RIFT VALLEY RESOURCES CORP.
Form 51-102F1 – Management Discussion and Analysis
Annual Report for the year ended December 31, 2013

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of December 31, 2013. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis ("2013 YE MD&A") is dated as of April 30, 2014 and should be read in conjunction with the audited financial statements of Rift Valley Resources Corp. for the year ended December 31, 2013 ("December 31, 2013 Financial Statements"). Our discussion in this 2013 YE MD&A is based on the December 31, 2013 Financial Statements. The December 31, 2013 Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

1.2 – Overall Performance

Nature of Business

Rift Valley Resources Corp. was incorporated under the Laws of the Province of British Columbia on December 14, 2009. On March 20, 2013, Rift Valley amalgamated with Avatar Ocean Technology Inc. ("Avatar"), a reporting issuer and continues under the name Rift Valley Resources Corp. (the "Company" or "Rift Valley"). The address of the Company's corporate office and its principal place of business is 500-900 West Hastings Street, Vancouver, British Columbia, Canada. The Company's registered and records office address is 2800-666 Burrard Street, Vancouver, British Columbia, Canada. As of December 31, 2013 the Company was in the exploration stage.

At December 31, 2013, the Company had not yet achieved profitable operations, had accumulated a deficit of $1,099,572 had working capital of $60,577, which may not be sufficient to sustain operations over the next twelve months, and the Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. However, it is expected that these funds are sufficient to complete its business as discussed in "Financing" below. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and to identify, evaluate and negotiate potential business acquisitions or participation agreements.

Financing

During the year ended December 31, 2011, the Company closed private placements with subscriptions for 7,500,000 shares at $0.005, 625,000 shares at $0.02, and 1,000,000 shares at $0.05 for total proceeds of $100,000. The Company also issued 500,000 shares for property acquisition. The total number of shares issued was 9,625,000. During the year ended December 31, 2012 the Company closed private placements with subscriptions of 6,396,667 shares at $0.075 and 1,603,333 shares at $0.15 for total proceeds of $720,250 and total shares issued of 8,000,000.

During the year ended December 31, 2013, the Company issued 666,667 common shares at $0.15 on March 4, 2013 and 100,000 common shares at $0.20 on March 11, 2013 for the total proceeds of $120,000. On March 13, 2013, the Company received $37,000 from the founders which was recorded as contributed surplus to the Company. All proceeds raised are to be used to fund exploration activities and general working capital.

The Company is in the process of raising additional capital for the current year work program as discussed in 1.7 below.

Cat Mountain Property, British Columbia

Property Acquisition Details

In September 2011, the Company entered into a memorandum of understanding with the Cat Mountain Syndicate to acquire an option to acquire an undivided 75% right, title and interest to twenty contiguous mineral claims (the "Cat Mountain Property") located in west central British Columbia, except for a 2% net smelter royalty (the "NSR"), comprised of approximately 5,984 hectares. The memorandum of understanding was extended into an Option Agreement (the "Agreement") on November 30, 2011. Pursuant to the Agreement, the Company may purchase 1% of the two percent 2% NSR at any time for $2,000,000. The Company can acquire the interest by issuing an aggregate of 1,000,000 common shares of Rift Valley, paying $500,000 in cash and incurring $1,500,000 in expenditures on the property within five years. Upon acquiring the 75% interest, the Company can acquire an additional 15% undivided interest upon completing an additional $3,500,000 in expenditures on the property within three years. The Company can acquire an additional 10% undivided interest upon funding the property until commercial production has begun.

The Company was required to pay the vendor a $50,000 option fee and issue 500,000 shares on execution of the memorandum of understanding. The Company has made this payment and issued the shares in 2011. On January 9, 2013 (with a correction on April 30, 2013 and an additional extension November 25, 2013), the share issuance, cash payment and exploration expenditure schedule was amended. The consideration for this amended agreement is a cash payment of $10,000 to be made by January 31, 2013 (paid) and the issuance of 100,000 common shares to the optionors on the date that the shares of the Company initially begin trading to be made on the stock exchange (issued on May 14, 2013) . The payments are due as follows:

	Share Issuance	Cash Payments	Exploration Expenditures
On signing memorandum of understanding (paid)	-	$ 50,000	-
On first day of execution of Agreement (issued)	500,000	-	-
On March 30, 2013 (issued on May 14, 2013)	100,000	-	-
On March 30, 2014	100,000	-	-
On October 31, 2014	-	$ 50,000	$ 350,000
On March 30, 2015	100,000	-	-
On October 31, 2015	-	$100,000	$ 400,000
On March 30, 2016	100,000	-	-
On October 31, 2016	-	$100,000	-
On March 30, 2017	100,000	-	-
On October 31, 2017		$100,000	$ 750,000
On October 31, 2018	-	$100,000	-
Total	1,000,000	$500,000	$1,500,000

Property Description

The Cat Mountain Property is a copper-gold prospect situated in the Quesnellia geological terrane, approximately 300 kilometres northwest of Prince George, British Columbia. The project area measures 5,985 hectares and consists of 20 contiguous MTO mineral claims that are held in good standing. The claims are registered to Donald Bragg and are under option to Rift valley Resources. There is road access to the southern and central area of the property and 4WD access to the main mineral showings. Excellent gravel Forest Service Roads originating from Mackenzie, BC provide access to the property.

The property lies along the east perimeter of the large, polyphase, Late Triassic to Early Cretaceous Hogem Batholith, where small satellite intrusions of this body intrude the Witch Lake Formation of the Upper Triassic Takla Group volcanic sequence. The Witch Lake rocks are comprised of thick, massive basaltic breccias and pyroclastic rocks overlying tuffs, argillite and lesser limestone of the Inzana Lake Formation, which underlies much of the east slopes of Cat Mountain and the low lying terrain farther east. The Hogem Batholith is an important metallogenic intrusive body known to host significant porphyry copper-gold deposits such as the Lorraine and the Kwanika deposits.

Gold was first discovered on the summit area of Cat Mountain in the 1940's in the form of narrow magnetite-rich veins and lodes, which were later tested by trenching and several short diamond drill holes. Mineralization at the discovery showing is comprised of a number of steeply dipping magnetite and magnetite quartz-calcite veins of variable thickness with chalcopyrite, pyrite, native gold, hematite, malachite and azurite present. The "No. 1" vein contains visible gold and has returned assays up to 548 g/t Au. More typical assays are 11.7 g/t Au and 0.49% Cu over 1.1 m and 9.6 g/t Au and 0.58% Cu over 2.3 m. The area comprising the No. 1 vein hosts smaller magnetite-copper-gold bearing veins as well as disseminated and fracture controlled mineralization and collectively the area is referred to as the Bet Zone. Initial work focused on the high-grade vein systems, with the dramatic rise in the price of gold the Bet Zone has been reconsidered for its potential to host a relatively high-grade alkali gold porphyry deposit, and remains largely untested along strike and at depth. Significant drill results, in this light, include Hole 90-1 which returned 122 meters of 1.1 g/t Au (apparent width) and hole 94-1 which intersected 100 meters (apparent width) of 1.36 g/t Au.

Prospecting and extensive trenching on the summit also identified widespread porphyry-related copper-gold zones to the west and south of the main discovery that comprised disseminations and facture-fillings of malachite, azurite, chalcopyrite, pyrite and chalcocite in intrusive syenitic rocks and coarse fragmental volcanic rocks of the Witch Lake Formation. These zones became known as the Upper and Lower Copper zones and the Hoffman zone. Historical trenching on these targets returned some significant results; including 0.65% Cu over 59 m in trench 53; and 2.07% Cu and 1.37 g/t Au over 15 m trench 45. Drill hole 90-1 had an intercept of 0.12% Cu and 1.23 g/t Au over 74 m. Significant drill results from the Hoffman zone include 46 meters (apparent width) of 0.24% Cu in hole 05-17, and 46 meters (apparent width) of 0.31% Cu in hole 07-24.

Property Description (continued)

Exploration programs have been conducted on the property from the 1980's to the present day; the last significant work program completed prior to Rift Valley optioning the property was in 2007. These different programs have included drilling, trenching, geophysical surveys (magnetic and electromagnetic) soil geochemistry and geological mapping. Different operators have focused on different showings and there is considerable data available to guide future exploration programs.

A detailed program of geological and geochemical compilation, field survey and 3D IP and diamond core drilling is recommended for the property in 2012. The total estimated cost of the Phase One program is approximately $940,000, including 10% contingency but net of sales tax (HST). A follow-up Phase Two program of more detailed IP and ground magnetometer survey and diamond drilling is recommended with an estimated cost of $1,775,000, including 10% contingency but net of HST.

Property Work to Date

The Company performed a $42,863 due diligence work program in 2011 in connection with the acquisition of the Cat Mountain Property option. The Company engaged Ridgeview Resources Ltd., with Ken McDonald PGeo, to complete a NI 43-101 compliant technical report of the Cat Mountain Property dated May 15, 2012. The Company performed a $256,642 work program in the fall of 2012 ($101,898 incurred to Sept 30, 2012 and an additional $154,744 incurred to December 31, 2012). The exploration program completed by Rift Valley in 2012 consisted mainly of line-cutting and road improvements. Additional work was planned but not completed due to the lateness in receiving work permits and the onset of winter conditions.

An excavator was contracted to make improvements to the main access road leading to the summit of Cat Mountain. The road had deteriorated since 2007 and was only passable with an All-Terrain-Vehicle; the excavator widened some of the corners, improved switchbacks and cleaned loose debris allowing access for 4-wheel drive pickups. An old forestry road on the lower slopes of Cat Mountain was also rehabilitated to allow access to the line cutting grid on the lower, southern slopes of Cat Mtn. Two line cutting grids were proposed at the start of the program, the north grid covering the Bet Zone area and the south grid, covering potential porphyry targets and geophysical anomalies. There was some overlap with previous grids but the majority of the grids encompassed areas not previously surveyed. As the program developed, the two grids were merged into one. A total of 48 line-kilometers were cut and flagged, linespacing was 100 meters, stations were established along the grid lines at 25 meter intervals.

Due to financial considerations, nominal additional work was performed during the year ended December 31, 2013. Rift Valley intends to complete the Geophysical work (IP survey) in 2014, make improvements to camp and drill test the Bet Zone along strike and at depth. Many past programs utilized small diameter core which resulted in considerable core loss in broken and fractured zones, often associated with mineralization. Future programs will use a minimum of NQ-size core and may start with HG at the top of the holes and reduce to NQ with depth.

1.3 – Selected Annual Information

As at	31-Dec-13	31-Dec-12	31-Dec-11
Current Assets	97,561	192,066	68,240
Mineral Assets	341,066	382,927	116,547
Other Assets	26,667	31,004	
Total Assets	465,294	605,997	184,787
Current Liabilities	36,984	105,388	37,900
Share Capital and Contributed Surplus	1,527,882	953,155	290,000
Deficit	(1,099,572)	(452,546)	(143,113)
Total Liabilities and Shareholders' Equity	465,294	605,997	184,787

Years ended	31-Dec-13	31-Dec-12	31-Dec-11
Revenue	-	-	-
Operating Expenses	647,026	309,343	30,613
Stock Based Compensation	-	-	112,500
Loss and Comprehensive Loss for Period	647,026	309,343	143,113
Basic and diluted loss per share	(0.033)	(0.024)	(0.055)
Weighted average number of common shares outstanding	19,833,025	13,052,177	2,588,085

1.4 – Results of Operations

Operations during the year ended December 31, 2013 were primarily related to obtaining the necessary financing, licensing and permits to begin the work program, planning and completing initial work programs as well as continuing the identification and evaluation of mineral properties.

On March 20, 2013, in accordance with the Amalgamation Agreement dated January 18, 2013, the Company amalgamated with Avatar Ocean Technology Inc. ("Avatar"). The new company will continue under the name Rift Valley Resources Corp. (the "Amalgamated Company"). Avatar is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario although its common shares are currently not listed on any stock exchange. On April 9, 2013, pursuant to the Amalgamation Agreement, a total of 20,391,652 common shares were issued to the former shareholders of Avatar and Rift Valley Resources Corp. 1,999,985 common shares were issued to the former shareholders of Avatar who received one (1) share of the Company for every three and a half (3.5) shares of Avatar. 18,391,667 common shares were issued to the shareholders of the Company. The amalgamation agreement was circulated for shareholder approval on February 12, 2013 by both companies. The details of the Arrangement, pro-forma financial statements and all other relevant supporting documents are provided in an information circular prepared by Avatar and Rift Valley dated January 8, 2013, and available at www.sedar.com .

1.4 – Results of Operations (continued)

There were no investor relations arrangements entered into during this period. There were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period.

During the year ended December 31, 2013, the Company incurred $14,887 in mineral property exploration costs (2012 $266,380), paid $10,000 (2012 $nil) and issued 100,000 shares valued at $20,000 towards the property option costs as outlined in 1.2 above and 1.12 below, recovered BC Mineral Exploration Tax Credit ("BCMETC") of $86,748 (2012 $12,464). The Company completed a major work program in 2012 consisting primarily of line cutting and road building in preparation for an IP survey. The Company was unable to raise funds in 2013 to complete the IP survey, however, there are plans under way to raise capital to complete the work in 2014.

The Company incurred operating expenses of $647,026 (2012 $309,434), consisting of listing expenses of $474,435 (2012 $40,539), consulting fees of $105,908 (2012 $157,853), rent and occupancy of $26,950 (2012 $28,708), professional fees of $23,616 (2012 $47,404), travel and promotion of $6,734 (2012 $27,468), office and miscellaneous fees of $2,418 (2012 $6,458), transfer agent of $3,890 (2012 $nil) and amortization of $1,004 (2012 $1,004). The majority of costs during the period were the listing expenses which are primarily related to the issuance of shares to Avatar as described in 1.2 above. The listing expenses included $399,997 value ascribed to the Avatar shares and $74,438 in expenses. The consulting fees were higher in 2012 than 2013 due to increased investor relations activity in China and consulting related to the listing. In addition, management voluntarily stopped billing for services from May 2013 due to cash constraints. Management will not be billing for these past services in the future. Travel and promotion were higher in 2012 due to attending China conferences and PDAC in Toronto to raise capital. The conferences were successful in raising share capital. The remaining costs were generally consistent with the prior period.

1.5 – Summary of Quarterly Results (Unaudited)

As at	31-Dec-13	30-Sep-13	30-Jun-13	31-Mar-13	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12
	$	$	$	$	$	$	$	$
Current Assets	97,561	125,469	90,201	155,741	192,066	400,203	184,340	192,404
Other Assets	26,667	30,251	30,502	30,753	31,004	26,506	5,000	-
Mineral Assets	341,066	332,057	418,805	396,535	382,927	211,419	122,715	121,170
Total Assets	465,294	487,777	539,508	583,029	605,997	638,128	312,055	313,574
Current Liabilities	36,984	43,360	44,663	50,651	105,388	19,280	30,816	38,323
Share Capital and Contributed Surplus	1,527,883	1,527,883	1,527,883	1,507,883	953,155	955,402	502,250	441,750
Deficit	(1,099,572)	(1,083,466)	(1,033,038)	(975,505)	(452,546)	(336,554)	(221,011)	(166,499)
Total Liabilities and Shareholders' Equity	465,294	487,777	539,508	583,029	605,997	638,128	312,055	313,574

Quarters ended	31-Dec-13	30-Sep-13	30-Jun-13	31-Mar-13	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12
Revenue	-	-	-	-	-	-	-	-
Operating Expenses	13,837	50,428	57,533	525,227	115,992	115,544	54,512	23,386
Stock Based Compensation	-	-	-	-	-	-	-	-
Loss and Comprehensive Loss for Period	13,837	50,428	57,533	525,227	115,992	115,544	54,512	23,386
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.03)	(0.01)	(0.01)	(0.00)	(0.00)
Weighted average number of common shares outstanding	20,491,652	20,491,652	20,474,985	18,086,109	17,625,000	15,757,222	9,625,000	9,625,000

The Company raised $820,250 of capital from private placements for 17,625,000 shares in 2011 and 2012. Stock based compensation of $112,500 was included consulting fees as described in 1.12 below and $25,000 was included in mineral assets as described in 1.2 below in 2011. The net result was share capital of $953,155 after $4,595 share issue costs. The Company raised an additional $120,000 of capital from private placements for 766,667 shares in 2013. The Company also issued 1,999,985 shares valued at $399,997 pursuant to the amalgamation described in 1.2 above and received a capital contribution from management of $37,000 included in Contributed Surplus. The net result was share capital of $1,490,882 after $2,270 share issue costs. The Company completed a major work program in 2012 consisting primarily of line cutting and road building in preparation for an IP survey and received the corresponding BC mining tax credits in 2013.

The operating expenses were generally consistent except for the listing expenses incurred related to the amalgamation and the travel to conferences related to capital raising activities described above.

1.6 – 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.

The Company's ability to raise cash 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.

On January 1, 2013, the Company extended an agreement regarding rent, phone, and equipment usage provided by a company controlled by the Company's officer. Rift Valley Resources Corp. will pay $3,500 per month, less recoveries, to the company from January 1, 2013 to December 31, 2013 as rental for the use of the shared office premises.

On March 21, 2011, the Company entered into a consulting agreement with DAG Consulting Corp. ('DAG"). DAG will act as corporate finance advisor and listing project manager in overseeing execution of a Reverse Takeover transaction between the Company and a listed CNSX company. The Company will pay $25,000 plus HST in the following installments:

- (i) $5,000 on acceptance of agreement (paid)
- (ii) $7,500 on final agreement with a reporting issuer (paid)
- (iii) $12,500 on conditional acceptance of a listing application by the CNSX
- (iv) Finders' fees to be negotiated for funds introduced by DAG

Other than the above mentioned agreements and the Option agreement for the Cat Mountain property, the Company has no other commitments for capital expenditures as at December 31, 2013.

As at December 31, 2013, the Company had cash and cash equivalents on hand of $93,532 (2012 - $155,317). The decrease of cash and cash on hand was due to the increase in operating and listing activities in excess of cash raised during the year ended December 31, 2013.

1.6 – Liquidity and Capital Resources (continued)

During the year ended December 31, 2013, cash used in operating activities was $278,376 (2012 $287,691). More cash was used in operations in 2013 than in 2012 related listing expenses as described above. This was off-set by an decrease of consulting and travel expenses in 2013.

During the year ended December 31, 2013, cash received from investing activities was $(61,861) (2012 - $288,387). The 2013 recovery of cash used in investing activities is related to the $86,748 BCMETC refund more than offsetting the property exploration and extension fee. The 2012 activities were primarily exploration costs. More exploration activities were carried in 2012 than 2013 due to financial considerations.

During the year ended December 31, 2013, cash provided by financing activities was $154,731 (2012 - $663,155) through equity financing. More cash was raised in 2012 than in 2013 due to the China fundraising initiative in that period.

Shareholder's equity as at December 31, 2013 was $428,310 (December 31, 2012 – $500,609). 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.

1.7 – Capital Resources

The capital resources of the Company as at December 31, 2013 are primarily its cash and cash equivalents of $97,532. The Company will require additional financing to fund any anticipated exploration expenditures, operating expenses or future acquisitions. As the Company has no sources of revenue to meet its obligations, it is therefore necessary to seek financing through additional equity subscriptions, such as private placements, or by way of a joint venture or convertible debt. Accordingly, the Company is actively investigating various business opportunities that could potentially increase the Company’s cash position. As a result, the Company has commenced conversations with investor relations firms for introductions to potential sources of capital in the United States, Europe and China as well as well meeting with local investment firms in Canada.

In light of the continually changing financial markets, there is no assurance that funding by debt or equity subscriptions will be possible at the times required or for the amounts desired or that it can be obtained on terms acceptable to the Company and its shareholders.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company’s common stock.

1.8 – Off Balance Sheet Arrangements

As at December 31, 2013, there are no off-balance sheet arrangements to which the Company is committed.

1.9 – Transactions with Related Parties

The Company had the following balances and transactions with executive officers or companies controlled by these officers for the year ended December 31, 2013:

	December 31, 2013	December 31, 2012
Transactions:		
Rent and occupancy costs paid to a company by controlled by executive officers	$26,950	$28,708
Exploration Fees paid to Director	$ 5,000	$16,000
Consulting Fees:		
Chief Executive Officer	$21,500	$22,000
Chief Financial Officer	$21,500	$22,000
Executive Vice President	$ 9,450	$20,000
Executive Vice President	$32,500	$24,750
	$84,950	$88,750
Balances:		
Accounts Payable:		
Company controlled by the same group of management	$ 27	$ 2,348

There were no other transactions with related parties except as noted in 1.2 above and 1.15 below.

1.10 – Fourth Quarter

During the interim three months ended December 31, 2013, the Company incurred $9,008 in mineral property exploration costs (2012 $171,507) and recovered BCMETC of $86,748 (2012 $12,464).

The Company incurred operating expenses of $13,837 (2012 $115,993), consisting of consulting and salaries of $4,121 (2012 $23,092), rent and occupancy of $2,925 (2012 $10,500), professional fees of $2,237 (2012 $23,490), listing expenses of $nil (2012 $40,539), travel and promotion of $4,247 (2012 $16,436), office and miscellaneous fees of $(835) (2012 $1,434), transfer agent of $891 (2012 $nil) and amortization of $251 (2012 $502). The consulting fees were higher in 2012 than 2013 due to increased investor relations activity in China and the voluntary termination of management consulting described in 1.4 above. There were listing expenses in 2012 but not in the current quarter. The Company sublet a portion of its premises resulting in reduced occupancy and operating costs in the final quarter of 2013. The Company incurred additional legal and auditing costs in preparation for and in relation to the amalgamation with Avatar described in 1.2 above. The remaining costs were generally consistent with the prior period.

1.11 – Proposed Transactions

The Company has no pending or proposed transactions.

1.12 – Critical Accounting Estimates

Pursuant to the Cat Mountain Property acquisition agreement, as described in 1.2 above, the Company issued 500,000 common shares to the property vendor on November 30, 2011 (the "Acquisition Shares"). The Company assigned a value of $.05 per common share for a total value of $25,000 to the Acquisition Shares. This value was included in Mineral Assets on the balance sheet and in Share Capital. The Company determined the fair value of the Acquisition Shares based on the most recent private placement issue price.

The fair value of the 7,500,000 common seed shares at the time of issue was considered to be $0.02 per share or $150,000 in total based on the issuance of similar shares for cash in September 22, 2011. The Company recorded $112,500 representing the difference between the cash received and the value of the share as share-based compensation expense. On March 13, 2013, the Company received $37,000 from the founders which was recorded as additional paid up capital for the 7,500,000 common seed shares.

On March 20, 2013, the Company exchanged 6,999,947 common shares of Avatar for 1,999,985 common shares of the Company. The Company recorded these shares at $0.20 per share, for a total of $399,997, which was based on the value realized in a private placement on March 11, 2013.

On May 14, 2013, the Company exchanged 100,000 common shares pursuant to the option agreement. The Company recorded these shares at $0.20 per share, for a total of $20,000, which was based on the value realized in a private placement on March 11, 2013.

The Company has outlined the basis of its critical accounting estimates in Note 3 of the December 31, 2013 Financial Statements.

1.13 – Changes in Accounting Policies – International Financial Reporting Standards ("IFRS")

The financial statements for the year ended December 31, 2013 are prepared using IFRS.

Future Changes in Accounting Policies

The Company does not foresee any material changes due to IFRS changes which are not yet effective. See Note 3 (q) of the December 31, 2013 Financial Statements.

1.14 – Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents amounting to $93,532 at December 31, 2013. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible. Amounts recoverable as at December 31, 2013 include GST receivable of $696 due from the Canadian government.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet operating accounts payable requirements. The Company has maintained sufficient cash balances to meet these needs at December 31, 2013.

Foreign Exchange Risk

The Company has virtually no foreign exchange risk as all its activities are carried out in Canada and all its financial assets and liabilities are denominated in Canadian dollars.

Price Risk

The Company is not exposed to price risk. The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to the short maturity of those instruments. There are no incomes, expenses, gains or losses associated with the financial instruments.

Interest Rate Risk

The Company has been exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases. Unrealized gains and losses are reported in other comprehensive income. At December 31, 2013, the Company maintained all of its cash balance either on deposit in a chequing account or in a GIC permitting early redemption with a major Canadian bank.

1.15 – Other MD&A Requirements

Share Capital

The total number of common shares issued and outstanding as at December 31, 2013 was 20,491,652.

Disclosure of Outstanding Share Data

i) Authorized: Unlimited common shares without par value

ii) Common Shares Issued:

	Issue Price	Number of Shares	Amount
Founders' Shares	$0.005	7,500,000	$ 37,500
Stock Based Compensation	-	-	$ 112,500
Founders' Shares	$0.020	625,000	$ 12,500
Private Placement	$0.050	1,000,000	$ 50,000
Property Acquisition	$0.050	500,000	$ 25,000
Private Placement	$0.075	6,396,667	$ 479,750
Private Placement	$0.150	1,603,333	$ 240,500
Private Placement	$0.150	666,667	$ 100,000
Private Placement	$0.200	100,000	$ 20,000
Shares cancelled on amalgamation	-	(18,391,667)	$ -
New shares issued on amalgamation	-	18,391,667	$ -
Issued for Avatar shares	$0.200	1,999,985	$ 399,997
Property Acquisition	$0.200	100,000	$ 20,000
Total		20,491,652	$1,497,747

As at the date of this report there were no stock options or warrants outstanding.

RISK FACTORS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia, Canada. Due to the nature of the Company's business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

Going Concern and Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Insufficient Financial Resources

The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

General Economic Conditions

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

RISK FACTORS AND UNCERTAINTIES (continued)

Dependence on Others and Key Personnel

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

Government Regulation

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to prospecting, development, production, environmental protection, mining taxes, labor standards, 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.

Competition

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Fluctuation of Metal Prices

Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

RISK FACTORS AND UNCERTAINTIES (continued)

Share Price Volatility

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays, or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Mineral Interests

The agreements pursuant to which the Company has the right to acquire its properties provide that the Company must expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property acquisition agreements over their full term. Failure by the Company to make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations there under, with the result that the Company could forfeit its interest in one or more of its mineral properties.

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.

RISK FACTORS AND UNCERTAINTIES (continued)

Title Matters

Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

Uncertainty of Resource Estimates/Reserve

Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable.

Limited Experience

The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Dilution to the Company's Existing Shareholders

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

RISK FACTORS AND UNCERTAINTIES (continued)

Speculative Business

Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.