

TERYL RESOURCES CORP.
Suite 240 – 11780 Hammersmith Way
Richmond, BC V7A 5E9
Tel: 604.278-5996
Fax: 604.278.3409

October 30, 2013

MANAGEMENT DISCUSSION & ANALYSIS

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, 2013 and August 31, 2012, which have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”). 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

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

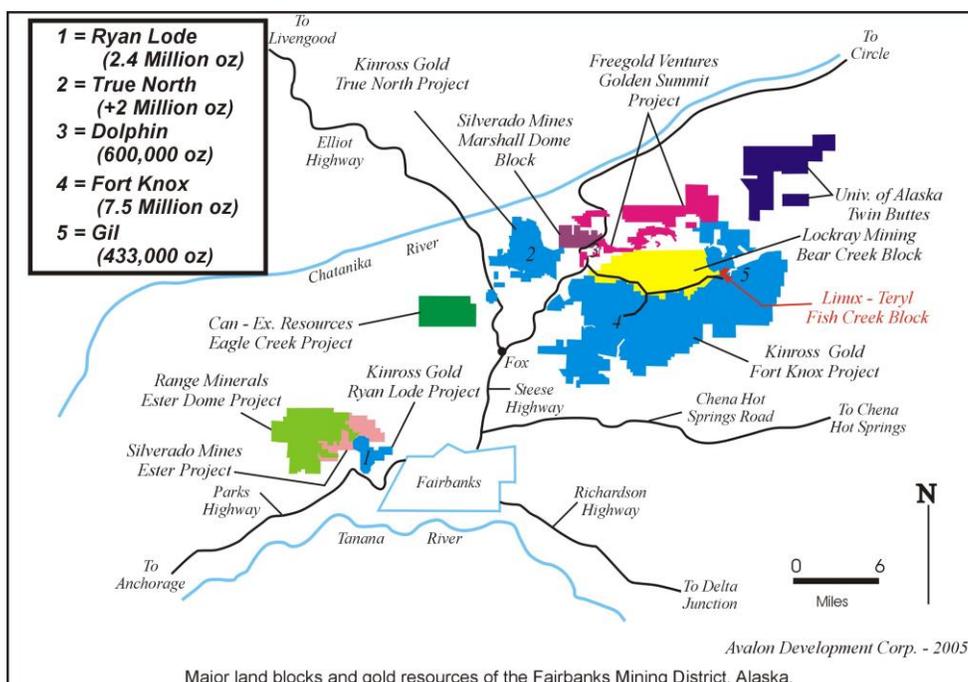
Mineral and Exploration Properties

Fish Creek Claims

The Fish Creek Claims are 30 mining claims comprising 1,032 acres, known as the Fish Creek Prospect, located 25 miles north of Fairbanks in the Fairbanks Mining District in Alaska. The claims are legally maintained by recording an affidavit of annual labor for a minimum expenditure of \$100 per claim (\$3,000 total) and by paying annual rental to the State of Alaska in the amount of \$130 per claim (\$3,900 total). All mechanized exploration activity must be permitted by the Alaska Division of Mining, Alaska Department of Fish and Game, and the U.S. Corps of Engineers. Water can be withdrawn from Fish Creek to support exploration activities with oversight from the Alaska Department of Conservation. Currently, we are permitted to conduct exploration by drilling. To the best of our knowledge, we are operating in compliance with all applicable environmental regulations. There currently are no unusual social, political or environmental encumbrances to mining on the project. We currently hold a valid exploration permit on the project. Additional permits for future work will be acquired from the Division of Mining, Alaska Department of Fish and Game, and the U.S. Corps of Engineers on an as-needed basis.

The Fish Creek project is located in an important mining district with permissive land status and excellent road access to the property. Currently, there are only primitive trails developed within the property to access exploration sites. The project is located within metamorphic and plutonic host rocks that are similar in composition and age to rock units that contain commercially viable mineralization elsewhere in the Fairbanks Mining District. The property is also located on a drainage that was mined extensively for alluvial gold in the past both upstream and downstream of the Fish Creek project. Limited exploration conducted between 1992 and 2003 did not reveal significant bedrock exposures of mineralization, however, very widely spaced placer drilling over a large area of the property conducted in 1996 indicated the presence of placer gold in the alluvial deposits. More extensive and closer spaced placer gold drilling conducted in 2004 confirmed the presence of significant concentrations of placer gold on the claims.

The following map shows the location of and access to the property.



There currently are no resources or reserves on the Fish Creek property that comply with the Canadian Institute of Mining and Metallurgy (CIM) Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000.

Additional work on the Fish Creek property will be based on results from the previous drilling programs. Each successive phase of exploration is dependent on generation of encouraging results from the previous programs and the increasing potential for delineation of commercially viable resources on the project.

As we announced on March 6, 2013, we received the budget for a reverse circulation drill program from Metallogeny, Inc., general contractor in Fairbanks, Alaska, consisting of placer and lode drilling to identify targets, on the Fish Creek property this spring. On April 10, 2013, we appointed Pete Rutledge, Geologist, as an independent contractor to supervise the drilling on the Fish Creek property.

On May 14, 2013, we announced that a contract was signed with Metallogeny, Inc., to drill six holes to test an intrusive target, on the Fish Creek property. Paul D. Gray, P.Ge., is the qualified person as defined in NI 43-101 and also qualified under the rules stated by the SEC.

During the year ended May 31, 2013 we expended \$174,826 on exploration on the Fish Creek Property. During the three months ended August 31, 2013 we expended \$12,597 on exploration on the Fish Creek Property.

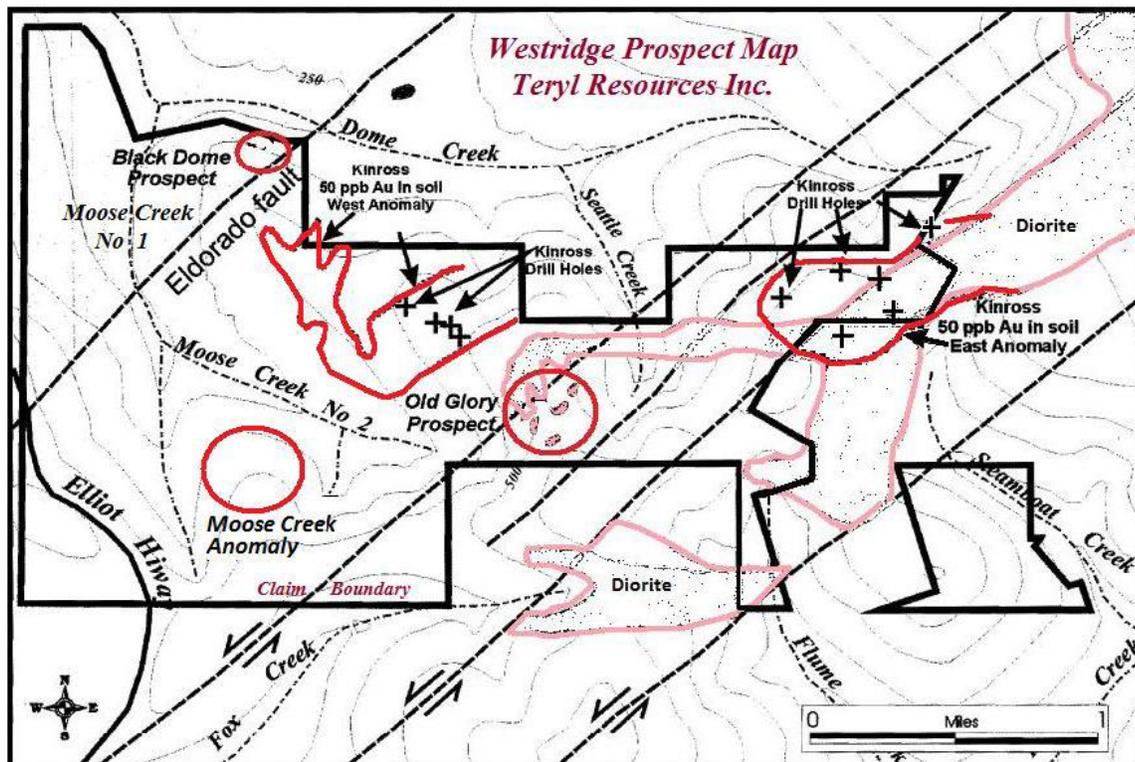
West Ridge Claims

The West Ridge Property of 48 mineral claims comprises approximately 5,200 acres and 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 creeks have been mined extensively for placer gold in the past. Limited past gold exploration in the 1990's through 2003 indicate shear and intrusive hosted gold mineralization at the Old Glory Prospect, Black Dome Prospect, East Anomaly, West Anomaly and the Moose Creek Anomaly within the West Ridge Property. The True North Mine of Fairbanks, a wholly owned subsidiary of Kinross Gold Corporation via a 100% ownership of the True North Venture, is located approximately 3.5 kilometres (two miles) to the northeast of the West Ridge Property.

The 48 West Ridge mineral claims are 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.

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) was 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).

We announced on March 11, 2013 that the additional exploration and drilling on the Westridge property was recommended as follows:

1. **Drilling:** Additional drilling is recommended for the Old Glory Prospect area. The drilling should be designed to intersect northeast-trending, northwest-dipping intrusive dikes and structural zones by completing a series of drill holes along northeast fences, with each drill hole drilled to a depth of approximately 500ft. Angle drill holes, dipping -60 degrees and oriented towards the southeast, are suggested at each of the proposed drill collar locations. In addition to these proposed angle drill holes, a drill fan consisting of both angle and vertical drill holes is suggested for several key drill sites to help delineate strike and dip of mineralized zones and other geological features. In addition to these drill fences, at least one deep vertical hole (approximately 2,000ft) is suggested to test the possibility of a deeply buried mineralized stock similar to the Dolphin stock. Although diamond core drilling is preferred, RVC drilling, or a combination of both, could be used for the drill fences, however, diamond core drilling would be required for deep drilling.
2. **Auger soil sampling:** Additional auger soil sampling is recommended to expand the existing soil grid centered on the Old Glory Prospect. Specifically, additional sampling should be completed to the west, east and north of the existing soil grid.
3. **Trenching:** Additional trenches are recommended in the Old Glory Prospect. These trenches will help delineate the postulated northeast-trending dike complex and associated gold mineralization. Detailed mapping and sampling of trench floors will help identify and project structural zones which possibly influence structurally controlled gold mineralization in this area. Several short "scoop" trenches are

recommended at some of the significant gold-anomalous soil sample sites on the west side of the soil grid. Chip channel sampling of trench floors should be completed at five foot intervals, as well as select rock grab sampling, for all trench excavations.

4. Reconnaissance rock sampling and geologic mapping: Additional rock grab sampling and geologic mapping traverses are recommended for the entire property. This work should be designed to fulfill the need for basic prospecting and creating a basic geologic map for the property, which is an essential component of creating a predictive model for gold mineralization on the property.
5. Geophysical surveys: Geophysical surveys could potentially be used to map structural features and magnetic rocks, but are considered a lower priority at this time. Induced polarization methods could be used to identify water-saturated fault zones and zones containing fine grained disseminated sulfides. These methods are relatively expensive, and thus additional surface sampling and mapping is needed beforehand to better target the geophysical surveys.

On April 10, 2013, we appointed Pete Rutledge, Geologist, as an independent contractor to evaluate the Westridge claims.

During the year ended May 31, 2013, we expended \$267,237 on exploration on the West Ridge Property. During the three months ended August 31, 2013, we expended \$685 on exploration on the West Ridge Property.

The Silverknife Property

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 (heat source). The most relevant targets for mineral exploration on the Property are associated chimney-type feeder systems and mantos related to the Silvertip mineralizing event.

On March 22, 2012 we announced that a one year exploration extension had 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. had 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 Multielement 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.

On November 14, 2012 the Company and Minewest announced that analytical results from the 2012 Silverknife Ag-Zn-Pb core re-sampling project in north central B.C. have been received and compiled by the Company and confirmed historically reported mineralization. Additionally, the 2012 program had defined high priority drill targets for a fully permitted 2013 diamond drilling program targeting extension to the known Ag-Zn-Pb mineralization.

During the course of the 2012 Silverknife program, the Project was accessed and the 25+ year old core storage site was re-established with all recoverable core re-boxed, re-logged, and where practicable mineralized intervals and proximal area were re-sampled. It is estimated that 85% of the historic core was resurrected and restored. Specific representative intervals of Ag-Zn-Pb mineralization were selected for detailed inspection and any germane previously sampled intersections of core were quartered and previously un-sampled core intervals were halved. Due to core loss and degradation over the intervening years, exact duplication of previously sampled intervals was not always possible, where practicable however, the 2012 sampling was conducted on systematic 1 metre intervals.

The 2012 core re-logging and re-sampling program confirmed the grade and tenor of mineralization previously identified on the Silverknife Project with grades from trace to 21.19 ounces/ton (726.8 ppm) Ag with an average of 1.79 ounces/ton (61.36 ppm) Ag; trace to 16.48% Zn with an average of 1.99% Zn; trace to 10.98% Pb with an average of 0.87% Pb; and from trace to 1.1 ppm Au. A comparison of the historic analytical results to the 2012 analytical results do not show an exact 1:1 ratio, however owing to the style of mineralization (coarse grained sphalerite and galena) and the disparate analytical techniques and sampling intervals, this variation is expected.

It was noticed by Company geologists during the re-logging of the core that where visible Ag-Zn-Pb mineralization was identified, a corresponding drop in core recovery was common. This observation is exceedingly valuable, as this lack of core recovery within mineralized sections is indicative of a potential understatement of grade. The Company is confident that armed with this information, more care can be taken when drill testing these areas, and potentially with such care reported grades will increase.

In total 101 core samples were collected and submitted for assay to Inspectorate Exploration and Mining Services Inc., of Richmond, BC, an ISO 9001:2008 certified laboratory. Samples were shipped by Company consultants to

Inspectorate's Whitehorse, YT preparation facility where samples were sorted and crushed to appropriate particle size (pulp) and representatively split to a smaller size for shipment to Inspectorate's, Richmond, B.C. analysis facility. Assay procedures consisted of 30 element Inductively Coupled Spectrophotometry (ICP) following multi-acid digestion as well as standard fire assay for gold, with atomic adsorption (AA.) finish. When overlimits were reported, Inspectorate's Ore-Grade analyses for Ag, Pb, and Zn; respectively, was utilized. Assay standards were inserted into the sample stream as part of the Silverknife OA/OC program.

A detailed GPS survey of the historic Silverknife "Discovery" drill out was conducted during the 2012 program coincident with an updated Silverknife mineral claim Boundary survey. With the data collected and compiled from the 2012 program, the Company will now intends to digitize the historic drilling data and model the Silverknife mineralization with the help of 3D geological modeling software. This work will allow the Company to define the extent of the defined mineralization, target 2013 drill holes and focus exploration efforts on extending and expanding the Silverknife Ag-Zn-Pb mineralization through diamond drilling.

An updated 43-101 report on Silverknife property is currently being prepared by Paul Gray our qualified geologist.

During the year ended May 31, 2013 we expended \$31,278 (2012 - \$4,604) on exploration on the Silverknife Property. During the three months ended August 31, 2013 we did not carry out exploration on the Silverknife Property.

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, 2013 the Company recorded net revenue of \$1,659 after production cost of \$890 from the wells in Kentucky. During the fiscal year ended May 31, 2013 and May 31, 2012 revenue of \$24,423 and \$32,968 were recorded from the Texas properties, respectively. During the three months ended August 31, 2013, we recorded revenue of \$2,050 was recorded from the property.

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:

Description	Three Months ended Aug. 31, 2013 \$	Three Months ended May. 31, 2013 \$	Three Months ended Feb. 28, 2013 \$	Three Months ended Nov. 30, 2012 \$	Three Months ended Aug. 31, 2012 \$	Three Months ended May. 31, 2012 \$	Three Months ended Feb. 29, 2012 \$	Three Months ended Nov. 30, 2011 \$
Gross sales of oil and gas	\$2,050	\$1,157	\$11,686	\$7,251	\$4,329	\$4,450	\$5,935	\$5,738
Income or loss before other items								
Total	(129,204)	(164,201)	(150,963)	(160,827)	(151,755)	(136,883)	(132,984)	(75,723)
Per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net loss for period								
Total	(126,506)	(162,205)	(144,583)	(154,200)	(147,671)	(156,997)	(505,222)	(71,029)
Per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(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

Three Months Ended August 31, 2013 ("2014") as compared to Three Months Ended August 31, 2012 ("2013")

As listed below, we recorded loss from operations of \$129,204, a decrease from \$151,755 in 2012, largely due to the fact that we had no option based compensation in the first quarter of 2014, while we recorded stock based compensation of \$24,792 in the first quarter of 2013. During 2013 we lowered exercise prices for 300,000 options and granted 2,125,000 options with 25% vested during the period, with the total fair value recorded at \$24,792 using Black Scholes model.

During 2013 we incurred geological consulting expense of \$2,000 for overall planning of exploration on all our properties; in 2014 we did not engage such geological work.

General and administrative expenses were largely consistent from the first quarter of 2013 to the first quarter of 2014. Filing and regulatory fees decreased from \$6,300 in 2013 to \$3,548 in 2014, as we had fewer transactions in 2014 that required such expenses. Publicity, promotion and investor relation expenses decreased from \$19,094 in 2013 to \$14,979 in 2014, as we continued to save on such costs and rely more on in-house services.

During the first quarter of 2014 we recorded foreign exchange loss of \$9,530 compared to foreign exchange gain of \$2,447 in 2013.

Net revenue from oil and gas sales decreased from \$2,855 in 2013 to \$1,659 in 2014 largely due to reduced production from the wells.

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 2014 we recorded such interest income of \$1,039.

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

	Three months ended August 31, 2013	Three months ended August 31, 2012
	\$	\$
General and Administrative Expenses		
Amortization of equipment	279	163
Filing and regulatory fees	3,548	6,300
Foreign exchange (gain) loss	9,530	(2,447)
Geological consulting	-	2,000
Consulting, management and directors' fees	58,042	56,141
Office and administrative	11,239	13,189
Office rent and utilities	11,708	11,045
Professional fees	6,315	6,410
Publicity, promotion and investor relations	14,979	19,094
Secretarial and employee benefits	13,564	15,068
Stock-based compensation	-	24,792
Operating Loss	(129,204)	(151,755)

Year Ended May 31, 2013 as compared to Year Ended May 31, 2012

We incurred a net loss of \$608,659 during the year ended May 31, 2013, compared to a net loss of \$766,330 during the year ended May 31, 2012. The decrease in loss from 2012 was due to loss on sale of mineral property of \$376,928 recorded in 2012.

Operating expenses that significantly changed from 2012 to 2013 are as follows:

- In 2013, we incurred geological consulting fees of \$5,212 that were not applicable to any specific property; in 2012 we did not incur such geological consulting fees;
- Consulting, management and directors' fees were recorded at \$220,706 in 2013 compared to \$139,899 in 2012, as we increased our exploration activities and related administrative support.
- Professional fees decreased from \$52,908 in 2012 to \$42,729 in 2013, as we incurred higher legal fees on mineral property exploration contracts in 2012;
- Secretarial and employee benefits increased from \$33,852 in 2012 to \$60,223 in 2013 due to our increased administrative support in 2013;
- Publicity, promotion and investor relations costs decreased significantly from \$127,511 in 2012 to \$104,023 as we continue to utilize more cost effective communication services;
- Travel, auto and entertainment increased from \$8,789 in 2012 to \$17,674 in 2013, due to our increased activities in exploration and related support.
- Stock-based compensation increased significantly from \$1,897 in 2012 to \$47,757 in 2013 as we granted more stock options in 2013.

During 2013 we recorded interest income of \$17,133 compared to \$3,286 in 2012, and net proceeds from the oil and gas well production of \$8,976 compared to \$19,232 in 2012.

Liquidity and Capital Resources

As of August 31, 2013 we had a cash and cash equivalent balance of \$571,615, compared to \$822,119 as at May 31, 2013, representing a decrease of \$250,504. As of August 31, 2013, we had a working capital of \$580,413, compared to a working capital of \$709,573 as at May 31, 2013.

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, 2013, we did not purchase any shares of the Company. During the three months ended August 31, 2012, we used \$39,865 on purchasing 571,000 shares of the Company.

During the three months ended August 31, 2013 we expended \$13,282 on mineral property exploration; during the three months ended August 31, 2012 we expended \$141,603 on mineral property exploration.

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 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 2013- 2014 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 during the three months ended August 31, 2013 were 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, 2013 (2013 - \$7,500).
- During the three months ended August 31, 2013, management, consulting and director fees of \$9,000 (2013 - \$9,000) were paid to the President of the Company.
- Fees of \$2,175 (2013 - \$2,100) were paid to KLR Petroleum Ltd. (which is controlled by an officer of the Company) for administration of the Company payroll and benefit plan as well as other administrative services.

Promissory note receivable from related party:

	August 31, 2013	May 31, 2013
	\$	\$
REGI US, Inc.	27,074	26,704
	<u>27,074</u>	<u>26,704</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. During the three months ended August 31, 2013 the Company recorded interest income of \$370 accrued on the promissory note.

Advances from (to) related parties:

	August 31, 2013	May 31, 2013
	\$	\$
Minewest Silver and Gold Corp.	(1,875)	3,717
Linux Gold Corp.	(6,428)	2,642
KLR Petroleum Ltd.	-	357
	<u>(8,303)</u>	<u>6,716</u>

Amounts due to/ from related parties, other than the note receivable from REGI US, Inc. are unsecured, non-interest bearing and have no fixed terms of repayment. Unless otherwise indicated, the related parties represent companies with common officers and/or directors with the Company.

Share Capital

Our authorized share capital consists of unlimited common shares without par value and unlimited preferred shares with a par value of \$1.00 each. As of the date of this report, we had 70,251,605 common shares and no preferred shares issued and outstanding.

On July 4, 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 at May 31, 2013, the Company repurchased with cash consideration of \$145,065 a total of 2,427,000 common shares, of which 2,133,000 common shares were cancelled and returned to treasury by May 31, 2013 and the remaining 294,000 common shares were cancelled and returned to treasury in July, 2013. The average carrying value of the common shares was \$0.1933 per share. The difference between the purchase price and the carrying value of the common shares was \$280,580 for the 2,133,000 shares cancelled by May 31, 2013 and \$43,405 for the 294,000 shares cancelled in July, 2013.

The following is a summary of the Company’s stock option activities during the year ended May 31, 2013 and three months ended August 31, 2013.

	Number of Options	Weighted Average Exercise Price \$
Balance – May 31, 2012	950,000	0.16
Issued	4,625,000	0.10
Repriced	(300,000)	0.21
Repriced	300,000	0.10
Expired	(75,000)	0.10
Forfeited, unexercised	(700,000)	0.12
Balance – May 31 and August 31, 2013	4,800,000	0.11

The following share purchase options were outstanding at August 31, 2013 and the date of this report:

Expiry Date	Exercise Price \$	Number of Options	Remaining Contractual Life (years)	Number of Options Exercisable
October 30, 2014	0.185	100,000	1.17	25,000
October 30, 2014	0.100	125,000	1.17	31,250
April 19, 2015	0.100	100,000	1.63	25,000
June 21, 2017	0.100	1,975,000	3.81	493,750
May 28, 2018	0.100	2,500,000	4.74	625,000
		4,800,000		1,200,000

Warrants

The following is a summary of the Company’s warrant activities during the year ended May 31, 2013 and three months ended August 31, 2013. The Company had no warrants outstanding as at August 31, 2013 or the date of this report.

	Number of Warrants	Weighted Average Exercise Price \$
Balance – May 31, 2012	585,000	0.15
Expired without being exercised	(585,000)	0.15
Balance – May 31 and August 31, 2013	-	-

Critical Accounting Policies

The critical accounting policies of the Company are outlined in our unaudited consolidated financial statements for the three months ended August 31, 2013 and our audited consolidated financial statements for the year ended May 31, 2013. 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, 2013, 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

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, 2013	Cash	Accounts payable
	\$ 23,112	\$ 8,697

At August 31, 2013 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- \$1,441.

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

On September 9, 2013 the Company received the approval from the TSX.V on a second NCIB to purchase up to 3,512,580 issued and outstanding common shares of the Company on the open market. As of the date of this report, the Company has not purchased any shares pursuant to this NCIB.

Directors and Officers

Our Board of Directors is as follows:

John Robertson
 Suzan El-Khatib
 Suzanne Robertson
 Thomas Robertson
 Thomas Parkhill

Our officers are:

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

Risks and Uncertainties

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

We have no off-balance sheet arrangements.

Additional Information

Additional information relating to our company is available on SEDAR at www.sedar.com.