



# **Management Discussion and Analysis**

**FOR THE SIX MONTHS ENDED MARCH 31, 2014**

# **TINTINA RESOURCES INC.**

## **Management Discussion and Analysis**

### **For the six months ended March 31, 2014**

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#### ***Introduction***

This Management Discussion and Analysis (“MD&A”) of Tintina Resources Inc. (“Tintina” or the “Company”) has been prepared by management as of May 13, 2014 and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto of the Company for the six months ended March 31, 2014, which were prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Company are available on the Company’s website at [www.tintinaresources.com](http://www.tintinaresources.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

#### ***Forward-looking Statements***

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking information”). In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations or the negative of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Forward-looking information includes, but is not limited to, statements regarding:

- analyses and other information based on expectations of future performance and planned work programs;
- possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action;
- timing, costs and potential success of future exploration activities on the Company’s properties;
- the Updated PEA (as defined herein), including estimates of capital, sustaining and operating costs, anticipated internal rates of return, mine production, estimated recoveries, mine life, estimated payback period and net present values;
- permitting time lines and requirements, requirements for additional capital, and the potential effect of any notices of environmental conditions relating to mineral claims;
- planned exploration and development of properties and the results thereof;
- the sufficiency of the Company’s current capital resources to carry out its planned exploration activities and operations through fiscal year 2014;
- completion of any new technical reports;
- evaluation of the potential impact of future accounting changes; and
- estimates concerning the carrying value of properties.

Statements concerning mineral resource estimates may also constitute forward-looking information to the extent that such statements involve estimates of the mineralization that may be encountered if a property is developed. Any forward-looking information is stated as of the date of this document or as of the date of the effective date of information described in this MD&A, as applicable, and the Company does not intend, and does not assume any obligation, to update such forward-looking information to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events unless required to do so by law or regulation.

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***Forward-looking Statements (continued)***

With respect to forward-looking information contained herein, the Company has applied several material factors or assumptions that the Company believes are reasonable. Such material factors and assumptions include, but are not limited to, in addition to other assumptions set out in the Updated PEA, that any additional financing needed will be available on reasonable terms; that the exchange rates for the U.S. and Canadian currencies will be consistent with the Company's expectations; that the current exploration and other objectives concerning the Black Butte Copper project can be achieved and that the Company's other corporate activities will proceed as expected; that the assumptions underlying mineral resource estimates are valid and that no unforeseen accident, fire, ground instability, flooding, labor disruption, equipment failure, metallurgical, environmental or other events that could delay or increase the cost of development will occur; that capital, sustaining and operating costs will be as estimated; that the proposed mine plan and recoveries will be achieved; that the current price and demand for copper and other metals will be sustained or will improve; that general business and economic conditions will not change in a materially adverse manner and that all necessary governmental approvals for the planned exploration and development of the Black Butte Copper project, including the final approval for amendment of the Company's exploration license to construct an exploration decline, will be obtained in a timely manner and on acceptable terms; and the continuity of economic and political conditions and operations of the Company.

The forward-looking information contained herein is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by such forward-looking information. In addition to those discussed in the Company's public disclosure record, such risks and other factors include, among others, those related to:

- fluctuations in capital markets and share prices;
- the Company's ability to obtain necessary financing to fund the completion of further exploration programs or the development of its mineral properties and the expected use of proceeds;
- the Company's dependence on a limited number of mineral projects;
- the Company's dependence on key personnel;
- the Company's operations and contractual obligations;
- results of exploration activities not being consistent with management's expectations;
- changes in estimated mineral resources, grade or recovery rates;
- future prices of metals;
- availability of third party contractors, supplies and equipment;
- failure of equipment to operate as anticipated;
- accidents, effects of weather and other natural phenomena and other risks associated with the mineral exploration industry;
- interference with the Company's exploration or development activities by environmental activists or other special interest groups;
- the Company's principal property being located in the USA, including political, economic and regulatory uncertainty;
- environmental risks, including environmental matters under, or changes to, U.S. federal and Montana rules and regulations;
- impact of environmental remediation requirements;
- the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- community relations;

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***Forward-looking Statements (continued)***

- delays in obtaining governmental approvals, licenses, permits or financing, including the final approval for amendment of the Company's exploration license to construct an exploration decline at the Black Butte Copper project;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Company's lack of operating revenues;
- governmental regulations and the ability to obtain necessary licenses and permits;
- currency fluctuations (particularly the Canadian dollar and United States dollar); and
- estimates used in the Company's financial statements proving to be incorrect.

This is not an exhaustive list of the factors that may affect the Company's forward-looking information. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on such forward-looking information.

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# **TINTINA RESOURCES INC.**

## **Management Discussion and Analysis**

### **For the six months ended March 31, 2014**

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#### **1. Executive Summary**

Tintina is a Vancouver based resource company focused on the exploration and development of its 100% owned Black Butte Copper high grade copper project in central Montana. Black Butte Copper is a high grade copper deposit in development in North America, with Measured and Indicated (“M&I”) resources of 1.176 billion pounds of copper (Cu) at a grade of 3.40%, and Inferred Resources of 140 million pounds of copper (Cu) at a grade of 2.80%.

On June 24, 2013, the Company announced the positive results of an updated Preliminary Economic Assessment for the Johnny Lee deposit on its 100% owned Black Butte Copper project located in central Montana, USA, and on July 23, 2013 the Company filed a National Instrument 43-101 compliant updated technical report on SEDAR entitled “Updated Technical Report and Preliminary Economic Assessment for the Black Butte Copper Project, Montana” dated July 12, 2013 (the “Updated PEA”). The Black Butte Copper project is comprised of 4,947.3 hectares (12,225 acres) of private ranch lands and unpatented Federal mining claims hosting a number of copper deposits. Private ranch lands contain all currently known deposits including the high-grade copper-cobalt-silver Johnny Lee deposit which is the focus of the Updated PEA.

#### **Updated PEA Highlights**

- Initial estimated startup capital of \$217.8 million including a 22% contingency of \$33.3 million. Estimated sustaining capital is \$114.7 million over an 11 year mine life.
- Pre-tax NPV of \$218 million at an 8% discount rate with an IRR of 30.5% using a \$3.05/pound copper price\* and 3.6 year payback.
- Post-tax NPV of \$110 million at an 8% discount rate with an IRR of 20.2% using a \$3.05/pound copper price\* and 4.7 year payback\*\*.
- Underground mining operation with 11-year mine life at a nominal processing rate of 3,300 tonnes per day using a conventional flotation circuit producing a single copper concentrate.
- Average annual payable metal production estimated at 62.06 million pounds of copper
- Life-of-mine payable metal production estimated at 682.62 million pounds of copper
- Operating cost \$66.48/t milled; cash cost \$1.81/lb copper (including royalty)
- The Life of Mine copper recovery is estimated to average 88.3%

\* \$3.05/lb copper price is based on the Energy and Metals Consensus Forecast’s (“EMCF”) Mean price as of April 26, 2013 (the “EMCF Price”). The EMCF Price is a forward looking consensus of metal prices among 20 leading international financial institutions and is published by Consensus Economics, UK.

\*\* Post-tax economic values were calculated by applying the following taxes based on enacted tax law and regulations as of June 10, 2013: United States Federal corporate income taxes, Montana State income taxes, Montana metalliferous mines license taxes, and Montana mines gross proceeds taxes. The calculation of post-tax economic values did not account for loss carry forwards and unutilized tax pools which would be expected to reduce actual taxes payable.

#### **Updated Resource Highlights**

On November 13, 2012 the Company announced a new Measured, Indicated, and Inferred resource estimate for the Johnny Lee deposit. In addition, on March 19, 2013, the Company announced an Indicated and Inferred resource estimate for the Lowry deposit. Both deposits are part of the Black Butte Copper Project in Montana, USA.

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#### **1. Executive Summary (continued)**

##### **Updated Resource Highlights (continued)**

- Johnny Lee Upper Zone Measured, Indicated and Inferred resources are as follows:
  - Measured: 2.66 MMt @ 2.99% Cu, 0.12% Co, and 16.3 g/tonne Ag
  - Indicated: 6.52 MMt @ 2.77% Cu, 0.13% Co, and 15.5 g/tonne Ag
  - Inferred: 1.26 MMt @ 2.52% Cu, 0.10% Co, and 15.2 g/tonne Ag
  
- Johnny Lee Lower Zone Indicated and Inferred resources are as follows:
  - Indicated: 2.39 MMt @ 6.40% Cu, 0.03% Co, and 4.5 g/tonne Ag
  - Inferred: 0.21 MMt @ 5.33% Cu, 0.03% Co, and 4.1 g/tonne Ag
  
- Indicated and Inferred resource for the Lowry Middle Zone, which were not included in the economic and analysis of the Updated PEA, is as follows:
  - Indicated: 4.10 MMt @ 2.94% Cu, 0.10% Co, 15.1 g/tonne Ag, and 0.006 g/tonne Au
  - Inferred: 0.80 MMt @ 2.58% Cu, 0.10% Co, 14.1 g/tonne Ag and 0.008 g/tonne Au

Based on these new resource numbers, the Johnny Lee deposit contains a M&I resource of 11.57M tonnes at 3.57% Cu or 910 million pounds of copper, with an additional Inferred resource of 1.46M tonnes at 2.91% Cu or 94 million pounds of copper. The Lowry deposit contains an Indicated Resources of 266 million pounds of copper with an additional Inferred resource of 46 million pounds of copper. The property M&I resource categories total 1.176 billion pounds of copper. Readers should note that the Updated PEA referred to herein is preliminary in nature and includes the use of inferred mineral resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered to be too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

In November 2012, the Company submitted to the Montana Department of Environmental Quality ("MT DEQ") an amendment to its exploration license to construct a 1,500-meter long exploration decline to provide ramp access into the Johnny Lee high grade copper deposit. This decline would afford several advantages to the project including access for a bulk tonnage sample (up to 10,000 tonnes) for metallurgical and mill testing purposes, and access for more detailed drilling of areas of the Johnny Lee deposit in preparation for mining. The MT DEQ completed an Environmental Assessment of the proposal and granted preliminary approval for the amendment on July 15, 2013, and went out for public comment.

On January 16, 2014, the Company received approval from the MT DEQ for construction of a 5,000 foot long underground exploration decline which would access the high-grade Johnny Lee copper deposit.

On March 17, 2014, Earthworks and the Montana Environmental Information Center (MEIC) filed a complaint in the Meagher County courthouse at White Sulphur Springs challenging the decision of the MT DEQ to approve construction of a 5,000 foot long underground exploration decline. The relief sought by the plaintiffs includes remanding the Final Mitigated Environmental Assessment to DEQ for additional analysis and setting aside the amended exploration license.

On April 7, 2014, the Company formally withdrew its request to construct an exploration decline under an amendment to its exploration license, and determined that it can gain the necessary baseline information to support a feasibility study and Mine Operating Permit application with less drilling from surface. The Company intends to submit an application for a Mine Operating Permit (MOP) to the MT DEQ.

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#### **1. Executive Summary (continued)**

On April 28, 2014, the plaintiffs filed a voluntary motion dismissing without prejudice their legal complaint against the Company and the DEQ in the Meagher County District Court in White Sulphur Springs, MT, USA.

The Company intends to move ahead with the preparation for a feasibility study and an application for a mine operating permit for the Black Butte Project.

#### **2. Second Quarter 2014 Highlights**

During the three months ended March 31, 2014, Tintina continued to advance its Black Butte Copper project.

The Company incurred \$788,248 exploration and evaluation costs during the three months ended March 31, 2014, representing a decrease of \$497,719 from \$1,285,967 during the three months ended March 31, 2013.

#### **Black Butte Copper Summary**

Black Butte Copper exploration and evaluation costs decreased \$2,120,823 from \$3,962,133 during the six months ended March 31, 2013 to \$1,841,310 during the six months ended March 31, 2014.

On January 16, 2014, the Company obtained approval from the MT DEQ to construct a 5,000 foot long underground exploration decline which would access the high-grade Johnny Lee copper deposit. Subsequent to the quarter ended March 31, 2014, the Company has withdrawn its request to construct the decline, and has decided to move ahead with preparation for a feasibility study and an application for a mine operating permit for the Black Butte Copper Project.

#### **Qualified Persons**

Jerry Zieg, Vice President of Exploration for the Company is a Qualified Person for the purposes of National Instrument 43-101 ("NI 43-101") and has reviewed and approved the information of a scientific or technical nature contained in this MD&A. The exploration activities at Black Butte Copper during the six months ended March 31, 2014 were carried out under the supervision of Jerry Zieg, P.Geol and Vince Scartozzi, P.Geol. Mr. Zieg and Mr. Scartozzi are "qualified persons" within the meaning of such term in NI 43-101.

The Updated PEA and resource estimates have been prepared in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument (NI) 43-101 of the Canadian Securities Administrators. All technical information relating to the Updated PEA have been reviewed and approved by Srikant Annavarapu, P.Eng. (AMEC), Art Winckers, P.Eng. (Arthur H. Winckers and Associates Inc.), Mike Lechner, P.Geol. (Resource Modeling Inc.), Wayne Stoyko, P.Eng. (Tetra Tech), Jianhui Huang, P.Eng. (Tetra Tech), and Ken Brouwer, P. Eng. (Knight Piesold), the Qualified Persons responsible for preparation of the Updated PEA, each of whom are independent of Tintina. For readers to fully understand the technical information in this MD&A, it should be read in conjunction with the Updated PEA in its entirety. The Updated PEA is available for viewing under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Assays for this program have been completed by ALS Chemex including duplicates, standards, and blanks for QA/QC purposes.



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**2. Second Quarter 2014 Highlights (continued)**

The following table presents the total expenditures incurred on each property to date:

	<b>Black Butte Copper</b>	<b>Other</b>	<b>Total</b>
Resource Properties, net of currency translation	1,009,411	-	1,009,411
Accumulated Exploration and Project Support Costs project to date	17,137,269	38,288	17,175,557
Accumulated Engineering & Environment Costs project to date	3,201,953	-	3,201,953
<b>Total expenditure at September 30, 2013</b>	<b>\$ 21,348,633</b>	<b>\$ 38,288</b>	<b>\$ 21,386,921</b>
Resource Properties	10,846	-	10,846
Resource Properties - currency translation	74,107	-	74,107
Exploration and Project Support Costs in the period	774,850	2,108	776,958
Engineering & Environment Costs in the period	1,066,460	-	1,066,460
<b>Total expenditure for the six months ended March 31, 2014</b>	<b>\$ 1,926,263</b>	<b>\$ 2,108</b>	<b>\$ 1,928,371</b>
Resource Properties, net of currency translation	1,094,364	-	1,094,364
Accumulated Exploration and Project Support Costs project to date	17,912,119	40,396	17,952,515
Accumulated Engineering & Environment Costs project to date	4,268,413	-	4,268,413
<b>Total expenditure at March 31, 2014</b>	<b>\$ 23,274,896</b>	<b>\$ 40,396</b>	<b>\$ 23,315,292</b>

**3. Results of Operations**

**Black Butte Copper**

The Company incurred \$1,841,310 of expenditures on the Black Butte Copper property during the six months ending March 31, 2014 primarily due to permitting, engineering and environmental study program.

**i) Black Butte Copper Exploration**

The property contains sediment-hosted zones of massive sulfide mineralization originally explored by Cominco American Inc. ("Cominco") and BHP/Utah International ("BHP") during the 1980's and early 1990's. The drilling undertaken by Cominco American Inc. and BHP had encountered significant zones of stratabound copper sulfide with cobalt in multiple bedded pyrite zones in the lower part of the Precambrian Belt Supergroup; this same stratigraphic unit hosts the Sullivan zinc-lead-silver deposit. The Company began core drilling on the property on September 15, 2010. Since then, the Company has drilled a total of 54,417 meters on the property.

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**3. Results of Operations (continued)**

**ii) Black Butte Copper Preliminary Economic Assessment**

On July 17, 2012, the Company issued a news release announcing the positive results of a PEA on the Johnny Lee deposit at the Black Butte copper-cobalt-silver property and filed a supporting technical report dated August 30, 2012 on SEDAR. As the resource in the Johnny Lee deposit had improved significantly as a result of further drilling, the Updated PEA was prepared and SEDAR filed on July 23, 2013, and supersedes the previously filed PEA dated August 30, 2012 which was based only on the Indicated and Inferred resources estimate on the Johnny Lee deposit.

The Updated PEA incorporates the results of recent diamond drilling on the Johnny Lee Deposit and a revised sequence of mining based on the updated resource estimate disclosed in the Company's press release dated November 13, 2012. The Updated PEA does not include the Lowry deposit. The Company decided to focus on the Johnny Lee deposit and delay the Lowry deposit until a later date.

**Table 1: Undiluted Measured and Indicated Resources  
at Black Butte Copper Project, MT, USA**

<b>Undiluted Measured Mineral Resources<sup>1</sup> - Johnny Lee Deposit</b>		
	Tonnes (in millions)	Estimated Cu Grade (%)
Johnny Lee Upper Zone	2.66	2.99
<b>Undiluted Indicated Mineral Resources<sup>1</sup> - Johnny Lee Deposit</b>		
Johnny Lee Upper Zone	6.52	2.77
Johnny Lee Lower Zone	2.39	6.40
<b>TOTAL<sup>1</sup></b>	<b>11.57</b>	<b>3.57</b>
<b>Undiluted Inferred Mineral Resources<sup>1</sup> - Johnny Lee Deposit</b>		
Johnny Lee Upper Zone	1.25	2.52
Johnny Lee Lower Zone	0.21	5.33

<sup>1</sup> Mineral Resource estimates for the Johnny Lee Upper and Lower zones were prepared by Mike Lechner P. Geo., President of Resource Modeling Inc., who is an independent Qualified Person as defined by NI 43-101. The effective date of the resource estimates is November 13, 2012. The drill hole database that was used to estimate Mineral Resources consists of 106 drill holes totaling 23,705 meters for the Johnny Lee Upper Zone and 47 drill holes totaling 21,783 meters for the Johnny Lee Lower Zone.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral Resource estimates were completed for each zone by constructing three dimensional computer block models with block sizes of 5 m x 5 m in the X and Y dimensions and 1 m in the Z dimension. Three-dimensional wireframes were constructed representing the Johnny Lee Upper and Lower copper zones using logged massive sulfide lithologies and a nominal copper cutoff grade of 1%. One-meter-long drill hole composites were generated from the assay data after capping high-grade outliners and were subsequently used to estimate copper, cobalt, gold, and silver grades using a dynamic anisotropy search strategy and an inverse distance weighting estimator. The block grades were validated visually and by comparing the inverse distance grades with a nearest neighbor model.

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**3. Results of Operations (continued)**

**ii) Black Butte Copper Preliminary Economic Assessment (continued)**

**Table 2: Johnny Lee Deposit Updated Preliminary Economic Assessment Overview  
- Johnny Lee Mine Metrics<sup>1</sup>**

Mill Feed <sup>2</sup>	11.84 M tonnes <sup>1</sup>
Average Copper Grade	3.11% <sup>1</sup>
Total Dry Concentrate Production	1.38 M tonnes
Average Annual Payable Copper Production	62.06 M pounds
Life of Mine Payable Copper Production	682.62 M pounds
Mine Operating Cost	\$45.83/tonne
Mill Operating Cost	\$15.83/tonne
G&A, Surface Services, and Tailings Management	\$4.82/tonne
Total Site Operating Cost	\$66.48/tonne
Direct Capital Costs <sup>3</sup>	\$152.2 M
Indirect and Owners <sup>3</sup>	\$32.2 M
Contingency <sup>3</sup>	\$33.3 M
Total Pre Production Capital Costs <sup>3,4</sup>	\$217.8 M
Total Sustaining Capital <sup>4</sup>	\$114.7 M

<sup>1</sup> Figures reflect assumed mine dilution and mine recovery factors.

<sup>2</sup> Mill feed includes Measured, Indicated, and Inferred mined material.

<sup>3</sup> Total Pre-Production Capital Costs may not add due to rounding.

<sup>4</sup> Estimate considered accurate to +40% and -40%.

The table below highlights the pre-tax IRR and NPV at an 8% discount for a selection of copper prices.

**Table 3: Economic Sensitivity Summary<sup>1</sup>**

<b>Copper Price (\$)</b>	<b>Pre-Tax IRR (%)</b>	<b>Pre-Tax NPV @ 8% (in millions \$)</b>	<b>Pre-Tax Payback (Years)</b>	<b>Post-Tax IRR(%)</b>	<b>Post-Tax NPV @ 8% (in millions \$)</b>	<b>Post-Tax Payback (Years)</b>
2.50	11.3	28	6.2	5.5	-21	8.3
3.05	30.5	218	3.6	20.2	110	4.7
3.50	44.7	373	2.8	30.4	210	3.6

<sup>1</sup> Post-tax economic values were calculated by applying the following taxes based on enacted tax law and regulations as of June 10, 2013: United States Federal corporate income taxes, Montana State income taxes, Montana metalliferous mines license taxes, and Montana mines gross proceeds taxes. The calculation of post-tax economic values did not account for loss carry forwards and unutilized tax pools which would be expected to reduce actual taxes payable.

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**3. Results of Operations (continued)**

**iii) Alaska Properties**

During fiscal year 2013, both Baird and Kugruk properties were dropped as the Company focuses its efforts on the Black Butte Copper project. Previously, Colorado Creek, Omilak and Tintina properties were dropped during fiscal year 2012, 2010 and 2009 respectively.

**Corporate Expenditure Summary**

- Advertising, promotion and investor relations costs decreased \$184,385 from \$240,849 during the six months ended March 31, 2013 to \$56,464 during the six months ended March 31, 2014 due to decreased travel costs for the attendance of mining conferences.
- Director and management fees decreased \$34,870 from \$221,262 during the six months ended March 31, 2013 to \$186,392 during the six months ended March 31, 2014 primarily due to a bonus paid in January 2013 but not in 2014.
- Salary and wages decreased \$107,762 from \$300,080 during the six months ended March 31, 2013 to \$192,318 during the six months ended March 31, 2014 primarily due to employee reductions at the head office.
- Exploration and evaluation costs decreased \$2,251,825 from \$4,095,243 during the six months ended March 31, 2013 to \$1,843,418 during the six months ended March 31, 2014 primarily due to reduced exploration drilling programs on the Black Butte Copper.
- Office, administration and miscellaneous costs decreased \$57,915 from \$260,742 during the six months ended March 31, 2013 to \$202,827 during the six months ended March 31, 2014 primarily due to decreased insurance costs and employee reductions at the head office.
- Professional fees decreased \$8,476 from \$140,500 during the six months ended March 31, 2013 to \$132,024 during the six months ended March 31, 2014 primarily due to decreased legal fees incurred with respect to the Black Butte Copper project and corporate matters.
- Share-based payments decreased \$820,407 from \$951,506 during the six months ended March 31, 2013 to \$131,099 during the six months ended March 31, 2014 as less stock options were granted during the six months ended March 31, 2014 than 2013. During the six months ended March 31, 2014, 1,005,000 stock options were granted and 5,456,000 stock options were granted during the six months ended March 31, 2013.
- Currency translation adjustments represent the revaluation of all United States dollars ("USD") denominated net assets and intercompany USD monetary items for the six months ended March 31, 2014.

The Company's cash and cash equivalents at March 31, 2014 totalled \$4,388,046 compared to \$6,904,205 at September 30, 2013.

The Company had an accumulated deficit as at March 31, 2014 of \$59,399,933 compared to \$56,725,180 as at September 30, 2013 which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

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**4. Summary of Quarterly Results**

The following is a summary of certain financial information concerning the Company for each of the last eight reported quarters:

Quarter Ended	Total Revenues	Loss for the Period	Basic and Diluted Loss Per share
June 30, 2012	\$ Nil	\$ (3,964,660)	\$ (0.03)
September 30, 2012	\$ Nil	\$ (3,732,188)	\$ (0.03)
December 31, 2012	\$ Nil	\$ (3,944,114)	\$ (0.03)
March 31, 2013	\$ Nil	\$ (3,293,151)	\$ (0.02)
June 30, 2013	\$ Nil	\$ (1,472,961)	\$ (0.01)
September 30, 2013	\$ Nil	\$ (1,078,242)	\$ (0.01)
December 31, 2013	\$ Nil	\$ (1,425,310)	\$ (0.01)
March 31, 2014	\$ Nil	\$ (1,249,443)	\$ (0.01)

During the quarter ended June 30, 2012, in addition to the drilling program at the Black Butte Copper property, the Company planned an exploration drill program at the Baird property, which was completed in the quarter ended September 30, 2012.

During the quarter ended December 31, 2012, the Company further advanced the Black Butte Copper project by continuing the drilling program. With respect to the Baird project, Tintina evaluated the data collected from the drill program completed during the previous quarter.

During the quarter ended March 31, 2013, the Company wrote off the Baird and Kugruk properties.

During the quarter ended June 30, 2013, the Company sold its interest in the mineral claims of the Kugruk property to an unrelated third party.

During the quarter ended September 30, 2013, the Company completed an Updated PEA for the Black Butte Copper project, which was dated July 12, 2013 and was filed on SEDAR on July 23, 2013.

During the quarter ended December 31, 2013, the Company continued to advance the Black Butte Copper property through permitting, engineering and environmental studies.

During the quarter ended March 31, 2014, the Company obtained approval from the MT DEQ for the construction of a 5,000 foot long underground exploration decline which would access the high-grade Johnny Lee copper deposit. However, Earthworks and the MEIC filed a complaint challenging the decision of the MT DEQ to approve construction of the exploration decline.

Subsequent to the quarter ending March 31, 2014, the Company formally withdrew its request to construct an exploration decline, and decided to submit an application for a MOP to the MT DEQ. Earthworks and the MEIC also subsequently filed a voluntary motion dismissing their complaint.

**5. Liquidity and Capital Resources**

As at March 31, 2014, the Company reported working capital of \$4,310,633. Net decrease in cash and cash equivalents for six months ended March 31, 2014 was \$2,557,117, leaving cash on hand in the amount of \$4,388,046.

Current assets excluding cash at March 31, 2014 consist of amounts receivable of \$40,847, amounts due from related party of \$5,861 and prepaid expenses and other assets of \$111,695.

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**5. Liquidity and Capital Resources (continued)**

Current liabilities as at March 31, 2014 consist of accounts payable and accrued liabilities of \$235,816.

The Company expects its capital resources will be sufficient to carry its planned operations through fiscal year 2014, subject to additional financing.

**6. Off-Balance Sheet Arrangements and Commitments**

At the date of this MD&A, the Company had no off-balance sheet obligations. Commitments to incur exploration and evaluation costs are detailed in Note 4 of the Interim Condensed Consolidated Financial Statements for the six months ended March 31, 2014.

**7. Transactions with Related Parties**

The Company entered into the following transactions with related parties:

	<b>Six months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Services provided to related party:</b>		
Rental income (a)	\$ 6,000	\$ 7,500
Administration and finance income (a)	30,918	19,142
	<u>\$ 36,918</u>	<u>\$ 26,642</u>

a) Rental fees, geological services fees, and administration and finance fees were charged to a related party as follows:

- i) AsiaBaseMetals Inc. is a related party having three directors and a major shareholder in common with the Company. The Company earned \$3,000 and \$10,025 of rental income and administrative and finance income respectively during the six months ended March 31, 2014. As at March 31, 2014, rent and administrative fees of \$5,861 (September 30, 2013 - \$nil) were due from AsiaBaseMetals Inc.
- ii) Mantra Capital Inc. is a related party having three directors in common with the Company. The Company earned \$3,000 and \$20,893 of rental income and administrative and finance income respectively during the six months ended March 31, 2014. As at March 31, 2014, outstanding balance was \$nil (September 30, 2013 - \$nil).

Key management personnel compensation:

The remuneration of directors and other members of key management is as follows:

	<b>Six months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
Short-term benefits	\$ 418,283	\$ 544,863
Share-based payments	155,013	774,030
Total remuneration	<u>\$ 573,296</u>	<u>\$ 1,318,893</u>

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#### **8. Changes in Accounting Policies**

A detailed summary of the Company's significant accounting policies is included in Note 2 and Note 3 of the Consolidated Financial Statements for the year ended September 30, 2013.

#### **Adoption of new or amended accounting standards**

The Company has adopted the following changes to the IFRS and IFRIC, effective October 1, 2013.

##### *IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income ("OCI")*

The amendments of IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified or be 'recycled' (e.g. foreign currency translation) to net loss at a future point in time would be presented separately from items that will never be reclassified (e.g. fair value through OCI items under IFRS 9). The amendment affects presentation only and has been incorporated into the Company's interim condensed financial statements.

##### *IFRS 10 Consolidated Financial Statements*

IFRS 10 provides definition of control under IFRS such that the same criteria applied to all entities. The revised definition of control focuses on the need to have power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. The adoption of IFRS 10 did not result in a change in the consolidation status of any of the Company's subsidiaries or investee.

##### *IFRS 11 Joint Arrangements*

The amendments of IFRS 11 reduce the types of joint arrangements to either joint ventures or joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing choice of proportionate consolidation for jointly controlled entities. Joint operations are arrangements where the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. With no joint arrangements, the adoption of IFRS 11 did not have an impact on the interim condensed consolidated financial statements.

##### *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. IFRS 12 sets out a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements, associates including the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structures entities. The Company has adopted IFRS 12 and added additional disclosures in Note 2(b) of the Interim Condensed Consolidated Financial Statements for the six months ended March 31, 2014.

##### *IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements to improve consistency and to reduce complexity by providing a precise definition of fair value and disclosure requirements. The full disclosure requirements of IFRS 13 will be incorporated in the Company's annual financial statements for the year ended September 30, 2014. In addition, IAS 34 - Interim Financial Reporting has been amended to include certain IFRS 13 disclosures in interim financial statements. The fair value disclosure requirements under IAS 34 are included in Note 10 of the Interim Condensed Consolidated Financial Statements for the six months ended March 31, 2014.

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**8. Changes in Accounting Policies (continued)**

**Adoption of new or amended accounting standards (continued)**

*IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The adoption of IFRIC 20 did not have an impact on the interim condensed consolidated financial statements as the Company is not yet in production phase.

**9. Financial Instruments and Other Instruments**

a) Financial Instruments

As at March 31, 2014, the Company's financial instruments include cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy has three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;  
 Level 2 - other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and  
 Level 3 - inputs are for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value classification

	<b>March 31, 2014</b>	<b>September 30, 2013</b>
Financial assets:		
Cash and cash equivalents	\$ 4,388,046	\$ 6,904,205
Amounts receivable	40,847	36,931
	<u>\$ 4,428,893</u>	<u>\$ 6,941,136</u>
Financial liabilities:		
Accounts payable and accrued liabilities	\$ 235,816	\$ 322,224
	<u>\$ 235,816</u>	<u>\$ 322,224</u>

The Company's financial assets and liabilities are measured using Level 1 inputs on a recurring basis and the carrying value of financial assets and liabilities approximate their fair value as at March 31, 2014.

b) Financial Risks

The Company is exposed to a number of risks arising from financial instruments. The types of risk the Company is exposed to and the Company's principal risk management strategies are detailed in the Consolidated Financial Statements for the year ended September 30, 2013.



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**10. Business Operations**

The Company was incorporated on July 30, 1998 under the laws of British Columbia and is a mining exploration and development company. The address of the Company's corporate office and its principal place of business is Suite 2560-200 Granville Street, Vancouver, British Columbia, V6C 1S4, Canada.

The Company has not yet determined whether its Black Butte Copper project contains ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties is 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 and upon future profitable production or proceeds from the disposition thereof.

**11. Outstanding Share Data**

Summary of Outstanding Share Data at May 13, 2014:

- a. Authorized: Unlimited common shares without par value.  
Issued and outstanding: 142,139,580 common shares
- b. Stock options:  
Options outstanding: 11,946,906
- c. Warrants:  
Warrants outstanding: nil

**12. Disclosure Controls**

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to management, particularly during the period in which the annual filings are being prepared.

Management has also designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the six months ended March 31, 2014, in accordance with IFRS. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed period that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at March 31, 2014. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these controls and procedures were effective.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com). The shareholders will be kept informed of any material changes.

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***13. Subsequent Events***

On March 17, 2014, the Company announced that Earthworks and the Montana Environmental Information Center (MEIC) filed a complaint in the Meagher County courthouse at White Sulphur Springs challenging the decision of the Montana Department of Environmental Quality (DEQ) to approve construction of a 5,000 foot long underground exploration decline on the Company's Black Butte Copper Project, as announced by the Company on January 16, 2014. The relief sought by the plaintiffs includes remanding the Final Mitigated Environmental Assessment to DEQ for additional analysis and setting aside the amended exploration license.

Subsequent to the quarter ending March 31, 2014, on April 28, 2014, the Company announced dismissal of the legal complaint. MEIC, Earthworks, and a plaintiff Intervenor, the Upper Missouri Water Keeper filed a voluntary motion dismissing without prejudice their complaint against the Company and the Montana DEQ in the Meagher County District Court in White Sulphur Springs, MT, USA.