

---

**CORVUS GOLD INC.**  
**(An Exploration Stage Company)**

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION & ANALYSIS**

---

**October 11, 2012**

**Introduction**

---

This Management Discussion & Analysis (“MD&A”) for Corvus Gold Inc. (the “Company” or “Corvus”) for the three months ended August 31, 2012 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of October 11, 2012, and compares its financial results for the three months ended August 31, 2012 to the three months ended August 31, 2011. This MD&A provides a detailed analysis of the business of Corvus and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the three months ended August 31, 2012 and 2011. The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. The Company reports its financial position, results of operations and cash-flows in accordance with International Financial Reporting Standards.

**Caution Regarding Forward Looking Statements**

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or the performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Information concerning mineral resource estimates also may be deemed to be forward-looking statements in that they reflect a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its specific mineral properties;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company’s exploration programs, including the North Bullfrog project;
- the Company’s estimates of the quality and quantity of the resources at its mineral properties;
- the timing and cost of planned exploration programs of the Company and its joint venture partners (as applicable), and the timing of the receipt of results therefrom;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;

- the Company's expectation that its respective joint venture partners will contribute the required expenditures, and make the required payments and share issuances (if applicable) as necessary to earn an interest in certain of the Company's mineral properties in accordance with existing option/joint venture agreements;
- the results of the Preliminary Economic Assessment as described under "Nevada Property – North Bullfrog Project - Preliminary Economic Assessment Results";
- the Company's expectation that it will be able to add additional mineral projects of merit to its assets;
- the potential for any further improvements in gold recoveries from mineralization at the North Bullfrog Project;
- the potential for a production decision to be made in respect of any of the deposits located at the North Bullfrog project and the potential for any mining of or production from any deposit at the North Bullfrog project following any such production decision;
- the planned completion of and timing for an updated resource estimate and/or feasibility study, whether with respect to the Mayflower Deposit or any other deposit at the North Bullfrog project;
- the potential for the existence or location of additional high-grade veins at the North Bullfrog project; and
- the Company's expectation that it will be able to build itself into a non-operator gold producer with significant carried interests and royalty exposure.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs and those of its joint venture partners (where applicable);
- conditions in the financial markets generally, and with respect to the prospects for junior gold exploration companies specifically;

- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favourable terms;
- the Company's ability to attract and retain key staff;
- the accuracy of the Company's resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
- the nature of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs and the Company's ability to comply with such terms on a cost-effective basis;
- the ongoing relations of the Company with its joint venture partners and regulators;
- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole; and
- the ability of the Company's joint venture partners to raise the funding required for them to satisfy the requirements to earn interests in the Company's properties, as applicable.

In addition, in carrying out the Preliminary Economic Assessment with respect to the North Bullfrog Project, as described under "Nevada Property – North Bullfrog Project - Preliminary Economic Assessment Results" a number of assumptions have been made, which are more particularly described in that section.

These forward looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

#### **Caution Regarding Adjacent or Similar Mineral Properties or Exploration and Evaluation Assets**

This MD&A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the "SEC") set forth in the SEC's Industry Guide 7 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's mineral properties or exploration and evaluation assets.

## **Cautionary Note to US Investors Concerning Reserve and Resource Estimates**

National Instrument 43-101 Standards of Disclosure of Mineral Projects (“NI 43-101”) is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in or incorporated by reference in this MD&A have been prepared in accordance with NI 43-101 and the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Standards on Mineral Resource and Mineral Reserves, adopted by the CIM Council on November 14, 2004 (the “CIM Standards”) as they may be amended from time to time by the CIM.

United States investors are cautioned that the requirements and terminology of NI 43-101 and the CIM Standards differ significantly from the requirements and terminology set forth in SEC Industry Guide 7. Accordingly, the Company’s disclosures regarding mineralization may not be comparable to similar information disclosed by companies subject to SEC Industry Guide 7. Without limiting the foregoing, while the terms “mineral resources”, “inferred mineral resources”, “indicated mineral resources” and “measured mineral resources” are recognized and required by NI 43-101 and the CIM Standards, they are not recognized by the SEC and are not permitted to be used in documents filed with the SEC by companies subject to SEC Industry Guide 7. Mineral resources which are not mineral reserves do not have demonstrated economic viability, and US investors are cautioned not to assume that all or any part of a mineral resource will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher resource category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility study or pre-feasibility study, except in rare cases. The SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant “reserves” as in-place tonnage and grade without reference to unit amounts. The term “contained ounces” is not permitted under the rules of SEC Industry Guide 7. In addition, the NI 43-101 and CIM Standards definition of a “reserve” differs from the definition in SEC Industry Guide 7. In SEC Industry Guide 7, a mineral reserve is defined as a part of a mineral deposit which could be economically and legally extracted or produced at the time the mineral reserve determination is made, and a “final” or “bankable” feasibility study is required to report reserves, the three-year historical price is used in any reserve or cash flow analysis of designated reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

Accordingly, information contained in this MD&A contains descriptions of the Company’s mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

All of the Company’s public disclosure filings, including its most recent material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company’s mineral properties or exploration and evaluation assets.

## **Current Business Activities**

---

### **General**

Corvus holds four early stage projects in Alaska (Chisna, Terra, LMS and West Pogo) and one in Quebec (Gerfaut). In addition, Corvus has an advanced stage project in Nevada (North Bullfrog). The primary focus of the Company will be to leverage its exploration expertise to discover major new gold deposits. The Company’s strategy is to leverage its assets by utilizing partner funding during the high-cost, development phase of exploration to minimize shareholder financial risk while building a non-operator, gold production portfolio with significant carried interests and royalty exposure. To meet

this objective, three of Corvus' Alaskan projects (Terra, West Pogo and Chisna) are subject to option/joint venture agreements with third parties in which the joint venture partner provides 100% of the funding to reach the next major exploration milestone, with Corvus retaining attractive royalty and carried interest positions. The Company's joint ventures in Alaska are operated through its Alaskan subsidiary, Raven Gold Alaska Inc. ("Raven Gold"). The Company has retained a 100% interest in the North Bullfrog project in Nevada (held through Corvus Gold Nevada Inc. ("Corvus Nevada"), its Nevada subsidiary), which is the most advanced of the Company's properties and has a number of high-priority, bulk tonnage and high-grade vein targets. The Company also retains a 100% interest in the LMS project in Alaska and is presently looking for a partner to continue to advance this project. In addition, the Company has secured an option to earn up to an 80% interest in the Gerfaut project in Northern Quebec and, depending upon results, will likely also seek a partner to advance this project.

Highlights of activities during the period and to the date of this MD&A include:

- Effective September 1, 2012 Quentin Mai was appointed as the Company's Vice President of Business Development.
- Exercise of Stock Options: 2,680,000 stock options with a price of \$0.75 were exercised prior to their expiration date of September 8, 2012. The exercise increased the management position in the Company to over 10% and yielded \$2,010,000 to the Company.
- North Bullfrog Exploration: Drilling at the Yellow Jacket prospect has yielded significant results, with the best intersection being 4.3 metres of 20.0 g/t gold and 1,518 g/t silver. There are clear indications that the main boiling zone at Yellow Jacket lies below the current level of drilling. A 3D induced polarization and resistivity survey was completed in September and had provided valuable information to delineate the extent of clay alteration and pyrite mineralization together with information on the faulting in the area. The results from Yellow Jacket open up new possibilities in terms of finding mineralization at depth in other parts of the property. Follow up Drilling at Yellow Jacket started at the beginning of October, 2012.
- Mayflower Infill and Condemnation Drilling: 26 RC holes totaling 3077 meters have been completed at Mayflower with the objective of converting inferred resources to indicated resources. The drilling has revealed additional zones of high-grade mineralization at Mayflower.
- Terra Project, Alaska: Terra Gold Corporation ("Terra Gold") (the Alaska subsidiary of WestMountain Index Advisor, Inc. (formerly "Terra Mining Corporation")) ("WestMountain") has advised that it has completed its 2012 exploration and development program at Terra. Final drill statistics have not been reported but over 20 tonnes of bulk sample material were processed in the mill set up on site. The concentrates have not yet been refined so the final gold yield is not yet known, however, Terra Gold reports that a significant quantity of gold was observed in the concentrates.
- LMS Project (Alaska): No additional work has been undertaken on LMS during this period but a number of companies have signed confidentiality agreements to review the project data.
- West Pogo Project (Alaska): Alix Resources Corp ("Alix") has completed their summer exploration program on the West Pogo project. Two core holes were completed on the West Pogo claims and both encountered structurally controlled gold mineralization. Alix is required to complete USD 5 million in work on the project and pay USD 125,000 to Corvus over 5 years to earn a 60% interest in the project. In addition, Corvus has reserved a 2-3% NSR royalty on the project with Alix having the right to purchase 1% for USD 1 million.

- Chisna Project (Alaska): Ocean Park Alaska Corp. (a subsidiary of Ocean Park Ventures Corp.) (“OPV Alaska”) has made the payments and share issuances necessary to hold the property for 2012. OPV Alaska completed a reclamation program in September to reclaim drill pads and trenches constructed in the 2011 exploration program.
- Gerfaut: The Company has signed an agreement with Les Ressources Tectonic Inc. (“LRT”) dated for reference February 2, 2012 to earn up to an 80% interest in the Gerfaut Property in Northern Quebec. Previous drilling on the property encountered encouraging gold mineralization with the best intercept being 5.8 metres of 4.3 g/t gold. During the second half of August 2012 an initial exploration program was undertaken on the property. 800 soil samples and 200 rock samples were collected and have been submitted to ALS Minerals for analysis.

### **New Vice President of Business Development**

Effective September 1, 2012, Quentin Mai was appointed as the Company’s new Vice President of Business Development. Mr. Mai has over 15 years of mining industry experience in both exploration and development companies specializing in corporate strategy and shareholder value creation. Prior to his current appointment, Mr. Mai had been providing consulting services to Corvus. Mr. Mai also played key roles in the growth and success of companies such as International Tower Hill Mines Ltd. (“ITH”), Cardero Resource Corp. and First Quantum Minerals Ltd. His extensive experience across a spectrum of companies with capital markets, major resource investor groups and corporate growth initiatives will significantly complement Corvus’s already strong marketing and finance team.

### **Options Exercised**

On September 11, 2012 the Company announced the full exercise of 2,680,000 of its outstanding \$0.75 options which expired on September 8, 2012. The option exercises yielded \$2,010,000 to the Company. Over 60% of the options exercised were held and management’s stake in the Company is now over 10%. The funds from these options will be used for the continued exploration work on the Company’s North Bullfrog project in Nevada.

### **Nevada Property**

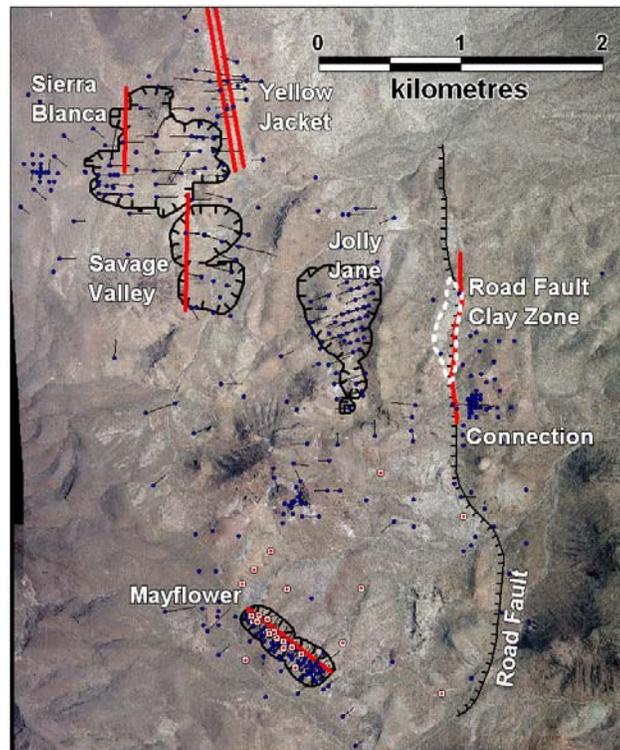
#### ***North Bullfrog Property***

##### General

The North Bullfrog Project is the Company’s flagship mineral project. It is controlled 100% by the Company and covers approximately 50 square kilometres of United States federal unpatented and leased patented claims. The North Bullfrog Project targets low-sulphidation epithermal-style gold mineralization of a style similar to that at the Bullfrog mine operated by Barrick Gold Corporation until 1998 and located 8 kilometres to the south.

On February 28, 2012, the Company announced the results of an independently prepared Preliminary Economic Assessment (“PEA”) for its North Bullfrog Project in Nevada. The project currently includes numerous prospective gold targets with four (Mayflower, Sierra Blanca, Jolly Jane and Connection) containing an NI 43-101 estimated Indicated Resource of 24 Mt at an average grade of 0.29 g/t gold for 224,400 ounces of gold and an Inferred Resource of 468 Mt at 0.19 g/t gold for 2,835,000 ounces of gold (both at a 0.1 g/t gold cutoff), with appreciable silver credits (Figure 1). Mineralization occurs in two primary forms: (1) broad stratabound bulk-tonnage gold zones such as the Sierra Blanca and Jolly Jane systems; and (2) moderately thick zones of high-grade gold and silver mineralization hosted by structural zones with breccias and quartz-sulphide vein stockworks such as the Mayflower and Yellow Jacket targets. The Company is actively pursuing both types of mineralization.

In June the Company was notified by the Nevada Bureau of Mining Regulation and Reclamation that the permit for the expanded exploration and development related work on the private lands within the North Bullfrog Project has been approved. Consequently, exploration and engineering activities have been in full swing on the Mayflower Project. An amended application to expand the exploration program on public lands is still pending.



**Figure 1: Location of prospects, drill holes and geological features mentioned in the text. Hachured outlines represent the life of mine pit outlines from the North Bullfrog PEA. Red drill collars and traces are holes drilled since the previous MD&A. Blue collars are older holes. Red lines indicate potential high-grade structures. On the Road Fault hachures indicate the downthrown side.**

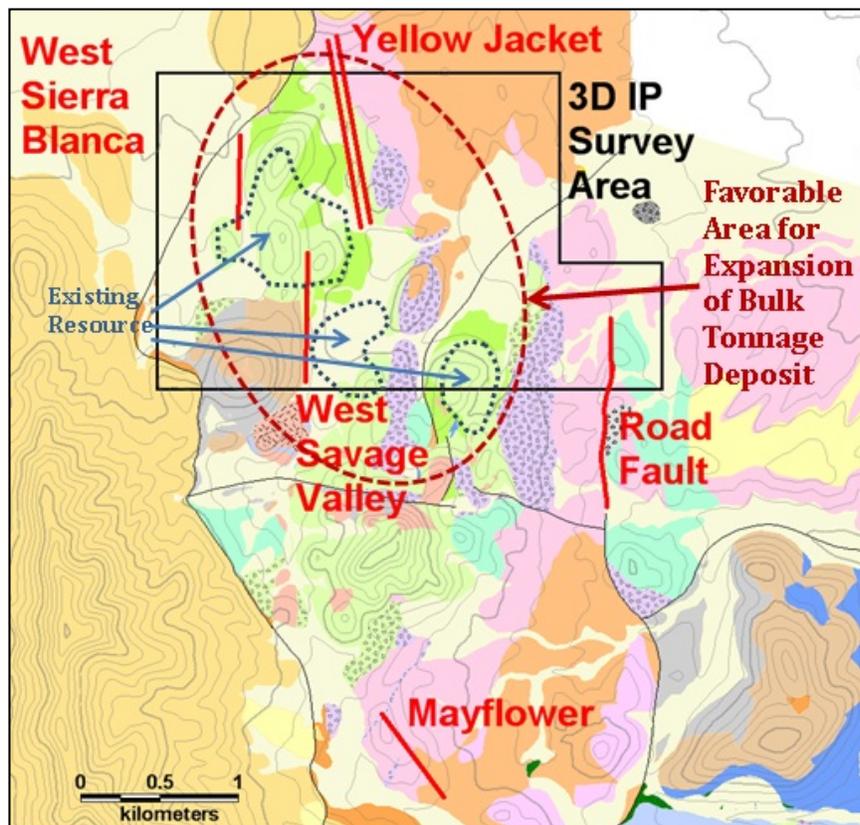
### Yellow Jacket IP Survey

The Yellow Jacket target is associated with an intensely fractured, deep seated north-south trending fault zone. This zone hosts a variety of vein related high-grade gold and silver mineralization with a large surrounding, low-grade, disseminated zones. There are two important types of veins. Single stage quartz veins with pyrite have been encountered in holes NB-12-126 (5.7 metres of 6.56 g/t gold and 9.94 g/t silver) and NB-12-127 (7.7 metres of 2.43 g/t gold and 11.31 g/t silver), while more complex silicified hydrothermal breccias with fragments of banded colloform quartz were encountered in hole NB-12-138 (4.3 metres of 20.0 g/t gold and 1,519 g/t silver). Analysis of vein textural variations together with variations in clay mineralogy is helping to unravel the mechanics of this kilometer long structural zone that hosts significant high-grade mineralization. The follow up drill program will initially focus on expanding and defining the geometry of the core zone mineralization but will then begin to look at other high priority targets in the District.

A 3D induced polarization survey, conducted by SJ Geophysics, was carried out to provide information about the structure and alteration around the North Area deposits. The survey consisted of 36 line kilometres which has provided 3D coverage over an area of 5.6 km<sup>2</sup>. The primary objective of the survey was to define the locations of key structures related to high-grade vein type mineralization, particularly in the Yellow Jacket area. In addition, the survey has mapped key stratigraphic controls and alteration associated with the large bulk tonnage deposits in the area. The final 3D inversion was

received in mid-September and the data has played an important role in the targeting of follow-up drilling programs for both the high-grade program and the extension of existing oxide heap leach resources.

Surface sampling, drilling and the new geophysical study have highlighted several high potential areas for both expansions of the current oxide heap leach resource and undiscovered high-grade systems. Historically several high-grade vein systems were mined at the turn of the century in the North Bullfrog District with similarities to the veins mine by Barrick Gold in the 1990's at the Bullfrog Mine 8 kilometres south. New priority high-grade targets have been identified at the Road Fault, West Sierra Blanca and West Savage Valley which will be tested following the next phase of Yellow Jacket drilling. In addition, targeting work is ongoing in the Mayflower area to follow up the new high-grade, banded adularia vein discovery (NB-12-141 with 1.1 metres of 6.85 g/t gold and 1.9 g/t silver).



*Figure 2: Geological map showing the area of the recently completed 3D IP survey and structures that have now been highlighted as potential high grade systems. The survey has confirmed the geological continuity of the bulk tonnage alteration system which will help expansion of the resource under cover.*

#### Mayflower Infill and Condemnation Drilling

A total 26 reverse circulation holes, totaling 3077 metres, were drilled at the Mayflower deposit with the aim of converting inferred resources to indicated resources (Figure 3). In addition, 7 condemnation holes, totaling 1067 meters, have been drilled to sterilize potential infrastructure sites on the Mayflower property. 5 water monitoring wells, averaging 257 metres depth, were also installed at Mayflower during this time.

Results from the first 16 infill holes are reported in Table 1. These results include high-grade vein related mineralization (NB-12-147 with 3.24 g/t gold over 6.1 metres) indicating the deposit may have additional higher-grade potential at depth (Table 1). Results from drill intersections through historic mine waste rock deposits, such as hole NB-12-150 with 4.6 metres of 4.17 g/t gold, further demonstrate the width potential of the vein related systems in the Mayflower deposit.

The results from the Phase II Mayflower program will be incorporated in an updated resource estimate scheduled for Q4 2012 and will also be used in the planned Mayflower feasibility study proposed to be completed in Q1 2013.

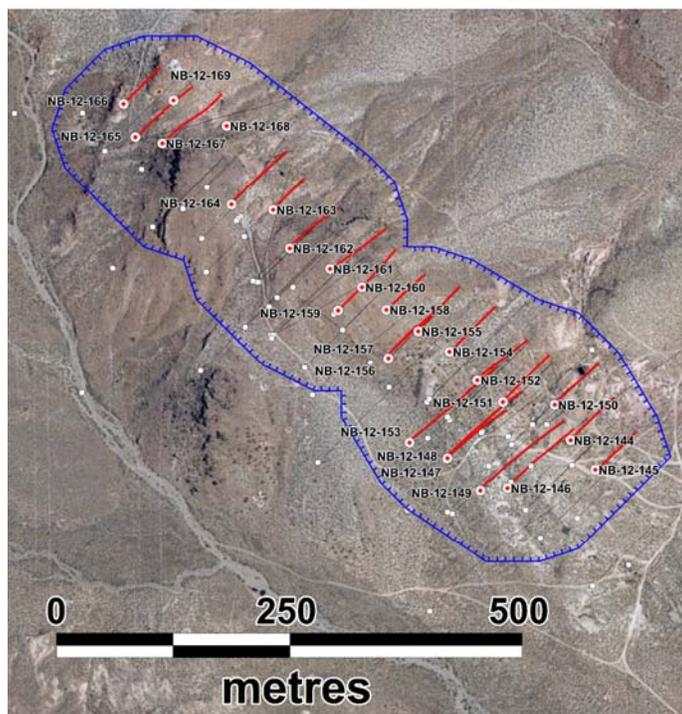


Figure 3: Drill hole map for Mayflower resource expansion and conversion drill program. Labeled collars and red traces indicate infill drilling completed in September 2012.

Table 1: Significant Intercepts\* from Phase II 2012 Mayflower Drilling

Hole ID	From (metres)	To (metres)	Interval (metres)	Gold (g/t)	Silver (g/t)	Comments
NB-12-144	0.0	42.7	42.7	0.31	0.30	
<i>including</i>	<b>18.3</b>	<b>25.9</b>	<b>7.6</b>	<b>0.95</b>	<b>0.62</b>	
NB-12-145			no significant intercepts			
NB-12-146			no significant intercepts			
<b>NB-12-147</b>	<b>134.1</b>	<b>160.0</b>	<b>25.9</b>	<b>1.13</b>	<b>0.59</b>	
<i>including</i>	<b>135.6</b>	<b>141.7</b>	<b>6.1</b>	<b>3.25</b>	<b>1.07</b>	
NB-12-148			no significant intercepts			
NB-12-149	102.1	128.0	25.9	0.34	0.35	
<i>including</i>	112.8	128.0	15.2	0.48	0.42	
<b>NB-12-150</b>	<b>0.0</b>	<b>4.6</b>	<b>4.6</b>	<b>4.17</b>	<b>1.47</b>	Mine dump
NB-12-151			no significant intercepts			
NB-12-152			no significant intercepts			
NB-12-155	22.9	39.6	16.8	0.31		Ag Pending
NB-12-156	73.2	94.5	21.3	0.53		Ag Pending
<i>including</i>	<b>74.7</b>	<b>88.4</b>	<b>13.7</b>	<b>0.76</b>		Ag Pending
NB-12-157	67.1	77.7	10.7	0.56		Ag Pending
NB-12-158			no significant intercepts			
NB-12-159			no significant intercepts			
NB-12-160	10.7	56.4	45.7	0.63	0.70	
<i>including</i>	<b>19.8</b>	<b>44.2</b>	<b>24.4</b>	<b>0.94</b>	<b>0.90</b>	
<i>including</i>	<b>30.5</b>	<b>44.2</b>	<b>13.7</b>	<b>1.28</b>	<b>1.00</b>	

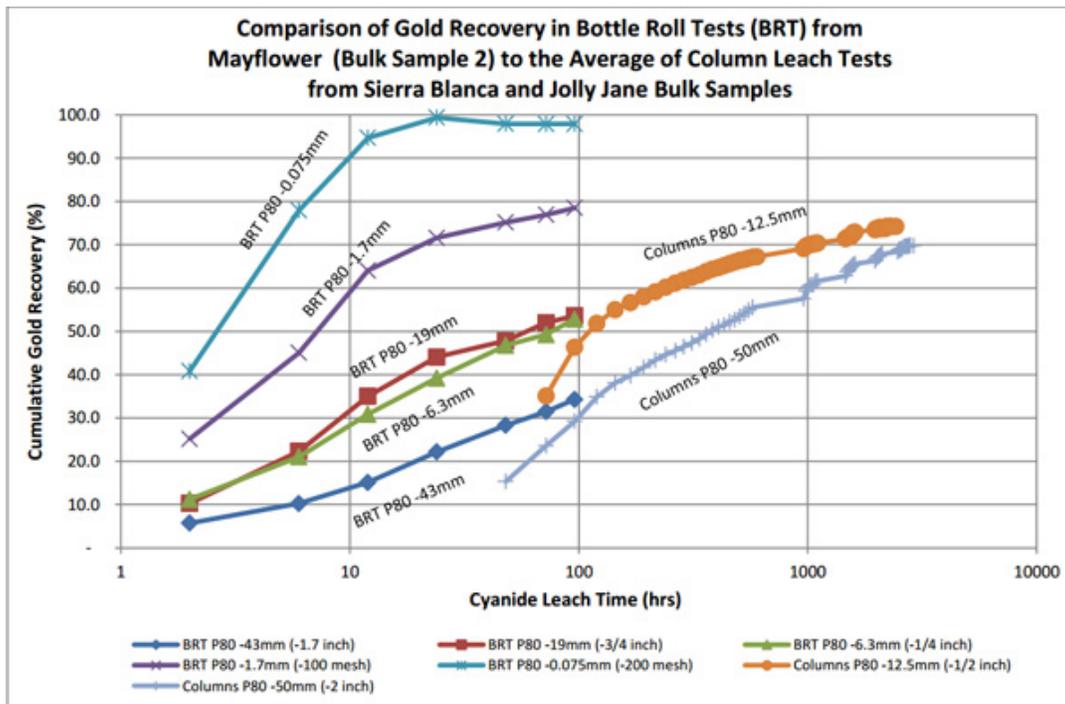
\*Intercepts calculated using 0.1g/t cutoff with a maximum of 3 metres of internal dilution. Reported drill intercepts are not true widths. At this time, there is insufficient data with respect to the shape of the mineralization to calculate its true orientation in space.

## Metallurgical Testing

The results of initial large diameter column leach testing of oxide materials from the North Bullfrog Project were reported earlier this year. The leach columns, which were testing coarse crush material (2 inch minus) from the Sierra Blanca and Jolly Jane areas (representing over 80% of the existing estimated oxide resource), returned encouraging results. These results support the Company's concept of using heap leach methods to recover the gold which could significantly lower operating costs at the project. Average gold recovery for large diameter column tests for the Sierra Blanca area was 70% and 64% for the Jolly Jane area, which support an overall projected Run of Mine recovery of 65%.

During this period a series of bottle roll tests were performed over 96 hours on bulk sample materials collected from historical mine waste dumps at the Mayflower deposit (see Figures 1 and 3). Test results confirm potential for low cost heap leach recovery operation with minus 0.075 mm material approximately 98% recovery of gold.

Testing on a variety of grain size materials from Mayflower results (Table 2) have returned similar or better leach curves to other oxide ores in the district. The Company is conducting similar leach tests on samples from the large diameter core drilling program that was completed in June to assess the long term recovery rates for different size fractions at Mayflower. Based on this initial data the Company expects the long-term Mayflower gold recovery rates to compare favourably to those observed in the column tests run between 100 to 120 days from bulk samples at Sierra Blanca and Jolly Jane (Figure 4) as reported in the PEA.



**Figure 4: Chart comparison of gold recoveries from bulk samples using bottle roll tests at Mayflower and the average of column tests at Sierra Blanca & Jolly Jane**

**Table 2: Mayflower Bulk Samples, North Bullfrog Project  
Gold Recovery (%) in 96 hr Bottle Roll Tests at Varying Particle Sizes**

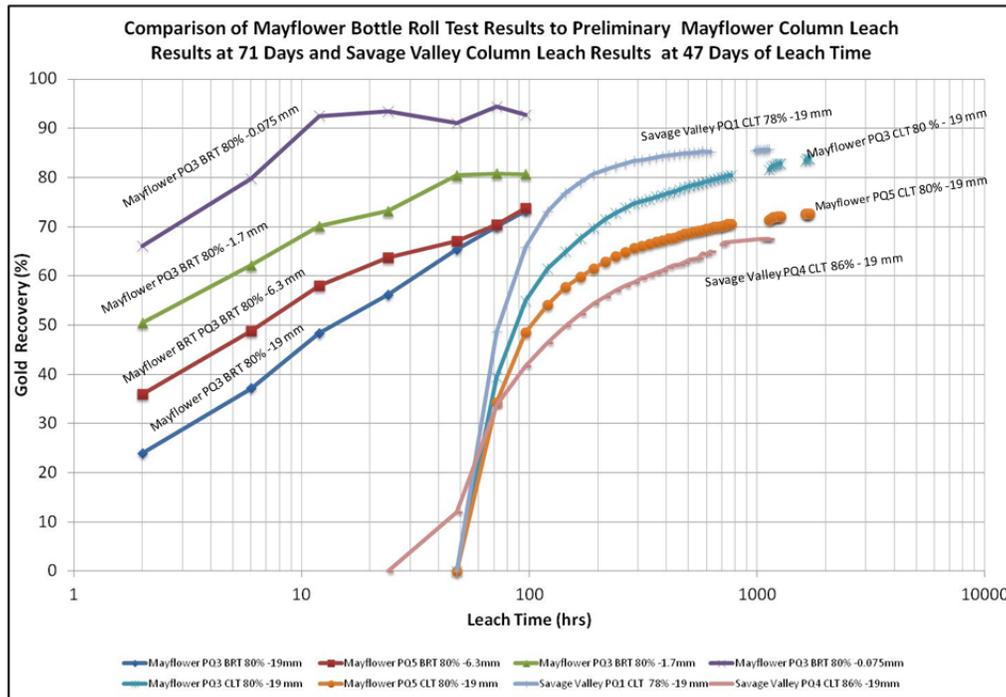
Test No.	P80 -200 mesh (-0.075mm)	P80 -100 mesh (-1.7 mm)	P80 -1/4 inch (-6.3 mm)	P80 -3/4 inch (-19 mm)	P80 -1.7 inch (-43 mm)
MF Bulk Sample 1	98.9%	65.1%	49.5%	51.9%	37.7%
MF Bulk Sample 2	97.9%	78.6%	52.9%	53.6%	34.3%

Metallurgical composites were prepared from the PQ core drilled in Phase 1 of the 2012 program. A total of 6 composite samples were created for the Mayflower deposit, with sufficient material for 12 individual column leach tests at a P80 size of -3/4 inch (-19 mm). The column leach results were supplemented by bottle roll tests on each composite at nominal P80 sizes of -200 mesh (-0.075 mm), -100 mesh (-1.7 mm), -1/4 inch (-6.3 mm) and -3/4 inch (-19 mm). A similar group of columns and bottle roll tests have been prepared from composites of PQ core material from Sierra Blanca.

The initial results of the series of bottle roll and column leach tests on large diameter sample composites from the phase I Mayflower deposit and the Savage Zone in the phase II North Area (Figure 5) are as follows:

At the Mayflower deposit, column leach recoveries after 71 days ranged from 73% to 84% of the contained gold for the 80% -19mm (-3/4 inch) material (see Figure 5 and Tables 3 & 5), which is significantly higher than the overall 69% average recovery reported in the PEA. Bottle roll tests (Table 3) from the Mayflower indicate high recovery of the contained gold (92-99%) for particles  $\leq$  200 mesh (0.075 mm), indicating that the gold is highly soluble for leach extraction. In addition, initial test results for the first 30 days on material from the Savage Valley zone of the larger North Area deposit has shown similar leaching characteristics to the Mayflower suggesting improving recoveries from this area as well.

In the Savage Valley zone, which is the southern extension of the Sierra Blanca deposit in the North Area, initial results have been very encouraging averaging above the recovery values used in the PEA (Figure 5, Table 4 & 6). The bulk of the zone has produced recoveries similar to those at Mayflower and from depths of over 150 metres.



**Figure 5: Comparison of Mayflower PQ Bottle Roll Test Data (composite MF PQ3) to Ongoing Column Leach Tests for Mayflower (composites PQ3 and PQ5) and Savage Valley (samples PQ1 and PQ4).**

**Table 3: Mayflower PQ Core Composite Samples, Phase I Drilling, North Bullfrog Project Preliminary Gold Recovery in Column Leach Tests at 71 days (1704 hrs) of Leach Time Particle Size 80% -19 mm (-3/4 inch)**

	<b>MF PQ 1</b>	<b>MF PQ 2</b>	<b>MF PQ 3</b>	<b>MF PQ 4</b>	<b>MF PQ 5</b>
% Gold Recovery*	85%	74%	84%	82%	73%

\*-based on Au head assay

**Table 4: Savage Valley PQ Core Composite Samples, Phase I Drilling, North Bullfrog Project Preliminary Gold Recovery in Column Leach Tests at 47 days (1128 hrs) of Leach Time Particle Size 80% -19 mm (-3/4 inch)**

	<b>SV PQ 1</b>	<b>SV PQ 2</b>	<b>SV PQ 3</b>	<b>SV PQ 4</b>	<b>SV PQ 5</b>	<b>SV PQ 6</b>
% Gold Recovery*	86%	84%	84%	68%	84%	63%

\*-based on Au head assay

**Table 5: Mayflower PQ Core Composite Samples , Phase I Drilling, North Bullfrog Project Gold Recovery (%) in 96 hr Bottle Roll Tests at Varying Particle Sizes**

<b>Sample</b>	<b>80% - 0.075 mm</b>	<b>80% - 1.7 mm</b>	<b>80% - 6.3 mm</b>	<b>80% -19 mm</b>
MF PQ 1	97.2%	83.9%	67.3%	61.9%
MF PQ 2	95.0%	93.1%	76.9%	66.9%
MF PQ 3	92.8%	80.7%	73.8%	73.2%
MF PQ 4	81.3%	90.1%	67.3%	80.9%
MF PQ 5	91.8%	88.1%	63.8%	73.5%
MF PQ 6	98.7%	87.2%	73.3%	60.9%

**Table 6: Savage Valley PQ Core Composite Samples, Phase I Drilling, North Bullfrog Project Gold Recovery (%) in 96 hr Bottle Roll Tests at Varying Particle Sizes**

<b>Sample</b>	<b>80% - 0.075 mm</b>	<b>80% - 1.7 mm</b>	<b>80% - 6.3 mm</b>	<b>80% -19 mm</b>
SV PQ 1	89.7%	87.4%	87.9%	81.0%
SV PQ 2	93.4%	88.3%	82.4%	75.8%
SV PQ 3	95.5%	92.4%	68.8%	87.9%
SV PQ 4	79.1%	76.5%	64.2%	55.2%
SV PQ 5	86.7%	83.8%	77.5%	79.5%
SV PQ 6	81.6%	76.3%	63.3%	51.0%

Similar large diameter core composites have been prepared from the Sierra Blanca and Jolly Jane zones. A group of 6 sets of columns were developed for Jolly Jane and have been under leach for 6 days. At Sierra Blanca a similar series of columns are being prepared, with leaching scheduled to start in the next several weeks. The results from the ongoing North Area metallurgical studies will be completed next year ahead of the planned North Area feasibility study scheduled for completion in early 2014.

#### Preliminary Economic Assessment Results

On February 28, 2012, the Company announced the results of the PEA. The PEA is based on the Company's November 7, 2011 resource estimate and does not include recent data from the 2012 exploration program. The study produced a robust positive economic analysis for a conceptual, low capex, heap leach project that generates an average annual gold production of 57,700 ounces over 12.8 years, at a life of mine strip ratio of 0.41 to 1 (overburden to process feed), indicating a pre-tax, pre-royalty NPV (5%) of US\$119.2M, and an IRR of 28.8% at US\$1,300 per ounce gold price (Table 7). The PEA also shows the project has a considerable leverage to gold price, with a pre-tax, pre-royalty NPV (5%) of US\$339M and an IRR of 70% at US\$1,700 per ounce gold price (Table 8).

**Table 7: North Bullfrog Project - Heap Leach PEA Summary**

*(All values in 2012 USD based on a \$1,300 Whittle shell, mining recoverable in-pit resources above 0.1 g/t (0.003 oz/ton) gold cut off grade)*

<b>Parameter</b>	<b>Summary Data</b>
In-pit resource – Indicated	19.5 M tonnes @0.32 g/t for 199 k Oz Au contained
In-pit resource – Inferred	123.3 M tonnes @0.23 g/t for 890 k Oz Au contained
NPV(5%) ; IRR at USD 1,300 per Au Oz	USD 119.2M; 28.8%
Overall Strip Ratio	1 to 0.41 (mined mineral resource to overburden)
Average Annual Gold Production	57.7 k Oz/year
Average Gold Recovery	69%
Average Total Mining Rate	44 k tonne/day
Average Mineralized Material Mining Rate	31 k tonne/day

**Table 8: Base Case Gold Price Sensitivity Analysis – North Bullfrog Project**

*(all values in constant 2012 US\$)*

<b>Gold Price (\$/Oz)</b>	<b>NPV<sub>5%</sub> (\$M)</b>	<b>NPV<sub>7.5%</sub> (\$M)</b>	<b>IRR (%)</b>	<b>Payback (vrs)</b>
\$1200	\$64	\$46	18.3%	7.3
\$1300	\$119	\$94	28.8%	2.6
\$1400	\$174	\$142	39.2%	2.0
\$1500	\$229	\$190	49.4%	1.7
\$1600	\$284	\$238	59.6%	1.4
\$1700	\$339	\$286	69.7%	1.2

## PEA Description

The PEA assumes conventional drill and blast, surface mining using haul trucks and front end loaders. Mineralized material would be delivered to a crushing plant, where it would be crushed to 80% passing minus 19 mm (¾ inch), then transported and stacked on a heap leach pad by conveyor. Cyanide solution would be used to dissolve the gold and would be processed through a standard carbon-in-column leach plant, with a gold doré produced in an on-site refinery. Physical data for the mine operation are summarized in Table 9.

**Table 9: PEA Key Physical Data – North Bullfrog Heap Leach Project**

<i>Key Physical Data</i>	<i>Units</i>	<i>Value</i>
<i>Process Feed Mined</i>	<i>M tonnes</i>	<i>142.7</i>
<i>Overburden Mined</i>	<i>M tonnes</i>	<i>58.5</i>
<i>Total Material Mined</i>	<i>M tonnes</i>	<i>201.2</i>
<i>Mine Life</i>	<i>Years</i>	<i>12.8</i>
<i>Contained Gold</i>	<i>M Oz</i>	<i>1.09</i>
<i>Recovered Gold</i>	<i>M Oz</i>	<i>0.75</i>
<i>Average Strip Ratio</i>	<i>Overburden/Process Feed</i>	<i>0.41</i>
<i>Average Gold Grade</i>	<i>g/t</i>	<i>0.237</i>
<i>Average Gold Recovery</i>	<i>%</i>	<i>68.6</i>
<i>Annual Process Feed Mined</i>	<i>M tonnes/yr</i>	<i>11</i>
<i>Annual Gold Produced</i>	<i>K Oz/yr</i>	<i>57.7</i>

Estimated initial capital costs are listed in Table 10, which excludes the estimate of working capital, which is recovered at the end of the mine life, and sustaining capital. The PEA initial capital cost estimate includes US\$12.5 M contingency, or 25% of applicable items. Life of mine sustaining capital is estimated to be US\$89.2 M, and additional LOM contingency is estimated to be US\$15.4 M.

**Table 10: PEA Initial Capital Estimate– North Bullfrog Heap Leach Project**

<i>Capital Area</i>	<i>Estimated Capital Cost (USD \$M)</i>
<i>Direct Capital Cost</i>	<i>\$42.2</i>
<i>Indirect Costs</i>	<i>\$9.1</i>
<i>Owner's Cost</i>	<i>\$5.0</i>
<i>Contingency</i>	<i>\$12.5</i>
<i>Total*</i>	<i>\$68.8</i>

\*-excludes working capital and sustaining capital

Operating costs included in the PEA were based on mining, processing, administration and reclamation, and are listed in Table 11, where they are normalized to process tonnage and recovered gold ounces. Cash operating costs were projected to average US\$673/oz for the first 3 years of mining, with total costs averaging US\$817/oz during this period. Total LOM cash operating costs are projected to be US\$815/oz and LOM capital cost was estimated to be an additional US\$232/oz.

**Table 11: Operating Costs– North Bullfrog Heap Leach Project (USD)**

<b>Cost</b>	<b>Cost per Process tonne (\$/tonne)</b>	<b>Cost/Recovered Gold Oz (\$/oz)</b>
Mining	\$1.97	\$377
Processing	\$1.67	\$320
Administration	\$0.50	\$ 95
Reclamation	\$0.12	\$23
Total Operating Cost	\$4.27	\$815

The PEA utilized preliminary estimates of heap leach recovery, assuming a nominal recovery of 68.6% of fire assay grade, based on recently completed column leach tests and more extensive bottle roll test data at different particle sizes.

**The Company cautions that this PEA is preliminary in nature, and is based on technical and economic assumptions which will be evaluated in more advanced studies. The PEA is based on the North Bullfrog in-situ resource model (November, 2011) which consists of material in both the indicated and inferred classification. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them. The current basis of project information is not sufficient to convert the in-situ mineral resources to Mineral Reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability. Accordingly, there can be no certainty that the results estimated in this PEA will be realized. The PEA results are only intended as an initial, first-pass review of the potential project economics based on preliminary information.**

The PEA does not include any of the additional geologic data produced in the current drilling program, which began in January 2012.

#### *Cash Flow Model Inputs and Assumptions*

**Resources** - The analysis included both indicated and inferred resources in the mining and economic study. Indicated resources make up approximately 18% of the ounces in the production plan.

**Mining Method** - A standard surface mine using a drill, blast, load and haul mining plan was used for the study, assuming a 50 degree slope. The mine volume was defined by Lerchs-Grossman optimization methods and the resulting surfaces at US\$1,300/ounce gold price were used to schedule production. No detail design has been performed at this stage. The assumed nominal mining rate was 31,000 tonnes (34,100 tons) of mineralized material per day.

**Processing Method** - A heap leach design, operated at a placement rate of 31,000 tonnes (34,100 tons) of mineralized material per day was assumed for the PEA. Heap leach feed would be crushed to a P80 of minus 19 mm (-3/4 inch) and conveyed and stacked on the pad. A CIC process plant would recover the gold. The process plant was assumed to have a nominal throughput of 40,000 litres (10,500 gallons) of leachate per minute.

**Gold Recovery Model** - Process recoveries were estimated based on the results of 305 mm (12 inches) diameter column leach tests performed on bulk sample materials crushed to 80% passing minus 51 mm (-2 inch) and 12.5 mm (-1/2 inch). Size versus leach recovery curves were developed from the column leach testing and bottle roll tests. The leach recoveries consider both of the bulk samples used in the column tests and were also adjusted to consider spatial variability as indicated by bottle roll data developed from drill samples throughout the resources. The LOM average recovery was 68.6 % of fire assay results.

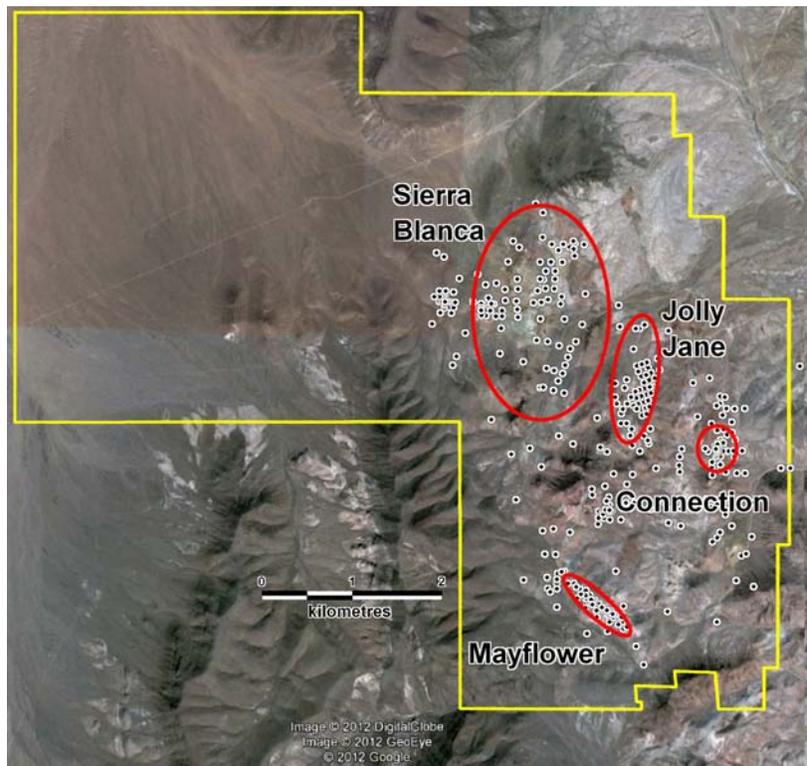
**Operating and Capital Cost Estimates** - Preliminary capital and operating costs were developed using information available from other Nevada heap leach operations, a commercially available mining and development cost database, plus all available project technical data and metallurgical/process related test work. Preliminary site infrastructure alternatives (heap leach pad, overburden storage facility, roads, shops, offices etc.) have been evaluated and an arrangement was defined as the basis of capital cost estimates. Capital costs were developed based on a nominal mining rate of 31,000 tonnes (34,100 tons) of mineralized material per day (nominal total material mined per day of 44,000 tonnes ( 48,000 tons), processing a total of 143M tonnes, and includes sustaining capital and all facilities and equipment needed for all phases of the project over its projected 12.8 year life. Major fixed equipment and all mobile equipment was assumed to be financed over the first 6 years of production. All costs are in constant USD from Q1 2012. No escalation was applied in the financial model.

**Taxes and Royalties** - Taxes and royalty charges were excluded from this preliminary analysis of the project. Net smelter return royalty rates vary from 0-4% across the project and average approximately 0.7%, assuming exercise by the Company of all available royalty buy-out rights.

**Revenue** - Revenue was determined in the base case financial model assuming a constant, long term gold price of US\$1,300 per ounce. All sensitivities to gold price assumptions were assessed using a constant price.

### Expanded Property Position

The Company has added approximately 25 km<sup>2</sup> to its North Bullfrog land package by staking 312 new Federal unpatented mining claims bringing the land package to approximately 50 km<sup>2</sup> (Figure 6). The new staking covers potential extensions of the North Bullfrog gold system as well as ground that will be needed for potential future mining operations.



**Figure 6: Corvus expanded land position at North Bullfrog showing areas where indicated and inferred mineral resources have been defined.**

### Mayflower Drilling Results

The Company recently received the results from final 11 holes of the phase II, 26 hole resource expansion and conversion program at Mayflower Deposit, North Bullfrog Project, Nevada (Figure 7). The Company plans to incorporate the results into an updated Preliminary Economic Assessment for its two stage mine development strategy at North Bullfrog later in the fall of 2012 and in a subsequent feasibility study on the Mayflower mine currently planned for Q1 2013.

These most recent Mayflower results include near surface high-grade vein related mineralization (NB-12-164 with 9.94 g/t gold over 6.1 metres) which are anticipated to be part of planned early mining of the Mayflower deposit (Table 12). The high-grade gold and silver mineralization in drill hole NB-12-164 and the moderate grade intervals in holes NB-12-153 (7.6m @ 1.33 g/t gold) and NB-12-161 (12.2m @ 1.58 g/t gold) are related to adularia alteration and veining which may be the upper expression of a multistage high-grade quartz vein system similar to the high-grade mineralization found in the Yellow Jacket system 4 kilometres to the north of Mayflower.

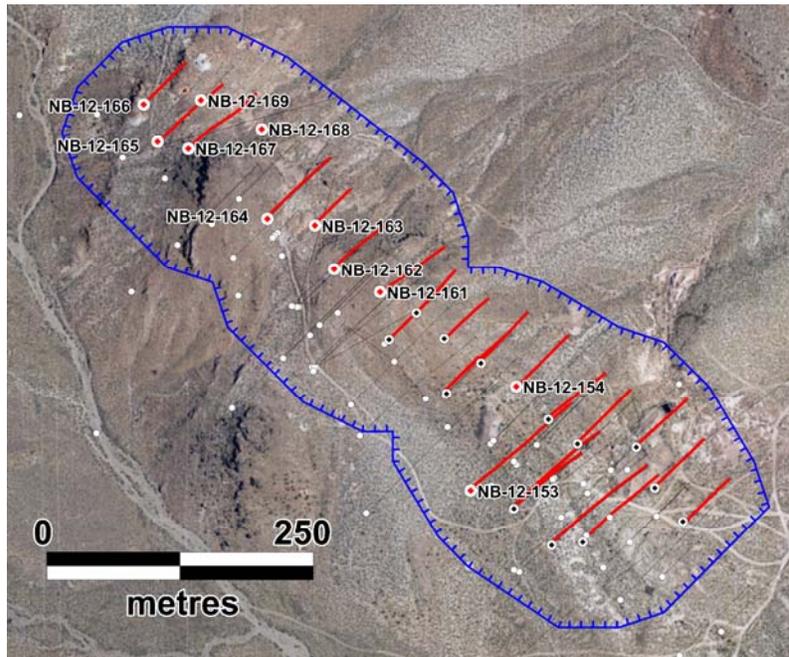


Figure 7: Drill hole map for Mayflower resource expansion and conversion drill program.

Table 12: Significant New Intercepts\* from Phase II 2012 Mayflower Drilling

(\*Intercepts are approximate true width and calculated using a 0.1 g/t gold cutoff and up to 3.0 metres of internal waste.)

Hole ID	From (metres)	To (metres)	Interval (metres)	Gold (g/t)	Silver (g/t)
NB-12-153	131.1	150.9	19.8	0.76	0.75
<i>including</i>	<b>132.6</b>	<b>140.2</b>	<b>7.6</b>	<b>1.33</b>	<b>1.26</b>
NB-12-154	15.2	25.9	10.7	0.17	0.35
NB-12-161	<b>36.6</b>	<b>65.5</b>	<b>28.9</b>	<b>0.84</b>	<b>0.86</b>
<i>including</i>	<b>39.6</b>	<b>51.8</b>	<b>12.2</b>	<b>1.58</b>	<b>1.22</b>
NB-12-162	48.8	73.2	24.4	0.34	0.74
NB-12-163	21.3	42.7	21.3	0.77	0.74
	53.3	71.6	18.3	0.97	0.48
<b>NB-12-164</b>	<b>6.1</b>	<b>12.2</b>	<b>6.1</b>	<b>9.94</b>	<b>6.26</b>
	16.8	24.4	7.6	0.48	0.61
	32.0	45.7	13.7	0.52	0.44
	51.8	62.5	10.7	0.28	0.36
	91.4	97.5	6.1	0.15	0.31
NB-12-165	<i>no significant intercepts</i>				
NB-12-166	<i>no significant intercepts</i>				
NB-12-167	21.3	33.5	12.2	0.15	0.28
	39.6	45.7	6.1	0.63	0.73
NB-12-168	<i>no significant intercepts</i>				
NB-12-169	15.2	27.4	12.2	0.42	0.62

## **Alaska Properties**

### ***Terra Project Option-Joint Venture***

Raven Gold signed a joint venture agreement in 2010 with Terra Gold, a wholly owned Alaska subsidiary of Terra Mining Corporation, with respect to the Terra project. Terra Mining Corporation was subsequently acquired by WestMountain in February 2011. With the acquisition, WestMountain has acquired, through its indirect ownership of Terra Gold, the right to earn a 51% interest in the Terra Project from Raven Gold by spending a total of USD 6.0 million. Terra Gold can further increase its ownership to 80% with a USD 9.5 million capital investment over a four-year period.

In the summer of 2012 WestMountain completed the installation of a ball mill and concentrating system to process a bulk sample from the Terra Deposit. A total of 23 tonnes of vein material were processed through the mill. The concentrates have not yet been refined so the amount of gold recovered is not known. However, WestMountain has advised that visual evaluation of the concentrates indicates that there is a significant amount of gold in the concentrate.

Under the existing joint venture agreement, Raven Gold will receive 49% of the gold production plus a net smelter royalty (NSR) of 0.5% to 5% at no cost until WestMountain completes the required work commitments by the end of 2013. The 2012 partner funded exploration and development program should significantly advance the Terra Project, which currently has a NI 43-101 estimated inferred resource of 428,000 tonnes at 12.2 g/t gold and 23.1 g/t silver (using a cut-off grade of 5.0 g/t gold) for a total of 168,000 ounces of gold and 318,000 ounces of silver.

In addition to setting up the mill, WestMountain continued to drill and conduct surface exploration on the property during the summer. Results will be provided as and when received from WestMountain.

### ***LMS Project***

The LMS claim block is located in the Goodpaster mining district and consists of 92 Alaska mining claims covering 61 square kilometres owned 100% by the Company. The primary target at LMS is a stratiform breccia horizon hosted in a sequence of high-grade metamorphic rocks. The host breccia has formed in an interval of highly fractured graphitic quartzite which has focused fluid flow of mineralized solutions. The matrix to the breccias is a dark fine-grained mixture of silica and pyrite, which together with the graphite, leads to the term "black breccia". In addition to the stratiform black breccia mineralization there are a number of high-grade gold-silver veins and stockwork zones cutting through the entire system which can produce significant grades. Initial metallurgical test work on the project has indicated that high gold recoveries (95%) can be obtained with simple gravity separation followed by cyanidation, similar to the process used at the Pogo Mine to the north.

The results from the drilling undertaken by First Star Resources Inc. ("First Star"), the optionee of the LMS property in 2010/11 prior to returning the property 100% to the Company in late 2011, have been finalized. The First Star drilling has confirmed at least 800 metres of down-dip continuity on the Camp Breccia, which is an extensive stratiform black breccia body which dips gently to the west from the 300 metre long surface outcrops. LMS has features in common with other Tintina Gold Belt deposits, including the Kinross Gold Corporation owned White Gold property in the Yukon where stratiform breccias are an important control, and the Pogo Mine operated by Sumitomo Metal Mining Pogo LLC which is characterized by vein mineralization a low angle shear structure.

No exploration program is planned for LMS in 2012. A number of companies have signed confidentiality agreements to review the project data, but there can be no certainty that the Company will be successful in negotiating an option/joint venture agreement with any party in connection with the LMS property.

### ***West Pogo Project Option-Joint Venture***

The West Pogo project is located in the Goodpaster mining district, Alaska, and consists of 96 State of Alaska mining claims covering 18.9 square kilometres owned 100% by the Company. The West Pogo project is located approximately 5 kilometres to the west of the Pogo Gold Mine. The Pogo Mine road and power line pass through the West Pogo Property providing easy access to the property. At West Pogo there is the potential to discover high-grade gold mineralization in both steeply and shallowly dipping structural zones. Surface mapping and sampling in 2011 identified two more than 1 kilometre long East-West trending zones of alteration and mineralization on the property. Mineralization is associated with zones of sericite-dolomite alteration in the host quartz monzonite and with silica-flooded breccias which have produced selected grab samples with up to 118.5g/t gold. One N-S oriented hole drilled in 2003 encountered broad zones of gold mineralization in altered quartz monzonites but did not intersect the breccia-style mineralization. In 2011 a 3D induced polarization survey covering 5km<sup>2</sup> over the main alteration zones highlighted a series of NW-trending cross structures which may be the control on the high-grade mineralization and may explain why the original drilling missed the target. Exploration at West Pogo has always been hampered by the distribution of talus cover; however, systematic work has revealed a large mineralizing system of good lateral continuity that is ready for drill testing.

Raven Gold has optioned the West Pogo project to Alix. In order to earn a 60% interest in the project, Alix must complete USD 5 million in exploration work on the project (USD 250,000 in the first year) and pay USD 125,000 to Raven Gold over 5 years. Raven Gold has reserved a sliding scale 2-3% NSR royalty on the project, with Alix having the right to purchase 1% for USD 1 million. Upon Alix having earned its 60% interest the parties will form a joint venture, with each party being responsible for its pro rata share of project expenditures and straight-line dilution of a party's interest for failure to contribute such expenditures. If a party's interest is diluted below 10%, such interest will be converted to an additional 1% NSR. Upon Alix having earned its 60% interest, it may elect to purchase Raven Gold's 40% interest and each 10% interest so purchased will be converted to an additional 1% NSR. Alix has adjoining ground to the north of the West Pogo project and has advised that it intends to drill targets on its own ground as well as the West Pogo project ground in 2012. The target concept for the 2012 program is for a low and high angle, high-grade vein systems similar to the Pogo deposit 5 kilometres to the east.

Alix has reported the successful completion of their 2012 exploration program, including two diamond drill holes, totaling 610 metres, drilled on the West Pogo claim block. Both holes encountered favorable host rocks with extensive alteration. Alix believes the results (Table 13) suggest they are on the edge of a significant gold system and will continue to explore the prospective targets in 2013.

***Table 13: West Pogo drill intercepts reported by Alix***

<b>West Pogo Project Drill Results</b>				
<b>HoleID</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Gold (g/t)</b>
WP-12-01	243.7	249.3	5.6	0.67
		<i>including</i>	2.4	1.74
WP-12-02	74.5	77.7	3.2	1.10

*\*Intercepts calculated with 0.45 g/t cutoff - Absence of structural and geological contacts precludes an estimate of true thickness.*

### ***Chisna Project – Option-Joint Venture with Ocean Park Ventures Corp.***

The Chisna Project is focused on a new and emerging Alaskan copper-gold porphyry belt of deposits with copper and gold mineralization associated with mid-Cretaceous intrusions of similar age and style to the Pebble deposit to the west and Orange Hill deposit to the east (Figure 7). Ocean Park Ventures Alaska (“OPV US”), a subsidiary of Ocean Park Ventures Corp. (“OPV”), has the option to earn a 51% interest by incurring USD 20 million in exploration expenditures over a 5 year period

commencing in 2010 and ending in 2015. At present, the Raven Gold/OPV US joint venture controls over 232,000 acres of either State of Alaska mining claims or fee land leased from Ahtna Corporation.

Regional exploration, including geophysics, stream sediment surveys, soil surveys and geological mapping, has identified a number of mineralized areas within the district (Figure 7). Geochronology studies indicate that the Grubstake porphyry system was active over a long period of time. Intrusions that are related to the mineralization and molybdenite from quartz veins in the porphyry mineralization give ages of 126Ma. In contrast, actinolite related to sodic-calcic alteration that overprints the porphyry copper mineralization give ages of 110Ma. Potassium feldspar from hydrothermal breccias at the Ravine prospect gave an age of 94Ma. Hornblende from a nearby porphyry gave an age of 110Ma and feldspar from the same intrusion gave an age of 97Ma. These ages show that mineralization at Chisna was forming during the same epoch as important deposits such as the Pebble (96-86Ma) and Orange Hill (114-104Ma) porphyry copper deposits and the gold deposits at Pogo (104Ma), Fort Knox (93Ma) and Livengood (90Ma).

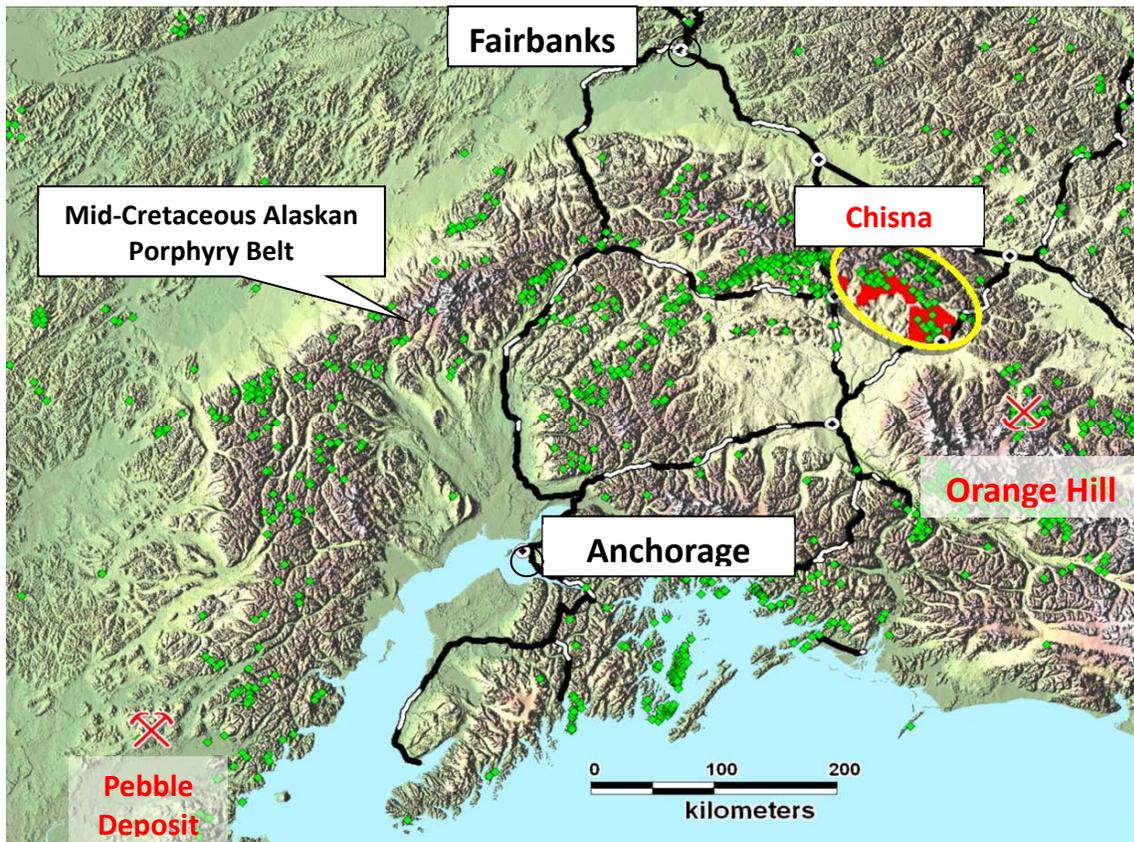
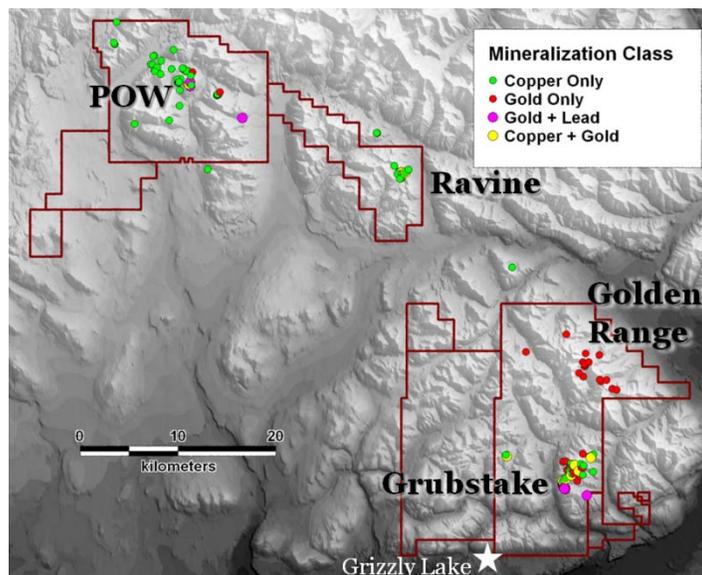


Figure 7: Chisna Project location map.



**Figure 8:** Chisna land position showing distribution of significantly mineralized surface rock samples and their metal associations. Grizzly Lake is the location of the exploration camp which is on the highway with grid electrical power.

### Golden Range Target

The 2011 Golden Range exploration program conducted extensive surface sampling collecting a total of 1,785 rock samples with 19% exceeding 1 g/t gold, 5% over 10 g/t gold, and 1% over 50 g/t gold. Rock and soil sampling at Golden Range has now confirmed a 12 kilometre long trend of significant gold and silver mineralization.

The Jolly Green target emerged late in the 2011 season as having a base metal association with a strong gold, silver and copper association (Table 14). Out of a total of 29 selected grab rock samples collected at Jolly Green, 55% returned values over 1 g/t gold and 24% were greater than 10 g/t gold with 90% of the rock samples returning greater than 0.1% copper and 10% higher than 1% copper. The shear and vein hosted gold, silver, and copper mineralization at Jolly Green is accompanied by widespread copper staining in the surrounding quartz-diorite and may be associated with a copper-gold porphyry system at depth. Jolly Green is another priority target for future exploration.

**Table 14:** Significant selected grab rock sample assay results from Jolly Green prospect.

<b>Sample ID</b>	<b>Gold (g/t)</b>	<b>Silver (g/t)</b>	<b>Copper (%)</b>
H271989	126.5	129.0	0.4
H262393	28.2	198.0	5.1
H262391	24.2	113.0	0.8
H271987	22.7	25.7	2.8
H271986	15.6	38.2	0.7
H262394	12.5	29.2	1.4
H262392	12.3	109.0	0.5
H262220	4.3	69.6	3.6
H271992	4.1	73.3	8.6
H262397	3.0	144.0	17.7

Test drilling, consisting of two to five drill holes into each of the Notch, City, Matador and Corazon targets totalling 2800 metres, was completed in 2011 (Figure 9). As previously reported, drilling, trenching and surface grab sampling at the Notch intersected a gold mineralized shear zone with over 1 kilometre of mapped strike, returning drill intercepts up to 6.8 metres of 4.49 g/t gold. Target highlights are listed below:

- **Corazon:** Two trenches at the Corazon target exposed a shear zone yielding 7.5 metres averaging 3.26 g/t gold and 8 metres of 0.5 g/t gold, respectively. Drilling attempts at the mineralized shear failed to hit the target due to poor drilling conditions but did intersect significant gold mineralization in the surrounding alteration zone (Table 15).
- **City:** Three holes were drilled at the City target to evaluate well mineralized, SW dipping fault structures observed at the surface. The holes encountered many zones of lower grade gold highlighted by hole GR-11-01 which returned two 0.7 metre intervals with 3.6 g/t gold and 3.9 g/t silver and 6.2 g/t gold and 6.7 g/t silver respectively (Table 16).
- **Matador:** Two holes were drilled at the Matador target at a shear zone target that has returned high-grade gold and silver results. Poor drilling conditions prevented adequately testing of the target but one hole did return high-grade silver results (GR-11-08 with 2.7 metres of 681 g/t silver). This new discovery of high-grade silver would be a priority target for future exploration.

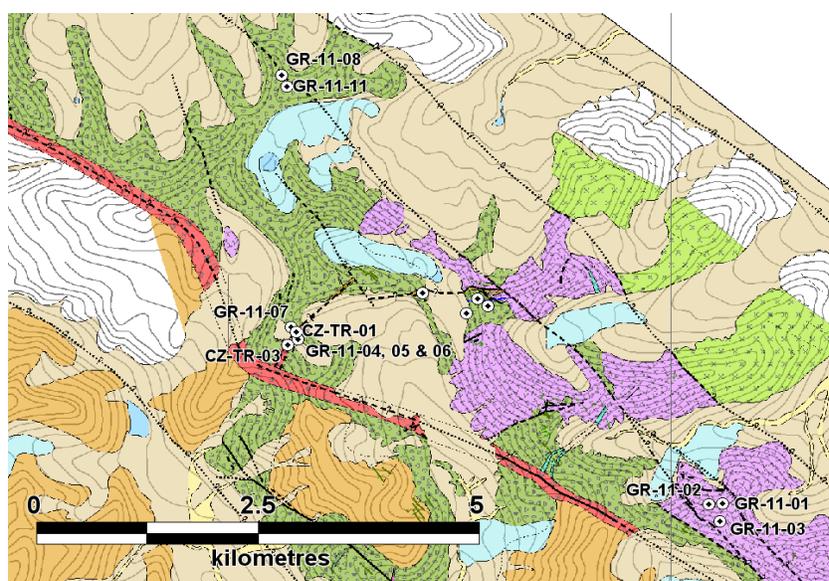


Figure 9: Geological map of central Golden Range showing the locations of hole collars at Corazon, Matador and the City.

Table 15: Significant Intercepts\* from Drilling at the Corazon target.

Hole/Trench ID	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)
<b>Trenches</b>					
CZ-TR-01	1.00	8.50	7.50	3.26	4.74
<i>including</i>	1.00	3.00	2.00	10.40	10.91
CZ-TR-03	1.00	9.00	8.00	0.48	1.57
<b>Drill Holes</b>					
GR-11-04	48.0	53.1	5.1	0.90	0.76
<i>including</i>	48.0	49.3	1.3	1.84	0.95
GR-11-05	43.2	46.3	3.1	0.68	0.59
<i>including</i>	45.2	46.3	1.1	1.52	0.89
GR-11-05	80.5	87.0	6.5	0.60	1.27
<i>including</i>	80.5	81.7	1.2	2.51	3.98
GR-11-06	45.7	48.7	3.1	0.90	0.96
<i>including</i>	111.2	113.5	2.3	1.88	6.30
<i>including</i>	111.2	112.3	1.1	3.29	8.68
GR-11-07	35.5	37.8	2.3	1.73	1.82
<i>including</i>	37.0	37.8	0.8	4.75	0.97

*\*Intercepts calculated using a cut off of 0.1g/t gold with maximum 3 metres of internal waste. Reported drill intercepts are not true widths. At this time, there is insufficient data with respect to the shape of the mineralization to calculate its true orientation in space.*

**Table 16: Significant Intercepts\* from Drilling at the City and Matador targets.**

<b>Hole ID</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Gold (g/t)</b>	<b>Silver (g/t)</b>	<b>Prospect</b>
GR-11-01	150.3	151.0	0.7	3.59	3.87	City
	233.9	234.6	0.7	6.21	6.68	
GR-11-02	65.0	65.8	0.8	1.05	0.68	City
	208.7	211.5	2.8	1.57	0.38	
GR-11-03	No Significant Intercepts					City
GR-11-08	105.7	108.4	2.7	0.02	681.32	Matador
GR-11-11	No Significant Intercepts					Matador

*\* Intercepts calculated using a cut off of 0.1g/t gold with maximum 3 metres of internal waste. Reported drill intercepts are not true widths. At this time, there is insufficient data with respect to the shape of the mineralization to calculate its true orientation in space.*

All of the foregoing information regarding the Chisna project has been provided by OPV, the parent of OPV US (which is the operator of the Raven Gold/OPV Alaska joint venture).

OPV has indicated to the Company that, for the 2012 field season, they have sent in a field crew to rehabilitate the drill pads and trenches from the 2011 field work, but have decided not to undertake an exploration program at Chisna in 2012. OPV has not indicated what their plans for Chisna for 2013 will be.

## **Quebec Property**

### ***Gerfaut Project***

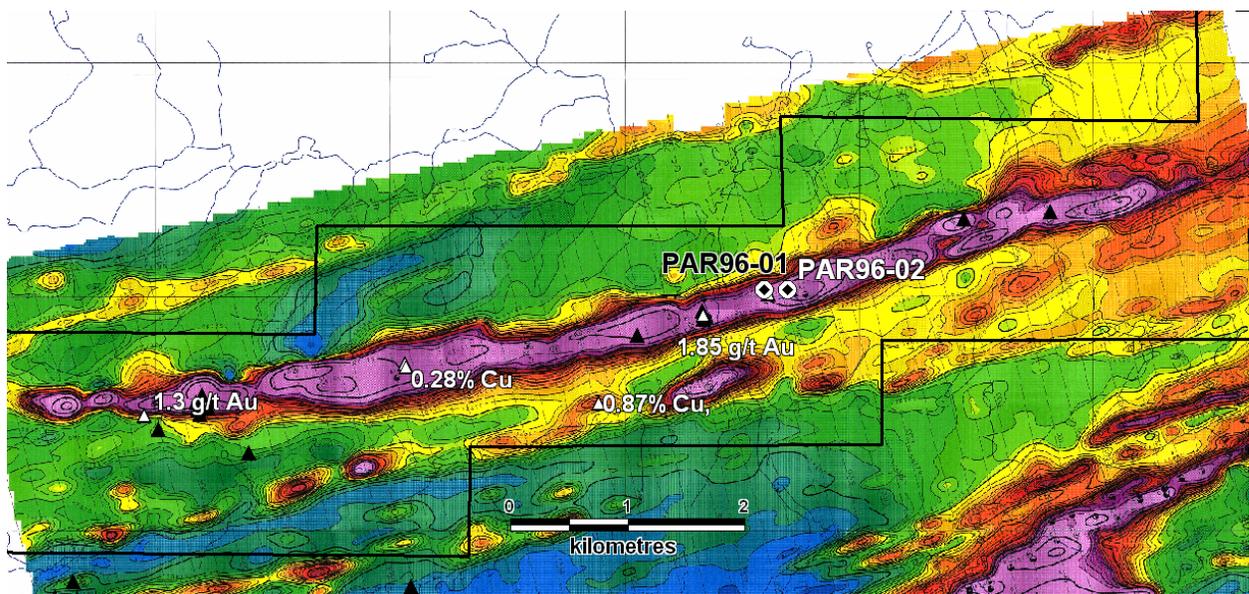
Pursuant to an option/joint venture agreement dated for reference February 2, 2012 between the Company and Les Ressources Tectonic Inc. (“LRT”), an arm’s length private company, (“Gerfaut Agreement”) the Company can acquire up to an 80% interest in the Gerfaut Property (“Gerfaut claims”), consisting of 60 mineral claims located in Northern Quebec. Under the Gerfaut Agreement, in order to earn an 80% interest in the Gerfaut claims, the Company will be required to:

- Make an initial payment of \$10,000 (paid) on the execution of the initial letter of intent
- Make aggregate payments to LRT of \$250,000 over five years to May 1, 2017 (all or some of any such payments may be satisfied by the issuance of Common Shares at the Company’s election) and incur aggregate exploration expenditures on the Gerfaut claims of \$565,000 over five years to May 1, 2017, upon completion of which payments and expenditures the Company will have earned a 60% interest in the Gerfaut claims
- Upon having earned its initial 60% interest, the Company may elect to earn an additional 20% interest (80% total) by incurring additional exploration expenditures of \$2,000,000 on the Gerfaut claims within three years after it has exercised to option to acquire the initial 60% interest
- LRT retains a 2% NSR royalty, of which the Company can buy back half (being 1%) at any time for \$1,500,000.

Following the Company having earned either its initial 60% interest (if it does not elect to or fails to earn an additional 20% interest) or 80% interest, the Company and LRT will enter into a joint venture, in which each party will be responsible for providing its pro rata share of all joint venture expenditures. If a party does not contribute its full share of such expenditures, its interest in the joint venture and the Gerfaut claims will be diluted. If a party’s interest is diluted to 10% or less, such party will transfer all

interest in the joint venture and Gerfaut claims to the remaining participant in exchange for receipt of a 3% Net Profits Interest.

The Gerfaut property is located in the Paleoproterozoic trans-Hudsonian orogen of northern Quebec (Figure 10). Gold mineralization occurs as both quartz veins and disseminated in meta volcanic and meta sedimentary rocks associated of the Parent Group. The deposit was discovered in 1995 by Falconbridge while prospecting for nickel in the region. Surface rock samples with anomalous gold were found over a strike length of 5.6 kilometres in sparse outcrops due to a thin veneer of glacial till cover. In 1996 Falconbridge drilled two holes totalling 320 metres. The first hole encountered mostly basaltic volcanics and encountered several zones of significant mineralization (Table 17). Falconbridge optioned the property to Exploration Boréale Inc. in 1997. They conducted ground geophysical surveys and collected a number of mineralized rock samples over the property but did not do additional drilling and the core claims reverted to LRT.



**Figure 10: Gerfaut Project, magnetic total field intensity with surface sample and drill hole locations. Rock samples with white triangles have assays posted. Rocks with no significant values shown in black. There has been very little sampling over this 12 kilometre long magnetic feature.**

**Table 17: Significant Intercepts\* from historical Falconbridge drilling on the Gerfaut Project**

Hole ID	From (metres)	To (metres)	Interval (metres)	Gold (g/t)
R96-01	82.4	85.0	2.6	1.69
PAR96-01	<b>102.9</b>	<b>104.9</b>	<b>2.0</b>	<b>3.87</b>
PAR96-01	<b>107.6</b>	<b>113.4</b>	<b>5.8</b>	<b>4.27</b>
<i>including</i>	<b>110.0</b>	<b>112.0</b>	<b>2.0</b>	<b>10.88</b>
PAR96-02	7.9	8.4	0.5	1.05
PAR96-02	63.4	64.0	0.6	0.87

*\*Calculated using a 0.5g/t gold cut off and no more that 2 meters of internal waste. Interval is approximate true width.*

A two week exploration program was carried out by Corvus in August and early September 2012. 800 soil samples and 200 rock samples were collected and have been submitted for analysis. A variety of styles of mineralization were observed during the exploration program, including massive sulphide, quartz sulphide veining, massive arsenopyrite veining and a variety of styles of copper mineralization. A variety of previously unrecognized plutonic rocks were observed ranging in composition from

gabbro through quartz monzonite. Results will be released once received and interpreted by the Company's geologists.

### **Qualified Person and Quality Control/Quality Assurance**

Jeffrey A. Pontius (CPG 11044), a qualified person as defined by National Instrument 43-101, has supervised the preparation of the scientific and technical information that forms the basis for this MD&A (other than with respect to the work done and results released by Alix and Terra Gold and the 2011 work done and results released by OPV Alaska) and has approved the disclosure herein. Mr. Pontius is not independent of the Company, as he is the CEO and holds common shares and incentive stock options.

The exploration program at North Bullfrog was designed and supervised by Russell Myers (CPG-11433), President of the Company, and Mark Reischman, Nevada Exploration Manager, who are responsible for all aspects of the work, including the quality control/quality assurance program. On-site personnel at the project log and track all samples prior to sealing and shipping. All sample shipments are sealed and shipped to ALS Chemex in Reno, Nevada, for preparation and then on to ALS Chemex in Reno, Nevada, or Vancouver, B.C., for assay.

Carl Brechtel (Colorado PE 23212 and Nevada PE 8744), a qualified person as defined by National Instrument 43-101, has supervised the North Bullfrog metallurgical testing program and has approved the disclosure in this MD&A related thereto. Mr. Brechtel is not independent of the Company, as he is the Chief Operating Officer (formerly, Manager of Project Development) and holds common shares and incentive stock options.

Russell Myers, a qualified person as defined by National Instrument 43-101, has reviewed and to the extent possible independently verified the geological information, and has approved the disclosure herein, with respect to the LMS project and the prior work thereon by First Star during the period while it was the operator/optionee of the project. QA/QC protocols were similar to those used on all Company projects with internal control samples inserted into each shipment and shipments sealed and shipped to ALS Chemex in Fairbanks, Alaska. Mr. Myers is not independent of the Company, as he is the President and holds common shares and incentive stock options.

ALS Chemex's quality system complies with the requirements for the International Standards ISO 9001:2000 and ISO 17025:1999. Analytical accuracy and precision are monitored by the analysis of reagent blanks, reference material and replicate samples. Quality control is further assured by the use of international and in-house standards. Finally, representative blind duplicate samples are forwarded to ALS Chemex and an ISO compliant third party laboratory for additional quality control.

### **Risk Factors**

Due to the nature of the Company's proposed business and the present stage of exploration of its US and Canadian property interests (which are primarily early to advanced stage exploration properties with no known reserves), the following risk factors, among others, will apply:

*Resource Exploration and Development is Generally a Speculative Business:* Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact

effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

**Other than the Terra and North Bullfrog properties, which have estimated inferred and/or indicated resources identified, there are no known resources, and there are no known reserves, on any of the Company's properties. The majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.** Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit will ever qualify as a commercial mineable ore body which can be legally and economically exploited.

*Fluctuation of Metal Prices:* Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. The Company's long-term viability and profitability depend, in large part, upon the market price of metals which have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals produced from the Company's properties will be such that any such deposits can be mined at a profit.

*Permits and Licenses:* The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

*Acquisition of Mineral Claims under Agreements:* The agreements pursuant to which the Company has the right to acquire or maintain interests in a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

*Proposed Amendments to the United States General Mining Law of 1872:* In recent years, the United States Congress has considered a number of proposed amendments to the U.S. *General Mining Law of 1872* ("Mining Law"). If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse effect on the Company's cash flow, results of operations and financial condition.

*Uncertainties Relating to Unpatented Mining Claims:* Many of the Company's mineral properties comprise federal unpatented mining claims in the United States. There is a risk that a portion of the Company's unpatented mining claims could be determined to be invalid, in which case

the Company could lose the right to mine any minerals contained within those mining claims. Unpatented mining claims are created and maintained in accordance with the Mining Law. Unpatented mining claims are unique to United States property interests, and are generally considered to be subject to greater title risk than other real property interests due to the validity of unpatented mining claims often being uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the Mining Law. Unpatented mining claims are always subject to possible challenges of third parties or contests by the United States federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. Title to the unpatented mining claims may also be affected by undetected defects such as unregistered agreements or transfers. The Company has not obtained full title opinions for the majority of its mineral properties. Not all the mineral properties in which the Company has an interest have been surveyed, and their actual extent and location may be in doubt.

*Surface Rights and Access:* Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

*No Assurance of Profitability:* The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. All of the Company's properties are in the exploration stage and the Company has not defined or delineated any proven or probable reserves on any of its properties. None of the Company's properties are currently under development. Continued exploration of its existing properties and the future development of any properties found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity shares, short-term, high-cost borrowing or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

*Uninsured or Uninsurable Risks:* Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where

premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

*Government Regulation:* Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect to ability of the Company to continue its planned business within any such jurisdictions.

*Recent market events and conditions:* Since 2008, the U.S. credit markets have experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems have led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

While these conditions appear to have improved slightly in 2011/12, unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

*General economic conditions:* The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- The global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity
- the volatility of gold and other base metal prices may impact the Company's future revenues, profits and cash flow
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs

- the devaluation and volatility of global stock markets impacts the valuation of the Company's common shares, which may impact the Company's ability to raise funds through the issuance of equity securities

These factors could have a material adverse effect on the Company's financial condition and results of operations.

*Insufficient Financial Resources:* The Company does not presently have sufficient financial resources to undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

*Financing Risks:* The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

*Dilution to the Company's existing shareholders:* The Company will require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

*Increased costs:* Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

*Dependence Upon Others and Key Personnel:* The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely, upon consultants and others for operating expertise.

*Currency Fluctuations:* The Company maintains its accounts in Canadian and U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations may materially affect the Company's financial position and results.

*Share Price Volatility:* In 2010/11, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. **As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.** Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

*Exploration and Mining Risks:* Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

*Environmental Restrictions:* The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

*Regulatory Requirements:* The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws

and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

*Limited Experience with Development-Stage Mining Operations:* The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

*Estimates of Mineral Reserves and Resources and Production Risks:* The mineral resource estimates included in this MD&A are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates. Accordingly, there can be no assurance that:

- these estimates will be accurate;
- reserves, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have a material adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described in this MD&A should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves

could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

**Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The failure to establish proven and probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.**

*Enforcement of Civil Liabilities:* As substantially all of the assets of the Company and its subsidiaries are located outside of Canada, and certain of the directors and officers of the Company are resident outside of Canada, it may be difficult or impossible to enforce judgements granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

*Mining Industry is Intensely Competitive:* The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

*The Company may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in Common Shares that are U.S. taxpayers:* Investors in the Company's common shares that are U.S. taxpayers should be aware that the Company expects it will be in the current year, a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If the Company is or becomes a PFIC, generally any gain recognized on the sale of its common shares and any "excess distributions" (as specifically defined) paid on its common shares must be rateably allocated to each day in a U.S. taxpayer's holding period for the common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to the Company generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of the Company's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware, however, that there can be no assurance that the Company will satisfy record keeping requirements under the QEF rules or that the Company will supply U.S. taxpayers with required information under the QEF rules, in event that the Company is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if the Company is a PFIC and its common shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the common shares.

The above paragraphs contain only a brief summary of certain U.S. federal income tax considerations. Investors should consult their own tax advisor regarding the PFIC rules and other U.S.

federal income tax consequences of the acquisition, ownership, and disposition of common shares of the Company.

## Selected Financial Information

### Selected Annual Information

The Company's condensed interim consolidated financial statements for the first quarter ended August 31, 2012 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The following selected financial information for the years ended May 31, 2012 and May 31, 2011 is taken from the Company's audited consolidated financial statements for the year ended May 31, 2012. The information for the year ended May 31, 2010 is taken from the audited consolidated financial statements for the year ended May 31, 2010. This information should be read in conjunction with those statements. Selected annual financial information appears below.

Description	May 31, 2012 \$ (annual) IFRS	May 31, 2011 \$ (annual) IFRS	May 31, 2010 \$ (annual) Canadian GAAP
<b>Statement of Operations:</b>			
Interest Income	19,667	23	-
Consulting fees (including share-based payment charges)	341,494	1,653,417	1,089,274
Property investigation expenditures	11,125	6,473	83
Wages and benefits (including share-based payment charges)	885,870	485,531	1,769,408
Professional fees (including share-based payment charges)	343,026	314,820	182,477
Investor relations (including share-based payment charges)	435,071	464,824	327,092
Write-off of exploration and evaluation assets	-	-	-
Foreign exchange gain (loss)	16,219	7,917	(7,181)
Loss for the year	(2,531,387)	(2,786,623)	(3,603,369)
Per share	(0.06)	(0.07)	(0.12)
<b>Statement of Financial Position:</b>			
Cash and cash equivalents	6,800,377	7,335,406	-
Total Current Assets	6,947,976	7,608,337	13,663
Exploration and evaluation assets	18,701,812	13,553,597	12,245,690
Long term financial liabilities	-	-	-
Cash dividends	N/A	N/A	N/A

### Three Months ended August 31, 2012 Compared to Three Months ended August 31, 2011

For the three months ended August 31, 2012, the Company had a net loss of \$613,279 compared to a net loss of \$485,176 in the comparative period of the prior year. The increase loss of \$128,103 in the three months period of the current year was due to a combination of factors discussed below.

Consulting fees decreased to \$58,476 (2011 - \$178,418) mainly due to share-based payment charges of \$22,476 during the current period compared to \$142,450 in the prior period.

Investor relations expenses increased to \$110,130 (2011 - \$62,304) due to increased share-based payment charges of \$22,353 during the current period compared to \$nil in the prior period. There was also an increase of \$25,473 due to a combination of increases in investor relations-related travel, advertising and marketing, and the number of personnel engaged, all of which are associated with an increased push by the Company to make investors aware of the Company's business and the results of its ongoing activities.

Office and miscellaneous expenses increased to \$42,344 (2011 - \$21,911) due to a combination of new software and publication subscriptions during the current period, increased monthly IT support costs, and increased costs in the Denver office in the current period.

Professional fees decreased to \$66,693 (2011 - \$74,070) due to decreased legal costs resulting from less activity in relation to exploration and evaluation asset agreements and decreased accounting costs due to a change in accounting personnel in the current period. In addition, share-based payment charges increased to \$3,701 in the current period compared with \$nil in the prior period.

Regulatory expenses increased to \$11,889 (2011 - \$1,393) due to additional filing and listing fees incurred in the current period.

Rent increased to \$17,523 (2011 - \$8,382) due to the Company commencing monthly rental payments for office space of the Denver office in October 2011.

Travel expenses increased to \$55,220 (2011 - \$11,276) due to attendance at more trade shows and conferences in the current period compared to the prior period. In addition, there was more travel being made by directors and officers for meetings and property visits.

Wages and benefits increased to \$254,949 (2011 - \$95,029) due to an increase in personnel and the hiring of a Chief Operating Officer combined with an increase of employer's expenses associated with the increase in wages and salaries. In addition, share-based payment charges increased from \$15,803 in the current period to \$nil in the prior period.

Other expense categories which reflected only moderate change period over period were administration expenses of \$880 (2011 - \$2,023), charitable donations of \$5,138 (2011 - \$6,861), depreciation expenses of \$2,820 (2011 - \$3,559) and insurance expenses of \$13,191 (2011 - \$14,710).

Other items amounted to a gain of \$25,863 compared to a loss of \$7,737 in the prior period. There was also an increase in foreign exchange gain of \$11,595 (2011 - loss of \$7,745), which is the result of factors outside of the Company's control, and an increase in interest income of \$14,268 (2011 - \$8) as a result of investment in a cashable GIC during the current period.

#### Share-based Payment Charges

Share-based payment charges for the three months ended August 31, 2012 of \$66,206 (2011 - \$215,936) were allocated as follows:

2012 (IFRS)	Before allocation of share-based payment charges	Share-based payment charges	After Allocation of share-based payment charges
Consulting	\$ 36,000	\$ 22,476	\$ 58,476
Investor relations	87,777	22,353	110,130
Professional fees	62,992	3,701	66,693
Wages and benefits	239,146	15,803	254,949
		64,333	
Exploration and evaluation assets		1,873	
		\$ 66,206	

2011 (IFRS)	Before allocation of share-based payment charges	Share-based payment charges	After Allocation of share-based payment charges
Consulting	\$ 35,968	\$ 142,450	\$ 178,418
Investor relations	62,304	-	62,304
Professional fees	74,070	-	74,070
Wages and benefits	95,029	-	95,029
		142,450	
Exploration and evaluation assets		73,486	
		\$ 215,936	

**Supplemental Information:  
Comparison to Selected Prior Quarterly Periods**

The following selected financial information is a summary of quarterly results taken from the Company's unaudited quarterly consolidated financial statements:

Description	August 31, 2012	May 31, 2012	February 29, 2012	November 30, 2011
Interest income	\$ 14,268	\$ 6,175	\$ 13,484	\$ -
Operator fee income	-	-	-	-
Net loss for the period	(613,279)	(746,045)	(724,800)	(575,366)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.01)

Description	August 31, 2011	May 31, 2011	February 28, 2011	November 30, 2010
Interest income	\$ 8	\$ 2	\$ 21	\$ -
Operator fee income	-	14,397	16,972	349,233
Net loss for the period	(485,176)	(310,484)	(367,321)	(1,174,450)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)

The previous discussion considers the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn, an interest, its working capital and how many shares it has outstanding. The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties, none of which are possible to predict with any accuracy. There are no general trends regarding the Company's

quarterly results, and the Company's business of mineral exploration is not seasonal. The write-off of exploration and evaluation assets can have a material effect on quarterly results as and when they occur. Another factor which can cause a material variation in net loss on a quarterly basis is the grant of stock options due to the resulting share-based payment charges, which can be significant when they arise. General operating costs other than the specific items noted above tend to be quite similar from period to period. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

### **Liquidity and Capital Resources**

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been financed by the sale of its equity securities by way of private placements and the exercise of incentive stock options. The Company believes that it will be able to secure additional private placements financings in the future, although it cannot predict the size or pricing of any such financings. In addition, the Company can raise funds through the sale of interests in its mineral properties, although current market conditions have substantially reduced the number of potential buyers/acquirers of any such interest(s). This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects. When acquiring an interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

The Company reported cash and cash equivalents of \$5,646,217 as at August 31, 2012 compared to \$6,800,377 as at May 31, 2012. The change in cash position was the net result of \$1,955,219 used in net exploration expenditures on exploration and evaluation assets and for a reclamation deposit, \$721,563 used for operating activities and \$1,502,100 received from the exercise of stock options in August, 2012.

As at August 31, 2012, the Company had working capital of \$4,950,173 compared to working capital of \$6,431,159 as at May 31, 2012. The Company expects that it will operate at a loss for the foreseeable future and that, it believes the current cash and cash equivalents will not be sufficient for it to maintain its currently held properties, and fund its currently anticipated general and administrative costs, for the balance of the fiscal year ending May 31, 2013, it will require additional financing during the remainder of 2012 and for 2013 to carry out all of its planned exploration and development activities at the North Bullfrog project in fiscal 2012/13. Should such financing not be available in that time-frame, the Company will be required to reduce its activities and will not be able to carry out all of its presently planned exploration and development activities at the North Bullfrog project on its currently anticipated scheduling.

The Company currently has no further funding commitments or arrangements for additional financing at this time (other than the potential exercise of broker warrants and incentive stock options) and there is no assurance that the Company will be able to obtain additional financing on acceptable terms, if at all. There is significant uncertainty that the Company will be able to secure any additional financing in the current equity markets - see "Risk Factors - Insufficient Financial Resources/Share Price Volatility". The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiaries for their immediate operating needs in Nevada and Alaska, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the

Company has, of necessity, been required to accept lower rates of interest, which has also lowered its potential interest income.

### **Transactions with Related Parties**

During the three month period ended August 31, 2012, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment charges, in connection therewith:

<b>Name</b>	<b>Relationship</b>	<b>Purpose of transaction</b>	<b>Amount</b>
Jeffrey Pontius	CEO of the Company	Wages and benefits	\$ 37,920
Russell Myers	President of the Company	Wages and benefits	\$ 37,920
Carl Brechtel	COO of the Company	Wages and benefits	\$ 44,240
Blue Pegasus Consulting Inc.	Company controlled by the CFO of the Company	Consulting	\$ 18,000
Lawrence W. Talbot Law Corporation	Company controlled by the VP and General Counsel of the Company	Professional fees	\$ 20,500
Marla K. Ritchie	Corporate Secretary	Consulting	\$ 3,000
Steve Aaker	Director of the Company	Director Fees	\$ 3,000
Daniel Carriere	Director of the Company	Director Fees	\$ 3,000
Edward Yarrow	Director of the Company	Director Fees	\$ 3,000
Anton Drescher	Director of the Company	Director Fees	\$ 3,000
Rowland Perkins	Director of the Company	Director Fees	\$ 3,000
Cardero Resource Corp.	Company with common officers and directors	Administration	\$ 880
		Office	\$ 5,838
		Rent	\$ 7,995

The Company has entered into a retainer agreement dated June 1, 2011 with Lawrence W. Talbot Law Corporation (“LWTLC”), pursuant to which LWTLC agrees to provide legal services to the Company. Pursuant to the retainer agreement, the Company has agreed to pay LWTLC a minimum annual retainer of \$72,000 (plus applicable taxes and disbursements). The retainer agreement may be terminated by LWTLC on reasonable notice, and by the Company on one year’s notice (or payment of one year’s retainer in lieu of notice). An officer of the Company is a director and shareholder of LWTLC.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Proposed Transactions**

As at the date of this MD&A there are no proposed transactions that the board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with and that have not been publicly disclosed.

### **Critical Accounting Estimates**

The preparation of the Company’s condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates in the preparation of the Company’s condensed interim consolidated financial statements include the carrying value and the recoverability

of the exploration and evaluation assets included in the Statements of Financial Position, the assumptions used to determine the fair value of share-based payments in the Statement of Comprehensive Loss, and the estimated amounts of reclamation and environmental costs. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

### **Critical accounting judgments**

---

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company has made the following critical accounting judgments:

- The determination of deferred tax assets and liabilities recorded in the financial statements.
- The determination of whether technical feasibility and commercial viability can be demonstrated for its exploration and evaluation assets. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. As at August 31, 2012 management had determined that no reclassification of exploration and evaluation assets was required.
- The determination of functional currency. In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”, management determined that the functional currency of Corvus Nevada and Raven Gold is US dollars and for all other entities within the Group, the functional currency is Canadian dollars, as these are the currencies of the primary economic environment in which the companies operate.

### **Changes in Accounting Policies Including Initial Adoption**

---

Please refer to Notes 2 of the Interim Financial Statements for a comprehensive list of the accounting policies adopted during the current period.

### **Financial Instruments and Other Instruments**

---

The carrying values of the Company’s financial instruments, which include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate their respective fair values due to their short-term maturity. Due to the short term of all such instruments, the Company does not believe that it is exposed to any material risk with respect thereto.

The Company’s cash and cash equivalents at August 31, 2012 were \$5,646,217 of which \$281,374 were held in US dollars.

The Company’s accounts receivables and payables at August 31, 2012 were normal course business items that are settled on a regular basis.

### **Material Proceedings**

---

The Company is not a party to any material proceedings.

### **Management’s Report on Internal Control over Financial Reporting**

---

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company’s financial reporting for external purposes in accordance with IFRS. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company’s transactions and

dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's condensed interim consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the Company's condensed interim consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of August 31, 2012.

#### **Changes in Internal Control over Financial Reporting**

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the quarter ended August 31, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **Disclosure of Outstanding Share Data (At October 11, 2012)**

##### **Authorized and Issued Capital Stock:**

<b>Authorized</b>	<b>Issued</b>	<b>Value</b>
An unlimited number of common shares without par value	52,620,261	\$ 36,150,404

##### **Incentive Stock Options Outstanding:**

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
330,000	\$0.82	January 21, 2013
100,000	\$0.69	May 30, 2013
650,000	\$0.50	July 29, 2016
210,000	\$0.67	November 17, 2016
300,000	\$0.92	May 29, 2017
2,995,000	\$0.96	September 19, 2017
3,462,700		

**Warrants Outstanding:**

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
325,000 (Agents' Warrants)	\$1.10	November 30, 2012

**Additional Sources of Information**

Additional disclosures pertaining to the Company, including its most recent Annual Information Form, financial statements, material change reports, press releases and other information, are available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.corvusgold.com](http://www.corvusgold.com). Readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.