Forward-Looking Information and Material Assumptions

This report on results for the nine month period ended February 28, 2013 contains forward-looking information including forward-looking information about Bonterra's operations, estimates, and exploration and acquisition spending.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

GENERAL

This Management's Discussion and Analysis (MD&A) of the financial condition, results of operations and cash flows of the Company for the nine months ended February 28, 2013 should be read in conjunction with the audited consolidated financial statements as at May 31, 2012, 2011 and 2010. This MD&A is effective April 26, 2013. Additional information relating to the Company is available on SEDAR at www.sedar.com.

International Financial Reporting Standards

For fiscal periods beginning on or after January 1, 2011, all Canadian publicly accountable enterprises are required to prepare their financial statements using International Financial Reporting Standards (IFRS). Accordingly, the Company has prepared its unaudited consolidated interim financial statements for the nine months ended February 28, 2013, under IFRS.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on May 1, 2007. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting exploration programs. The Company has not yet determined whether it's properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

The Board of Directors consists of: Nav Dhaliwal, Casey Forward, Robert Gagnon, Hans Rasmussen and Robert Bryce.

Nav Dhaliwal
Position: Chief Executive Officer, President & Director

Mr. Dhaliwal is a mining executive with several years experience at nurturing early stage companies through their critical phases of evolution, having founded a number of companies over his career. Mr. Dhaliwal is also experienced in corporate development, corporate communications and investor relations, bringing valuable business relationships with international analysts, brokers and investment bankers from Canada, the United States and Asia.

Hans Rasmussen
Position: Director

Mr. Rasmussen has over 28 years' experience in the resource industry as a geophysicist and geologist with junior exploration and major mining companies including Teck Cominco Ltd., Quadra Mining Ltd., Mansfield Minerals Inc., Newmont Exploration Ltd., and Kennecott/Rio Tinto. His knowledge spans a vast array of projects in North and South America, having been involved in the discovery of Penasquito in Mexico, Lindero in Argentina and Whistler in Alaska. Currently, he leads Colombia Crest Gold Corp. as President, CEO and Director. Mr. Rasmussen is a member of the Society of Exploration Geologists, Northwest Mining Association and the Geological Society of Nevada. He graduated with a Master of Science from the University of Utah, and holds Bachelor of Science degrees in geology and physics from Southern Oregon State College.

Robert Gagnon
Position: Director

Mr. Gagnon earned a Mining Techniques Diploma from the Collège de la région de l'Amiante in 1995 and a Bachelor of Geology from the University of Quebec in Chicoutimi in 1999. He has been a member in good standing of the Ordre des géologues du Québec since 2002, a member of the Board of Directors of the Quebec Mineral Exploration Association since 2009, and President of the Association des prospecteurs du Nord du Québec since 2012.

Robert Bryce, P. Eng., MBA
Position: Director

Mr. Bryce has in excess of 40 years of practical and executive mining experience at all levels. From 1975 to 1990 he led the Selbaie project from an advanced exploration project through feasibility into a 7500 tpd producing mine. From 1990 to 1994 Mr. Bryce was VP Mining for Aur Resources where he led the $280M construction and development of the 400 tpd Louvicourt Cu-Zn-Au mine near Val d'Or, Quebec. Mr. Bryce founded Abitex Resources in 1996, presided over the company until 2007, and continues to serve as a director of the company. He serves on the boards of directors and advisory boards of several listed junior resource companies, including Metanor Resources and Eagle Hill Resources, both of which are active in the Barry - Windfall area where Bonterra is presently concentrating its efforts.

Casey Forward, CGA
Position: Director and CFO

Mr. Forward is a Certified General Accountant with over 25 years of experience. Mr. Forward serves as CFO and director of several public companies in the mining sector where he is responsible for financial reporting, auditing, budgeting and internal controls. Mr. Forward is an accomplished executive with international experience in finance, capital markets, corporate strategy and operations management for junior resource companies.

In 2011 the Company appointed Mr. Dominic Verdejo as Vice President of Corporate Development, effective May 1, 2011.

EXPLORATION PROJECT – EASTERN EXTENSION and URBAN BARRY

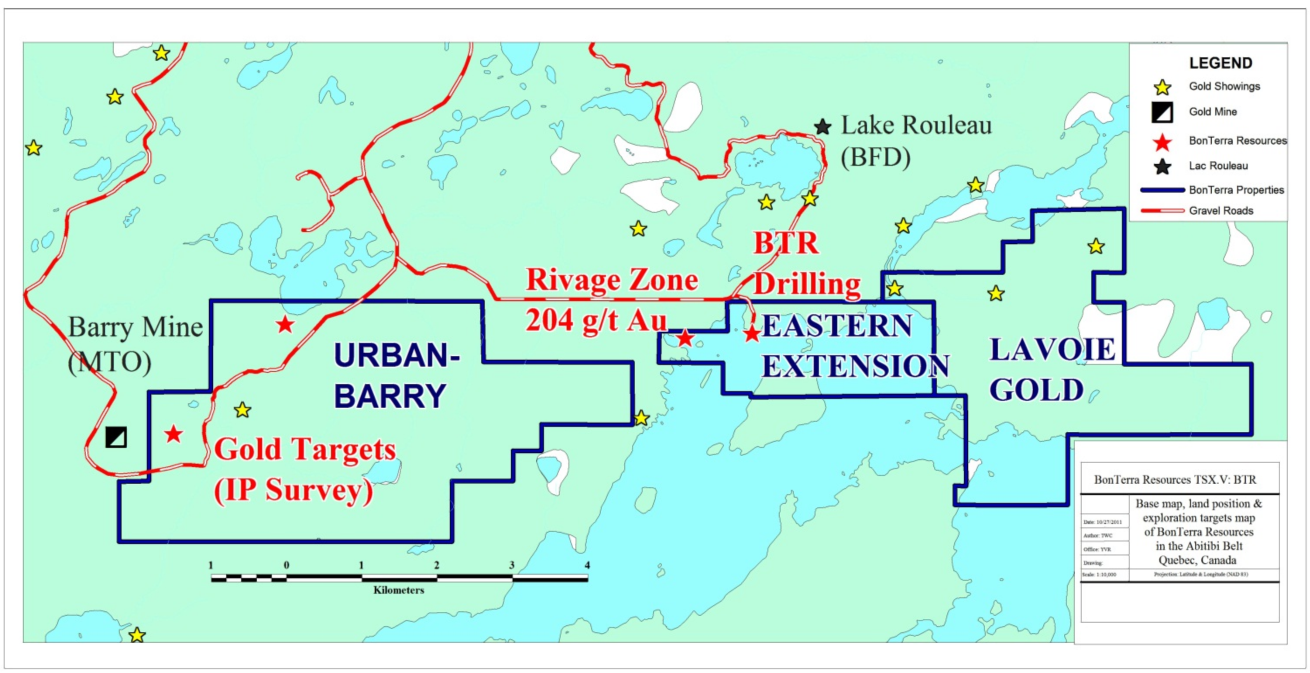
The Company is focused on continuing to expand the drill defined gold zones on its Eastern Extension properties, part of the world famous Abitibi Greenstone Belt in mining friendly Quebec. Bonterra has a total of three gold properties in the Urban-Barry belt, the Eastern Extension, Lavoie and Urban-Barry properties which are located approximately 170 km NE of Val-d'Or and 125 km SW of Chibougamau in the Urban, Barry and Bailly townships in Québec.

(i) Urban Barry (Windfall Lake)

The Company acquired a 100-per-cent interest in 95 claim blocks in Quebec near Windfall Lake at a cost of $20,000 (paid), the issuance of 1,000,000 common shares to the vendors and 108,800 common shares to a finder (issued) and incurring $140,000 of exploration expenditures (incurred). The shares were valued at $155,232 based on the market value of the shares on share issue date. The property is subject to a 2% net smelter returns royalty of which 0.5% can be purchased by the Company for $1,000,000. BonTerra has filed assessment work and the claims are now all good until 2014.

In addition the Company purchased a 100% interest in 27 mineral claims located in the James Bay area in Quebec. The aggregate consideration is $3,900 (paid) and 2,000,000 common shares (issued). The fair value of the shares was $360,000 based on the market value of the shares on the share issue date.

The Urban-Barry Greenstone Belt hosts significant gold mineralization in several parallel NE to SW trending zones. Gold in the Urban-Barry Township is primarily associated with quartz-carbonate veins mineralized with sulphides. The Urban-Barry property is situated between Metanor Resources' Barry Mine and BonTerra's flagship property, the Eastern Extension. BonTerra has drilled three holes, conducted ground and airborne magnetic surveys as well as a prospecting program on the Urban-Barry property. BonTerra Resources plans on conducting an IP survey on the western portions of the property.



(ii) Eastern Extension

On September 15, 2010, the Company entered into an option agreement to acquire 100% interest in 22 additional mineral claims adjacent to the Urban Barry claims in Quebec. To earn an initial 50% interest in the claims, the Company must issue a total 1,250,000 common shares (issued 500,000, balance of shares to be issued at the rate of 250,000 per year for three years), and make a cash payment of $10,000 (paid) and incur total exploration expenditures of $750,000 over four years. To earn a 100% interest in the claims, the Company must issue an additional 100,000 shares and make a further cash payment of $100,000 within two years of effective date. The agreement is subject to a 2% NSR of which 1% can be purchased for $500,000. A finder’s fee of 56,890 shares was paid in connection with this acquisition.

On March 19, 2012 the Company agreed to a further amendment to the option agreement dated September 15, 2010 as amended February 8, 2011 resulting in the issuance of 1,250,000 common shares to acquire 100% ownership of the properties. The amended aggregate consideration is now $10,000, 1,750,000 common shares and $750,000 in exploration expenditures (of which $10,000 have been paid, 1,750,000 common shares issued and $750,000 incurred in exploration expenditures). The company has completed the acquisition and owns 100% subject to the NSR above.

Geological Characteristics of the Gold Bearing Veins on the Eastern Extension

On July 27, 2012 the Company filed a technical report pursuant to National Instrument 43-101 ("NI 43-101") entitled "*BonTerra Resources Inc.: Eastern Extension Property Project No. V1216 NI43-101 Technical Report*" dated July 26, 2012 (the "Report") prepared by Abolfazl Ghayemghamian, MSc, P.Geo., APEGBC, Senior Consultant with Snowden and Walter A. Dzick, B.Sc. (Geology), M.B.A, CPG #11458, MAusIMM, MAIPG, Principal Consultant with Snowden Mining Industry Consultants Inc. ("Snowden"). Both authors of the Report are independent of BonTerra and are Qualified Persons as defined by NI 43-101.

The purpose of the Report was to provide a resource estimate for the Eastern Extension Property (the "Property") which is located approximately 170 kilometers northeast of Val d'Or, Quebec in the Urban-Barry belt, and to support BonTerra's news release dated June 13, 2012 which disclosed that, using a 1.0 g/t cut-off grade, the Property contains an inferred gold resource of 4,337,000 tonnes, grading 3.53 g/t for 492,000 ounces.

The Report includes all work BonTerra has completed on the Property up until the end of 2011. Of a total of 21,559.50 metres of drilling completed by BonTerra to date, only 15,642.60 metres of this is included in the resource estimate. This 15,642.60 metres was drilled on the Property in 2010 and 2011 in 49 drill holes which averaged 319 metres in length. In addition to this 15,642.60 metres of drilling, historical drilling by Xemac resources was also used. Xemac drilled 59 holes totaling 8,727 metres in 1997, 1998, 2000 and 2001. After hitting significant gold at depths of approximately 600 metres**,** management believes there is significant down-dip potential. This assertion is further strengthened by the fact that the veins are vertical to sub-vertically dipping.

In addition to BonTerra's inferred resource estimate on the Property, Eagle Hill Exploration Corporation ("Eagle Hill") has defined inferred mineral resources and indicated mineral resources on its Windfall Lake Property which is also in the Urban-Barry belt and is located approximately 8 kilometers north of the Property. Eagle Hill disclosed in its news release dated July 25, 2012 that, using a 3.0 g/t of gold cut-off grade, the Windfall Lake Property contains an indicated gold resource of 538,000 ounces (1,665,000 tonnes @ 10.05 g/t of gold) and an inferred resource of 822,000 ounces (2,906,000 tonnes @ 8.76 g/t). Eagle Hill's disclosure in its July 25, 2012 news release updates the disclosure in its November 2011 technical report which is referenced in the Report. Results obtained on the Windfall Lake Property are not necessarily indicative of results on the Property. Based on, among other things, the Report and the results reported in Eagle Hill's public disclosure, management believes that the Urban-Barry gold camp is an area of merit.

The inferred mineral resource at the Property that is disclosed in the Report was prepared using the following steps: compilation and verification of drillhole data, including independent data verification, and database verification (data validation was undertaken by Snowden); analysis of drillhole sample QAQC data; verification of BonTerra geology and mineralization models against drillhole information; coding of drillhole data within mineralized estimation domains; sample length compositing; analysis of extreme data values and application of top cuts, where necessary; exploratory analysis of gold grades within mineralized estimation domains; variogram analysis; creation of block models and application of density values; estimation of gold grades into blocks using ordinary kriging; validation of estimated block grades against input sample composite grades; confidence classification of estimates with respect to CIM guidelines; and resource tabulation and reporting.

A Vulcan block model with cell dimensions of 2 metres (X), 2 metres (Y), 2 metres (Z) was coded to reflect surface topography, syenite porphyry dykes, and the quartz vein domain solids.

Gold grades were estimated from 1 metre length weighted composites into the interpreted mineralized blocks by ordinary kriging using parameters established from analysis of the variography within each domain. Based on the variographic analysis, search ellipses were created to enable a three pass approach, to interpolate gold grades into the blocks. The minimum and maximum numbers of composites were set to 2 and 12 per block, respectively. A top cut of 58 g/t Au was applied. Discretization was set to 2 x 2 x 1. A density of 2.78 g/cc was assigned to the mineralized veins based on 10 measurements of specific gravity performed by BonTerra.

Visible gold in the drill core from the Eastern Extension property.

Snowden has applied an inferred classification to all blocks in the mineral resource. Snowden has not classified any measured blocks after considering the relatively short ranges of gold grade continuity, the current drill hole spacing, the relatively high nugget environment, and use of assigned densities.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves. Estimates are rounded since the figures are not precise calculations. Mineral resource estimates are reported for the Property above a range of Au cut-off grades (see Table 1-1 of the Report). To date, no analysis has been made to determine the economic cut-off grade that will ultimately be applied to any mineral resources. As stated in the Report, management is not aware of any legal, political, environmental, or other risks that could materially affect the potential development of the inferred mineral resource.

On September 27, 2012 the Company announced receiving gold assays for two holes, BA-12-12 ("Hole 12") and BA-12-14 ("Hole 14"), from the Rivage Zone on its Eastern Extension property. Hole 12 was the highlight as this drill hole hit the target Rivage Vein as well as four additional veins. The best drill core sample of the Rivage Vein assayed 23.30 g/t over 1.0 metre. BonTerra discovered the Rivage in 2011. The Rivage is characterized by a series of parallel veins mineralized with sulphides and often visible gold.

Highlights of assay results for the Rivage Vein include 23.3 g/t over 1.0 metre at 50 metres vertical depth in Hole 12 as disclosed in this news release, 204.0 g/t in a surface chip sample taken from the discovery outcrop as previously disclosed in the Company's news release dated October 4th, 2011 and 220.0 g/t over 1.0 metre at 200 metres in vertical depth in BA-12-10 ("Hole 10") as previously disclosed in the Company's news release dated May 10th, 2012. When reviewing results for Hole 10 and Hole 12, gold grades seem to increase with depth. BonTerra intercepted the high grade Rivage Vein and four other parallel veins in Hole 12 which is encouraging for the Company. Significant drill results from Hole 12 are shown in Table 1 with the collar details shown in Table 2.

Table 1: Significant drill results (down hole depths)

Drill Hole Number	From (metres)	To (metres)	Length (metres)	Gold Grade (g/t)
BA-12-12	54.00	55.00	1.00	23.30
BA-12-12	176.00	177.00	1.00	2.42
BA-12-12	202.00	203.00	1.00	3.74
BA-12-12	277.00	278.00	1.00	2.16
BA-12-12	300.00	301.00	1.00	2.74
BA-12-14	No Significant Values			

On January 23, 2013 the Company announced it had received ice permits necessary to proceed with a further drill program. As the Company works to expand upon previous drilling and the NI 43-101 resource, drilling will proceed to the west, where gold mineralization is open along strike. A shallow lake of about 6-8 feet deep covers the new target area, making it straightforward for drilling on ice in the winter months.

(iii) Lavoie Property acquisition - adjacent to Eastern Extension

On December 30, 2010, the Company closed and received approval from the TSX Venture Exchange for a property purchase agreement entered into on December 10, 2010 to acquire 100% interest in 57 mineral claims east of the Urban-Barry Township in Quebec. The Company must issue a total 2,000,000 common shares (issued) and make cash payments of $35,000 (paid). The agreement is subject to a 2% NSR of which 1% may be purchased for $1,000,000.

The Lavoie Gold property is contiguous and along strike with the Eastern Extension property. This property was drilled in the past where gold bearing veins were intercepted. The Company has conducted the first phase of exploration on the property, a ground magnetic survey. An anomaly of interest runs NE-SW and warrants further investigation. Due to this fact, BonTerra conducted a large ground based magnetic survey on the Lavoie property in March of 2011. It appears targets from the Eastern Extension continue onto the Lavoie property. This survey reinforced the historical data. The next step is to conduct a prospecting program followed up by localized IP surveys to further define drill targets on the property. BonTerra has filed assessment work and the claims are now all good until 2014.

(iv) Anderson Property acquisition - Urban Barry Area

On December 3, 2010, the Company closed and received approval from the TSX Venture Exchange for an option agreement entered into on November 8, 2010 to acquire 100% interest in 37 mineral claims in Quebec. The Company must issue a total 3,000,000 common shares (2,000,000 on closing)(all 3,000,000 shares issued) and make cash payments of $5,000 on closing (paid) and $5,000 within one year, and incur total exploration expenditures of $400,000 over two years. The agreement is subject to a 2% NSR.

The Company decided not to continue with this acquisition and wrote off the acquisition costs of $1,325,000 in the year ended May 31, 2012.

EXPLORATION PROJECT – ZACATECAS NORTH PROPERTY (SYMPHONY)

By an asset purchase agreement dated April 30, 2008 and amended May 30, 2008 between Symphony Resources Ltd. (“Symphony”) and the property’s vendor, Symphony purchased an undivided 100% interest in 18 mineral claims located adjacent to the Silver Queen mine property in central British Columbia, Canada, referred to as the Zacatecas North Property. In consideration for the claims, Symphony paid $10,000 in cash and issued 500,000 of its common shares with an estimated fair value of $0.125 per share to the vendor.

On May 26, 2009, through the completion of the share exchange transaction, the Company acquired all of the issued and outstanding shares in the capital of Symphony from the Symphony shareholders in exchange for the issuance, by the Company, of 10,000,000 common shares to the Symphony shareholders and an additional 850,000 common shares for finder’s fees, all of which were capitalized as exploration and evaluation assets. The shares issued had a fair value of $0.46 per share resulting in $4,991,000 being capitalized as exploration and evaluation assets.

During the year ended May 31, 2010, the Company reduced the mineral claims to 6 claims.

On August 11, 2011 the Company announced it had retained Fugro Airborne Surveys to conduct an aeromagnetic survey over the entire Symphony Property ("the Property"). The Property is situated in the Omineca mining division approximately 29 kilometres southwest of Houston, British Columbia. The Symphony property is accessed by a well-maintained forestry road that is situated just east of Owen Lake. The Property comprises one contiguous block of claims totaling 2975 hectares. BonTerra recently staked additional claims to consolidate its land position situated in between the Silver Queen Mine to the south and the Silver Streak property to the north. Directly bordering the Property to the south is the past producing Silver Queen Mine. Historical ore grades are 8.72 opt (299 grams / tonne) silver, 0.18 opt (6.17 g/t) gold, 6.73% zinc, 1.16% lead, and 0.47% copper.

The Silver Queen property is currently being advanced by New Nadina Explorations. New Nadina has intersected silver, gold and base metal mineralization on the property. They have completed an aeromagnetic and ZTEM survey, a titan geophysical survey and diamond drilling. Drilling revealed grades of up to 493.5 g/t silver, 5.06 g/t gold, 13.5% zinc, 6% lead and 2.88% copper. The mineralized trend has a general southeast to northwest trend, the direction towards which BonTerra's Symphony property is situated.

The Silver Streak property is situated to the north of the Symphony property. Trenching on the Silver Streak identified significant mineralization which included 1.99% Cu and 338 g/t Ag over 33 meters. An inclined diamond drill hole was drilled underneath this trench in 1991. A zone grading 8.8 meters of 0.49% copper and 258 g/t silver, within 21.1 meters averaging 0.27% copper and 127 g/t silver was discovered. Another trench excavated in 2002 graded 0.26% copper and 1.91 g/t Ag over 16.7 meters. The mineralized zone is believed to have a NW-SE strike, the general direction of BonTerra's Symphony property.

BonTerra's airborne survey will total 308 line kilometres of magnetic readings. The Company plans on using this survey to identify additional targets of interest on the property in its evaluation for silver and base metal mineralization potential on the Property. Fugro Airborne Surveys is the global leader in providing airborne and ground based geophysical surveys. Fugro collects, processes and interprets geophysical data for clients in the mining, petroleum, engineering and environmental sectors.

SELECTED ANNUAL INFORMATION

	May 31, 2012 (1)	May 31, 2011 (1)	May 31, 2010 (2)
Revenue	$NIL	$NIL	$NIL
Operating loss	(3,231,083)	(4,022,089)	(2,462,951)
Net loss and comprehensive loss for the period	(2,782,706)	(3,762,494)	(2,390,895)
Basic and diluted loss per share	(0.04)	(0.08)	(0.10)
Total assets	12,220,687	11,681,324	6,959,354
Total current liabilities	739,964	315,281	326,325

SELECTED QUARTERLY INFORMATION

Results for the eight most recently completed quarters are summarized as follows:

For the Quarter Periods Ending on	February 28, 2013 (1)	November 30, 2012 (1)	August 31, 2012 (1)	May 31, 2012 (1)
Administration expense	$296,227	$450,596	$342,431	$2,264,008
Other (income) loss	(51,968)	(51,968)	(35)	(448,286)
Net loss before tax for the period	291,824	398,628	342,396	2,263,917
Net loss per share	0.01	0.01	0.00	0.01
Total assets	12,211,232	12,233,266	11,975,571	12,220,687
Total current liabilities	923,364	837,340	837,244	739,964

For the Quarter Periods Ending on	February 29, 2012 (1)	November 30, 2011 (1)	August 31, 2011 (1)	May 31, 2011 (1)
Administration expense	$300,519	$393,863	$1,569,626	$2,289,074
Other (income) loss	(16)	(10)	(65)	(79)
Net loss before tax for the period	300,503	393,853	1,569,561	2,029,491
Net loss per share	0.01	0.01	0.02	0.03
Total assets	11,597,980	11,210,505	11,685,769	11,681,324
Total current liabilities	541,848	167,261	403,172	214,857

(1) Financial statements prepared accordance to International Financial Reporting Standards.
(2) Financial statements prepared accordance to Canadian Generally Accepted Accounting Principles.

OPERATIONS

During the nine months ended February 28, 2013 the Company reported a net loss of $1,032,848 down $1,229,128 from the previous comparable period. The major expense item was the write off of the Anderson property of $1,325,000 in the previous year. The Company was no longer interested in pursuing this property in view of the successful drilling results from the Eastern Extension/Urban Barry properties. The Company has incurred costs of $283,565 in shareholder communications and investor relations as compared to $347,743 in the previous comparable period. The Company believes that investor awareness of the

Company's operations is important and especially after achieving good field results. It is a difficult period where investor confidence is low and the Company's ability to attract investors is challenging. The costs of advertising and reaching out to investors is increasing with marginal results. The Company will continue to develop methods of investor awareness. The Company has targeted some trade shows in this regard. In addition to investor relations and advertising, there was $100,653 in shareholder communications pursuant to the annual general meeting held on December 10, 2012. As a result of an unsuccessful dissident shareholder group, the Company was faced with additional mailings and communications with the various shareholder components. The Company communicated by way of mail, email and/or telephone with the non-objecting beneficial owners (NOBO's) and the objecting beneficial owners (OBO's) at a considerable expense. Shareholder votes in favour of management were over 30%. The cost of shareholder communications for the three months ended February 29, 2013 was $97,308.

Removing non-cash expenses of stock-based compensation, amortization, write off of exploration and evaluation assets, and other income, the Company has cash expenses of $753,926 for the current nine months and $931,556 for the comparable period in 2012, a reduction of 24%. The Company will continue to find ways of reducing costs during this difficult period.

The Company has incurred some costs in due diligence of the potential acquisition of mineral properties. All costs in advance of any agreement are written off as pre-exploration costs.

LIQUIDITY AND CAPITAL RESOUCES

The Company's cash at February 28, 2013 was $13,560 compared to $239,588 at May 31, 2012. The working capital deficiency was $876,873 at February 28, 2013 compared to $329,264 at May 31, 2012. See additional financing – events occurring after the reporting date.

For the nine months ended February 28, 2013

In February 2013 the Company completed the first tranche of a non-brokered private placement of 1,487,500 flow-through units of the Company ("FTU Units") at $0.08 each and 2,420,000 non-flow through units of the Company ("Units") at $0.05 per Unit for total gross proceeds of $240,000. Each FTU Unit consists of one flow-through common share of the Company and one non-transferable common share purchase warrant ("FT Warrant") to purchase one non-flow through common share of the Company at a price of $0.12 until February 4, 2015. Each Unit consists of one common share of the Company and one common share purchase warrant to purchase one common Share at a price of $0.10 until February 4, 2015. Share issue costs were $11,609.

In September 2012 the Company completed a brokered private placement of 5,555,000 flow-through units of the Company ("FTU Units") at $0.11 each and 1,000,000 non-flow through units of the Company ("Units") at $0.085 per Unit for total gross proceeds of $696,050. Each FTU Unit consists of one flow-through common share of the Company and one-half of one non-transferable common share purchase warrant ("FT Warrant"). Each FT Warrant entitles the holder to purchase one non-flow through common share of the Company at a price of $0.15 until March 21, 2014. Each Unit consists of one common share of the Company and one common share purchase warrant ("Hard Dollar Warrant"). Each Hard Dollar Warrant entitles the holder to purchase one Common Share at a price of $0.12 until March 21, 2014. The Company paid a cash finder's fee of 8% of $55,684 and granted 524,400 warrants at a value of $29,673 ("Agent's Warrants"). Each Agent's Warrants entitles the holder to purchase one common share of the Company (each, an "Agent's Warrant Share") at a price of $0.085 per Agent's Warrant Share until March 21, 2014.

For the year ended May 31, 2012

On March 12, 2012 the Company completed a non-brokered private placement of 7,710,330 units at $0.23 per unit. Each unit consisted of one common share and one share purchase warrant entitling the holder to acquire an additional common share at an exercise price of $0.20 per common share until March 12, 2014. Finder's fees of $49,900 and 153,866 warrants valued at $14,045 entitling the holder to acquire one common share at an exercise price of $0.20 until March 12, 2014 were paid.

On July 15, 2011 the Company completed a brokered and non-brokered private placement of 4,347,826 flow-through units (the "FT Units") at $0.23 per FT Unit and 3,331,666 non flow-through units (the "NFT Units") at $0.15 per NFT Unit for a total gross proceeds of $1,499,750. Each FT Unit consisted of one common share issued on a flow-through basis and one half of one common share purchase warrant, with each full warrant entitling the holder to acquire an additional common share at an exercise price of $0.50 per common share for a period of two years from the closing date. Each NFT Unit consisted of one common share issued on a non flow-through basis and one common share purchase warrant entitling the holder to acquire an additional common share at an exercise price of $0.25 per common share for a period of one year from the closing date.

In connection with the brokered private placement, the Company paid a cash finder's fee of $89,473 and granted 434,783 agent's options valued at $61,192. Each Option entitles the holder to purchase one unit until July 15, 2013 at $0.23 per unit with each unit consisting of one common share and one half of one common share purchase warrant, with each full warrant entitling the holder to acquire an additional common share at an exercise price of $0.50 per common share until July 15, 2013. Legal and filing fees were $27,586.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The following expenses were incurred with directors and officers of the Company:

Key management personnel remuneration	**For the nine months ended February 28, 2013**	For the nine months ended February 29, 2012
Management and director fees	$ 92,000	$ 90,000
Accounting fees	67,500	52,500
Consulting fees	20,000	66,500
Pre-exploration costs	30,000	-
Deferred exploration costs	50,500	45,000
Stock-based compensation	89,805	-
Total key management personnel remuneration	**$ 349,805**	$ 254,000
Other		
Rent (recovery)	(18,250)	24,000
Total	**$ 331,5555**	$ 278,000

As at February 28, 2013 amounts due to related parties of $19,665 (May 31, 2012 - $63,089) was owing to former officers and directors.

Amounts due to related parties are unsecured, do not bear interest and have no fixed repayment terms.

These charges were measured by the exchange amount, which is the amount agreed upon by the related parties.

EVENTS OCCURRING AFTER THE REPORTING DATE

Nil

RISKS AND UNCERTAINTIES

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.

CAPITAL DISCLOSURES

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments at high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

The Company's overall strategy remains unchanged from the prior year.

FINANCIAL INSTRUMENTS AND RISKS

As at February 28, 2013, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, and due to related parties. The carrying values of these financial instruments approximate their fair values.

Fair Value

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3 - Inputs that are not based on observable market date

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total

Cash and cash equivalents	$13,500	$ -	$ -	$13,500

Credit Risk

Financial instruments that potentially expose the Company to credit risk are cash and cash equivalents. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts. The Company is exposed to credit risk with respect to its cash and cash equivalents. However, the risk is minimized as they are held at a major Canadian Chartered Bank.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant market risk. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. As at February 28, 2013 the Company is not exposed to any significant market risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred, and by disposing its marketable securities when required. All of the Company’s financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Foreign Exchange Risk

The Company's operations are transacted in Canadian dollar and are not exposed to significant foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest income on Canadian dollar cash and cash equivalents. As at February 28, 2013, the Company’s cash is subject to or exposed to interest rate risk. However, this risk is not significant.

CRITICAL ACCOUNTING ESTIMATES

Accounts that require estimates as the basis for determining the recorded or carrying amounts include property and equipment, mineral properties, oil and gas property and stock-based compensation.

The Company has adopted amortization policies, which, in the opinion of management, are reflective of the estimated useful lives of its property and equipment. The Company has not recorded any amounts in respect of impairment of its property and equipment.

The recoverability of the amounts capitalized for the mineral properties is dependent upon the determination of economically recoverable reserves, confirmation of the Company's interest in the underlying claims, the ability of the Company to obtain the necessary financing to complete the development of the properties and on future profitable production or proceeds from the disposition properties. At February 28, 2013, management considers that no impairment provision is required to the carrying costs of its exploration and evaluation assets.

The Company uses the Black-Scholes option valuation model to calculate the fair value of stock options at the date of grant and the fair value of agent's compensation units or finder's fees. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate

OTHER INFORMATION

As at April 26, 2013 the Company had the following securities issued and outstanding:

Common Shares	**# of Shares**
Balance, February 28, 2013	92,468,001
Issued	-
Balance, April 26, 2013	92,468,001

Stock Options	**# of Options**
Balance, February 28, 2013	5,634,783
Options expired	-
Options cancelled	-
Balance, April 26, 2013	5,634,783

Warrants	**# of Warrants**
Balance, February 28, 2013	21,487,167
Warrants granted	-
Warrants expired	-
Balance, April 26, 2013	21,487,167