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**January 29, 2014**

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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 six months ended November 30, 2013 and November 30, 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**

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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”.

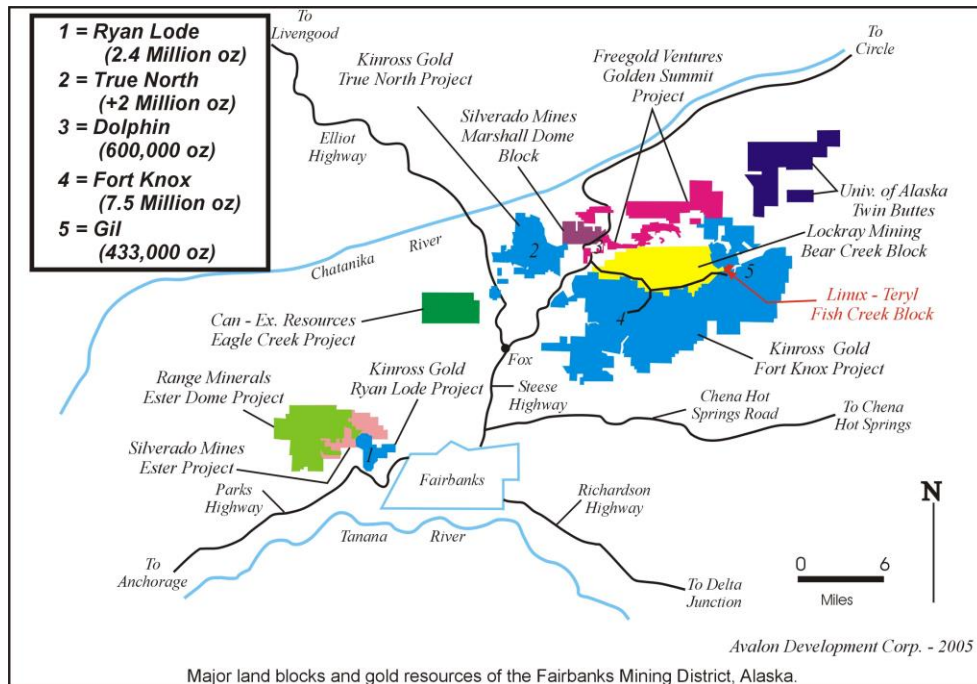
### *Mineral and Exploration Properties*

#### *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.

During the year ended May 31, 2013 we expended \$174,826 on exploration on the Fish Creek Property. During the six months ended November 30, 2013 we expended \$10,335 on exploration on the Fish Creek Property.

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.Geo., is the qualified person as defined in NI 43-101 and also qualified under the rules stated by the SEC.

On January 22, 2014, we provided an update on the 2013 gold exploration drilling program on our Fish Creek project.

The Fish Creek Claim Block consists of 35 State of Alaska Mining Claims located adjacent to the operating Fort Knox Gold Mine claim block and the Gil hardrock gold deposit claim block.

The purpose of the exploration drilling program conducted the 2013 season on the Fish Creek Claim Block was twofold; (1) to verify and identify a placer gold deposit in the deepest reaches of the Fish Creek Valley and (2) to verify and identify hardrock intrusive hosted gold deposits from information performed by previous explorationists who worked on the property. The program managed by Pete Rutledge Project Manager and overseen by Paul D. Gray, P.Geo., the Company's Qualified Person and was supported by two contract drilling entities that were logistically supported by Metallogeny Inc., of Fox, Alaska. The drilling contractors were CNC Drilling led by Forrest Cooper using a track mounted Prospector 1 drill rig, and an independent contractor using a Boyle Brothers System Model 1 (BBS1) drill rig mounted on a flatbed transported by a low pressure tracked vehicle called a Bombardier J-5. Both drilling contractors were under time constraints to operate due to weather and ground conditions because the activity had to be completed before winter break-up as a condition of the access permit issued by the Alaska Department of Natural Resources. Drilling results under strict chain of custody procedures reveal minor visible placer gold in the placer drilling and the hard rock drilling indicated the presence of disseminated anomalous silver and base metal values in a stockwork quartz veining system in silicified rocks at continuous intervals over several holes. Further drilling is warranted to define the empirical data obtained that indicates conditions of precious metal lode deposits. The gold placer potential is recommended to be evaluated by conventional bulk sampling techniques standard to the industry.

The placer drilling completed three holes two of which were completed to bedrock. The first hole identified as UFL-L1-H1 encountered decomposed Fairbanks Schist bedrock at the bottom of the hole at 57 feet. The second hole UFL-L1-H2 bottomed out at 62 feet and material recovered consisted of decomposed Fairbanks Schist and possibly decomposed granodiorite (intrusive rock) that was bleached out. The samples collected consisted of organic peat, fine sands, mud, loess, sub angular to sub rounded rock fragments, decomposed schist and minor decomposed intrusive rock that may have been stream transported cobbles or silicified schist. The third hole UFL-L1-H3 was abandoned at a shallow depth due to winter break-up conditions. The material recovered consisted of organic peat moss, loess and muds. The organics, loess and mud were not sampled for assay but the entire holes were screened and concentrated and hand panned by the project manager. The assay results from Acme Labs revealed no precious or base metals except two small minor flakes of gold in the first hole were visibly identified by the project manager and were undetected in the assay certificate by Acme Labs. Heavy minerals in the pan concentrates were garnet and very minor amounts of magnetite.

The hard rock drilling completed four holes named UFL-2, UFC Forrest H-2, UFC Forrest H-3 and UFC Forrest H-4 all drilled by Forrest Cooper of CNC Drilling under independent contract (Forrest). The first hole UFL-2 twins (located immediately adjacent) to a reverse circulation hole drilled by a previous contractor in 2004 labeled on-site as UFL-1-H-3. Observations of the aluminum tag placed at the hole indicated that intrusive rocks were encountered at 57 feet but the 2013 diamond core drilling by Forrest did not reveal anything but non-silicified Fairbanks Schist at 96.5 feet to 109 feet (29.1 metres to 33.22 metres).

The second hole drilled by Forrest was targeted on a geophysical anomaly suggesting shallow intrusive rocks and was named UFC Forrest H-2. Silicified granodiorite (?) with disseminated sulfides in stockwork quartz veining was encountered at 68.5 feet (20.88 metres) and continued to the bottom of the hole at 100 feet (30.48 metres). No significant precious or base metal anomalies were identified in the assay reports (samples 1920116 to 1920126).

The third hole drilled was stepped out approximately 100 feet (30.48 metres) southeast of UFC Forrest H-2 and was named UFC Forrest H-3. Black gouge appearing rock containing visible sponging copper sulfides were observed at 50 feet to 56 feet (15.24 metres to 17.07 metres) with elevated silver at 50 to 51.5 feet (15.24 metres to 15.70 metres) assaying at 0.6 opt Silver (21 g/t Ag) (sample # 1920128). At the 56 foot to 63.5 foot (15.70 to 19.35 metre) interval decomposed Fairbanks Schist (?) with quartz stockwork veining with an elevated silver sample assaying out as 0.16 opt (5.75 ppm) was identified (Sample # 1920131). Minor Calc-Silicate in decomposed Fairbanks Schist was encountered at the 77.5 foot to 88 foot (23.47 to 26.82 metre) interval.

The fourth and final hole drilled for this project was stepped out approximately another 100 feet (30.48 metres) southeast of UFC Forrest H-3 and was named UFC Forrest H-4. Recovered core samples encountered suspect bleached granodiorite with insignificant mineralization (samples 1920137-1920138). The hole was terminated at 61 feet (18.59 metres) due to winter break-up requiring mobilizing out of equipment and personnel due to thawing ground conditions. See table 1 below for a complete log of the drill hole results

Recommendations for future work suggest expand scout drilling on geophysical anomalies for lode potential and conventional placer gold exploration involving either sonic drilling or trenching and bulk sampling.

Additional drilling on known geophysical anomalies for lode potential is recommended on the Fish Creek property.

<b>Table (1) Drill Logs and Assay Results For Fish Creek Alaska Drilling Project for Teryl Resources</b>								
Sample no.	From (in Feet)	to	Drill Core Descriptions	Pathfinder elements	ppb	ppm	opt	gpt
<b>Diamond Drill Core Hole Name: UFL-2</b>								
1920101	43.5	48	Decomposed Fairbanks Schist, hereafter "DFS."	Au Ag As Pb Zn Cu	17.1 564	.56 5.2 8.08 63.8 22.6		
1920102	48	55	As Above, hereafter "AA."	Au Ag As Pb Zn Cu	40.2 496	.50 6.9 8.72 52.1 23.4		
1920103	55	60	AA	Au Ag As Pb Zn Cu	3.9 206	3.9 7.35 79.6 18.0		
1920104	60	65	AA	Au Ag As Pb Zn Cu	<0.2 42	0.5 14.3 85.4 35.6		
1920105	66	76.5	AA	Au Ag As Pb Zn Cu	2.7 75	0.6 8.94 102 37		
1920106	76.5	87	AA	Au Ag As Pb Zn Cu	2.8 141	0.7 11.6 95.1 51.6		
1920107	87	96.5	AA	Au Ag As Pb Zn Cu	2.4 73	2.7 10 92.1 36.5		

1920108	96.5	101	Silicified FS	Au Ag As Pb Zn Cu	1.1 43	1.8 10.5 88.9 33			
1920109	101	109	DFS, minor silicification	Au Ag As Pb Zn Cu	6 152	5.9 13.4 74.8 27			
1920110	109	118	DFS some FeOx grus Bottom of hole	Au Ag As Pb Zn Cu	8.8 162	4 9.6 34 14.9			
<b>Diamond Drill Core Hole Name: UFC Forrest H2</b>									
1920111	21	30.5	Mixed FS & gravel (?)	Au Ag As Pb Zn Cu	1.7 27	2.6 7.62 27.5 11.0			
1920112	0	0	Brown's Hill Quarry BLANK Basalt	Au Ag As Pb Zn C	0	0			
1920113	30.5	42	Random hand selections of DFS	Au Ag As Pb Zn Cu	<0.2 10	1.7 4.61 30 14.9			
1920114	42	58	AA	Au Ag As Pb Zn Cu	1.5 69	3.8 14 56.3 28.1			
1920115	58	66	Crumpled/crushed fine grained, bleached different from above, perhaps intrusive (?)	Au Ag As Pb Zn Cu	1.5 69	3.8 14.4 56.3 28.1			
1920116	66	68.5	AA, more fine grained bleached intrusive (?)	Au Ag As Pb Zn Cu	0.9 1220	1.22 10.2 24.8 77.9 20.7			
1920117	68.5	69	Silicified granodiorite (?) stockwork quartz veining with visible sulfides.	Au Ag As Pb Zn Cu	0.6 65	12 2.49 50.7 27.9			

1920118	69	72	AA	Au Ag As Pb Zn Cu	<0.2 76	18 13.7 66.2 3.7		
1920119	72	74	AA	Au Ag As Pb Zn Cu	<0.2 113	4.3 15.9 68.5 31.6		
1920120	74	76	AA	Au Ag As Pb Zn Cu	<0.2 141	0.6 24.7 97.7 50.7		
1920121	76	84	AA	Au Ag As Pb Zn Cu	<0.2 69	3.6 14.8 90.7 23.9		
1920122	84	86	AA	Au Ag As Pb Zn Cu	<0.2 264	0.6 9.1 92 23.9		
1920123	86	92	AA	Au Ag As Pb Zn Cu	<0.2 386	0.1 9.46 49.9 45.9		
1920124	92	96	AA with altered stockwork quartz veining	Au Ag As Pb Zn Cu	<0.2 240	1.1 10.8 69.3 31.2		
1920125	96	98	AA	Au Ag As Pb Zn Cu	<0.2 35	0.2 11.3 63.2 18.1		
1920126	98	100	AA  Bottom of hole	Au Ag As Pb Zn Cu	0.5 31	0.5 5.3 54.4 27.3		

Diamond Drill Core Hole Name: UFC Forrest H3								
1920127	46	50	DFS	Au Ag As Pb Zn Cu	0.5 31	0.5 5.32 54.4 27.3		
1920128	50	51.5	Black gouge with visible spongy copper sulfides: see photo of hand specimen	Au Ag As	0.4 21018	21 10.2	0.6	
				Pb Zn Cu		14.1 68.7 110		
1920129	51.5	54	AA	Au Ag As Pb Zn Cu	<0.2 127	7.5 18.6 74.4 39.6		
1920130	54	56	AA	Au Ag As Pb Zn Cu	<0.2 174	1 12 61.3 20.3		
1920131	56	63.5	DFS (?) with stockwork quartz veining	Au Ag As Pb Zn Cu	0.5 5750	5.75 4.9 14.3 64 38.5	0.16	
1920132	63.5	67	AA	Au Ag As Pb Zn Cu	0.8 168	0.7 16.5 54 19.5		
1920133	67	77.5	AA	Au Ag As Pb Zn Cu	0.6 74	0.3 12.8 60.8 26.2		
1920134	77.5	88	Some minor calc-silicate mostly DFS	Au Ag As Pb Zn Cu	<0.2 174	1.8 12 59 22.7		
1920135	88	94.5	DFS	Au Ag As Pb Zn Cu	0.5 5750			
1920136	94.5	100	DFS to bottom of hole	Au Ag As Pb Zn Cu	0.8 168	0.5 15.8 45 14.6		

Diamond Drill Core Hole Name: UFC Forrest H4								
1920137	43	51.5	mixed up poorly sorted sub angular DFS	Au Ag As Pb Zn Cu	0.9 36	0.5 6.2 25.3 13		
1920138	51.5	61	fine grained suspect intrusive bleached granodiorite.  Bottom of hole due winter break-up	Au Ag As Pb Zn Cu	0.3 46	2.1 3.16 69.2 72.3		

All technical information related to drill and surface samples for the project has been reviewed and approved by Paul D. Gray, P.Geo, who is a Qualified Person under the definitions established by Canadian National Instrument 43-101. Drill core is boxed and stored at a secure location.

All collected samples were split by the project geologist at the Company's Fairbanks processing facility, with half core sent to Acme Analytical Laboratories preparation facility in Fairbanks, Alaska where samples were sorted and crushed to appropriate particle size (pulp) and representatively split to a smaller size for shipment to Acme's Vancouver analysis facility for final assay via ACME Group 1F01-37element ICP-MS analysis with an aqua regia digestion.

Teryl' quality assurance/quality control (QA/QC) procedures include the regular use of blanks, standards, and duplicate samples.

#### *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.

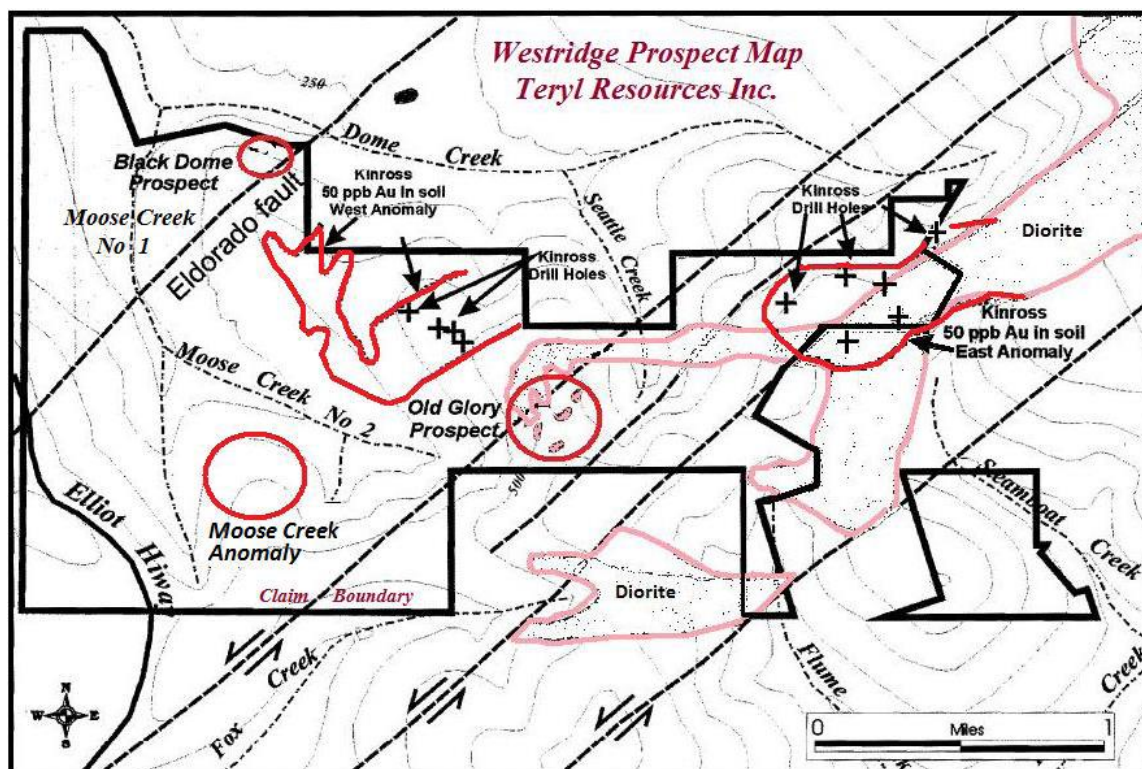
The 48 West Ridge mineral claims are located in the Dome Creek area of the Fairbanks district of Alaska. The West Ridge property adjoins Kinross Gold Corp.'s True North gold deposit and lies approximately eight miles northwest of the producing Fort Knox gold mine.

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 six months ended November 30, 2013, we expended \$9,547 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 ration, 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 rack 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 six months ended November 30, 2013 we did not incur expenditures on 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 six months ended November 30, 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 six months ended November 30, 2013, we recorded revenue of \$4,472 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 Nov. 30, 2013 \$	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 \$
Gross sales of oil and gas	\$1,756	\$2,050	\$1,157	\$11,686	\$7,251	\$4,329	\$4,450	\$5,935
Income or loss before other items								
Total	(111,568)	(129,204)	(164,201)	(150,963)	(160,827)	(151,755)	(136,883)	(132,984)
Per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net loss for period								
Total	(105,780)	(126,506)	(162,205)	(144,583)	(154,200)	(147,671)	(156,997)	(505,222)
Per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)

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

*Six Months Ended November 30, 2013 ("2014") as compared to Six Months Ended November 30, 2012("2013")*

As listed below, we recorded loss from operations of \$240,772, a decrease from \$312,582 in 2013, largely due to the reduction in publicity, promotion and investor relation fees from \$71,552 in 2013 to \$30,964 in 2014 and the fact that we had no option based compensation in the first six months of 2014, while we recorded stock based compensation of \$24,792 in the first six months 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 consulting service.

General and administrative expenses were largely consistent from the first six months of 2013 to the first six months of 2014.

During the first six months of 2014 we recorded foreign exchange gain of \$5,732 compared to foreign exchange gain of \$1,352 in 2013.

Net revenue from oil and gas sales decreased from \$4,742 in 2013 to \$2,106 in 2014.

During 2013 we recorded interest income of \$9,885 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 \$6,380.

During 2013 we recorded equipment write-off of \$3,916 as some of our old office equipment was no longer in use. We did not record equipment write-off in 2014.

Details of general and administrative expenses are as follows:

	Six Months ended November 30, 2013	Six Months ended November 30, 2012
	\$	\$
Amortization of equipment	558	364
Filing and regulatory fees	14,396	14,741
Foreign exchange (gain) loss	(5,732)	(1,352)
Geological consulting	-	2,000
Consulting, management and directors' fees	113,041	110,730
Office and administrative	24,595	24,316
Office rent and utilities	23,536	22,868
Professional fees	15,293	13,208
Publicity, promotion and investor relations	30,964	71,552
Secretarial and employee benefits	24,121	29,363
Stock-based compensation	-	24,792
Operating Loss	<u>(240,772)</u>	<u>(312,582)</u>

*Three Months Ended November 30, 2013 ("2014") as compared to Three Months Ended November 30, 2012("2013")*

As listed below, we recorded loss from operations of \$111,568, a decrease from \$160,827 in 2013, largely due to the reduction in publicity, promotion and investor relation fees from \$52,458 in 2014 to \$15,985 in 2013, as well as foreign exchange gain of \$15,262 recorded in 2014 compared to foreign exchange loss of \$1,095 recorded in 2013.

Other general and administrative expenses were largely consistent from second quarter of 2013 to the second quarter of 2014.

Details of general and administrative expenses are as follows:

	Three Months ended November 30, 2013	Three Months ended November 30, 2012
	\$	\$
Amortization of equipment	279	201
Filing and regulatory fees	10,848	8,441
Foreign exchange (gain) loss	(15,262)	1,095
Consulting, management and directors' fees	54,999	54,589
Office and administrative	13,356	11,127
Office rent and utilities	11,828	11,823
Professional fees	8,978	6,798
Publicity, promotion and investor relations	15,985	52,458
Secretarial and employee benefits	10,557	14,295
Operating Loss	<u>(111,568)</u>	<u>(160,827)</u>

During 2013 we recorded interest income of \$4,740 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 \$5,341.

*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**

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As of November 30, 2013 we had a cash and cash equivalent balance of \$409,559, compared to \$822,119 as at May 31, 2013, representing a decrease of \$412,560. As of November 30, 2013, we had a working capital of \$446,531, 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. 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.

During the six months ended November 30, 2013, we used \$3,200 on purchasing 133,000 shares of the Company. During the six months ended November 30, 2012, we used \$39,865 on purchasing 571,000 shares of the Company.

During the six months ended November 30, 2013 we expended \$19,882 on mineral property exploration; during the six months ended November 30, 2012 we expended \$313,211 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

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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 six months ended November 30, 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 \$15,000 during the six months ended November 30, 2013 (2013 - \$15,000).
- During the six months ended November 30, 2013, management, consulting and director fees of \$18,000 (2013 - \$18,000) were paid to the President of the Company.
- Fees of \$4,509 (2013 - \$4,181) were paid to a company 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:

	November 30, 2013	May 31, 2013
	\$	\$
REGI US, Inc.	27,444	26,704
	<u>27,444</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 six months ended November 30, 2013 the Company recorded interest income of \$740 accrued on the promissory note.

### Advances from (to) related parties:

	November 30, 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>(7,868)</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

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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.



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 purchased 133,000 shares with cash of \$3,200 pursuant to this NCIB, which shares have not been cancelled.

The following is a summary of the Company's stock option activities during the year ended May 31, 2013 and six months ended November 30, 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 November 30, 2013	<u>4,800,000</u>	<u>0.11</u>

The following share purchase options were outstanding at November 30, 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	0.92	25,000
October 30, 2014	0.100	125,000	0.92	31,250
April 19, 2015	0.100	100,000	1.38	25,000
June 21, 2017	0.100	1,975,000	3.56	493,750
May 28, 2018	0.100	<u>2,500,000</u>	4.49	<u>625,000</u>
		<u>4,800,000</u>		<u>1,200,000</u>

### Warrants

The following is a summary of the Company's warrant activities during the year ended May 31, 2013 and six months ended November 30, 2013. The Company had no warrants outstanding as at November 30, 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 November 30, 2013	<u>-</u>	<u>-</u>

### Critical Accounting Policies

The critical accounting policies of the Company are outlined in our unaudited consolidated financial statements for the six months ended November 30, 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 six months ended November 30, 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**

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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:

November 30, 2013	Cash	Accounts payable
\$	200	\$ 8,780

At November 30, 2013 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- \$858.

### *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 January 22, 2014, we provided an update on the 2013 gold exploration drilling program on our Fish Creek project. The update is included in Mineral and Exploration Properties of the Overview of this document.

## **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).