainly due to the acquisition of the Elk Hills property.

Cash used in investing activities for the nine months ended February 28, 2013 was $109,459 compared to a total of $75,030 used in the same period last year. The increase of cash used in investing activities was mainly due to the payment related to the acquisition of the Elk Hills property and retirement of liabilities associated with previous investing activities.

**Cash provided from financing activities** for the Q3 2013 was $205,007 compared to a total of $3,250 cash generated from financing activities during the same period last year.

Cash provided from financing activities for the nine months ended February 28, 2013 was $327,507 compared to a total of $1166,750 generated from financing activities during the same period last year.

All cash from financing activities were raised through equity financing conducted during the periods.

Working capital as at February 28, 2013 was negative $225,128 compared to the working capital of $60,253 as at May 31, 2012. Shareholders' equity as at February 28, 2013 was $704,049 (May 31, 2012 – $749,674). The Company will need to raise additional sources of funding to maintain operations at the currently level.

Although the Company has been successful in the past in rising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

## TRANSACTIONS WITH RELATED PARTIES

Related party transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed by the related parties. All related transactions balances are unsecured, interest-free, and repayable on demand. Related party transactions not disclosed elsewhere include the following:

***Key management personnel compensation***

The Company considers senior officers and directors to be key management. During the three months and nine months ended February 28, 2013, the remuneration for key management was $23,500 and $64,275 respectively (same period last year - $9,000 and $28,500, respectively). As at February 28, 2013, a total of $54,439 (May 31 2012 - $47,408) payable to key management remained outstanding.

***Other related party transactions***

Golden Dawn Mineral Inc. ("Golden Dawn"), a public traded company with common directors and officers of the Company, provides office space and administration services to the Company. During the three and nine months ended February 28, 2013, the Company incurred $21,198 and $90,671, respectively, (same period last year - $10,000 and $34,500) payable to Golden Dawn for its services provided. As at February 28, 2013, a total of $74,378 (May 31 2012 - $13,145) payable to Golden Dawn remained outstanding.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting periods. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's asset and liabilities are as follows:

***Exploration and evaluation assets***

The Company capitalizes all costs, net of any recoveries, related to the acquisition, exploration and development of resource property interests. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse. The amounts shown for resource property acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

From time to time the Company may acquire or dispose of an unproven mineral interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

On a periodic basis, management reviews the carrying values of unproven mineral interest acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future mineral prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project of interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest.

Although the Company has taken steps to ensure the title to an unproven mineral interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

***Income taxes***

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases and tax losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior tax losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

## ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

Each of the additional new standards outlined below is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, except for IFRS 9 "Financial Instruments" which is effective for annual periods beginning on or after January 1, 2015. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements.

***IFRS 9 "Financial Instruments"***

The result of the first phase of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value.

***IFRS 10 "Financial Statements"***

Replaces Standing Interpretations Committee 12, "Consolidation – Special Purpose Entities" and the consolidation requirements of IAS 27 "and Separate Financial Statements". The new standard replaces the existing risk and a reward based approaches and establishes control as the determining factor when determining whether an interest in another entity should be included in the financial statements.

***IFRS 11 "Joint Arrangements"***

Replaces IAS 31 "Interests in Joint Ventures". The new standard focuses on the rights and obligations of an arrangement, rather than its legal form. The standard redefines joint operations and joint ventures and requires joint operations to be proportionately and joint ventures to be equity accounted.

### ***IFRS 12 "Disclosure of Interests in Other Entities"***

Provides comprehensive disclosure requirements on interests in other entities, including joint arrangements, associates, and special purpose vehicles. The new disclosures require information that will assist financial statement users in evaluating the nature, risks and financial effects of an entity's interest in subsidiaries and joint arrangements.

### ***IFRS 13 "Fair value measurement"***

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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among specific standards requiring fair value measurements and in many cases does not reflect measurement basis or consistent disclosures.

### ***Amendments to other standards***

In addition to the above, there have been amendments to existing standards, including IAS 27 "Separate Financial statements" and IAS 28 "Investments in Associated and Joint Venture. IAS 27 addresses accounting for subsidiaries, associates, and joint controlled entities in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13 (see above).

Readers are encouraged to refer to the complete set of significant accounting policies as described in the notes to Company's audited financial statements for the year ended May 30, 2012.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and due to related parties. 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. Note that receivables are HST due from Government, low risk.

### ***Credit risk***

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist of Harmonized Sales Tax ("HST") receivable from the Canadian government and are considered low risk.

### ***Currency risk***

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable

terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future 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. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada 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 continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

***Interest rate risk***

The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash as they are currently held in large financial institutions.

***Fair value measurements of financial assets and liabilities***

Disclosure about significance of inputs used in making fair value measurements is as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of receivables, due from related parties and accounts payable and accrued liabilities, approximate their current fair values because of their nature and relatively short maturity dates or durations.

## OTHER RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources.

Substantial expenditures are required to be made by the Company to establish ore reserves. The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and only few properties which are explored are ultimately developed into producing mines.

Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.
The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Trends, commitments, events or uncertainties presently known or identifiable to management that are reasonably expected to have a material effect on the Company's business, financial position, or results of operations, are as follows:

- Current market volatility and general share price decline in the financial sector, including the Exchange, may impact the Company's ability to raise further capital and fund ongoing operations.

- To maintain operational expenses going forward, the Company will require non flow through funds either through a private placement financing, the exercise of stock options or warrants, or the sale of unproven mineral interests.

## OUTSTANDING SHARE DATA

The Company's authorized capital is an unlimited number of common shares without par value. As at date of this report, the Company had 26,448,880 common shares issued and outstanding and 2,913,328 warrants outstanding.

## OFF-BALANCE SHEET ARRANGEMENTS

There are no off balance sheet items.

## PROPOSED TRANSACTIONS

There are no proposed assets or business or disposition.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE

(a) Capitalized or expensed exploration and development cost

The required disclosure is presented in note 5 to the financial statements for three and nine months ended February 28, 2013.

(b) Expense research and development cost

Not applicable.

(c) Deferred development costs

Not applicable.

(d) General and administration expense

The required disclosure is presented on the statements of loss and comprehensive loss for three and nine months ended February 28, 2013.

(e) Any material cost, whether capitalized, deferred or expensed, not referred to in (a) through (d)

None.

## FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by the use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", "plans" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward- looking statements. Forward-looking statements are statements that are not historical facts, and include but not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the markets for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

Additional information relating to the Company can be obtained from SEDAR at www.sedar.com.

## DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents. No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.