NEVADO RESOURCES CORPORATION

INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

AS AT JUNE 30, 2013

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BACKGROUND

The following management discussion and analysis ("MD&A") should be read in conjunction with the financial statements of Nevado Resources Corporation (the "Corporation"), for the years ended December 31, 2012 and 2011. The unaudited condensed financial statements for the quarter ended June 30, 2013 and the comparative data have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting.* Unless otherwise specified, the financial information included in the financial statements and contained in this MD&A is denominated in Canadian dollars.

FORWARD-LOOKING STATEMENTS

The sections of this MD&A on the Corporation's strategy and action plan and exploration activities contain "forward-looking statements" depending on context, particularly statements that reflect the Corporation's opinions, estimates and expectations with regard to future events or results. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate. Factors that could cause future results, activities and events to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, risks inherent in the mining industry, uncertainty in the estimation of mineral resources and additional financial requirements, as well as the Corporation's ability to meet such requirements. These risks and uncertainties are described in this MD&A filed on SEDAR.

CORPORATION OVERVIEW

The Corporation was incorporated under the *Canada Business Corporations Act* on June 9, 2006.

The Corporation's activities essentially focus on the exploration and evaluation of mineral properties for commercial production. The Corporation does not currently operate any properties. The Corporation holds a 100% interest in two mining properties located in Quebec. These properties are comprised of 780 mining claims covering a total area of 41,815 hectares (418 km^2). The Corporation currently focuses its activities on the exploration, evaluation and development of the La Blache (titanium-vanadium-iron) and Fermont (graphite-iron) projects in Northern Quebec. The Corporation dropped the Nicolet property during the 2012 fiscal year.

The recovery cost of mining assets depends on the ability to discover and economically extract ore reserves, on obtaining the required funding to continue exploring, evaluating and developing its properties and the proceeds from the disposal of properties. The Corporation must periodically obtain new funds in order to continue its activities, and despite the fact that it has succeeded in doing so in the past, there can be no assurance that it will continue to do so in the future.

RAW MATERIALS MARKET OUTLOOK

Titanium

Global demand for titanium dioxide (TiO_2) pigment in 2010 was estimated to be 6.6 million tonnes and is expected to grow 3-4% annually until 2015. However, due to years of underinvestment in the industry, production capacity is not expected to follow suit. To start increasing the supply, large capital investments will have to be made, and rising ore prices will be sure to follow. By 2016, it is predicted there will be an overall shortfall of 1.7 million tonnes of TiO_2 units and an ilmenite deficit of 1.1 million tonnes of TiO_2 units. The tight TiO_2 feedstock markets, especially for ilmenite will drive up prices.

Vanadium

World production of vanadium currently only totals 60,000 tonnes per year. It is estimated that vanadium demand will exceed current supply as early as 2013. With limited supply of vanadium, coupled with increasing demand from both steel applications and emerging battery technologies from clean energy initiatives, new vanadium projects need to come online to meet this projected supply deficiency.

Iron

Iron is primarily used in steel production in China and India, two of the main steel producers. In the near term, strong demand in China should keep iron oxide prices at current levels. However, uncertain growth prospects of the global economy could drive prices down. In the long term, there is a possibility of a surplus as some 50 projects now underway could feed about 1.3 billion tonnes of iron oxide into the market.

MINING PROPERTIES AND HIGHLIGHTS

La Blache property (Titanium-Vanadium-Iron)

The Corporation owns 439 claims covering an area of 24,275 hectares (242 km^2) forming the titanium-vanadium-iron rich La Blache property (the "Property"), located some 150 km northwest of Baie-Comeau in the Upper North Shore region of Quebec.

With the help of geophysical surveys and prospection work, the Corporation has identified a total of 25 massive iron oxide lenses, including Farrell-Taylor, Hervieux West, Schmoo Lake, Hervieux East, Hervieux East Extension, Hervieux North Extension, Zorro-Leduc, Leduc-Farrell and E. Girard. The Farrell-Taylor lens has been modeled geophysically and drilled, and currently measures 1,500 metres by 550 metres by 115 metres. At present, there appears to be at least nine other lenses with similar size potential.

In 2010-2011, the Corporation realized over 22,000 metres of diamond drilling on the Property, mainly on the Farrell-Taylor occurrence, which enabled it to define the high-grade titanium-vanadium-iron resource shown below.

Farrell-Taylor deposit

On July 9, 2012, the Corporation filed a NI 43-101 Technical Report dated May 14, 2012 on the La Blache titanium-vanadium-iron project with Canadian securities regulators, which includes Mineral Resource Estimates ("MRE") for its Farrell-Taylor titanium-vanadium-iron deposit ("Farrell-Taylor"). The Report was prepared by Maxime Dupéré, P.Geo., from SGS Canada Inc.-Geostat ("SGS-Geostat") of Blainville, Quebec.

Using a base case cut-off grade of 5.1% TiO_2 Equivalent ("TiO_2 Eq"), the MRE for Farrell-Taylor totals 101,700,000 tonnes grading 18% TiO_2, 0.33% V_2O_5 and 59.7% Fe_2O_3 (41.76% FeT) in the Inferred category. The following table summarizes the MRE of Farrell-Taylor at other cut-off grades:

MINERAL RESOURCE ESTIMATES – INFERRED CATEGORY						
Cut-off grade (based on % TiO_2 Eq[1])	**Tonnes**	**% Fe_2O_3**	**% FeT**	**% TiO_2**	**% V_2O_5**	**% TiO_2 Eq[1]**
5	**101,720,000**	**59.70**	**41.75**	**18.00**	**0.33**	**21.74**
5.1[2]	**101,700,000**	**59.70**	**41.76**	**18.00**	**0.33**	**21.75**
6.7[3]	**101,320,000**	**59.86**	**41.87**	**18.05**	**0.33**	**21.80**
10	**100,370,000**	**60.21**	**42.11**	**18.16**	**0.33**	**21.93**
15	**96,460,000**	**61.18**	**42.80**	**18.46**	**0.34**	**22.29**
18.6[4]	**88,650,000**	**62.27**	**43.55**	**18.83**	**0.34**	**22.75**
20	**81,860,000**	**62.90**	**43.99**	**19.06**	**0.35**	**23.03**

Notes:
The Neomet Technologies Inc. ("Neomet") process recovery is estimated to be 90% for both titanium and vanadium, and 62% for iron. The estimates were based on an iron ore price of US $120/tonne as Fe_2O_3, a titanium ore price of US $2,500/tonne as TiO_2, and a vanadium ore price of US $13,500/tonne as V_2O_5. Block model parameters are hereinafter described.

[1] % TiO_2 Eq denotes % TiO_2 equivalent grade calculated as follows: % TiO_2 Eq = % TiO_2 + ((% Fe_2O_3 x 62% x $120/tonne) / (90% x $2,500/tonne) + (%$V_2O_5$ x 90% x $13,500/tonne) / 90% x $2,500/tonne).

[2] SGS-Geostat utilized a US $115/tonne mining – Neomet-processing cost as the base case: US $50/tonne mining + US $65/tonne processing cost, including estimated G&A costs.

[3] US $150/tonne mining – Neomet processing cost.

[4] US $420/tonne mining – Neomet processing cost.

The MRE were performed in accordance with NI 43-101, Standards of Disclosure for Mineral Projects, and the "CIM Standards on Mineral Resources and Reserves - Definitions and Guidelines" developed by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on December 11, 2005. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The MRE may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The quantity and grade of the estimated Inferred resource reported herein are uncertain, and there has been insufficient exploration to categorize them as an Indicated or Measured resource. Further exploration may result (after validation and resource update) in the reclassification of the Inferred mineral resource as Indicated or Measured.

The mineralization consists mostly of magnetite (iron oxide) and ilmenite (iron titanium oxide), with lesser amounts of iron-magnesium aluminum-silicate minerals, all part of a series of sub-vertical, inclined and sub-horizontal dykes, sills, veins, stockworks and disseminations emplaced along multi-kilometric circular and elliptical configurations within the 35 km by 12 km La Blache anorthositic complex, such as the 45 km La Blache ring of titanium-vanadium-iron.

The geological interpretations on section were linked together into a 3D mesh by the Corporation. SGS-Geostat reviewed and validated the model and added some minor modifications. The 3D mesh covers over 1,150 metres on the east-northeast direction with an average width of 470 metres. The mineralization starts at 200 metres wide on the west-southwest and widens at depth to approximately 715 metres to the east-northeast. It dips 20 degrees towards the east-northeast, and has a thickness of 50 metres on average, but ranging from 15 metres to as high as 85 metres in the deeper portions.

The database used for the resources estimation used a total of 45 diamond drill holes totalling 16,577 metres (2010-2011 drill programs) and a total of 7,483 assays were considered in the validated database.

The assay method used was XRF for iron and TiO_2 and ICP AES with 4 acid digestion especially for vanadium in Val-d'Or at ALS Minerals of Vancouver.

Based on discussions among SGS-Geostat, the consultants and the Corporation, a mining-processing cost of US $115 per tonne was used, which includes an estimated US $50 per tonne for open pit mining and an estimated US $65 per tonne for Neomet (hydrometallurgical) processing (including G&A). Considering the local resource potential and proximity to the nearby town of Baie-Comeau but also the relatively large distance to smelters and larger mining communities, SGS-Geostat considers the estimated mining and hydrometallurgical processing costs to be adequate and conservative.

The overall % TiO_2 Eq grade is defined as a temporary grade, which, when used with the TiO_2 recovery and TiO_2 price, gives the correct net smelter return royalty for a tonne of ore. This equivalent grade combined with TiO_2 recovery and TiO_2 price can be used to calculate a marginal-processing cut-off grade for resource modeling purposes. SGS-Geostat set the cut-off grade at 5.1% TiO_2 Eq. A sensitivity table was also prepared for several benches. All of the Inferred mineral resource occurs between 0 and 600 metres vertical depth. A cut-off grade of 5.1% TiO_2 Eq was used for this table. No pit optimization (Whittle) was done for the mineralization.

Bench (metres)	Tonnage[1]	% Fe_2O_3	% FeT	% TiO_2	% V_2O_5	% TiO_2 Eq
0-200	60,900,000	60.40	42.25	18.48	0.34	22.32
200-400	40,380,000	58.67	41.04	17.32	0.31	20.92
400-600	410,000	57.58	40.27	15.44	0.17	18.24
0-300	90,550,000	59.96	41.94	18.11	0.34	21.93
0-350	98,900,000	59.77	41.80	18.04	0.33	21.81
0-400	101,290,000	59.71	41.77	18.01	0.33	21.76
0-600	101,700,000	59.70	41.76	18.00	0.33	21.75

Note:

[1] Tonnage numbers are rounded to the nearest 10,000 as per National Instrument 43-101 Standards and Policies.

La Blache metallurgy

Preliminary metallurgical testing of the Corporation oxides mineralization by Neomet Technologies Inc. (“Neomet”) has Indicated >90% iron recovery and >95% vanadium recovery from the oxide mineralization into a final high purity product. Neomet has demonstrated that titanium could be 100% recovered from the leach solution into a TiO_2 (titanium dioxide) product suitable for further processing to pigment grade TiO_2. Ammonium metavanadate, the precursor to V_2O_5 (vanadium pentoxide), was recovered from the leach solution at a purity of 99.9%.

On February 9, 2012, the Corporation announced metallurgical test work results on Neomet’s Stage 2 mini-plant campaign from the Corporation’s oxides mineralization. These results were obtained from Neomet’s final report dated January 16, 2012, which are summarized below:

- The mini-plant circuit was conceived and set up as a continuous operation process;
- High extractions of greater than 90% titanium and vanadium were achieved;
- Titanium was easily and effectively precipitated directly from the leach liquor as TiO_2 of purity greater than 98%;
- TiO_2 was easily upgraded to a product of greater than 99.9% purity in a second step, offering the option of marketing two product grades;
- High purity vanadium (greater than 99.9% pure as ammonium metavanadate) was also recovered;
- The dissolution of the minor elements present in oxides mineralization (aluminum, magnesium, calcium and manganese) are not a cause for concern in the Neomet process and may be opportunities for value-added by-products.

Since filing a NI 43-101 technical report with respect to the La Blache property in July 2012, the Corporation has worked steadily to increase the project's long-term value by focusing the bulk of its efforts on two strategic priorities: 1) seeking out and assessing competitive metallurgical processes for the low cost production of higher-quality titanium based products, and 2) identifying strategic partners to help with optimal project development and operation. The Corporation wishes to underscore that the La Blache project remains without question the Corporation's flagship project.

Fermont property (Graphite-Iron)

The Fermont property consists of 341 claims covering an area of 17,540 hectares (175 km^2) strategically located in the southern Labrador Trough in northeastern Quebec, Canada. The claims comprise two major blocks, Fermont and Fire Lake, which are near or adjacent to iron producers ArcelorMittal Mines and Cliffs Natural Resources, and to Champion Minerals' Fire Lake North project and Focus Graphite's Lac Knife graphite deposit.

Fermont claim block: graphite potential

In May 2012, the Corporation announced that it had identified strong graphite potential on its Fermont claim block, favourably situated between Focus Graphite's Lac Knife property (indicated resource of 4.938 Mt at 15.76% Cgr and inferred resource of 3 Mt at 15.58% Cgr) and Standard Graphite's Carheil property. The Corporation discovered the presence of a large number of electromagnetic anomalies covering the southern part of the Fermont claim block while reviewing an MRNF survey done in 1990.

In the third quarter, the Corporation began exploring the property to confirm the MRNF survey data. The program consisted of identifying graphite conductors on the property using a Beep mat survey and a TDEM helicopter-borne survey. The results were positive, enabling the Corporation to confirm the presence of multiple high-intensity electromagnetic conductors over several kilometres, an excellent indicator of the presence of graphite-rich masses. Furthermore, the geology, which is similar to other properties in the area with recognized graphite potential, is favourable to the presence of graphite mineralization in every respect.

The graphite structures are encased in biotite gneiss. The helicopter-borne geophysical survey indicates that the numerous high-intensity electromagnetic conductors identified are several km long and highly complex, due to folding that produces significant thickening of the graphite structures in places. Visually, the graphite showings appear to have a high proportion of large crystals (>0.25 mm), which makes them more valuable than fine-grained (amorphous) deposits and highly prized by graphite users, particularly for lithium-ion battery production.

The Corporation also did prospecting work, collecting 19 grab samples. Seven samples returned values of from 11.15% Cgr to 22% Cgr. The full results of the prospecting work were as follows:

Sample #	% Cgr	Sample #	% Cgr	Sample #	% Cgr
I555101	6.26	I555108	11.15	I555115	22.00
I555102	8.31	I555109	16.80	I555116	20.30
I555103	1.94	I555110	15.45	I555901	0.24
I555104	0.02	I555111	1.38	J911130	3.91
I555105	2.57	I555112	2.43	J911131	12.05
I555106	1.78	I555113	5.33		
I555107	12.15	I555114	4.97		

On February 25, 2013, the Corporation announced the results of its first drilling program on the Fermont property. The best results for the four-hole, 1,065-m program were as follows:

Hole (#)	From (m)	To (m)	Length* (m)	Cgr (%)
NV12-01	19.50	30.00	10.50	5.39
	38.00	43.85	5.85	2.95
	47.60	55.60	8.00	2.44
	213.20	216.80	3.60	3.34
	231.00	247.30	16.30	8.65
	264.80	280.50	15.70	9.97
	301.00	307.70	6.70	4.01
NV12-02	114.00	144.00	30.00	1.21
NV12-03	194.10	214.00	19.90	5.83
	incl. 201.00	207.00	6.00	12.26
NV12-04	13.05	23.00	9.95	11.24
	28.50	48.00	19.50	4.06
	84.00	93.00	9.00	4.48
	106.00	118.50	12.50	3.39
	187.50	192.00	4.50	3.19

* This figure represents core length rather than true width. The host gneiss is highly metamorphized and is folded in places. Multiple holes must be drilled on a given section to determined true width. These formations tend to be essentially subvertical, except in the fold axes.

These very positive drill results are all the more impressive as these are the first four holes drilled on the property. All the holes intersected good-sized intervals and multiple high graphite grades of up to 24.8% Cgr over 1.2 m. The results of the TDEM helicopter-borne survey also indicate that the Fermont property has excellent exploration potential, having identifying more than 20 potential structures ranging in length from 600 m to 5 km. Only two of these conductors have been tested by drilling, over a distance of barely 200 m.

On the basis of the results obtained to date, the Corporation considers that the Fermont property has strong graphite potential that should be further tested by additional drilling.

Fire Lake claim block: iron potential

During the fall of 2011, an airborne high-resolution magnetic survey concurrent with a helicopter-supported prospecting reconnaissance program was realized over an area of 80 x 100 km. The program's objective was to identify zones where the magnetic signature would indicate the likely presence of iron-rich areas favourable to DSO-type mineralization (Direct Shipping Ore).

The best results were obtained from the Mont-Merry area, where high concentrations of strong magnetic anomalies that correspond to a tightly-folded iron formation continuous with magnetic lows suspected to be caused by the demagnetization of the iron formation occur. The apparent thickness of the iron formation is greater in some folds, and could be as much as 100 meters thick.

The Mont-Merry iron formation is a mineralized body that forms a kilometer-scale, SW-oriented "U-shaped" hematite-dominant horizon that is tightly folded (isoclinal) and 75-100 meters thick locally. It is composed predominantly of hematite in the lower portion, albeit some magnetite occurs in the upper portion. The west side of the "U" appears to be a 50-meter monoclinal iron formation assemblage that dips 15-20° toward the west and strikes north-south. Assay results from iron formation grab samples revealed 20-49% iron oxide content (15% magnetite), with negligible undesirable elements of manganese (Mn), titanium (Ti) and phosphate (P).

STRATEGY AND ACTION PLAN

The Corporation's strategy for 2013-14 is to prioritize the development of its La Blache titanium-vanadium-iron flagship project. The Corporation will allocate the funds required to this project based on the financial markets and its capacity to finance its activities.

DEFERRED EXPLORATION AND EVALUATION EXPENSES

For the six-month period ended June 30, 2013	La Blache 1	La Blache 2	Fermont	Total
	$	$	$	$
Balance at the beginning of the period	**5,685,590**	**5,425**	**1,462,609**	**7,153,624**
Supervision and consulting	-	-	800	800
Geology and prospection	-	-	(12,750)	(12,750)
Drilling	-	-	(10,236)	(10,236)
Travel, lodging and supplies	-	-	(347)	(347)
Administration fees	-	-	(1,058)	(1,058)
Total exploration expenses	**-**	**-**	**(23,591)**	**(23,591)**
Tax credit receivable	-	-	39,168	39,168
Balance at the end of the period	**5,685,590**	**5,425**	**1,478,186**	**7,169,201**

For the six-month period ended June 30, 2012	La Blache 1	La Blache 2	Chester, Nicolet and Harvey Hill	Fermont	Total
	$	$	$	$	$
Balance at the beginning of the period	**5,353,989**	**5,425**	**820,003**	**523,997**	**6,703,414**
Supervision and consulting	23,080	-	-	-	23,080
Geology and prospection	28,400	-	-	84,757	113,157
Laboratory and analysis	246,816	-	-	-	246,816
Travel, lodging and supplies	52,288	-	-	-	52,288
Equipment leasing	2,250	-	-	-	2,250
Transport	1,235	-	-	-	1,235
Administration fees	(25,000)	-	-	-	(25,000)
Total exploration expenses	**329,069**	**-**	**-**	**84,757**	**413,826**
Tax credit receivable	(87,114)	-	-	-	(87,114)
Balance at the end of the period	**5,595,944**	**5,425**	**820,003**	**608,754**	**7,030,126**

SELECTED FINANCIAL DATA AND OPERATING RESULTS

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
	$	$	$	$
Interest income	4,262	2,571	5,439	6,597
Expenses				
General and administrative expenses, excluding share-based payments	(271,530)	(370,461)	(826,883)	(547,573)
Share-based payments	-	(14,214)	-	(114,934)
Deferred income tax recovery	64,647	80,263	146,987	117,649
Net loss	(202,621)	(301,841)	(674,457)	(538,261)
Basic and diluted loss per share	(0.004)	(0.006)	(0.014)	(0.011)

	June 30 2013	December 31 2012
	$	$
Total assets	8,064,644	9,526,425
Cash and cash equivalents	371,486	1,640,496
Total equity	7,427,628	8,158,844

RESULTS OF OPERATIONS

During the six-month period ended June 30, 2013, the Corporation generated $5,439 in interest revenues ($6,597 in 2012) and incurred $826,883 in general and administrative expenses, excluding share-based payments, compared to $547,573 in 2012. The increase in expenses was mainly due to consulting fees paid in order to evaluate metallurgical processes for the treatment of its La Blache property ore.

The Corporation had a net loss of $674,457 (basic and diluted loss of $0.014 per share) for the six-month period ended June 30, 2013, compared to a net loss of $538,261 (basic and diluted loss of $0.011 per share) for the same period in 2012.

CASH ASSETS AND SOURCES OF FINANCING

For the six-month period ended June 30, 2013, the Corporation's working capital stood at $189,055, which includes cash and cash equivalents of $371,486 ($1,640,496 as at December 31, 2012). This working capital includes $109,858 in tax credits receivable ($127,104 as at December 31, 2012). On July 10, 2013, the Corporation received its tax credits refund. The Corporation has an accumulated deficit of $6,282,250 ($5,607,793 as at December 31, 2012), and incurred a loss of $674,457 ($538,261 in 2012) for the six-month period ended at this date.

The accompanying interim financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Corporation ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern, as described in the following paragraph. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption would not be appropriate. These adjustments could be material.

Management estimates that these funds will not be sufficient to meet the Corporation’s obligations and budgeted expenditures through June 30, 2014. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. If Management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

The Corporation’s operating activities used $641,488 for the six-month period ended June 30, 2013, having used $63,836 for the same period in 2012. This increase is mainly due to changes in non-cash working capital items.

The Corporation’s investment activities primarily consist of funds used in exploration and evaluation work and the addition of mining properties.

The Corporation is entitled to a refundable tax credit for resources of up to 38.75% of eligible expenses, and a credit on mining duties refundable for losses of 16% of 50% of eligible expenses incurred (16% in 2012) funded with non-tax renounced flow-through funds.

The Corporation does not have any investment in asset-backed commercial paper.

QUARTERLY FINANCIAL INFORMATION

The following table contains selected financial information for the last eight quarters:

	Q2 2013	**Q1 2013**	**Q4 2012 (i)**	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**	**Q3 2011**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	4,262	1,176	6,579	2,432	2,571	4,026	13,109	20,075
Net loss	(202,621)	(471,837)	(2,001,557)	(185,218)	(301,841)	(236,420)	(175,405)	(228,961)
Basic and diluted loss per share	(0.004)	(0.010)	(0.042)	(0.004)	(0.006)	(0.005)	(0.004)	(0.005)

i) The loss for the fourth quarter of 2012 was higher due to the impairment of mining assets and deferred exploration and evaluation expenses in the amount of $1,661,251.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangement.

RELATED PARTY TRANSACTIONS

During the six-month periods ended June 30, 2013 and 2012, the Corporation has concluded some transactions with related parties. The following expenses consist mainly in professional and consulting fees.

	2013	2012
	$	$
Corporation held by directors		
Professional fees	225,400	69,500
Corporation held by officers		
Professional fees	-	75,750

Payment terms are the same as for the other suppliers of the Corporation.

These transactions occurred in the normal course of business and were measured at the exchange amount which represents the amount of consideration established and agreed to by the related parties.

OUTSTANDING SHARE INFORMATION

	As at August 29, 2013
	Number
Common shares	47,447,963
Stock options	3,000,000
Total number of common shares on a fully diluted basis	**50,447,963**

RISK AND UNCERTAINTIES

Risk factors are discussed in detail in the Company’s MD&A contained in the annual report for the year ended December 31, 2012.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

In accordance with *National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings* (“NI 52-109”), the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Corporation will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management’s Discussion and Analysis.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certification includes a “Note to Reader” stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This management discussion and analysis is dated August 29, 2013, and complies with Canadian Securities Administrators, National Instrument 51-102 on continuous disclosure. The purpose of this management discussion and analysis is to help the reader understand and assess the material changes and trends in the Corporation’s results and financial position. It presents Management’s perspective on the Corporation’s current and past activities and financial results, as well as an outlook of activities planned for the coming months. The Corporation regularly discloses additional information through press releases and other reports filed on SEDAR: www.sedar.com.