

**TERYL RESOURCES CORP.**  
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October 30, 2012

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## MANAGEMENT DISCUSSION & ANALYSIS

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*This discussion and analysis should be read in conjunction with the interim consolidated financial statements and related notes thereto for the three months ended August 31, 2012 and 2011, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts in the financial statements and this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.*

### **FORWARD LOOKING STATEMENTS**

Certain statements contained in this MD&A using the terms “may”, “expects to”, “projects”, “estimates”, “plans”, and other terms denoting future possibilities, are forward-looking statements in respect to various issues including upcoming events based upon current expectations, which involve risks and uncertainties that could cause actual outcomes and results to differ materially. The future conduct of our business and the feasibility of our mineral exploration properties are dependent upon a number of factors and there can be no assurance that we will be able to conduct our operations as contemplated and the accuracy of these statements cannot be guaranteed as they are subject to a variety of risks that are beyond our ability to predict or control and which may cause actual results to differ materially from the projections or estimates contained herein. The risks include, but are not limited to, the risks described in this MD&A; those risks set out in our disclosure documents and our annual and quarterly reports; the fact that exploration activities seldom result in the discovery of a commercially viable mineral resource and also require significant amounts of capital to undertake, and the other risks associated with start-up mineral exploration operations with insufficient liquidity, and no historical profitability.

### **Overview**

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We are engaged in the acquisition, exploration and development of resource properties. We currently have mineral properties and oil and gas interests in British Columbia, Alaska, Texas and Kentucky.

We are a reporting issuer in British Columbia and Alberta and trade on the TSX Venture Exchange (the (“TSX.V”) under the symbol “TRC”. We are also listed on the OTC BB under the symbol “TRYLF”.

#### *Mineral and Exploration Properties*

##### *Gil Claims, Fairbanks Mining District, Alaska*

Until December 19, 2011 we owned a 20% working interest in 237 claims located in the Gilmore dome area of Fairbanks district of Alaska, known as the Gil mineral property.

Effective December 21, 2011 the Company executed the Asset Purchase Agreement to sell all of its 20% interest in the Gil Venture property to Fairbanks. Fairbanks granted to the Company a production royalty equal to 1% of net smelter returns on all production from the property up to US\$15,000,000, after which the royalty is equal to 0.5% of the net smelter returns on all production from the property. On December

19, 2011 Fairbanks paid the Company US\$2,500,000 as an advance payment of the production royalty. An additional advance payment of royalty of US\$1,500,000 will be paid to the Company upon commencement of commercial production from a mine constructed on the property. As at August 31, 2012, no additional advance payment has been received from Fairbanks' commercial production.

*West Ridge Claims, Fairbanks Mining District, Alaska*

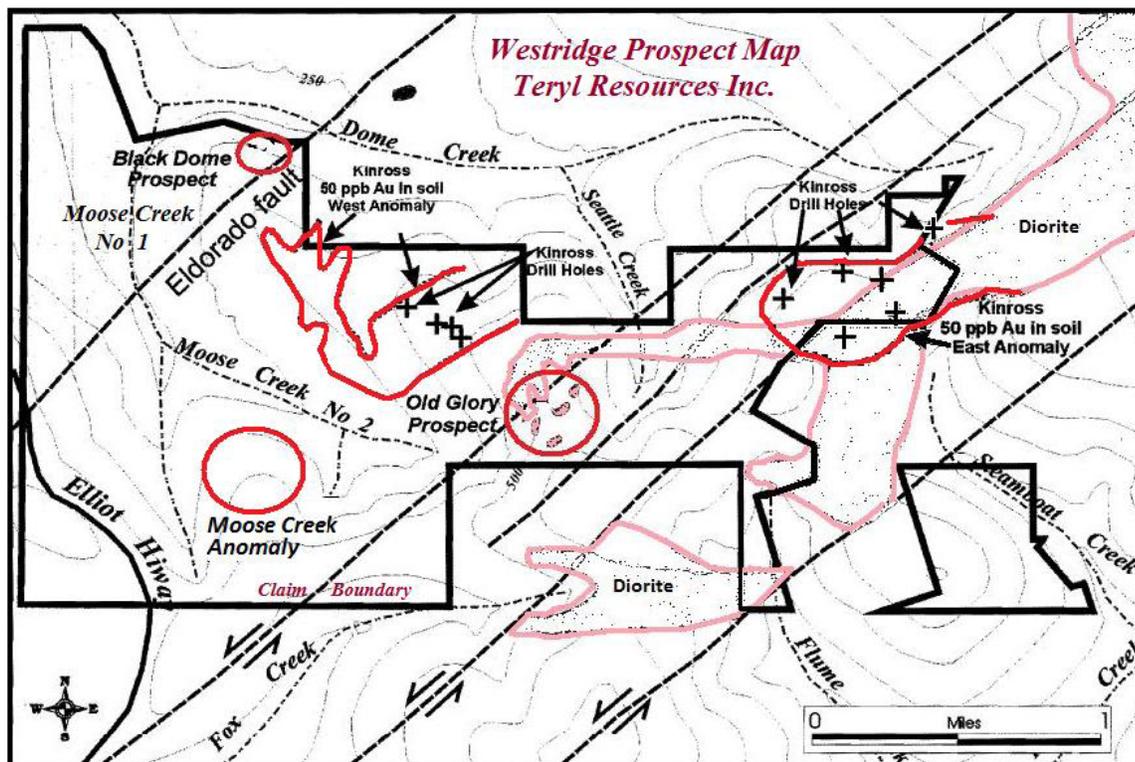
The Westridge Property is a road accessible gold prospect located in the Fairbanks Mining District of Alaska. Creeks in the area such as Dome, Fox, Steamboat, and Flume were mined extensively for placer gold. Limited past exploration in the 1990's and 2003 show shear and intrusive hosted gold mineralization at the Old Glory Prospect, Black Dome Prospect, East Anomaly, West Anomaly and the Moose Creek Anomaly. The True North Mine (~450,000 ounces of gold) is located two miles to the northeast.

We own 100% in 48 West Ridge mineral claims, located in the Dome Creek area of the Fairbanks district of Alaska. The West Ridge property adjoins Kinross Gold Corp.'s True North gold deposit and lies approximately eight miles northwest of the producing Fort Knox gold mine.

During the year ended May 31, 2012 we incurred exploration cost of \$21,066 on the West Ridge Claims. During the three months ended August 31, 2012 we incurred exploration costs of \$131,365 on the West Ridge Claims.

As we announced on March 2, 2012, we applied for an exploration program permit to drill five targets on the Westridge property. The 2012 Westridge Exploration Program was designed to test both the placer and lode targets located within the claim block. Previous lode exploration has identified 5 targets within the Westridge Area. Lode targets included:

1. Old Glory Prospect - This prospect is a shear and intrusive hosted anomaly located along a northeast-southwest fault. The >50ppb gold-in-soil anomaly is 90 metres x 90 metres punctuated by a 1,155 ppb gold-in-soil sample. Three trenches and two drill holes have tested the prospect. The best drill intercept consisted of 10 metres of 1.6 g/t Au from 121 to 131 metres. The anomaly remains open in all directions and had not been thoroughly tested.
2. Black Dome Prospect - This prospect is located along the same fault that forms the southern boundary of the True North Deposit. Gold mineralization consists of carbon-rich, Fe-stained schist and eclogite similar to the True North Deposit. Past exploration was limited.
3. West Anomaly - The West anomaly covers an area of approximately 1,220 metres (4,000 feet) NW-SE by 914 metres (3,000 feet) NE-SW and is defined by coincident gold and arsenic-in-soils results. Drilling consisted of 5 drill holes totaling 1,650 feet with gold intersections reported at values up to 6 metres (20 feet) of gold grading 0.93 g/t Au.
4. East Anomaly - The East anomaly extends along a general northeast trend for 2,230 metres (7,000 feet) and represents values from trace up to 1.64 ppm Au in soil Drill results from 5 holes are not currently available.
5. Moose Creek Anomaly - This anomaly is on trend with the West Anomaly and has not been drill tested.



Mineral exploration consisted of up to 610 metres (2,000 feet) of shallow core drilling utilizing a narrow diameter AQ core drill to initially test lode targets on the Old Glory Prospect and Moose Creek Anomaly. On positive results, a larger scale reverse circulation drill program will be conducted.

The total cost to complete all two phases of exploration (610 metres lode and 180 metres placer) is estimated to be \$200,000.

On October 1, 2012 we announced that five holes were completed on the Westridge property for a total of 760 meters (2,500 feet). Currently the core for the holes is being analyzed in our assay office.

#### *Fish Creek Claims, Fairbanks Mining District, Alaska*

In March 2002, we acquired from Linux Gold Corp., a company with common directors, an option to earn a 50% interest in the thirty Fish Creek claims, located in the Fairbanks Mining District in Alaska, by expending \$500,000 US within three years and the issuance of 200,000 common shares, which shares were issued in December 2002. An additional 100,000 shares were issued in February 2007 in payment for an extension of the date on which expenditures were required to be completed to March 5, 2007, which dates was extended to March 5, 2012.

Linux Gold Corp. will retain a 5% net profit interest until we pay \$2,000,000 US and/or back in for a 25% working interest prior to commencement of production. During the year ended May 31, 2010, we wrote off our cumulative exploration and development expenditures of \$111,947, as the claims had not been explored for two years due to lack of funding.

On December 1, 2011 the Company and Linux further amended the agreement to include the following terms:

- Linux applies \$75,000 owed by the Linux to the Company towards the above stated minimum exploration budget of US\$500,000;

- The Company has an option to pay the expenditures for the Fish Creek property in cash in lieu of the exploration costs to the Company; and
- The term of the agreement is extended to March 5, 2013.

The Company exercised its option to pay the expenditures in cash in lieu of the exploration costs to Linux. As a result, \$75,000 advanced to Linux by the Company was applied as a recovery of exploration costs for the year ended May 31, 2012.

During May, 2012 the Company and Linux agreed to apply towards the minimum exploration budget of \$500,000 the balance owed by Linux of \$7,517 and make additional cash payment of \$60,000, of which \$19,433 was outstanding as at August 31, 2012.

As at August 31, 2012, the Company has expended \$322,424 on exploration of Fish Creek property or made / pledged cash payment in lieu of exploration.

We continue to maintain the option agreement and have submitted a permit application for placer and lode exploration on Fish Creek Property.

#### *Silverknife, Laird, BC, Canada*

The Silverknife Property lies in a well mineralized and historically important precious and base metals exploration intensive region. The Silverknife Property hosts a known historic prospect (the Silverknife Prospect) with defined Ag-Pb-Zn mineralization within 2km of Silvercorp's active Silvertip Ag-Pb-Zn deposit. The Silverknife Property represents a prospective target for precious and base metals mineralization genetically related to the Silvertip deposit.

The silver-zinc-lead mineralization defined to date on the Silverknife Property is interpreted to be a distal, stratigraphically lower zone than the Silvertip deposit and more proximate to the Cassiar Batholith (heatsource). The most relevant targets for mineral exploration on the Property are associated chimney-type feeder systems and mantos related to the Silvertip mineralizing event.

Pursuant to agreements with Reg Technologies Inc. ("Reg"), SMR Investments Ltd. ("SMR"), Rapitan Resources Inc. ("Rapitan"), and Chevron Minerals Ltd. ("Chevron"), we acquired a 30% working interest in the Silverknife mineral claims, situated in the Laird Mining Division in the Province of British Columbia, subject to a 10% Net Profit Royalty to Rapitan and a 1% Net Smelter Returns to SMR.

On March 22, 2012 we announced that a one year exploration extension has been submitted to the Ministry of Energy and Mines of BC. The original permit was granted on June 21, 2011.

On April 20, 2012 the Company and Minewest Silver and Gold Inc. ("Minewest"), a former 100% owned subsidiary of Reg Tech to which Reg Tech spun off 100% of its interest in the Silverknife claims, entered into an Exploration, Development and Mine Operating Agreement (the "Exploration Agreement") until the completion of mining and environmental restoration on the Property with initial participation interests of 70% and 30% for Minewest and the Company respectively. The Exploration Agreement was approved by the TSX.V on September 7, 2012.

Under the terms of the Exploration Agreement, the initial participating interest (a "Participating Interest") of each of Minewest and the Company in the Joint Venture will be equal to their respective current interests. The operations of the Joint Venture will be managed by a manager (the "Manager") with Minewest acting as the initial Manager of the Joint Venture and remaining as such for as long as its Participating Interest is 50% or more. The Exploration Agreement also provides for a management committee (the "Management Committee") comprised of one member from the minority interest, currently Teryl, and two members from the majority interest holder, currently Minewest, the purpose of

which will be to determine the overall policies, objectives, procedures, methods and actions under the Agreement.

The Exploration Agreement provides for an initial 2012 exploration program in the amount of approximately \$360,000. Future exploration programs are subject to approval by the Management Committee. Participants of the Joint Venture must fund all exploration programs in amounts proportionate with their Participating Interest and failure to do so will decrease a participant's Participating Interest on a pro-rata basis. If a Participating Interest decreases to less than 10%, the relevant participant will be deemed to have assigned and conveyed its Participating Interest to the other participant.

The Agreement also contains a customary pre-emptive right pursuant to which a participant intending to transfer all or part of its Participating Interest must provide the other participant with notice and the option to purchase such interest.

On October 3, 2012, the company and Minewest announced that the first phase of exploration on the silver, lead, zinc prospect in the Liard Mining District in B.C. has been completed.

The exploration crew re-boxed the core from the diamond drilling completed in 1985 through 1987. 101 core samples were collected, split and/or quartered (where applicable) and submitted for chemical analysis by Multiement ICP.

The critical high grade silver/lead/zinc sections were re-logged and submitted for assays. Where practicable and possible, additional core on either side of the mineralized zones were sent for analysis to determine if Ag-Zn-Pb mineralization extends beyond original sampling boundaries.

A detailed on-the-ground survey of all locatable historic drill collars was completed which will greatly aid a modern 3D geological modeling the Company intends to conduct after all 2012 confirmation analyses are received. Such studies will be utilized by the management to target potential mineralization extensions on the Silverknife Property for testing by diamond drilling in 2013.

The Property boundary between Silverknife property and Silvercorp Metals Inc. immediately adjacent Silvertip Property was located, surveyed and flagged in.

The 1,000 metre drilling program initially planned for summer 2012 was delayed due to a washout of the Silvertip Mine access road (and the Silverknife Property) in early June, 2012.

### Oil and Gas Properties

#### *Fayette and Burleson Counties, Texas*

We own a 6.5% working interest (4.680% net revenue interest) in the Peters No. 1 Well, in Fayette County, Texas, and a 7.5% working interest (5.79375% net revenue interest) in each of the C-S #1, Jancik #2 and Herrmann #4 wells, located in Burleson County, Texas. The carrying cost of these wells has been completely depleted. During the three months ended August 31, 2012 the Company recorded net revenue after production cost of \$4,277 from the wells in Kentucky. During the fiscal year ended May 31, 2012 and May 31, 2011 revenues of \$24,423 and \$32,968 were recorded from the Texas properties, respectively.

*Knox and Laurel Counties, Kentucky*

We entered into agreements with IAS Energy, Inc., a company with common directors, to purchase 40% interests (subject to 40% net revenue interests to others), in the Ken Lee #1 natural gas well for \$103,045 (\$92,500 US), in the Elvis Farris #2 natural gas well for \$104,461 (\$92,500 US), and in the Clarence Bright #1 natural gas well for \$104,673 (\$92,500 US). All three wells are located in Knox and Laurel Counties, Kentucky. During the year ended May 31, 2009 we wrote off the carrying costs of the wells to \$Nil since the wells had no proven economic reserves.

### **Summary of Quarterly Results**

The following is a summary of our financial results of eight of our most recently completed quarters:

<b>Description</b>	<b>Three Months ended Aug. 31, 2012</b> \$	<b>Three Months ended May. 31, 2012</b> \$	<b>Three Months ended Feb. 29, 2012</b> \$	<b>Three Months ended Nov. 30, 2011</b> \$	<b>Three Months ended Aug. 31, 2011</b> \$	<b>Three Months ended May. 31, 2011</b> \$	<b>Three Months ended Feb. 28, 2011</b> \$	<b>Three Months ended Nov. 30, 2010</b> \$
<i>Revenues</i>	\$4,329	\$4,450	\$5,935	\$5,738	\$8,311	\$7,824	\$6,700	\$11,785
<i>Income or loss before other items</i>								
<i>Total</i>	(151,755)	(152,387)	(119,845)	(75,723)	(63,965)	(182,000)	(126,627)	(100,989)
<i>Per share</i>	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<i>Net loss for period</i>								
<i>Total</i>	(147,671)	(146,219)	(492,087)	(71,029)	(56,995)	(118,510)	(159,882)	(91,856)
<i>Per share</i>	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

As we are in the exploration stage, variances by quarter reflect overall corporate activity and are also impacted by factors which are not recurring each quarter, such as exploration programs and financing costs.

The fluctuations in net loss are mainly due to the difficulties faced by small companies when it comes to raising funds in the current economic climate. When a financing is completed, expenditures rise, increasing the net loss. As those funds are allocated, expenditures decline, reducing the net loss.

### **Results of Operations**

We incurred a net loss of \$147,671 during the three months ended August 31, 2012 (“2013”), compared to a net loss of \$56,995 during the three months ended August 31, 2011 (“2012”).

Revenue from oil sales decreased from \$8,311 in 2012 to \$4,329 in 2013 largely due to reduced production.

As listed below, all our general and administrative expenses increased from 2012 to 2013 due to our increased operation scales, as we carried out more exploration work on our mineral claims and the supporting work. During 2013 we incurred geological consulting expense of \$2,000 for planning of exploration on all our properties; in 2012 we did not incur such geological work. During 2012 we did not grant any stock purchase options or had any options vested during the period. During 2013 we lowered exercise prices for 300,000 options and granted 2,125,000 options with 25% vested during the period, total fair value recorded at \$24,792 using Black Scholes model.

	2013	2012
	\$	\$
Amortization of equipment	163	245
Filing and regulatory fees	6,300	3,550
Geological consulting	2,000	-
Consulting, Management and directors' fees	56,141	26,894
Office and administrative	13,189	4,617
Office rent and utilities	11,045	2,930
Professional fees	6,410	4,960
Publicity, promotion and investor relations	19,094	14,666
Secretarial and employee benefits	15,068	6,821
Stock-based compensation	24,792	-
	154,202	64,683

During 2013 we recorded foreign exchange gain of \$2,447 compared to foreign exchange gain of \$718 in 2012.

During 2013 we recorded interest income of \$5,145 on our short term cash investment with major banks and our promissory note to a related party. During 2012 we did not record interest income as we did not have cash investment or promissory note.

During 2013 we recorded equipment write-off of \$3,916 as some of our old office equipment was no longer in use.

### **Liquidity and Capital Resources**

As of August 31, 2012 we had a cash and cash equivalent balance of \$1,786,637, compared to \$2,059,482 as at May 31, 2012, representing a decrease of \$272,845. As of August 31, 2012, we had a working capital of \$1,725,351, compared to a working capital of \$2,044,468 as at May 31, 2012.

On July 4, 2012 we received the approval from the TSX-V on a normal course issuer bid ("NCIB") to purchase up to 10% of the issued and outstanding common shares of the Company on the open market. During the three months ended August 31, 2012, we purchased 1,073,000 shares of the Company for gross amount of \$78,680 at prices between \$0.055 and \$0.085 per share. During the three months ended August 31, 2011, we raised \$32,500 from subscriptions for 325,000 units of private placement at a price of \$0.10 per unit.

During the three months ended August 31, 2012 we expended \$141,698 on mineral property exploration; during the three months ended August 31, 2011 we expended \$3,300 on reclamation bond and \$4,950 on staking and recording.

All of our properties are at the early exploration stages. We do not expect to generate significant revenues in the near future, timing of further royalty payments from Fairbanks is uncertain, and will likely continue to rely upon the sale of equity securities to raise capital or shareholder loans. Fluctuations in our share price may affect our ability to obtain future financing and the rate of dilution to existing shareholders.

We have no funding commitments or arrangements for additional financing at this time and there is no assurance that we will be able to obtain any additional financing on terms acceptable to us, if at all. Any additional funds raised will be used for general and administrative expenses, to carry out the 2012- 2013 exploration programs on the mineral properties, and for the acquisition of a property or properties, as

applicable. 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.

### Transactions with Related Parties

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions not disclosed elsewhere in these financial statements are as follows:

- SMR Investments Ltd. (“SMR”) is a private company controlled by an officer of the Company. Under a management contract with SMR, the Company agreed to pay up to \$2,500 per month for management services. The Company was charged management fees by SMR of \$7,500 during the three months ended August 31, 2012 (2012 - \$7,500). As of August 31, 2012, \$2,800 (May 31, 2012 - \$Nil) was payable to SMR by the Company.
- During the three months ended August 31, 2012, management, consulting and director fees of \$9,000 (2012 - \$3,000) were paid to the President of the Company. Fees of \$2,100 (2012 - \$1,422) were paid to KLR Petroleum Ltd. (which is controlled by an officer of the Company) for administration of the Company payroll and benefit plan.

#### Advances to related parties:

	May 31, 2012 \$	August 31, 2012 \$
REGI US, Inc.	25,224	25,594
	<u>25,224</u>	<u>25,594</u>

During the year ended May 31, 2012 REGI US, Inc. repaid \$3,916 to the Company and converted the balance of \$24,684 into a promissory note owed to the Company at annual interest rate of 6%, for which the Company recorded interest income of \$540 on the promissory note during the year ended May 31, 2012. The note matured on April 18, 2012 and was extended to an expiry date of December 31, 2012. During the three months ended August 31, 2012 the Company recorded interest income of \$370 accrued on the promissory note.

#### Advances from related parties:

	May 31, 2012 \$	August 31, 2012 \$
Minewest Silver and Gold Corp.	4,458	2,790
Linux Gold Corp. *	49,433	19,433
KLR Petroleum Ltd.	-	1,231
SMR Investments Ltd.	-	2,800
	<u>53,891</u>	<u>26,254</u>

\* During the year ended May 31, 2012, Linux and the Company revised the Fish Creek property option agreement whereby the Company applied \$82,517 of the balance owed by Linux as cash payment in lieu of exploration work required by the option agreement, in consideration of which Linux extended the option agreement for an additional year. During May, 2012 the Company agreed to make additional cash payment of \$60,000 in lieu of exploration expenditures, of which \$19,433 was outstanding as at August 31, 2012.

## Share Capital

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Our authorized share capital consists of 105,000,000 shares, divided into 100,000,000 common shares without par value and 5,000,000 preferred shares with a par value of \$1.00 each. As of the date of this report, we had 72,678,605 common shares and no preferred shares issued and outstanding.

During the three months ended August 31, 2012 we did not sell any common shares and purchased 1,073,000 of our common shares from the market under NCIB.

The following is a summary of the stock options and share purchase warrants outstanding as at August 31, 2012:

### Stock Options:

Expiry Date	Exercise Price \$	Number of Options	Remaining Contractual Life (years)	Number of Options Exercisable
March 10, 2013	0.100	75,000	0.52	18,750
October 30, 2014	0.185	100,000	2.16	25,000
October 30, 2014	0.100	125,000	2.16	31,250
April 19, 2015	0.100	100,000	2.63	25,000
June 15, 2012	0.100	2,125,000	4.79	531,250
		<u>2,525,000</u>		<u>631,250</u>

### Warrants:

Expiry Date	Exercise Price \$	Number of Warrants	Remaining Contractual Life (years)
September 30, 2012	0.15	585,000	0.08
		<u>585,000</u>	

## Critical Accounting Policies

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The critical accounting policies of the Company are outlined in our unaudited consolidated financial statements for the three months ended August 31, 2012 and our audited consolidated financial statements for the year ended May 31, 2012. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on reported results or financial position.

### *New standards and interpretations*

A number of new standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees, and amendments to standards and interpretations, are not yet effective for the three months ended August 31, 2012, and have not been applied in preparing these unaudited interim consolidated financial statements. The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Corporation has not been determined.

## Financial Instruments

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### *Foreign exchange risk*

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are denominated in US dollars. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations in exchange rates will, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

The Company currently does not enter into financial instruments to manage foreign exchange risk.

The Company is exposed to foreign currency risk through the following financial assets and liabilities that are denominated in United States dollars:

August 31, 2012	Cash	Accounts payable
	\$ 408,367	\$ 8,398

At August 31, 2012 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- \$39,997.

### *Interest rate and credit risk*

The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest any significant excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Receivables consist of goods and services tax due from the Federal Government. Management believes that the credit risk concentration with respect to receivables is remote.

### *Liquidity Risk*

The Company has no recent history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources, and the lack of revenues. The Company has no investments in asset backed commercial paper.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities, loans from related parties and from the sale of investments. There can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, the Company's track record, and the experience and calibre of its management.

## Significant Recent Developments and Subsequent Events

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On July 10, 2012 the Company received the approval from the TSX-V on a normal course issuer bid ("NCIB") to purchase up to 10% of the issued and outstanding common shares of the Company on the

open market. As of the date of this report, the Company purchased 1,073,000 shares of the Company for gross amount of \$78,680 at prices between \$0.055 and \$0.085 per share. The shares were cancelled on October 11, 2012.

On September 30, 2012, 575,000 warrants and 10,000 broker warrants exercisable into the Company's common shares at \$0.15 per share expired without being exercised.

## **Directors and Officers**

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Our Board of Directors is as follows:

John Robertson  
 Donna Moroney  
 Suzan El-Khatib  
 Suzanne Robertson  
 Thomas Robertson

Our officers are:

John Robertson	<i>President and Chief Executive Officer</i>
Jane He	<i>Chief Financial Officer</i>

## **Risks and Uncertainties**

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

Although we have taken steps to verify the title to mineral properties in which we have an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Property titles may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

We have no significant sources of operating cash flow and minimum revenue from operations. Additional funding will be required to fund our exploration program. The sources of funds available to us are royalty payments from Fairbanks, the sale of marketable securities, sale of equity capital or the offering of an interest in its project to another party. There is no assurance that we will be able to obtain adequate funding in the future.

The property interests owned by us or in which we have 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 few properties, which are explored, are ultimately developed into producing mines. Exploration of our mineral exploration may not result in any discoveries of commercial bodies of mineralization. If our efforts do not result in any discovery of commercial mineralization, we will be forced to look for other exploration projects or cease operations.

We are subject to the laws and regulations relating to environmental matters in all jurisdictions in which we operate, including provisions relating to property reclamation, discharge of hazardous materials and other matters. We may also be held liable should environmental problems be discovered that were caused by former owners and operators of our properties in which we previously had no interest. We conduct our mineral exploration activities in compliance with applicable environmental protection legislation. We are not aware of any existing environmental problems related to any of our current or former properties that may result in material liabilities to us.

**Off-Balance Sheet Arrangements**

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We have no off-balance sheet arrangements.

**Additional Information**

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Additional information relating to our company is available on SEDAR at [www.sedar.com](http://www.sedar.com).