## Management's Discussion and Analysis

## For the Period Ended June 30, 2013

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Liberty Mines Inc. ("Liberty", the "Corporation" or the "Company") was prepared to enable a reader to assess material changes in the financial condition and results of operations of the Company for the six months ended June 30, 2013, in comparison to the corresponding prior-year period. This MD&A is prepared as at August 13, 2013, and is intended to supplement and complement the unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2013, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements for the period ended June 30, 2013 have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and will be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. This MD&A should also be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012 and accompanying notes and most recent Annual Information Form ("AIF") on file with the Canadian provincial securities regulatory authorities. This MD&A contains certain forward-looking statements based on management's current expectations (please see "Forward-Looking Information" below). All references to dollars herein are in Canadian dollars unless otherwise specified.

References made to Q1 and Q2 2013 or Q1 and Q2 2012 refer to the three months ended March 31 and June 30, 2013 and 2012 respectively.

## Overview

Liberty Mines Incorporated (T: LBE) is focused on the exploration, development and production of nickel and related base metals from its assets in Ontario, Canada. Liberty Mines owns the only nickel mill and concentrator in the Shaw Dome, a prospective nickel belt region near Timmins, Ontario. Liberty has a 100% interest in three major assemblies of contiguous mining claims and leases in northern Ontario, including over 12,000 ha in the Shaw Dome Nickel Belt, which is 25km southeast of Timmins; 6,400 ha in the Groves nickel-copper-platinum group metals, which is 20km southeast of Gogama; and 1,200 ha in the McAra Lake cobalt-nickel-copper project which is about 120 km southeast of Timmins.

The Company's core projects within the Shaw Dome properties include the Redstone nickel mine in Eldorado Township and the Hart nickel project located approximately 7km east of the Redstone nickel mine.

During the six months ended June 30, 2013, Liberty Mines maintained the temporary suspension of production until the price of nickel recovers. The organization also continued to protect its assets under a care and maintenance mode.

While these plans are being pursued, Liberty recognized that it had an immediate need for additional cash to fund its current payables as well as the costs of maintaining its assets while on care and maintenance. Jien International Investment Ltd. ("JIIL"), Liberty's largest shareholder, and the holder of in excess of $125 million of indebtedness has provided financing support to allow Liberty to continue as a going concern by funding $2.7 million during the six months ended June 30, 2013.

## 2013 Q2 Highlights

During Q2, 2013, there was no commercial production at the Company. All revenue generated was derived from the settlement of precious metals shipped in 2012 to Xstrata's smelter in Sudbury.

Capital expenditures totaled $0.06 million for upgrades to the tailings facilities, with an additional $0.16 million of expenditures for exploration.

Cash, cash equivalents and Trade and other receivables totaled $0.42 million at June 30, 2013 ($0.3 million of cash).

A new management team was appointed during June 2013 with accompanying changes to the board of directors.

Approximately $120 million in interest-bearing notes are considered a current liability in the financial statements as at June 30, 2013.

On January 23, 2013 Liberty Mines announced that it had identified the presence of chrysotile in its ore body at the McWatters Mine. As chrysotile, a form of asbestos, is a designated substance under Ontario Health and Safety Regulation, the Company is investigating these matters further and is taking all required measures. Subsequent to the end of the quarter, the Company appointed JMX Environmental to lead the process of remedying the asbestos contamination at the Redstone and McWatters sites.

## Summary of Consolidated Financial Results

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | June 30, 2013 | June 30, 2012 | June 30, 2013 | June 30, 2012 |
| Revenue | $ 27,548 | $ 5,372,269 | $ 56,920 | $ 5,391,509 |
| Site operational costs | 668,537 | 7,376,043 | 1,465,941 | 10,724,246 |
| Operating Margins before Non Cash Costs | (640,989) | (2,003,774) | (1,409,021) | (5,332,737) |
| Amortization, depletion, & accretion of operating assets | 2,090,925 | 3,213,180 | 4,180,783 | 4,679,699 |
| Operating (loss) | $ (2,731,914) | $ (5,216,954) | $ (5,589,804) | $ (10,012,436) |
| Corporate administrative expenses | 1,129,430 | 1,510,608 | 1,196,565 | 2,505,066 |
| Interest and bank charges | 8,559 | 17,853 | 23,699 | 32,255 |
| Interest on long-term debt | 2,651,544 | 2,454,018 | 5,179,613 | 4,678,074 |
| Dividends on preferred shares | 325,781 | 325,780 | 647,981 | 652,453 |
| Interest/Other Income | (196) | (976) | (89,656) | (1,650) |
| (Gain) Loss on sale of equipment | (38,849) | 402,395 | (38,849) | 402,395 |
| Foreign exchange loss | 809,439 | 393,575 | 1,264,428 | 29,085 |
| Loss before income taxes | $ (7,617,622) | $ (10,320,207) | $ (13,773,585) | $ (18,310,114) |
| Loss for the period | $ (7,617,622) | $ (10,320,207) | $ (13,773,585) | $ (18,310,114) |
| Loss per share - basic and diluted | ($0.04) | ($0.05) | ($0.07) | ($0.09) |

Net loss for the three and six months ending June 30, 2013 was $7,617,622 and $13,773,585 respectively, down for the respective periods from a net loss of $10,320,207 and $18,310,114 for the three and six months ended June 30, 2012. Operating margin before non-cash costs increased for both periods with an operating margin loss for the three and six months ended June 30, 2013 of $640,989 and $1,409,021 compared to an operating margin loss of $2,003,774 and $5,332,737 for the three and six months ended June 30, 2012. As at June 30, 2013, the Company's nickel production is suspended and all operations and facilities are in care and maintenance mode.

### Revenue

For the three and six months ended June 30, 2013, the Company has not shipped any nickel. Gross revenue was limited to income from precious metal sales totaling $27,548 and $56,920 for the three and six months ended June 30, 2013 compared to $5,372,269 and $5,391,509 for the three and six months ended June 30, 2012 related to the sale of nickel. Production re-started in Q2-2012 after being placed in care and maintenance in 2011, then production ceased in Q3-2012.

### Operating Costs

Site operating costs, excluding mine depletion, amortization and accretion of operating assets, were $668,334 and $1,465,941 during the three and six months ended June 30, 2013 respectively compared to $7,376,043 and $10,724,246 for the three and six months ended June 30, 2012. The decrease over both periods is a result of the cessation of production in August of 2012. The Company was in full production in Q2 2012.

Depletion, amortization and accretion of operating assets for the three and six months ended June 30, 2013 totaled $2,090,925 and $4,180,783 compared to $3,213,180 and $4,679,699 for the three and six months ended June 30, 2012. The Company recognizes depletion of development expenditures on a unit-of-production basis over the expected life of the operating mines. No depletion expense was incurred during 2013 as the Company had no production during that period. The Company continues to depreciate assets.

### Corporate Administration (excluding stock based compensation)

Corporate administration expenditures for the three and six months ended June 30, 2013 totaled $1,129,430 and $1,196,565 compared to $1,510,608 and $2,505,066 for the three and six months ended June 30, 2012. The decrease in expenditures is a result of the reduction in management employees, which is in part offset by management severances accrued or paid during 2013. The Company also recognized a reversal of penalties during Q1-2013. As well, most expense categories decreased with the reduced activity of the Company.

### Stock Based Compensation Expense

During the three and six months ended June 30, 2013, the Company granted nil stock options (three and six months ended June 30, 2012 – nil). During the three and six months ended June 30, 2013, the Company recognized an expense of $1,014 and $49,516 respectively compared to $38,090 and $88,924 for the three and six months ended June 30, 2012, related to costs of gradual vesting.

### Finance Costs

Total finance costs for the three and six months ended June 30, 2013 was $2,985,884 and $5,851,292 respectively ($2,797,651 and $5,362,782 for the three and six months ended June 30, 2012). Included in total finance costs for the three and six ended June 30, 2013 was interest expense on JJNICL and JIIL debt of $2,651,543 and $5,179,612 (three and six months ended June 30, 2012 - $2,779,798 and $5,330,527). As well, the Company paid interest on finance leases.

### Dividends on Preferred Shares

Dividends accrued for the three and six months ended June 30, 2013 were $325,780 and $647,981 (three and six months ended June 30, 2012 – $325,780 and $652,453). The preferred shares pay an 8% cumulative annual dividend to Jilin Jien Nickel Industry Company Ltd ("JJNICL"). The dividends accrue on a quarterly basis. These costs have been included in the total finance costs on the consolidated financial statements for the periods ended June 30, 2013 and December 31, 2012.

### Foreign Exchange Gains and Losses

During the three and six months ended June 30, 2013, foreign exchange losses recognized by the Company were $809,439 and $1,264,428 respectively compared to losses of $393,575 and $29,085 for the three and six months ended June 30, 2012. These losses were primarily the result of exchange rate fluctuations applied to debt obligations, which are denominated in US Dollars. The US dollar continued to strengthen during 2013 resulting in losses.

## Consolidated Financial Position

### Total Assets

Consolidated total assets decreased by $5,579,468 to $50,266,578 at June 30, 2013 from $55,846,044 at December 31, 2012. The decrease primarily related to depreciation charges of $4,128,613 on Plant, Property & Equipment and the reduction in Accounts Receivables of $1,150,873.

### Total Liabilities

Consolidated total liabilities increased by $8,144,603 to $134,324,324 at June 30, 2013 from $126,179,721 at December 31, 2012. The increase in liabilities is primarily due to the increase in the interest bearing loans. The

Company received additional loans of $2,304,174 during the six months ended June 30, 2013 and accrued interest of $5,179,612. A detailed explanation is available in Note 12 of the June 30, 2013 financial statements.

**Current Liabilities**
Current liabilities increased by $102,497,820 as a result of interest-bearing notes moving to current liabilities from long-term liabilities.

**Cash and Cash Equivalents**
Cash and cash equivalents decreased by $273,634 to $333,388 at June 30, 2013 from $607,022 at December 31, 2012.

**Accounts Receivable**
Accounts receivable decreased by $1,150,873 to $90,613 at June 30, 2013 from $1,241,486 at December 31, 2012. The decrease in accounts receivable at June 30, 2013 is a result of a repayment of Federal with-holding tax $911,000 and the receipt of payment from Xstrata for 2012 nickel concentrate of $326,000. The Company is currently carrying a receivable from the sale of vehicles for approximately $50,000.

**Inventories**
Inventories on hand remained relatively consistent at June 30, 2013 with a balance of $458,056 from December 31, 2012 $477,593. Inventories are comprised of materials and supplies used in the mining and milling processes.

**Other Current Assets**
Other current assets consist of prepaid expenses and miscellaneous deposits. Miscellaneous prepaid expenses decreased by $119,224 to $213,892 at June 30, 2013 from $333,116 at December 31, 2012. The decline is attributed to the monthly property and liability insurance premium expense.

**Property Plant and Equipment**
Property plant and equipment decreased by $4,080,463 to $34,800,618 at June 30, 2013 from $38,881,081 at December 31, 2012. The decrease is related to ongoing quarterly depreciation charges during the six months ended June 30, 2013 as well as the sale of some assets.

**Mineral Properties**
Mineral properties values remained at $nil, as at June 30, 2013, $nil (December 31, 2012). During 2012, management conducted a review assessing the recoverability of the carrying value of the McWatters and Redstone mines. In assessing the recoverability several economic factors were assessed including current and future commodity pricing. As a result of these assessments the Company recorded a total asset impairment charge of $28,909,261 against both properties to reduce their value to $nil as at December 31, 2012.

**Exploration and Evaluation**
Exploration and evaluation accumulated expenditures increased by $163,172 to $11,142,003 at June 30, 2013 compared with $10,978,831 at December 31, 2012. The increase is a result of line cutting and geophysical surveying exploration activity of the McAra and Groves projects during 2013.

**Reclamation Deposits and Restricted Cash**
Reclamation deposits and restricted cash remained consistent at $3,186,915 at June 30, 2013 and December 31, 2012. At June 30, 2013 the reclamation deposits are comprised of a deposit with a government agency in the Province of Ontario for the Redstone mine, the Hart mine, the Redstone mill and the McWatters mine. Reclamation deposits are subject to reassessment based upon changes to the underlying mine reclamation and site restoration obligation as a result of updated environmental plans and changes in environmental laws and regulations.

### Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities decreased by $997,289 to $5,668,644 at June 30, 2013 from $6,665,933 at December 31, 2012. The decrease is a direct result of reduced activity during care and maintenance, ongoing vendor payments made during 2013 and elimination of management bonus and tax accruals during Q1 2013.

### Interest Bearing Loans and Borrowings

Interest bearing loans and borrowings, itemized in the table below, increased $9,089,722 to $125,128,508 at June 30, 2013 from $116,038,786 at December 31, 2012. The increase is driven by the short term financing provided by JIIL in the format of promissory notes. The notes have an annual interest of 10% on the principal balances. On June 30, 2013, all amounts owed to JJNICL other than the US$ term loan were converted into one facility which come due on March 14, 2014. The US$ term loan facility comes due on June 30, 2014.

| | June 30, 2013 | December 31, 2012 |
|---|---|---|
| **Current** | | |
| Current portion of obligations under leases | **$ 168,325** | $ 424,282 |
| Current portion of equipment financing | **28,896** | 28,393 |
| Dividends payable | **5,373,369** | 4,725,388 |
| Preferred Shares | **16,378,516** | 16,378,516 |
| Notes Payable and Term Loan - JIIL | **103,102,044** | - |
| Total | **$ 125,051,150** | $ 21,556,579 |
| **Non-current** | | |
| Obligations under leases | **$ 54,810** | $ 94,113 |
| Equipment financing | **22,548** | 36,333 |
| Term Loan - JIIL | **-** | 94,351,761 |
| Total | **$ 77,358** | $ 94,482,207 |

### Capital Lease Obligations Including Current Portion

Capital lease obligations (including current portion) decreased by $308,542 to $274,579 at June 30, 2013 from $583,121 at December 31, 2012.

### Preferred Shares Dividend

The preferred share dividend liability increased by $647,981 to $5,373,369 at June 30, 2013 from $4,725,388 at December 31, 2012. The preferred shares pay an 8% cumulative dividend to the holder of the preferred shares. The dividends are accrued on a quarterly basis. The increase is due to the continued accrual of the dividends offset by the forfeiture of the dividends related to the conversion of the preferred shares at June 30, 2011. Further detail can be obtained in Note 12 of the Company's financial statements for the six months ended June 30, 2013.

### Preferred Shares Liability

Preferred shares liability remained unchanged at $16,378,516 during the period ended June 30, 2013. The preferred shares are subject to redemption on demand by JJNICL and have therefore been classified as a current liability. While the preferred shares are treated for accounting purposes as a current liability, they may not be redeemed and no dividends may be paid until such time as the Corporation has positive working capital and positive shareholder equity

**Term Loan - JIIL**
The total term loan liability increased by $8,750,283 to $103,102,044 at June 30, 2013 from $94,351,761 at December 31, 2012. The increase is driven by two main factors, the addition of $2,304,174 short term financing provided by JIIL during the 2013 and the increase of interest earned on all promissory notes outstanding. The notes have varying maturity and bear an annual interest of 10% on the principal balances.

**Provisions**
Site restoration obligations increased by $52,170 to $3,527,172 at June 30, 2013 from $3,475,002 at December 31, 2012. These estimates are reviewed on an annual basis or more frequently if required by regulatory authorities. A risk adjusted discount rate of 3.0% was utilized to determine the present value of the mine closure and site restoration obligation recorded in the consolidated balance sheets. The change in value is a result of accretion of the discount.

**Share Capital**
Capital stock remained unchanged at $78,320,593 at June 30, 2013 from December 31, 2012.

## Summary of Consolidated Quarterly Results

*($ thousands, except per share data)*

| | 2013 | | 2012 | | | | 2011 | |
|---|---|---|---|---|---|---|---|---|
| Quarter | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Revenue | $ 28 | $ 29 | $ (270) | $ 3,869 | $ 5,372 | $ 19 | $ 3 | $ 159 |
| Net Loss | $ 7,618 | $ 6,156 | $ 37,612 | $ 8,461 | $ 10,320 | $ 7,990 | $ 8,973 | $ 8,309 |
| Loss per Share | $0.04 | $ 0.03 | $ 0.18 | $ 0.04 | $ 0.05 | $ 0.04 | $ 0.04 | $ 0.04 |

## Consolidated Second Quarter Financial Results Compared to the Prior Quarter

**Revenue**
Revenue realized was $29,548 for the three months ended June 30, 2013 compared to $29,372 for the three months ended March 31, 2013. In both periods, all revenue received was related to the sale of precious metals from 2012 shipments to Xstrata in Sudbury. There was no production during 2013.

**Operating Costs**
Mine, mill, and site administration operating expenses excluding depletion, amortization, and accretion of operating asset were $668,537 for the three months ended June 30, 2013 compared to $797,405 for the three months ended March 31, 2013, which represents a $128,868 decrease over the prior quarter. Q2-2013 saw reductions in salaries and hydro costs related to reduced activity .

Amortization, depletion, and accretion of operating assets for the three months ended June 30, 2013 were $2,090,925 compared to $2,089,858 for the three months ended March 31, 2013.

**Net Loss**
Net loss for the quarter ended June 30, 2013 was $7,617,622 compared to a net loss of $6,155,963 during the previous quarter ended March 31, 2013. The increase in net loss is a result of higher corporate administrative expenses and higher foreign exchange losses. During the Q1-2013, the Company reversed various accruals, specifically penalties and bonus accruals, thereby reducing the cost for that quarter. During Q2-2013, the Company paid or accrued various severance charges as a result of management changes. As well, a portion of the Company's debt is denominated in US Dollars, and the US dollar strengthened during Q2-2013 resulting in higher losses.

## Cash Flow and Liquidity

Funds used by operations before changes in non-cash working capital for the three six months ended June 30, 2013 decreased $1,100,148 to $1,782,247 compared to $682,099 for the three months ended March 31, 2013.

Funds used by operations before changes in non-cash working capital for the six months ended June 30, 2013 was $1,782,247 and $2,464,346 respectively compared to $3,481,827 and $7,771,530 for the three and six months ended June 30, 2012. This reduced use of cash was a result of the significant cost reduction at the McWatters and Redstone site driven by care and maintenance activities. Cash generated by the change in working capital for the three and six months ended June 30, 2013 was $120,227 and $292,345 compared to $34,832 and the use of $436,158 for the three and six months ended June 30, 2012 respectively. Increases in working capital are a result of decreases in receivables and increases in payables and conversely, decreases in working capital are a result of increases in receivables and decreases in payables.

During the three and six months ended June 30, 2013, JIIL, as described in the executive section of the MD&A, provided Liberty with $1,704,500 and $2,304,174 respectively under the existing facility, in further advances. The principal bears interest at 10%. The interest is capitalized monthly on the unpaid balance. Certain interest accruals are subject to shareholder ratification at the next annual meeting.

The Company will continue to rely on various forms of external funding, including advances from JIIL, during fiscal 2013 until operations resume and sufficient cash flow from operations can be realized.

## Mine Operations

### Redstone Mine

Mining operations continued in care and maintenance mode during the first six months of 2013.

### McWatters Mine

Production was restarted at the McWatters Mine in the first quarter of 2012 and continued until August 14, 2012 when the mine was placed into care and maintenance. The McWatters Mine continues in a care and maintenance status at the end of Q2 2013. Due to the discovery of chrysotile in the mine, mine dewatering was halted and the entrance to the mine was secured to avoid inadvertent access.

### Mill Operations

The Redstone nickel concentrator went through extensive refurbishment in Q1 2012 prior to being restarted. Refurbishment of the mill included: upgrades and repairs, including adding a new regrind line from #1 and #2 ball mills to #3 ball mill, which increased the throughput of the grinding circuit; upgrading conveyor motors in the crusher house; a full refurbishment of the Larox press; the installation of a new tailings line, safety guards and barriers installed on all conveyors; and the addition of a trial talc circuit to remove talc prior to floating the nickel. Mill operations were halted on August 14, 2012 due to the mine and mill being placed on care and maintenance as a result of low nickel prices. The Mill is subject to asbestos abatement activities at present.

There has been no Mill production during the six months ending June 30, 2013.

### Key Economic Trends

### Foreign exchange

The Company reports its financial results in Canadian dollars, which is also its functional currency. While most of the Company’s operating costs are in Canadian dollars, revenues from sales of nickel concentrate are in US dollars.

The average conversion of $1 USD converted to $1.016 CDN for the six months ended June 30, 2013 compared to $1 USD converted to $0.9913 CDN for the three months ended December 31, 2012.

**Commodity Price Summary**

| | Average 2009 | Average 2010 | Average 2011 | Average 2012 | As at June 30, 2013 |
|---|---|---|---|---|---|
| Nickel (US$) | $6.63 | $9.89 | $10.36 | $8.02 | $6.51 |
| Copper (US$) | $2.34 | $3.42 | $4.00 | $3.64 | $3.19 |
| Cobalt (US$) | $18.00 | $17.77 | $16.19 | $12.99 | $13.87 |
| US$:CDN$ | $1.14198 | $1.0299 | $0.9893 | $0.9994 | $1.016 |

**Health and Safety**

During the second quarter period, the Company incurred 0 – First Aid, 0 – Medical Aids, 0 – Lost Time incidents.

All operations at the McWatters and Redstone sites are currently in care and maintenance mode following the Company's decision to suspend operations due to low spot prices for nickel. On January 23rd 2013, Liberty Mines announced that it had identified the presence of asbestos, more specifically chrysotile, in its ore body at its McWatters Mine.

Upon confirmation of the asbestos, all site buildings were deemed "restricted access" and an asbestos abatement company was contracted to clean the work areas that required immediate occupancy. During this period, employees remained off-site to limit any potential worker exposure. It should be noted that the Company has been in close consultation with the local office of the Ministry of Labour since the identification of chrysotile.

On January 30th 2013, the Ministry of Labour issued orders to the Company for the submission of a control plan to clean the Redstone Mill; and for the implementation of control program at the McWatters Mine should operations resume. Liberty Mines, with the support of a qualified consulting firm, drafted a control plan for the remediation of the Redstone Mill along with its relevant processing equipment that was approved by the Ministry of Labour during Q2 2013. A tender process was conducted during the second quarter to properly select an asbestos abatement contractor to remediate the site. JMX Environmental Inc. was contracted to lead this. The Company anticipates the abatement project to be completed in Q4 2013.

During the second quarter, the Company's focus was to develop and implement the required documentation with regards to the identified asbestos contamination. The Company continues to concentrate on reducing known risks and enabling its employees to identify, to evaluate, to mitigate and where possible to eliminate potential risks.

Liberty Mines Inc. believes that "Zero Harm" to our people is achieved by creating a culture wherein the Health and Safety of our workers is a core value that inspires a strong personal commitment from each of our employees.

**Environment**

**Redstone**

During the second quarter of 2013, the Redstone effluent discharge to East Creek continued to be shut down. With no effluent discharging to the receiving environment, both water quality and acute lethality samples were not collected during this period.

The Company completed the amendment to the Redstone Mill Closure Plan and anticipates the document to be filed with the Ministry of Northern Development, Mines (MNDM) in early Q3. Hydrological and ecological field work of the Redstone River was completed to support an increase in the permitted water taking volume listed in the site Permit to Take Water. The increase is to ensure an adequate water supply is provided for current and future production requirements. The Company has delayed the completion of the final report but is targeting a Q4, 2013 completion.

The Company's request for a reduction in the sampling frequency of the Redstone River receivers in November 2012 was accepted by the Ministry of the Environment (MOE) during Q2 2013. Additionally, the Company submitted an amendment to the financial assurance required for the Redstone Mine Closure Plan. The amendment was initiated to address commitments covered in previous submissions that are no longer relevant to the current operations. The Company continues to operate its tailings storage facility without approved emergency spillway and manages water levels via an Ministry approved water management strategy. The company remains committed to have the tailings storage facility's emergency spillway design approved under the Lakes and Rivers Improvement Act in 2013.

There were no spills or effluent exceedances which required Regulatory notification during Q2 2013.

**McWatters**

During Q2 2013, the McWatters Mine discharge effluent to the Forks River complied with the site Certificate of Approval (CofA), Provincial (MISA) and Federal (MMER) effluent parameter limits. Additionally, samples taken from the McWatters effluent discharge that were tested for Acute Lethality Toxicity (rainbow trout and daphnia magna) complied with effluent quality requirements.

The Company continues to wait for final approval from the Ministry of the Environment regarding the amendment to the site industrial sewage Certificate of Approval that was submitted in December 2011. The amendment is to increase the permitted effluent discharge volume and to install equipment to improve effluent quality. The Company is investigating the need to complete the amendment or to rescind the application due to the identified asbestos in the McWatters Mine during Q1 2013.

There were no spills or effluent exceedances that required Regulatory notification during Q2 2013.

## First Nations

On April 15, 2008, the Company signed an Impact Benefit Agreement ("IBA") with the Mattagami, Matachewan and Wahgoshig First Nations ("MMW"). The IBA encompasses all of the Company's extensive mining claims and leases in the Shaw Dome Nickel Belt including the Redstone and McWatters Mines and the Hart nickel project. The IBA is in effect for the life of any mining project developed on the properties. It includes provisions for job training, employment, scholarships, business relationships and financial participation in community development projects. It also streamlines the exploration of the properties and the permitting of economic deposits through direct consultation and input from the MMW.

During the second quarter of 2013, applications for exploration activities were submitted to the Ministry of Northern Development and Mines and circulated to relevant First Nations to ensure compliance with the recent amendment to Ontario's Mining Act. Liberty Mines is currently reviewing potential exploration agreements with relevant First Nations with regards to the Company properties. Liberty Mines is committed to engaging all appropriate First Nations to obtain support for existing and future exploration activities.

**Capital Requirements and Capitalization**

At June 30, 2013 the Company had obligations within one year to make $119,677,781 (December 31, 2012 - $nil) of repayments on long-term debt, $223,135 (December 31, 2012 - $518,395) of minimum capital lease payments, $51,444 (December 31, 2012 $28,393) of equipment financing, and fulfill $116,695 (December 31, 2012 - $101,808) of payments under operating leases.

Liberty Mines has restructured its Canadian denominated debt with JIIL as announced on December 31, 2012. The terms of the debt have remained unchanged with interest accruing at 10% per annum. The maturity date of the Canadian denominated term loan was extended to March 31, 2014 for loans prior to 2013. Loan agreements are being executed for amounts advanced during 2013.

**Contractual Obligations**

The following table presents the Company's future payment obligations:

| | Payments Due | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 Year | 1 - 3 Years | 3 - 5 Years | In excess of 5 Years |
| Capital Lease Obligations | $ 223,135 | $ 168,325 | $ 54,810 | $ - | $ - |
| Equipment Financing | $ 51,444 | $ 28,896 | $ 22,548 | $ - | $ - |
| Notes Payable & Term Loan | $ 103,102,044 | $ 103,102,044 | $ - | $ - | $ - |
| Preferred Share Liability | $ 16,378,516 | $ 16,378,516 | $ - | $ - | $ - |
| Dividends - Preferred Shares | $ 5,373,369 | $ 5,373,369 | $ - | $ - | $ - |
| Total | $ 125,128,508 | $ 125,051,150 | $ 77,358 | $ - | $ - |

The Company is committed to minimum operating lease payments under vehicle, equipment and property leases that expire at various dates through 2014 and 2015. Minimum rental commitments due under these capital leases over the next five years are disclosed in Note 19 of the Audited Annual Financial Statements as at December 31, 2012.

Subsequent to the end of the quarter, the Company entered into a contract for approximately $3, 745,000 with JMX Environmental to lead the process of remedying the asbestos contamination at the Redstone and McWatters sites.

**Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As of June 30, 2013, 206,477,365 common shares of the Company which equaled the 206,477,365 common shares outstanding as of December 31, 2012. As of June 30, 2013, 148,895,601 preferred shares of the Company were outstanding compared to 148,895,601 as of December 31, 2012. On July 30, 2013, the Company consolidated its common shares on a basis of one new common share for every 50 old common shares. Consequently, as at August 13, 2013 there were 4,129,547 common shares outstanding. Certain employees, officers, directors and consultants of the Company have been granted options to purchase common shares under the Company's incentive stock option plan. At June 30, 2013, 10,680,001 (December 31, 2012 –15,639,999) exercisable options were outstanding.

**Litigation**

The Company is currently involved in a number of legal disputes. Uncertainties relate to whether claims will be settled out of court or if not whether Liberty is successful in defending any action. Because of the nature of the disputes, management has not disclosed further information on the basis that they believe that this would be prejudicial to the Company's position in defending the cases brought against it.

Legal proceedings have been filed against the Company in relation to the construction of the original tailings storage facility during 2007 and 2008. Given the Company has been proactive and moved ahead with identifying and repairing the existing tailings storage facility, it is management's position that the Company will vigorously defend against these charges.

Lien proceedings have been filed against the Company in relation to the delay of accounts payable and the transition to care & maintenance.

### Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at the fair value amount, which is the amount of consideration established and agreed to by the related parties.

As at June 30, 2013, JJNICL, through its wholly-owned subsidiary JIIL, is the Company's majority shareholder. Transactions with these entities are detailed in Note 12 of the Company's Condensed Interim Consolidated Financial Statements for the six months ended June 30, 2013.

The Company acquired a vehicle from the former president of the Company, Mr. Christopher Stewart, at a cost of $12,500 during the six months ended June 30, 2013.

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. For the periods presented, key management personnel compensation comprised the following:

| | June 30, 2013 | June 30, 2012 |
|---|---|---|
| Employee Benefits and Director Fees | $ 1,193,801 | $ 780,437 |
| Share Based Payments | $ - | $ - |

The increase from the prior period reflects severances paid to the former management team during the six months ended June 30, 2013.

### Off-Balance Sheet Arrangements

The Company had the following off-balance sheet arrangements in place at June 30, 2013.

The company has entered into an office lease agreement and is committed to the minimum operating lease payments detailed in the table below.

| | Less than one year | One to five years | Over five years | Total |
|---|---|---|---|---|
| June 30, 2013 | $116,695 | $29,174 | $- | $145,868 |

### Critical Accounting Estimates

In preparing the consolidated financial statements, various accounting estimates are made in applying the Company's accounting policies. These estimates require significant judgment on the part of management and are considered critical in that they are important to the Company's financial condition and results. The following represents the estimates that management considers most critical to the application of the Company's significant accounting policies. Actual results may differ by material amounts from these estimates.

### Mineral Properties

Mineral reserves and resources are estimated to determine future recoverable mine production based on assessment of geological, engineering, and metallurgical analyses; estimates of future production costs; capital costs; mine closure and site restoration costs as well as metal prices and foreign exchange rates. The costs of mineral properties are capitalized and depleted on a unit-of-production basis based on the related proven and probable mineral reserves.

### Exploration Evaluations

Exploration and evaluation expenditures associated with non-producing properties reflect actual costs incurred less accumulated write-downs. The realization of the Company's investments in these exploration and evaluation projects is dependent upon various factors, including the discovery of economically recoverable reserves of minerals, the ability to obtain necessary financing to complete development plans and upon future profitable operations, or alternatively upon the disposal of interests on an advantageous basis. The Company's management reviews the carrying values of its exploration and evaluation expenditures on a quarterly basis, which periodically results in an adjustment to reflect the realizable value of the projects.

### Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The recoverable amount is determined based on value in use and/or fair value less cost to sell calculations. The calculation of the fair value less cost to sell requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

### Deferred Income Taxes

The Company uses the asset and liability method of tax allocation for accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to be in effect in the years in which those temporary differences are expected to be recovered or settled.

### Site Restoration Obligations

The Company records the fair value of any future site restoration costs as a long-term liability in the period in which the related environmental disturbance occurs, based on the net present value of the estimated future costs. The obligation is adjusted at the end of each fiscal period to reflect the passage of time and changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and the discount rate to be used.

### Risks and Uncertainties

The business of mining and exploring for minerals involves a high degree of risk and uncertainty; there can be no assurance that current exploration programs will result in profitable mining operations. The following outlines the principal risks facing the Company.

### Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss of $13,773,585 during the six months ended June 30, 2013 and, as of that date, had negative working capital of $129,582,752 (December 31, 2012 – $25,423,295, and a cumulative deficit of $168,327,436 (December 31, 2012 - $154,553,851). As such, the Company's ability to continue as a going concern is in significant doubt. The Company's mine was placed on care and maintenance on August 14, 2012.

The Company has no revenues and, at this time, it is substantially reliant on the support of JIIL, as it has been unable to acquire funding in the markets to date although it continues to pursue various alternatives. There is no assurance that

JIIL will continue to financially support the Company. JIIL has agreed to provide additional financing support to allow Liberty to continue as a going concern.

At present, Liberty Mines doesn't have sufficient resources to repay the debt falling due on March 31, 2014 and is dependent on JIIL not calling the loan while negotiations around restructuring are ongoing.

The procurement of additional financing through debt or equity markets is dependent on a robust nickel market and investor confidence in nickel equities in general and in the Company in particular. In the event that the Company is unable to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classifications used.

**Government Regulation**

The Company's activities require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities

**Risks Inherent to Mining Projects at the Development and Production Stages**

Mining projects in the development or early production stages have no significant operating history upon which to base estimates of future cash flows. It is possible that actual costs and economic returns may differ materially from the Company's estimates. Therefore, there can be no assurance that estimates of future production and cash costs will be achieved. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated.

**Nature of Exploration, Development and Mining**

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few of the properties explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, such as particular attributes of the deposit, including size, grade and proximity to infrastructure. In addition, metal prices are highly cyclical and government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection are subject to change and uncertainty. The combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in the exploration, development and production of ore. These include unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions will be taken to minimize risk, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The Company's activities are directed toward the search, evaluation and development of mineral deposits. Some of the mineral properties in which the Company has an interest contain no known body of commercial ore and any exploration programs thereon are exploratory searches for ore. Other properties in which the Company has an interest are subject to preliminary stages of exploration and development programs only. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. Within the mining industry there is aggressive competition for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

**Uncertainty of Reserve and Resource Estimates**

The figures for reserves and resources presented herein are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the expected level of recovery will be realized. The ore grade actually recovered may differ from the estimated grades of the reserves and resources. Such figures have been determined based upon assumed metal prices and operating costs. Future production could differ dramatically from reserve estimates for, among other reasons:

- Mineralization or formations could be different from those predicted by drilling, sampling and similar examinations.
- Increases in operating mining costs and processing costs could adversely affect reserves.
- The recoverability of the grade of the reserves may vary significantly from time to time and there is no assurance that any particular level of metals or may be recovered from the ore.
- Declines in the market price of the metals and the Canadian US Dollar exchange rate may render the mining of some or all of the reserve uneconomic.

Any of these factors may require the Company to reduce its reserve estimates or increase its costs. Short-term factors such as the need for the additional development of a deposit or the processing of new different grades may impair the Company’s profitability. Should the market price of the metals fall, the Company could be required to materially write down its investment in mining properties or delay or discontinue production or development of new projects.

**Government Regulation**

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in 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. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reductions in levels of production at producing properties or could require abandonment or delays in development of new mining properties.

**Permits and Licenses**

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

**Environmental Risks and Hazards**

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. 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 Corporation's operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present which have been caused by previous or existing owners or operators of the properties. The Corporation may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Production of mineral properties may involve the use of dangerous and hazardous substances. While all steps will be taken to prevent discharges of pollutants into the ground water or otherwise into the environment, the Corporation may become subject to liability for hazards that cannot be insured against. The Corporation is still investigating the implications of the discovery of asbestos in the ore at the McWatters Mine.

**Commodity Prices and Foreign Exchange**

The profitability of the Company will be significantly affected by changes in market price for nickel, copper, cobalt and by changes in the US Canadian dollar exchange rate. The Company has not entered into any hedge agreements in respect of metal or currency at this time. Such contracts would mitigate gains and losses in situations when the price changed. The level of interest rates, the rate of inflation, world supply and demand of base metals and precious metals and stability of exchange rates can all cause significant fluctuations in base metal and precious metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of base metals and precious metals has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending upon the price of base metals and precious metals, cash flow from mining operations may not be sufficient to cover operating costs. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of base metals and precious metals may render reserves uneconomical. Moreover, short term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

**Land Title**

Although title to the Company's mineral properties has been reviewed by or on behalf of Liberty Mines and title opinions were delivered to the Company, no assurances can be given that there are no title defects affecting the properties. Title insurance generally is not available for mining claims in Canada, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. Accordingly, the properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate the properties as permitted or to enforce its rights with respect to its properties.

**Uninsured Risks**

There can be no assurance that insurance will be available at economically feasible premiums. The Company's insurance may not provide sufficient coverage for losses related to property, business interruption, or liability. In addition, the Company does not have insurance for certain environmental losses and other risks; as such coverage cannot be purchased at a commercially reasonable cost. The lack of, or insufficiency of insurance coverage could adversely affect the Company's cash flow and overall profitability.

**Competition**

The Company competes with other mining companies and individuals for mining claims and leases on exploration properties and the acquisition of exploration and mining assets. The Company also competes with other mining companies to attract and retain skilled and experienced executives. The Company cannot ensure that it will be able to continue to compete successfully with its competitors in acquiring such properties and assets or in attracting and retaining skilled and experienced executives.

**Reliance on Skilled Employees**

The success of the mining and milling operations is dependent upon the efforts of certain skilled employees and management of the Company. The loss of these employees or the inability of the Company to attract and retain additional skilled employees, or an inability of the Company to maintain good relations with its employees may adversely affect the level of nickel production from the operations.

**History of Losses**

The Company has historically experienced only losses. The Company's ability to generate profits in the future will depend mostly on the success of the Company's mine and mill operations, the price of nickel, the Canadian and United States dollar exchange rate, and the ability of the Company to control costs. There can be no assurance that the Company will reach profitability or will even generate sufficient cash flow to sustain its operations in the future. The Company may need additional financing from time to time. There is no assurance sources of financing will be available at any such time.

**Shortage of Supplies**

The Company is dependent on various supplies and equipment to carry out mining operations. The shortage of such supplies, equipment and parts could have a material adverse effect on the Company's ability to carry out its operations.

## Controls and Procedures

### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's disclosure controls and procedures were not effective to provide reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under Canadian securities laws is recorded, processed, summarized and reported as and when required and that it is accumulated and communicated to management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

### Internal Controls over Financial Reporting

The Company's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal controls over financial reporting is a process designed by, or under the supervision of, the Company's CEO and CFO and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS The Company's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detections of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management has assessed the design and operating effectiveness of internal control over financial reporting as at June 30, 2013. The following material weaknesses were noted:

1. Due to the size of the Company, there are insufficient accounting personnel to enable effective segregation of duties over financial reporting. This includes a lack of segregation of duties related to journal entry processing and financial statement preparation and review.
2. Due to the size and activities of the Company, the Company's finance staff does not have sufficient technical accounting knowledge to address all complex and non-routine accounting transactions.

### Changes in Internal Control over Financial Reporting

There were no material changes in the Company's policies and procedures and other processes that comprise its Internal Control over Financial Reporting that may have materially affected, or could be reasonably likely to materially affect, the Company's Internal Control over Financial Reporting.

### Limitations on Effectiveness of Disclosure Controls and Internal Control over Financial Reporting

The Company's management, including the CEO and CFO, do not expect that the Company's disclosure controls and procedures and Internal Control over Financial Reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

### Subsequent Events after Reporting Date

There were no subsequent events to report not already mentioned.

### Forward-Looking Information

Certain statements within this document constitute "forward-looking statements". Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe" and similar expressions. These statements are based on the opinions and estimates of management at the date of this report, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to, the inherent risks involved in the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, forecast levels of production and milling of ore, metallurgical recovery rates, metal prices, currency exchange rates, cash operating margins, cash operating cost per pound of metal sold, costs per ton of ore produced, expenditures on property, buildings and equipment, increases and decreases in reserves and/or resources and anticipated grades and recovery rates and are or may be based on assumptions and/or estimates related to future economic, market and other conditions, political and economic conditions, the Company's ability to attract and retain key personnel and other risks and uncertainties described under the heading "Risks and Uncertainties" and elsewhere in this report, in the Company's Annual information Form for the year ended December 31, 2012 and in other documents filed with Canadian provincial securities authorities and available to the public at www.sedar.com. The Company believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in this report should not be unduly relied upon. These statements speak only as of the date of this report. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as required under applicable securities laws. The forward-looking statements contained in this report are expressly qualified by this statement.

### Additional Information

Additional information related to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, including a copy of the latest Annual Information Form of the Company.