AMERICAN CUMO MINING CORPORATION
(FORMERLY MOSQUITO CONSOLIDATED GOLD MINES LIMITED)

Management's Discussion and Analysis
March 31, 2014

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of American CuMo Mining Corporation ("CuMoCo") together with its subsidiaries (collectively, the "Company") is prepared as of May 23, 2014 and should be read in conjunction with the Company's condensed consolidated interim financial statements and notes for the quarter ended March 31, 2014 ("Q3-2014") and the Company's audited consolidated financial statements and notes for the year ended June 30, 2013 ("fiscal 2013").

The Company's financial statements are reported under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The Company's reporting currency is the Canadian dollar and all figures in this MD&A are in Canadian dollars unless otherwise indicated.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

CuMoCo is a Canadian mineral exploration and development company that has historically focused on identifying, acquiring and developing natural resource opportunities in the United States and Canada. The Company's flagship project is the CuMo molybdenum project (the "CuMo Project"), located in Idaho, in the United States.

CuMoCo's common shares are listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "MLY" and on the OTCQX Stock Exchange in the United States under the trading symbol "MLYCF".

CORPORATE OVERVIEW

At the Company's contested special meeting of shareholders held on October 16, 2012, (the "Meeting"), the shareholders of the Company approved the election of a new board of directors (the "Board"). Each member of the Board was proposed for election by a group of concerned shareholders and received votes in favour representing over 2/3 of the votes cast by proxy.

Subsequent to the Meeting, the Board appointed new officers of the Company and received funds pursuant to two convertible debentures of $1.5 million and US$1.5 million, respectively (see *LIQUIDITY AND CAPITAL RESOURCES*). In December 2012, shareholders of the Company approved a corporate rebranding and the Company changed its name to American CuMo Mining Corporation.

Since October 2012, management has devoted considerable efforts to understanding the state of the Company and its financial affairs and has taken steps to secure equipment, terminate all non-core business operations, establish controls and procedures and implement a plan to sell real estate, vehicles and other equipment that are not required to advance the development of the CuMo Project.

The Company also retained the services of an independent forensic audit firm to investigate business transactions conducted by prior management. As a result of the findings of the forensic audit, during the quarter ended September 30, 2013 ("Q1-2014"), the Company filed a Notice for Civil Claim for damages against certain former members of management and a private company controlled by former members of management. (see *CONTINGENCIES*).

Management has determined to focus the Company's activities towards advancing the CuMo Project while restoring the credibility and professionalism of the project with stakeholders and other interested groups.

In order to devote the Company's resources to the CuMo Project, in fiscal 2013, the Company discontinued the operations of its subsidiary Kirkness Diamond Drilling Co., Inc. ("Kirkness") of Carson City, Nevada. Kirkness was a provider of drilling services. In connection with discontinuing the Kirkness operations, the Company proceeded to sell real estate, vehicle and equipment formerly used in the Kirkness operations. Assets that had not been sold as of June 30, 2013 were reclassified by the Company as available for sale assets. The Company actively pursued the sale of these assets and as of the date of this MD&A all assets held for sale have been sold.

EXPLORATION PROJECTS

The Company's flagship project is the CuMo Project, located in Idaho, in the United States. The Company's Boise property, also located in Idaho, is contiguous to and provides access to the CuMo Project.

The Company has other unproven mineral right interests in the United States and in Canada, which have been either optioned to other exploration companies, or written down to a nominal carrying value.

CUMO PROJECT

The CuMo Project is situated in the mountains of south-central Idaho, approximately 15 miles northeast of the town of Idaho City. Good all-weather highway and logging roads provide easy access to the project from Idaho City. The Project consists of eight unpatented mineral claims.

Geologically, the Project is situated along the northeast trending Trans-Challis Structural Zone in a complex assemblage of Tertiary age felsic dykes and stocks that intrude quartz monzonite of the Idaho batholith. Between 1973 and 1981 Cyprus Amax Minerals Company ("Amax") drilled 26 holes totaling 30,821 feet and in 1982, produced a computer generated Kriged block model for the project.

In 1997, the Project was acquired by Cumo Molybdenum Mining, Inc., who in 2004 optioned it to the Company. The terms of the option agreement called a combination of advance royalty payments, 300,000 CuMo shares (issued) and work requirements, as outlined below.

1. Advance royalty payments:

    - US$10,000 upon signing (completed);
    - US$10,000 after 60 days (completed);
    - US$5,000 after 6 months (completed);
    - US$20,000 1st year anniversary (completed);
    - US$20,000 2nd year anniversary (completed);
    - US$15,000 3rd year anniversary (completed);
    - US$15,000 every 6 months thereafter (up-to-date).

    These payments are to be credited against a 1.5% net smelter return ("NSR") which reduces to 0.5% NSR after cumulative payments of US$3,000,000.

2. Work requirements:

    - US$25,000 during the first year (completed);
    - At least US$50,000 each year thereafter (up-to-date).

In November 2009 CuMoCo announced the results of an independent National Instrument 43-101 ("NI 43-101") compliant Preliminary Economic Assessment ("PEA") managed by Ausenco Minerals Canada Inc. ("Ausenco"), a Vancouver-based engineering firm with corporate headquarters in Brisbane, Australia.

In April 2011 the Company announced an updated NI 43-101 compliant indicated and inferred resource estimate for the Project which significantly expanded the overall mineral resource and further confirmed that CuMo is the largest un-mined open pit accessible primary molybdenum project. Snowden Mining Industry Consultants, an independent internationally recognized mineral industry consultant, calculated the estimate. At the request of the TSX-V, due to minor deficiencies with the certificates and consents of some of the Qualified Persons on the report, the resource report was re-filed in July 2012. The re-filed report contained no changes to the resource numbers, the only changes in the report were in respect of some of the responsibilities and declarations.

In May 2012 the Company initiated a 15,000 foot diamond drilling program to further explore the Project. A total of six holes have been completed to date.

In September 2012 the United States District Court - Idaho District (the "Court") decided in favor of the United States Forest Service ("USFS") and the USFS's Finding of No Significant Impact ("FONSI") at the Project. The USFS had been challenged by local environmental groups over its Environmental Assessment determination for CuMo. The Court noted the USFS had developed insufficient baseline data on groundwater quality and directed the USFS to undertake further analysis concerning groundwater and to prepare additional National Environmental Policy Act studies or to provide a reasonable explanation as to why exploration impacts would be insignificant. The USFS subsequently directed the Company to suspend work that might have groundwater interaction, including drilling.

During fiscal 2013, the Company worked to resolve this matter and continued to advance the necessary studies and assessments required for the USFS's Supplemental Environmental Assessment ("SEA") of the CuMo Project. The SEA was issued on August 15, 2013 and follows the USFS's 2011 Decision Notice and FONSI which will enable fulfillment of a federal judge's order to carry out studies necessary for the completion of the exploration phase of the CuMo project. Following the release of the SEA, a 30-day public comment period took place, which ended satisfactorily on September 18, 2013. The Company believes the SEA should be approved mid-2014, and exploration activities resumed.

BOISE COUNTY PROPERTY

On July 8, 2010, the Company entered into an option agreement, amended on July 5, 2011, to purchase certain mineral claims that included surface rights located in Boise County, Idaho. These patent mineral claims are contiguous to and provide access to the CuMo Project. In order to maintain the option in good standing, the Company was required to make option payments of US$ 1,200,000. These payments have been completed and the Company has obtained title to the Boise County property, which becomes part of the overall CuMo Project.

PINE TREE PROPERTY

The Pine Tree property consisted of 61 claims (510 hectares) located in the Pilot Mountains, Mineral County in western Nevada. The primary target on the property was a copper-molybdenum-rhenium porphyry deposit, with potential gold, silver and tungsten by-products.

In 2005 the Company entered into an option agreement to purchase the Pine Tree property through a combination of advance royalty payments of $25,000 per year until a total of US$2,000,000 (the "NSR Royalty") had been paid after which a 2% NSR would be reduced to 0.5%, share payments totaling 300,000 shares of the Company (completed) and an exploration commitment of US$450,000 (completed).

On June 25, 2010 (the "Effective Date"), the Company entered into an option agreement with IEMR Resources Inc. (formerly, Trans National Minerals Inc.) ("IEMR"). Pursuant to the agreement, IEMR acquired an option to purchase a 100% interest in the Pine Tree property. In order to maintain the option in good standing, IEMR was required to make the following payments and share issuances to the Company:

	Cash payments	Common shares
On the Effective Date (completed)	US$ 200,000	1,000,000
On or before the first anniversary of the Effective Date (completed)	200,000	1,000,000
On or before the second anniversary of the Effective Date (completed)	200,000	1,000,000
On or before the third anniversary of the Effective Date (completed)	200,000	1,000,000
On or before the fourth anniversary of the Effective Date (completed as amended)	200,000	1,000,000
Total	US$1,000,000	5,000,000

In addition, IEMR agreed to incur aggregate exploration and development expenditures on the property of $3,000,000 on or before the fourth anniversary of the Effective Date, subject to minimum expenditures of $500,000 incurred each year on or before the anniversary of the Effective Date (up-to-date).

During the option period, IEMR was also responsible for making advance royalty payments of US$25,000 per year to the holders of the NSR Royalty. All payments were made and the agreement was maintained in good standing.

In fiscal 2013, the Company conducted an impairment analysis of the Pine Tree property and proceeded to impair the property to the carrying value of the then remaining option payments. An impairment expense of $6,652,857 resulted from this adjustment.

In December 2013, the Company and IEMR reached an agreement to amend the Pine Tree option agreement (the "Amendment"). Prior to the Amendment, IEMR had:

- Made all cash payments due under the option agreement to the Company except the final US$200,000 cash payment (the "Final Cash Payment");

- Issued a total of 4 million common shares of IEMR (the "Issued Shares") to the Company and was to issue an additional 1 million common shares (the "Final Share Instalment") to the Company on or before June 25, 2014; and

- Incurred the amount of exploration expenditures on the Pine Tree Property required to exercise the option.

Pursuant to the Amendment, the parties agreed to amend the option agreement to cause IEMR to pay the Company the Final Cash Payment immediately on the following terms:

- That the size of the Final Cash Payment be reduced to US$185,000 (the "Amended Payment");
- That IEMR not be required to issue the Final Share Instalment to the Company; and
- That the Company returned the Issued Shares to IEMR for cancellation.

Upon execution of the Amended Payment IEMR earned a 100% interest in the Pine Tree Property, subject to the underlying NSR.

Pursuant to the Amendment, the Company recorded a final impairment on mineral right interests of $10,841 in the quarter ended December 31, 2013. Upon return of the Issued Shares to IEMR, the Company recorded a loss on forfeiture of investment of $646,520.

BLACKPOINT PROPERTY

The Blackpoint gold-silver property is located in Eureka County, Nevada. The Company completed limited exploration work on this property and during the fiscal year 2008, management wrote down the carrying value of the property to a nominal amount.

On August 24, 2011, the Company entered into an agreement with Urastar to sell a 100% interest in the BlackPoint property. Urastar terminated this agreement during the quarter ended September 30, 2012 and returned the Blackpoint property to the Company. In the quarter ended September 30, 2013, these claims were formally dropped by the Company.

OTHER UNITED STATES PROPERTIES

Spruce Mountain Property: In 2006 the Company signed a purchase agreement for 53 patented claims on Spruce Mountain, Elko County, Nevada. The property covers a large molybdenum porphyry system containing silver, rhenium and copper. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2010.

Motley Property: In 2007 the Company entered into an agreement to purchase four unpatented claims located in the state of Idaho. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2009. In Q1-2014 these claims were formally dropped by the Company.

Spring Creek Property: Between 2007 and 2008 the Company staked several claims in Montana and Idaho that adjoin the Motley property, collectively the Spring Creek Project. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2010. In Q1-2014 these claims were formally dropped by the Company.

Copper Chief Property: In 2007 the Company staked 40 claims known as the Copper Chief property in Mina, Nevada, approximately 4 miles north of Pine Tree property. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2010. In Q1-2014 a 70% interest on this property was optioned out.

CANADIAN PROPERTIES

Cariboo: The Company was originally formed to establish a mining complex on the former producing mines known as Island Mountain Mine and Cariboo Gold Quartz Mine, located near Wells, in British Columbia. In 1994 an agreement was reached with Barkerville Gold Mines Limited ("Barkerville") under which the Company granted to Barkerville the right to earn a 50% in the Cariboo property.

In December 2011, the Company entered into an agreement to sell to Barkerville all residual property interests owned by the Company in the Cariboo property for $5,000,000.00. These interests included a 50% Interest in the Cariboo Gold Quartz property, placer mining rights on CuMo Creek and a 3% Net Smelter Return royalty on the Cariboo Gold Quartz Mine property, Island Mountain Mine property and CuMo Creek Mine property.

In January 2012, Barkerville paid the $5,000,000 amount to the Company, who recorded a gain on disposal of unproven mineral right interests of $4,992,448 after adjustments to capitalized expenses associated with the property, as the carrying value of the property had been impaired to a nominal value of $1 in prior fiscal years.

Brett Claim Group: In 2003 the Company completed an agreement to acquire a 100% interest in the Brett #1 and Brett #2 mineral claims located in the Vernon Mining District of British Columbia for a consideration of 500,000 shares of the Company. In 2004, Running Fox Resource Corp. ("Running Fox") and the Company entered into an option agreement on the Brett property whereby Running Fox earned a 50% interest in the property in 2004. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2008.

In 2011, the Company entered into an agreement with Running Fox whereby the Company sold to Running Fox, subject to a NSR, the Company's remaining 50% interest in the Brett property. Consideration for this transaction consisted of a cash payment of $1,000,000 and 3,000,000 common shares of Running Fox at a fair value of $900,000. The Company recorded a gain on sale of unproven mineral right interest of $1,899,999. In addition to this consideration the Company retained a sliding-scale royalty (the "Brett Royalty") on the property based on the price of gold as follows:

- Gold price up to $500 per ounce: 2% NSR;
- Gold price between $501 and $1,000 per ounce: 3% NSR;
- Gold price between $1001 and $1,500 per ounce: 5% NSR;
- Gold price between $1501 and $2,000 per ounce: 6% NSR;
- Gold price over $2,001 per ounce: 8% NSR.

On January 27, 2014, the Company entered into an agreement (the "Agreement") whereby Ximen Mining Corp. ("Ximen) may acquire the Brett Royalty. The consideration payable to the Company consists of up to $1,350,000 cash and 100,000 common shares of Ximen payable prior to the third anniversary of the Agreement. In addition, there are additional share issuances of $120,000 payable in shares due by the third year of the Agreement. The number of shares to be issued shall be calculated based on the deemed price per share being the volume-weighted average closing price (subject to TSX-V minimum pricing) of Ximen's common shares on the TSX-V for the ten trading days prior to the date the payment is due.

The securities to be received pursuant to the Agreement will be subject to a four month hold period from the date of issuance in accordance with applicable Canadian securities law.

Subsequent to March 31, 2014, the Company received 100,000 Ximen shares (see **Subsequent Events**).

Laverty: In 2004 the Company acquired a 100% interest in 1156207 Ontario Ltd. for $80,000 with the vendor retaining a 1% NSR. 1156207 Ontario Ltd. holds a 100% interest in two groups of patented mineral claims known as the Laverty property, located in Red Lake, Ontario and the Cummins property, located near Larder Lake, Ontario. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2008.

By way of an option agreement dated January 26, 2009, and amended on March 11, 2009, the Company optioned the Laverty property to Mega (formerly Skybridge Development Corp. ("Skybridge")) in consideration of cash payments of $500,000, 250,000 shares of Skybridge, 500,000 shares of Mega and a $1,500,000 exploration expenditures commitment. During the quarter ended March 31, 2013, Mega completed the commitments and all consideration due to the Company pursuant to this option agreement. The Company retains a 2% NSR on ore mined from the property.

During the year ended June 30, 2013, cash payments of $100,000 and 200,000 Mega shares valued on receipt at $48,000 were received by the Company, who recorded a gain on disposal of unproven mineral right interests of $148,000.

During the year ended June 30, 2012, cash payments of $100,000 and 100,000 Mega shares valued on receipt at $46,000 were received by the Company, who recorded a gain on disposal of unproven mineral right interests of $146,000.

Given that the Laverty property had been written-down to a nominal value, the cash and share consideration received on the property were recognized through earnings.

Cummins: The Cummins property consists of 5 patented mineral claims located in McElroy Township, near Larder Lake, Ontario. The Company has a 100% interest in the project and has not performed any work to date.

A summary of the Company's unproven mineral right interests is provided below:

	CuMo	Boise	Pinetree	Other	Total
	$	$	$	$	$
Balance, July 1, 2012	16,543,532	808,450	7,077,857	19,754	24,449,593
Exploration expenditures:					
Assays and analysis	83,019	-	-	-	83,019
Community relations	95,150	-	-	-	95,150
Drilling	473,330	-	-	-	473,330
Geological, professional fees	83,569	-	-	-	83,569
Environmental studies	530,036	-	-	-	530,036
Other exploration costs	7,297	-	-	-	7,297
	17,815,933	808,450	7,077,857	19,754	25,721,994
Other items:					
Acquisition costs and payments	78,717	405,600	-	5,757	490,074
Impairment charges	-	-	(6,652,857)	(5,760)	(6,658,617)
Option payments received	-	-	(10,000)	-	(10,000)
Balance, June 30, 2013	17,894,650	1,214,050	415,000	19,751	19,543,451
Balance, July 1, 2013	17,894,650	1,214,050	415,000	19,751	19,543,451
Exploration expenditures:					-
Assays and analysis	340	-	-	-	340
Community relations	80,138	-	-	-	80,138
Drilling	-	-	-	-	-
Geological, professional fees	24,500	-	-	-	24,500
Environmental studies	418,390	-	-	-	418,390
Other exploration costs	-	-	-	-	-
	18,418,018	1,214,050	415,000	19,751	20,066,819
Other items:					
Acquisition costs and payments	67,885	-	9,526	-	77,411
Impairment charges	-	- -	10,841	- -	10,841
Option payments received	-	-	(413,685)	- -	413,685
Balance, March 31, 2014	18,485,903	1,214,050	-	19,751	19,719,704

ASSETS HELD FOR SALE

As mentioned before in this MD&A, as at June 30, 2013 the Company determined that certain assets should be held for sale, as value from these assets would be recovered principally through a sales transaction rather than from continuing use. These assets were acquired in connection with the Company's former operations as a provider of drilling services, which were discontinued in fiscal 2013. Assets held for sale included land and buildings, drills and drill parts and spares and vehicles.

On reclassification from property, plant and equipment, assets held for sale were measured at $1,321,427, being the lower of their fair value less cost to sell or their carrying value. An impairment loss of $41,828 was incurred in the year ended June 30, 2013 in connection with measurement adjustments of assets held for sale.

All of the Company's vehicles, drills, drill parts and spares were sold as of March 31, 2014. Also, one of the two significant real estate assets held for sale was sold in this period, and the second significant real estate asset held for sale was sold in April 2014.

During the nine months ended March 31, 2014, the Company received proceeds of $823,496 from the sale of assets held for sale, and recorded a loss of $280,387 in connection with these sales. The Company also recorded a cumulative translation adjustment of ($34,748) in the period in respect of the translation of the carrying value of available for sales assets denominated in U.S. dollars to Canadian dollars. The loss realized on sale of these assets was mostly associated with the sale in Q2-2014 of drills and drill parts and spares. The Company entered into an agreement with Idaho-based Timberline Drilling, Inc. ("Timberline"), pursuant to which Timberline agreed to purchase all remaining drills, support equipment and inventory owned by the Company. The Company recorded a loss on sale of available for sale assets of $266,913 as the originally estimated fair value less cost to sell of the assets exceeded the actual proceeds received under very constrained market conditions.

OTHER ASSETS

In Q1-2014, the Company sold its interest in Vicore Mining Developments Ltd. ("Vicore") for consideration of $60,000. $50,000 of the proceeds from the sale of Vicore was received by the Company to March 31, 2014, and the remaining $10,000 has been received as of the date of this MD&A. There was no carrying value associated with the Company's investment in Vicore. Accordingly, as of March 31, 2014 the Company recorded a gain on sale of investment of $50,000 associated with this transaction.

RESULTS OF OPERATIONS – QUARTER ENDED MARCH 31, 2014

The Company recorded a net loss of $755,301 or $0.01 per share in Q3-2014, compared to a net loss of $733,218 ($0.01 per share in the quarter ended March 31, 2013 ("Q3-2013").

The most significant expenses incurred in Q3-2014 were consulting and professional fees of $240,234 (Q3-2013: $210,842), convertible note expense of $191,794 (Q3-2013: $106,408) and salaries and management fees of $143,852 (Q3-2013: $151,649).In general terms, expenses incurred in Q3-2014 were comparable to those incurred in the comparative period of Q3-2013.

Other comprehensive income of $59,592 in Q3-2014 included an unrealized gain on investments of $27,556 (Q3-2013: loss of $93,001) and cumulative translation adjustment of $32,036 (Q3-2013: $108,715).

RESULTS OF OPERATIONS – NINE MONTHS ENDED MARCH 31, 2014

In the nine months ended March 31, 2014 ("YTD-2014"), the Company recorded a net loss of $3,599,923 or $0.04 per share, compared to a net loss of $3,239,237 or $0.04 per share in the nine months ended March 31, 2013 ("YTD-2013").

The most significant expenses incurred in YTD-2014 were a loss on sale or forfeiture of investments of $1,488,127 (YTD-2013: $64,795), consulting and professional fees of $676,253 (YTD-2013: $1,290,131) and salaries and management fees of $466,509 (YTD-2013: $290,410).

The loss on sale or forfeiture of investments YTD-2014 was comprised of the following elements:

• Loss on sale of shares of Running Fox Resource Corp.	$	858,650
• Loss on forfeiture of IEMR Resources Inc.		646,520
• Loss on sale of 100,000 shares in Mega Precious Metals Inc.		32,957
• Gain on proceeds received for the sale of Vicore Mining Developments Ltd.		(50,000)

Other comprehensive income of $1,494,162(YTD-2013: other comprehensive loss of $2,073) included a transfer of other comprehensive loss on sale of investments of $1,503,370 (YTD-2013: $64,795), an unrealized loss on investments of $55,831 (YTD-2013: $99,560) and a cumulative translation adjustment of $46,623 (YTD-2013: $32,742).

SUMMARY OF QUARTERLY RESULTS

	QUARTERS ENDED			
	March 31, 2014	**December 31, 2013**	**September 30, 2013**	**June 30, 2013**
	$	**$**	**$**	**$**
Revenue [1]	-	-	-	-
Net loss	(755,301)	(2,370,150)	(474,472)	(8,992,280)
Loss per share [2]	(0.01)	(0.03)	(0.01)	(0.11)
	March 31, 2013	**December 31, 2012**	**September 30, 2012**	**June 30, 2012**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Net (loss) earnings	(733,218)	(2,003,568)	(502,451)	(783,479)
(Loss) earnings per share [2]	(0.01)	(0.02)	(0.01)	(0.00)

[1] Reclassified as a component of discontinued operations
[2] Presented on an undiluted basis

Volatility in net loss from period to period exists in respect of material one-off transactions such as disposals and/or impairment of unproven mineral right interests. In the QE December 31, 2013, the Company recorded a loss on sale or forfeiture of investments of $1,503,127, during the QE June 30, 2013 the Company recorded an impairment of unproven mineral right interests of $6.6 million on the Pine Tree property and substantial impairment charges associated with discontinued operations. QE December 31, 2012 was impacted by the cost of the disputed October 2012 shareholders meeting.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2014, the Company had a working capital deficiency of $1,570,800, compared to a working capital deficiency of $410,892 at June 30, 2013, including a cash balance of $202,398 (June 30, 2013: $471,945).

The increase in the Company's working capital deficiency was caused by the higher level of operating expenses and CuMo Project exploration expenses incurred in YTD-2014, compared to the cash inflows received by the Company in the period, comprised mostly of proceeds from the sale of available for sale assets.

YTD-2014, the Company's investments decreased from $207,795 to $59,964 due to a decrease in market value and sales and forfeitures of some of the investments.

Trade and other payables were $1,740,510 at March 31, 2014, compared to $1,031,666 at June 30, 2013.

The Company has a current portion of convertible notes obligations of $205,316, comprised of the expected interest payments on convertible notes due between April 1, 2014 and March 31, 2015.

Convertible notes

In order to finance the ongoing development of the CuMo project the Company borrowed from International Energy & Mineral Resources Investment (Hong Kong) Company Limited ("HK CO") the principal amount of $1,500,000 and US$1,500,000, and issued secured convertible notes (the "Notes") in respect of such indebtedness to HK CO (the "Financing").

The Notes have face values of $1,500,000 and US$1,500,000 and mature on October 25, 2017 and November 25, 2017 (the "Maturity Dates"), respectively. The Notes accrue interest at a rate of 6.5% per annum, calculated and paid annually. Interest payments of $97,500 on the $1,500,000 note are due on October 25, 2013 (paid), October 25, 2014, October 25, 2015, October 25, 2016 and October 25, 2017. Interest payments of US$97,500 on the US$1,500,000 note are due on November 25, 2013 (paid), November 25, 2014, November 25, 2015, November 25, 2016 and November 25, 2017.

At the option of HK CO the Notes shall be convertible at any time prior to the Maturity Dates, in whole or in part, into common shares of the Company at a price of $0.28 per common share, provided that HK CO shall only be permitted to exercise such conversion right to the extent that it results in HK CO holding no greater than 19.9% of the issued and outstanding common shares of CuMoCo.

The Canadian dollar Note is being treated as a compound financial instrument with a debt element treated as a liability and an equity conversion element treated as equity. On issuance the equity conversion feature was valued at $297,394. Share issue costs of $3,247 were allocated to the equity conversion feature, resulting on a net equity conversion feature of $294,147.

The U.S. dollar Note, given it is not denominated in the functional currency of CuMo, is accounted for as a financial liability with an embedded derivative and host debt contract.

The aggregate of accreted interest, changes in the option conversion component valuation and foreign exchange expense of $208,521 incurred YTD-2014 (YTD-2013: $134,154) is reported as convertible note expense in the Company's statement of loss and comprehensive loss.

HK CO is a "Related Party" of the Company pursuant to the policies of the TSX-V, as HK CO holds approximately 16.12% of the issued and outstanding common shares of CuMoCo. As such, the Financing constituted a "Related Party Transaction" under the policies of the TSX-V. The Company has relied on exemptions from the formal valuation and minority approval requirements which are available to the Company.

The Financing was unanimously approved by the Board of Directors of the Company, other than a director who declared his interest in the Financing and abstained from voting with respect to the Financing as he holds a controlling interest in HK CO. If the principal amount of the Note is converted to the full extent possible, HK CO will increase its shareholdings in the Company from 13,256,666 common shares (approximately 16.12% of the issued and outstanding common shares) to 16,370,226 common shares (which would represent approximately 19.9% of the issued and outstanding common shares), assuming that no additional common shares of CuMoCo are issued prior to such conversion.

Exploration activity in the Company's projects and general and administrative overheads in YTD-2014 were funded from cash at hand, sale of available for sale assets and from the proceeds of option payments on the Pine Tree property.

The Company is in the exploration stage and therefore does not generate operating cash flows. The Company's ability to continue operations is contingent on its ability to obtain funds through the future issuance of securities.

YTD-2014 the Company paid $201,854 in interest payments on the convertible debenture.

Proposed financing announced but not completed

On September 30, 2013, the Company announced its intention to undertake a financing to raise up to US$3 million by the sale of units ("Units") at a price of US$1,000 per Unit, with each Unit consisting of a US$1,000 non-transferable unsecured convertible debenture (a "Convertible Debenture") of the Company and 1,500 non-transferable common share purchase warrants (the "Warrants"). Each Convertible Debenture would have a term of 5 years, bear an interest rate of 8.5% per annum, with interest payable on a semi-annual basis, and be convertible into common shares of the Company at a price of US$0.3333 per common share. Each Warrant would entitle the holder to purchase one additional common share of the Company (a "Warrant Share") for a period of five years at a price of US$0.40 per Warrant Share. The Company would have the right to buy back the convertible portion at any time in which case, subscribers would keep the Warrant. Finder's fees, in accordance with TSX-V policy would be paid in connection with the financing. Closing of this financing would be subject to regulatory approval. The Company received funds of $17,874 and US$20,000 pursuant to this financing in the quarter ended December 31, 2013, which have been recorded as amounts payable by the Company in the statement of financial position, as no units have been issued in connection with these proceeds.

On December 18, 2013, the Company announced its intention to undertake a financing to raise up to US$25 million (the "Silver Financing") through the sale of up to 100 units ("Silver Units") of its subsidiary, Idaho CuMo Mining Corporation ("Idaho CuMo"), at a price of US$250,000 per Silver Unit, with each Silver Unit consisting of an unsecured and non-transferable promissory note in the principal amount of US$250,000 (a "Note") and a right (the "Silver Purchase Right") to enter into a silver purchase and sale agreement (a "Silver Purchase Agreement") with Idaho CuMo.

The Notes would bear interest at a rate of 6% per annum, payable semi-annually on June 30 and December 31, and would have a term of 5 years. With the consent of the holder of the Note, Idaho CuMo could prepay all or any portion of the principal amount outstanding under such Note at any time, provided that any prepayment in whole or in part of the Note would cause the Silver Purchase Right to immediately expire.

The Silver Purchase Right would be exercisable by the holder within 30 days of completion of a feasibility study and decision by the Company to place the CuMo Project into commercial production provided that the Note had not been repaid in full or in part by the Company. Each Silver Purchase Right would, if exercised, require the purchaser to purchase and Idaho CuMo to sell to the purchaser refined silver in an amount equal to 0.5% of the silver (in any form) produced from the CuMo Project, up to a maximum of 312,500 ounces of refined silver (the "Silver Maximum") pursuant to a Silver Purchase Agreement.

If all Silver Units under the Financing were to be issued and all Silver Purchase Rights were exercised, Idaho CuMo would be required to sell up to a maximum of 31,250,000 ounces of refined silver, which silver would be deliverable from 50% of the silver produced from the CuMo Project. Upon exercise of the Silver Purchase Right, the purchaser would pay an upfront cash payment of US$250,000 (the "Deposit") per Silver Purchase Right exercised upon execution of the Silver Purchase Agreement, which payment would be made by way of a set off against repayment of the principal amount of loans owing by Idaho CuMo to the purchaser. The Deposit would be unsecured.

The purchase price for each ounce of refined silver purchased would be comprised of (a) an ongoing cash payment ("Ongoing Payment"), being the lesser of (i) the London silver spot price and (ii) US$5/oz, subject to an inflationary adjustment; and (b) a deposit reduction amount, being the amount by which the silver spot price exceeds the Ongoing Payment, paid as a reduction to the Deposit and payable until such time as the Deposit is reduced to zero.

The term of the Silver Purchase Agreements would continue until the earlier of (i) the date on which the Silver Maximum has been delivered to the purchaser; and (ii) 40 years (subject to automatic 10-year renewals if the CuMo Project is in operation). Any uncredited balance of the Deposit at the end of a Silver Purchase Agreement's term would be refunded to the purchaser.

Closing of the Silver Financing would be subject to regulatory approval and the preparation and approval by the parties of definitive legal documentation.

CuMoCo may pay a cash finder's fee of 5%, in accordance with TSX-V policy, in connection with the Silver Financing.

Operating Activities

Cash used in continuing operations YTD-2014, including the changes in non-cash working capital items, was $769,487 (YTD-2013: $2,588,700). YTD-2013 the Company also incurred cash outflows associated with discontinued operations of $41,725.

Investing Activities

Cash provided by investing activities YTD-2014 was $693,645 (YTD-2013: cash used in investing activities of $2,007,452). Investing activities YTD-2014 included expenditures on unproven mineral right interests of $600,779 (YTD-2013: $2,087,322), proceeds from the sale of available for sale assets of $823,496 (YTD-2013: $nil), proceeds from option payments of $413,685 (YTD-2013: $100,000) and proceeds from the sale of investments of $57,423 (YTD-2013: $68,205).

TRANSACTIONS WITH RELATED PARTIES

Details of the transactions between the Company and other related parties are disclosed below.

Trading transactions

The Company's related parties consist of companies owned by or associated with executive officers and directors, and former executive officers and directors as follows:

	Nature of transactions
1330275 Ontario Inc.	Management fees
Geologic Systems Inc.	Exploration and administration fees
Delphis Financial Strategies Inc.	Management fees
International Energy & Mineral Resources Investment (Hong Kong) Company Limited	Management fees
Jurisino Group	Management fees
Synergie Consultants Ltd.	Management fees

During the nine months ended March 31, 2014 and 2013, the Company incurred the following fees in the normal course of operations in connection with companies owned by key management and directors. Fees have been measured at the exchange amount which is determined on a cost recovery basis.

	$	$
Salaries and management fees	**239,000**	246,761
Exploration fees	**24,500**	12,500
Administration fees'	**15,000**	-
Investor relations and other fees	**45,000**	134,762
	323,500	394,023

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Trade and other payables at March 31, 2014 included $115,332 (June 30, 2013: $45,919), which were due to officers, director and private companies controlled by directors and officers of the Company.

Amounts payable by related parties are unsecured, non-interest bearing and payable on demand. Trade and other receivables at March 31, 2014 included $nil (June 30, 2013: $76,838), which were due by a private company controlled by a director and officer of the Company, and by a director and officer of the Company.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are summarized in Note 3 of its audited consolidated financial statements for the year ended June 30, 2013. The preparation of consolidated financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements.

The Company regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

Examples of significant estimates include:

- Carrying values of mineral right interests;
- Carrying values of equipment and depreciation rates for equipment;
- Estimated values less costs to sell of available for sale assets;
- Valuation of deferred income taxes and allowances;
- Assumptions used to assess impairment of mineral right interests and equipment;
- Valuation of share-based payments.

Examples of significant judgments, apart from those involving estimates, include:

- The accounting policies for mineral right interests and equipment;
- Classification of financial instruments;
- Determination of functional currency.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES

The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in the forward-looking statements and information contained herein. The risks sets out below include those that are widespread and associated with any form of business and those that are specific risks associated with the Company's business and its involvement in the exploration and mining industry generally, and in the United States in particular. Shareholders and prospective investors should carefully consider, in light of their own financial circumstance, the factors set out herein.

Global Financial Conditions

Global financial conditions in recent years have been characterized by high levels of volatility. Access to financing has been negatively impacted by many factors as a result. This may impact the Company's ability to obtain financing in the future at all, or on reasonable terms. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

Fluctuation of Commodity Prices

The Company's exploration and other mining activities have previously been, and may in the future be, significantly adversely affected by declines in commodity prices. Commodity prices are volatile and are affected by numerous factors beyond the Company's control such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major mining countries throughout the world. Any future serious drop in commodity prices or sustained low commodity prices could adversely impact the Company's future revenues, profits and cash flows. In particular, sustained low, or further reductions in, commodity prices could:

- reduce or eliminate the Company's ability to finance the exploration of existing and future mineral projects;
- force the Company to lose its interest in, or to sell, all or some of its properties;
- halt or delay the development of existing or new projects; and
- reduce the value of the Company's securities.

Furthermore, declining or sustained low commodity prices could impact the Company's operations by requiring a reassessment of the feasibility of any existing or new projects. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Dependence on Third Party Financing

The Company has limited access to operational cash flow. As a result, the Company will continue to depend on third party financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and upon the ability of a company without any significant projects already in production to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Company or, if it is, that it will be offered on acceptable terms. Failure to obtain sufficient financing, as and when required, may result in a delay or indefinite postponement of exploration or development on any or all of the Company's properties.

Currency Risk

The Company maintains most of its working capital in Canadian dollars. The Company currently operates in the United States and Canada and its operating costs are incurred in a combination of United States dollars and Canadian dollars. Accordingly, the Company is subject to fluctuations in the rates of currency exchange between these currencies. The Company has not hedged its exposure to currency fluctuations.

Economic and Political Instability in Foreign Jurisdictions

The Company currently operates in Canada and the United States. There are risks to conducting business in foreign countries. These risks may include, among others, invalidation of governmental orders and permits, uncertain political and economic environments, sovereign risk, war, civil disturbances, arbitrary changes in laws or policies, the failure of foreign parties to honour contractual relations, delays in obtaining or the inability to obtain necessary governmental permits, authorizations and consents, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on exports, instability due to economic under-development, inadequate infrastructure and increased financing costs.

In addition, the enforcement by the Company of its legal rights to exploit its properties may not be recognized by any foreign government or by the court system of a foreign country. These risks may limit or disrupt the Company's operations, restrict the movement of funds or result in the deprivation of mining related rights or the taking of property by nationalization or expropriation without fair compensation.

Mineral Exploration

Mineral resource exploration is highly speculative, involves substantial expenditures, and is frequently unsuccessful. Few prospects that are explored are ultimately developed into producing mines. To the extent that the Company continues to be involved in exploration, the long-term success of its operations will be related to the cost and success of its exploration programs. There can be no assurance that the Company's exploration efforts will be successful.

The success of exploration is determined in part on the following factors:

- the identification of potential mineralization based on superficial analysis;
- availability of prospective land;
- availability of government-granted exploration and exploitation permits;
- the quality of management and geological and technical expertise; and
- the capital available for exploration and development.

Substantial expenditures are required to determine if a project has economically mineable mineralization. It could take several years to establish proven and probable mineral reserves and to develop and construct mining and processing facilities. As a result of these uncertainties, there can be no assurance that current and future exploration programs will result in the discovery of mineral reserves and the development of mines.

Dilution

The Company does not generate any revenues from production and does not have sufficient financial resources to undertake by itself all its planned exploration programs. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral right interests. Also, failure to meet the Company's share of costs incurred under joint venture arrangements to which it may be a party may result in a reduction of its interests in mineral right interests. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete the recommended programs.

Resource Estimates

The mineral resource estimates presented herein are made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance estimates will be accurate. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.

Operating Hazards and Other Uncertainties

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including:

- environmental hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents;
- labour disputes and shortages;
- supply and shipping problems and delays;
- shortage of equipment and contractor availability;
- unusual or unexpected geological or operating conditions;
- fire;
- changes in the regulatory environment; and
- natural phenomena such as inclement weather conditions, floods and earthquakes.

These or other occurrences could result in damage to, or destruction of, mineral properties, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company could also incur liabilities as a result of pollution and other casualties all of which could be very costly and could have a material adverse effect on the Company's financial position and results of operations.

Limitations on the Transfer of Cash or Other Assets

The Company is a Canadian company that conducts operations through subsidiaries and joint ventures in the United States and Mexico, and substantially all of the Company's assets consist of equity in these entities. Accordingly, any limitation on the transfer of cash or other assets between the Company and these entities, or among these entities, could restrict the Company's ability to fund its operations efficiently.

Permitting Requirements

Mining exploration and operations require many permits from federal, state and local governments. These permits may not be issued on a timely basis or at all, and such permits, when issued, may be subject to requirements or conditions with which it is burdensome or expensive to comply. Furthermore, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future changes to operations, or additional permits associated with new legislation.

Government Regulation

Mineral businesses are subject to regulation and intervention by governments in such matters as the imposition of specific exploration, drilling and development obligations; environmental protection controls and control over the development and abandonment of resource (including restrictions on production). As well, governments may regulate or intervene with respect to prices, taxes, royalties and the exportation of commodities. Such regulation may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the minerals industries could reduce demand for commodities produced, increase the Company's operating costs and have a material adverse impact on the Company.

Environmental Risks

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. There is no assurance that the Company will have or be able to obtain all necessary environmental approvals, licenses, permits or consents or be in compliance therewith or that notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) will not occur. The lack of or inability to obtain any such approvals, licences, permits or consents or any breaches of environmental laws, may result in penalties including fines or other sanctions, breach of the conditions of a mining concession or other consent or permit with possible revocation of the concession, consent or permit. In this regard, environmental hazards may exist on the properties in which the Company has an interest which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations, or its ability to develop its properties economically.

Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Company's financial position and results of operations.

Competition

The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious or base metals. The majority of these companies have greater financial resources, operational experience and technical capabilities. As a result, there can be no assurance that the Company will be able to compete successfully against other companies in acquiring new prospecting, development or mining rights.

Title Matters

The Company periodically confirms the validity of its title to, or contract rights with respect to, each mineral property in which it has a material interest. However, the Company cannot guarantee that title to its properties will not be challenged. The Company's mineral properties could be subject to prior unregistered agreements, transfers or claims, and title could be affected by, among other things, undetected defects. In addition, the Company might be unable to operate its properties as permitted or to enforce its rights with respect thereto.

Community Relations and Social License

Advancing a mineral deposit to commercial production involves the understanding of local communities. "Social license" is a broad term used to describe community acceptance of a proposed development project, a condition that is commonly required for the issuance of final permits and project financing. The Company believes that communities should benefit from mining projects, from the exploration stage through mine operation and closure. While there cannot be guarantees that local communities will want a mine in the area where the Company's core project is located, the Company will work towards implementing a strategy it considers appropriate to accomplish this.

Insurance Coverage Could Be Insufficient

While the Company maintains certain insurance to protect against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. Losses from these events may cause substantial delays and require significant capital outlays, adversely affecting future financial performance and results of operations.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, would require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and will only devote part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration expertise. In the event a commercial ore deposit is discovered on any of the Company's right interests, the Company will likely require the expertise of such consultants and others for the development and operation of a producing mine.

Conflicts of Interest

Certain of the directors and officers of the Company are directors or officers of other mineral resource companies, or are related to professional service firms that provide services to the mineral exploration sector and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such matter. Furthermore, in appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

CONTINGENCIES

a) On August 22, 2013, the Company filed a Notice for Civil Claim (the "Claim") for damages against certain former members of management and a private company controlled by former members of management (the "Defendants").The Claim arises from actions undertaken while the Defendants were in positions of management with fiduciary responsibilities to the shareholders of the Company.

   The Company is attempting to recover assets and other amounts from a former officer and director. A substantial portion of these amounts relates to equipment transferred at book value to a private Mexican company that was previously considered to be a subsidiary of the Company but which, during fiscal 2013, was determined to be controlled directly by this former officer and director. The assets of this private company are comprised substantially of drilling equipment.

   Given the uncertainties involved surrounding recovery of these amounts, along with substantiating the Company's current beneficial ownership of these assets, the Company fully provided against this amount through a charge to discontinued operations in the amount of $1,000,185 in fiscal 2013. The Company is pursuing this matter vigorously and in the event of recovery through successful litigation, the Company would record a gain on settlement of litigation.

b) Liberty Mutual Insurance Company asserted a claim against Kirkness for unpaid premium of US$142,374 plus interest, costs of suit and attorney's fees. The amount in dispute is included in accounts payable and accrued liabilities. Management is in the process of settling the matter without further litigation.

c) On February 13, 2013, the Company was served with a Notice of Civil Claim by Bill Jefferies, CuMoCo's former Chief Financial Officer, Corporate Secretary and director, relating to management fees that Mr. Jefferies has alleged are owed to him in the amount of $107,510. The Company disputes the amount is payable. Subsequent to June 30, 2013, the Company filed a Notice of Civil Claim against Mr. Jefferies and other former members of management (*Subsequent Events*).

d) In the year ended June 30, 2013, the Company received an invoice for $77,705 from Multi-Power Products Ltd., a supplier of drill supplies, and disputed this invoice. The drill supplies were shipped directly by the supplier to a Mexican company owned by a former director and officer of the Company. Subsequent to March 31, 2014, Kirkness and the Company were served with a Notice of Civil Claim by the supplier.

SUBSEQUENT EVENTS

- On April 4, 2014, the Company received 100,000 shares of Ximen pursuant to the terms of the Agreement for the sale of the Brett Royalty.

- On April 18, 2014, the Company received net proceeds of US$181,844 on the sale of real estate classified as an available for sale asset.

- In May 2014, Kirkness and the Company were served with a Notice of Civil Claim by Multi-Power Products Ltd. seeking relief for $77,705 in payment of drill supplies shipped to a Mexican Company owned by a former director and officer of the Company.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this MD&A. These forward-looking statements include but are not limited to, statements concerning:

- our strategies and objectives;
- prices and price volatility for copper, molybdenum and other commodities and of materials we use in our operations;
- the demand for and supply of copper, molybdenum and other commodities and materials that we use and plan to produce and sell;
- our financial resources;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- decisions regarding the timing and costs of construction and production with respect to, and the issuance of, the necessary permits and other authorizations required for any proposed projects;
- our planned future production levels;
- potential impact of production and transportation disruptions;
- our planned capital expenditures and estimates of costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be or become involved; and
- general business and economic conditions.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, delays associated with permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates;
- changes in commodity prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper, molybdenum and other commodities and products used in our operations;
- the timing of the receipt of permits and other regulatory and governmental approvals;
- changes in credit market conditions and conditions in financial markets generally;
- the availability of funding on reasonable terms;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our mine plan estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the resolution of environmental and other proceedings or disputes;
- our ability to obtain, comply with and renew permits in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.

OTHER MD&A REQUIREMENTS

As of May 23, 2014, the Company had outstanding 82,262,446 common shares, 2,608,227 share purchase warrants with an exercise price of $0.85 per share and 4,200,000 options, with exercise prices ranging from $0.35 to $0.80 per share. Additional information is available on SEDAR at www.sedar.com and at the Company's website www.cumoco.com.