KAZAX MINERALS INC.

Management's Discussion & Analysis

For the three and nine months period ended September 30, 2013

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The effective date of this MD&A is November 29, 2013

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of KazaX Minerals Inc. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months period ended September 30, 2013. This MD&A was written to comply with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations.

This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and nine months period ended September 30, 2013 and the audited consolidated financial statements of the Company for the nine months ended December 31, 2012 together with the notes thereto. Results in this MD&A are reported in United States Dollars (USD), unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

Unless otherwise noted, financial results are being reported in accordance with, IAS 34, Interim Financial Reporting of International Financial Reporting Standards ("IFRS"). Further details are included in the Notes of the condensed consolidated interim financial statements for the three and nine months ended September 30, 2013.

The Company was incorporated under the Business Corporations Act of British Columbia on September 12, 2005 and was initially classified as a Capital Pool Company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the "TSX-V").

On March 12, 2010, the Company completed its Qualifying Transaction ("QT") as defined by the policies of the TSX-V and emerged from being a CPC to a Tier 2 listed mining issuer on the TSX-V.

Additional information about the Company is available on SEDAR at www.sedar.com and on the Company's website at www.kazaxmineralsinc.com.

Lomonosovskoye Iron Ore Project

On February 15, 2013, the Company completed the acquisition (the "Acquisition") of a 74.99% interest in Lomonosovskoye Limited Liability Partnership ("LLLP") from Safin Element GmbH ("Safin") pursuant to the share purchase agreement ("SPA") entered into by the Company and Safin. The SPA is further discussed below.

Pursuant to a contract between LLLP and the Ministry of Industry and New Technologies of Kazakhstan ("MINT") dated March 20, 2009 and as amended on July 31, 2009 and December 28, 2010 (the "Subsoil Use Licence"), LLLP holds unrestricted exploration and production rights to the Lomonosovskoye iron ore deposit (the "Deposit" or "Project"), located in Kostanay Oblast, Kazakhstan.

The Deposit is located in the northwest corner of the Republic of Kazakhstan in the Kostanay Region, 618km northwest of the country's capital of Astana and 50km west-southwest of the regional capital of Kostanay.

The Deposit, along with a number of significant magnetite deposits, occurs in the Turgai belt of the regional Valerianovskoe magmatic arc in northern Kazakhstan. The magnetite deposits of the Valerianovskoe magmatic arc are hosted by andesitic volcanics, pyroclastics, and intercalated sediments and carbonates of the Valerianovo supergroup. Large gabbro-diorite-granodiorite igneous bodies of the Sarbai-Sokolovsk and Sulukolskaya complexes are related to the mineralization, with granitic facies interpreted as having been intruded from Mid-Visean to Permian period. In some deposits, the host sedimentary sequence is cross cut by post-ore dioritic porphyry. The Palaeozoic units of the Turgai belt in Kazakhstan are entirely covered by Mesozoic to Cainozoic sediments which are from 40 to 180 m in thickness.

The Deposit comprises two deposit sites: the North-Western ("NW") deposit and Central deposit, which differ in geological structure, genesis and composition. Although they are located within 1 km of each other, they are considered as individual deposits being separated by a diorite intrusion. Historical work to date has outlined skarn iron mineralization at the NW Deposit and the Central Deposit beneath 100m of overburden and extending to 1400m depth in the NW Deposit, and some 900m at Central. The mineralization outlined by the historical drilling has not been closed off at depth at the NW Deposit and may be open at Central.

A technical report dated December 19, 2012 prepared by Mining Associates Pty Ltd. with respect to the Deposit and compliant with National Instrument 43-101 – Standards of Disclosure of Mineral Projects ("NI 43-101") has been completed and was filed under the Company's profile on SEDAR on May 9, 2013. The Report provides a resource estimate for the Lomonosovskoye Project as at December 31, 2012 as outlined below, above a cut-off grade of 20% Fe:

Class	**M Tonnes**	**Fe %**	**P %**	**S %**	**FeM %**
Measured	7.6	29.8	0.5	3.3	19.7
Indicated	325.9	36.76	0.2	3.5	27.8
Measured & Indicated	**333.5**	**36.6**	**0.2**	**3.5**	**27.6**
Inferred	108.7	34.8	0.3	4.5	25.9

During the nine months ended September, 2013 the Company's efforts were focused on advancing the definitive feasibility study ("DFS") for the Project. Key work undertaken during the reporting period included:

- continuation of the confirmation drilling program and associated geo-assay test-work;
- development of the open pit mine plan;
- beneficiation plant engineering studies;
- infrastructure engineering studies;
- updated resource technical report by Mining Associates;
- updated financial model for the Project;
- establishment of an online dataroom for the Project to facilitate due diligence work by financial institutions, and potential strategic partners and off-takers;
- discussions with potential off-takers and key equipment suppliers; and
- discussions with mining contractors for possible financing option for the fleet used for the project.

On September 27, 2013 the Company announced the commencement of its diamond drilling programme at the Lomonosovskoye Project. The programme will include drilling of approximately 12,000m incorporating 19 geotechnical, 9 hydrogeological and 21 exploration holes. The drilling programme is focused on areas of the deposits which are still open and is aimed at upgrading the categorization of mineral resources in the current pit areas. The programme is also aimed at confirming geotechnical and hydrogeological information collected in Soviet times. The drill results are expected to be available by the end of 2013.

The Company is currently evaluating with its advisors the programme and timeline to complete the DFS and will update the market in due course.

The technical information provided in this news release was reviewed and approved by Dr. Juan Camus, the Project's Country Manager and a qualified person for the purposes of NI 43-101.

Subsoil Use Licence Extension and Exploration Programme

Under LLLP's current 2013 exploration plan approved by MINT in late June 2013, LLLP is required to compete a scope of work and activities by December 31, 2013. LLLP will fall significantly short of completing the required scope of work and activities by December 31, 2013 under the approved 2013 exploration plan. The holder of the Subsoil Use Licence is required to fully perform the scope of work defined in the approved exploration plan but is allowed to incur lower than budgeted costs if costs savings have been achieved without reduction of the scope of work. If the holder of the Subsoil Use Licence fails to perform the obligations under the approved exploration works plan, Kazakhstan regulatory authorities may send a notification on infringements or payment of penalties.

On September 12, 2013, LLLP lodged an application with MINT to extend the exploration period allowed under the Subsoil Use Licence from the current expiry of March 2014 to March 2016. On November 8, 2013, MINT confirmed receipt of the application by LLLP and confirmed the application will be reviewed after receipt of supporting Project documentation. LLLP is in the process of lodging a revised exploration work plan with MINT to support the extension application, including a revised plan for 2013.

The above process of review and decision by MINT is anticipated to be completed in the first quarter of 2014.

It is noted that the commencement of the National Agency for the Development of Local Content (NADLOC) tender process for activities under the 2014 exploration programme cannot commence until MINT approval of the two year extension application and for the 2014 to Q1 2016 exploration plan to support the two year extension for the Subsoil Use Licence has preliminarily been considered by MINT.

Share Purchase Agreement

On February 15, 2013, the Company completed the acquisition of a 74.99% interest in LLLP from Safin and made the initial SPA payments of $6,933,784 in cash ("the First Instalment Cash") and issued 23,076,000 shares ("First Instalment Shares") equal to $4,615,200 at a deemed value of $0.20 per share. Safin retain a 0.01% interest in LLLP.

Under the terms of the SPA, the Company is required to pay Safin's Capital Gains Tax ("CGT") liability on the cash and share consideration to the Kazakhstan tax authorities, without deduction from the consideration payable to Safin. Following the initial cash payment and share issuance in February 2013, the Company made a CGT payment of $2,038,056 to the Kazakhstan tax authorities in April 2013 in respect of Safin's CGT liability for the First Instalment Cash and First Instalment Shares. Under the terms of the SPA, in the event that an application for refund of this CGT paid on the First Instalment Cash and First Instalment Shares is successful with the Kazakhstan tax authorities, the refund of these CGT funds will be to Safin's benefit. Pursuant to the SPA, all other successful CGT refunds in respect to the consideration payable to Safin, will be to the benefit of the Group.

All of the First Instalment Shares issued to Safin are subject to resale restrictions until June 16, 2013. In addition, under the terms of the SPA the parties have agreed that 25% of the First Instalment Shares will have an additional hold period expiring 12 months from issuance, 25% of the First Instalment Shares will have an additional hold period expiring 18 months from issuance and 25% of the First Instalment Shares will have an additional hold period expiring 24 months from issuance.

On May 28, 2013, the Company issued a further 13,086,971 common shares (“Second Instalment Shares”) to Safin at a price of $0.275 per common share pursuant to the terms of the SPA. The calculated CGT liability of US$630,000 on this share consideration is due to be paid by the Group on Safin’s behalf, per the SPA. Following this issue of common shares, Safin has direct ownership and direction or control over 36,162,971 common shares of the Company, representing approximately 20.23% of the 178,787,971 common shares of the Company that were issued and outstanding as at September 30, 2013.

The Second Instalment Shares issued to Safin are subject to resale restrictions until September 29, 2013. In addition, under the terms of the SPA the parties have agreed that 25% of the Second Instalment Shares will have an additional hold period expiring 12 months from issuance, 25% of the Second Instalment Shares will have an additional hold period expiring 18 months from issuance and 25% of the Second Consideration Shares will have an additional hold period expiring 24 months from issuance.

On July 1, 2013, the Group and Safin agreed amendments to the SPA in respect to the consideration payable to Safin. Following these amendments to the SPA, the remaining cash consideration payable to Safin is scheduled as follows:

i) by 30 September 2013, US$2,000,000 (first part of Second Instalment Cash)
ii) by 15 January 2014, US$10,410,408 (second part of Second Instalment Cash)
iii) by 31 March 2014, US$3,102,602 (first part of Third Instalment Cash)
iv) by 30 June 2014, US$3,102,602 (second part of Third Instalment Cash)
v) by 30 September 2014, US$3,102,602 (third part of Third Instalment Cash)
vi) by 31 December 2014, US$3,102,602 (fourth part of Third Instalment Cash)

The Company completed the first part of Second Instalment Cash of US$2,000,000 on October 2, 2013. The calculated CGT liability of US$352,941 in respect of the Second Instalment Cash is due to be paid by the Group on Safin’s behalf, per the SPA.

The outstanding third tranche of consideration shares (“Third Instalment Shares”) also due to Safin, to a value of US$3,570,000, will be issued as soon as possible, subject to all Kazakhstan governmental consents and waivers being first obtained. The Third Instalment Shares will be that number of common shares of the Company equal to dividing the sum of $3,570,000 by 100% of the volume weighted average trading price of the Company’s common shares on the TSX-V for the five consecutive trading days ending on the trading day preceding the date the Company issues the shares to Safin.

Under the terms of the SPA, as at September 30, 2013, the future cash and share consideration to be paid to Safin totals $26,390,816, comprising future cash consideration of $22,820,816 and outstanding share consideration of $3,570,000. The calculated future CGT payable by the Group on behalf of Safin in respect of these future consideration payments would be $4,657,203.

In the event the Company does not complete the Second or Third Instalment Cash payments to Safin, in full or in part, in accordance with the terms of the SPA, the Company is required to transfer back to Safin the unpaid portion of its interest in LLLP on a pro rata basis.

In January 2014, the Company is also required to repay US$404,000 of the outstanding loan from Safin to LLLP.

As announced on July 1, 2013, following the amendment to the SPA, the Group entered into an amendment agreement to pay the second instalment of a finder’s fee (“Finder's Fee”) of $966,000 to an arm's length party in connection with the Acquisition on or before July 31, 2013, which was completed during the reporting period. The third instalment of the Finder's Fee of $966,000 is due to be paid on or before December 31, 2014.

Financing Activities

On February 20, 2013, the Company announced the intention to complete a non-brokered private placement for up to Canadian Dollars (CAD) $12,000,000 in aggregate principal amount of convertible unsecured non-interest bearing debentures subject to the approval of the TSX-V. On August 15, 2013, the Company announced this private placement would no longer be proceeding as the Company was proceeding to undertake a non-brokered private placement (the “Private Placement”) for up to CAD$25,000,000 in aggregate principal amount of convertible unsecured non-interest bearing debentures (“Convertible Debentures”).

On 26 September 2013, the Company is announced the Private Placement had closed for aggregate proceeds of CAD$19,568,893.00 (USD$19,000,585) (the "Aggregate Proceeds"). The Convertible Debentures mature on and become payable on September 26, 2016 (the "Maturity Date") and are direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company. Upon receipt of all necessary approvals from MINT on or before the Maturity Date for the Convertible Debentures, the principal amount of the Convertible Debentures will automatically be converted into units of the Company (the "Units") at the conversion price of CAD$0.15 per Unit.

Each Unit will be comprised of one common share of the Company and one-half of one share purchase warrant, with each whole warrant (a "Warrant") exercisable to purchase one additional common share (a "Warrant Share") until September 26, 2016, at an exercise price of CAD$0.35. In the event that the closing price of the common shares of the Company on the TSX-V is equal to or exceeds $1.00 for a period of 10 consecutive trading days (the "Acceleration Event"), the Warrants will expire on the date which is 90 calendar days after the Company provides notice to the holders of the Warrants that the Acceleration Event has occurred.

The Convertible Debentures, and any common shares, Warrants or Warrant Shares issued upon conversion of the Convertible Debentures or exercise of the Warrants, will be subject to a hold period expiring January 27, 2014.

Of the Aggregate Proceeds, CAD$10,568,893 was received by the Company prior to its announcement of the intended Private Placement and, following announcement, the Company received the remaining CAD$9,000,000.

Under the Private Placement Mr. Moshtagh Moshtaghi, acquired ownership of Convertible Debentures in the principal amount of CAD$7,557,427 (38.6% of the Convertible Debentures). Mr. Moshtaghi currently owns or exercises control or direction over 28,000,000 common shares of the Company representing 15.66% of its issued and outstanding shares on an undiluted basis (103,574,279 common shares representing 26.46% on a fully diluted basis, assuming the conversion of the Convertible Debentures and the exercise of the Warrants issued under the Private Placement).

Under the Private Placement, Mr. Riad Al Sadik, acquired ownership of Convertible Debentures in the principal amount of CAD$7,557,427 (38.6% of the Convertible Debentures). Mr. Al Sadik currently owns or exercises control or direction over 28,000,000 common shares of the Company representing 15.66% of its issued and outstanding shares on an undiluted basis (103,574,279 common shares representing 26.46% on a fully diluted basis, assuming the conversion of the Convertible Debentures and the exercise of the Warrants issued under the Private Placement).

Under the Private Placement Safin acquired ownership of Convertible Debentures in the principal amount of CAD$1,650,000 (8.4% of the Convertible Debentures). Safin, together with its parent, currently owns or exercises control or direction over 36,162,971 common shares of the Company representing 20.23% of its issued and outstanding shares on an undiluted basis (69,662,971 common shares representing 17.79% on a fully diluted basis, assuming the conversion of the Convertible Debentures and the exercise of the Warrants issued under the Private Placement).

Key changes in Company Personnel

With effect from July 15, 2013, Trevor Campbell Smith replaced David Savage as Chief Executive Officer and President of the Company.

Mr. Campbell Smith is a principal of Tranmar (UK) Ltd., a metals trading company based in the UK with a particular focus on the trading of iron ore. Mr. Campbell Smith is a graduate of Cambridge University, a Fellow of the Institute of Directors in the United Kingdom, and was previously Chairman of Stemcor (UK) Limited and a member of the main board of Stemcor Limited.

Mr. Savage continued to serve as a director of the Company until November 8, 2013.

With effect from July 15, 2013, Riad Al Sadik replaced Daniel Kunz as Chairman of the Board of Directors of the Company, with Mr Kunz continuing as a member of the Board.

Mr. Sadik was born in Deir El Kasi, Palestine in 1943. Mr. Sadik has a degree of Civil Engineering from the American University of Beirut and started his career in Saudi Arabia with the Ministry of Transportation. In 1970, with Khalaf Habtoor, he established Al Habtoor Engineering Enterprises, which, in 2007 merged with the Leighton Group to form the Habtoor Leighton Group of which Mr Riad Sadik is Chairman. Today, Mr. Sadik is involved in the hotel, construction, machinery and stone works businesses. He also sits on the Board of Trustees of the Institute for Palestine Studies and the Board of Trustees of the American University of Sharjah.

With effect from July 23, 2013, Mr. Moshtagh Moshtaghi was appointed to the Board and Anton Drescher, Paul Larkin and Carlos Ballon resigned from the Board.

Mr. Moshtaghi is a leading entrepreneur in the field of steel and raw materials trading. He has successfully developed a number of businesses over the past three decades. His knowledge of the iron ore market and iron ore processing will greatly enhance the board's strategic thinking as it plans for the Company's future.

On September 18, 2013, Mr Anthony Samaha was appointed as Chief Financial Officer of the Company (“CFO”) , taking over the role from Ms. Nuriya Kamaledinova, the Company’s Chief Accountant, who was the interim CFO following the resignation of Brian Egan as CFO in August 9, 2013. Mr. Samaha is a Chartered Accountant with over 20 years' of experience in accounting and corporate finance, including resources development.

Change in Auditors, Accounting Year End and Accounting Policies

On February 22, 2013, the Company announced the appointment of KPMG LLP as the auditors of the company following the resignation of Manning Elliott LLP.

On February 25, 2013, the Company announced the change in year end from March 31 to December 31 to correlate with the year-end of LLLP.

The Company changed its functional and presentation currency from Canadian Dollars ("CAD") to USD effective January 1, 2013. The change in functional currency was based on Management's judgement that with the acquisition of the Lomonosovskoye Project during the three months ended March 31, 2013, the currency of the primary economic environment in which the Company operates is now the USD. Major investing activity and any revenues of the Company are now denominated in USD. The change in functional and presentation currency has been performed on a prospective basis with all comparatives amounts translated at the closing rate on January 1, 2013 of USD 1: CAD 0.9967.

A number of new accounting standards, amendments to standards and interpretations became effective and were adopted by the Group on January 1, 2013. Those which may be relevant to the Group are set out below. None of these new standards had a significant impact on the consolidated financial statements of the Group.

- IFRS 9 *Financial Instruments*
- IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 19 *Employee Benefits*
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine.*

Selected Financial Information

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2013 and audited consolidated financial statements of the Company for the nine months ended December 31, 2012 which are prepared in accordance with IFRS. Comparative figures for the nine months ended and as at December 31, 2012 are translated to USD at the exchange rate on January 1, 2013.

	Nine months Ended September 30, 2013 $	Nine months Ended December 31, 2012 $
Revenue	-	-
Net Loss	4,857,173	7,903,297
Total Assets	51,771,490	13,482,228
Total Liabilities	28,579,111	1,335,275
Shareholders' Equity	23,192,379	12,146,953

Summary of Quarterly Results

The following table sets forth a comparison of revenues and earnings and capitalized project expenditure for the previous eight quarters. Comparative figures have been translated to USD from CAD at the exchange rate on December 31, 2012.

Quarter ending	Sep 2013 $	Jun 2013 $	Mar 2013 $	Dec 2012 $	Sep 2012 $	Jun 2012 $	Mar 2012 $	Dec 2011 $
Revenue	-	-	-	-	-	-	-	-
Capital Project Exp.	659,079	4,922,555	1,393,598	-	-	-	-	-
Net Loss	(1,432,285)	(628,014)	(2,796,874)	(2,439,075)	(3,572,181)	(1,892,041)	(5,304,129)	(25,141)
Net Loss per Share	(0.008)	(0.004)	(0.019)	(0.02)	(0.03)	(0.02)	(0.39)	(0.00)

The reduction in net loss in the quarters ending 30 September 2013 and 30 June 2013 as compared to the previous five quarters reflects the Group capitalizing Project related expenditure subsequent to the completion of the acquisition of LLLP on February 15, 2013. The increase in the net loss commencing with the quarter ending March 31, 2012 as compared to the prior quarter, was due to the commencement of funding of the costs on the Project, and variations since then have been due to the different levels of operational activity related to the Project from quarter to quarter.

As of September 30, 2013, the Group had capitalized $6,975,232 in Project development expenditures post completion of the Acquisition in February 2013. During the 3 months ended September 30, 2013, the Group capitalized $659,079 in Project development expenditures. This represented a significant reduction in expenditure on the Project during the third quarter of 2013, compared to the 3 months ended June 30, 2013 of $4,922,555, as the Group completed a management restructure and awaited availability of further funding from the completion of the Private Placement

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Financial Results of Operations – nine months period ended September 30, 2013

During the nine months period ended September 30, 2013, the Company incurred a net loss of $4,857,173 compared to $10,799,416 for the nine months ended September 30, 2012 (the "previous year").

Accounting, audit and legal fees increased to $301,109 compared to $181,829 in the same period last year.

The management fees expensed during the reporting period was $841,109 compared to $149,358 in the corresponding period in 2012. The management fees expense primarily includes costs incurred by the Group with Stonehouse Construction Pte. Ltd ("SHCS") and companies controlled by it (collectively "Stonehouse") pursuant to the Alliance Agreement as defined below under the heading "Related Party Transactions". Pursuant to the Alliance Agreement, a management fee of 10% of expenditures incurred on the Project (the "Fee"), has been charged to the Group by Stonehouse. For the nine months ended September 30, 2013, Stonehouse charged $799,602 (corresponding period 2012: $891,777) for the Fee. For the nine months ended September 30, 2012, the Fee was primarily included under expensed Project development expenditure. Capitalised management fees and costs relating to Project development post Acquisition was $471,881 for the 9 months ended September 30, 2013.

Travel related expense in the 9 months ended September 30, 2013 was $676,714 compared to $289,760 in the corresponding period in 2012. For the nine months ended September 30, 2012, travel related expenditure of $979,297 was included under expensed Project development expenditure. Travel related expenditure is in respect to extensive travelling by management to the Project offices in Kazakhstan and Board meetings, and for technical, commercial and financing meetings in respect to the Project.

Cash used in operations and investing activities during the nine months period ended September 30, 2013 was $20,213,916 compared to $11,279,117 in the previous year. The increase was mainly due to payments made in respect to the Acquisition pursuant to the SPA.

Liquidity and Capital Resources

As at September 30, 2013, the Company had a working capital deficit of $3,234,348 (December 31, 2012: a surplus of $10,531,536) including cash and cash equivalents of $9,413,610 (December 31, 2012: $10,634,460), receivables and advances of $171,852 (December 31, 2012: $739,227), amounts due from related parties of $Nil (December 31, 2012: $493,124) and current liabilities of $12,819,810 (December 31, 2012: $1,335,275). Current and non-current liabilities increased due to the liabilities based on the terms of the SPA following the completion of the Acquisition.

The Company will require additional funds to advance the Project to production. The Company has raised funds to advance the Project as and when required. There can be no assurance that the Group's Project will be fully developed in accordance with current plans or completed on time or to budget. Future work on the development of the Project, the levels of production and financial returns arising therefrom may be adversely affected by factors outside the control of the Group.

During the reporting period, the Company completed the Private Placement of Debentures for aggregate proceeds of CAD$19,568,893 (USD$19,000,585) to existing major shareholders of the Company. The Directors expect to be able to obtain further funding for the Group. However, there can be no guarantee that the required funds will be raised within the necessary timeframe. Failure to raise additional financing on a timely basis could cause the Group to suspend its operation and eventually to forfeit or sell its interest in its mineral properties. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Litigation

On August 16, 2013, LogiCamms Limited ("LogiCamms") filed a Notice of Civil Claim against the Company and LLLP (together, "Kazax"). The notice of claim asserts that Kazax has failed to pay debts totalling Australian Dollars (AUD)$2,226,931 (approximately US$2,036,974) in breach of the agreement for services in place between LogiCamms and Kazax. Pursuant to the Notice of Civil Claim, LogiCamms is also claiming interest expenses and other costs.

The Company is taking legal advice on the matter and has made a counter claim against LogiCamms. The amount of AUD$2,226,932 is included in accounts payable and accrued liabilities as at September 30, 2013, in respect of the LogiCamms matter.

Credit Facilities

The Company has no credit facility outstanding as at September 30, 2013.

Contractual Obligations

The Group's material contractual obligations as at September 30, 2013, are in respect to the Subsoil Use Licence and the SPA.

The Group has expenditure commitments under the Subsoil Use Licence as described above under the Lomonosovskoye Iron Ore Project.

The Company is committed to pay cash and to issue shares in respect to the Acquisition, as described above under the heading "Share Purchase Agreement".

Off Balance Sheet Arrangements

As at June 30, 2013, the Company had no off-balance sheet arrangements.

Proposed Transactions

There are currently no proposed transactions, except as otherwise disclosed in this MD&A. Confidentiality agreements may be entered into from time to time, with independent entities to allow for technical, commercial and/or financing discussions.

Subsequent Events

On October 2, 2013 the Group paid USD$2,000,000 to Safin in respect of the first part of the Second Instalment pursuant to the SPA.

David Savage and Tareq Damerji ceased to be directors of the Company as from November 8, 2013.

Related Party Transactions

The Group has incurred costs with SHCS and companies controlled by it (collectively "Stonehouse") to manage the Project. Stonehouse has officers, directors and shareholders in common with the Company. Pursuant to the Alliance Agreement, a fee of 10% of expenditures incurred on the Project, (the "Fee") has been charged to the Company by Stonehouse. On July 14, 2013, the Group entered into a Termination Deed with SHCS, to terminate the Alliance Agreement and agreed to pay SHCS amounting to $348,453 in respect of all amounts due to SHCS to June 30, 2013. Stonehouse has charged $799,602 for the nine months ended September 30, 2013 (nine months ended September 30, 2012: $891,777) for the Fee.

The Company has provided advances to Stonehouse for the funding of the Project expenditures of $Nil as at September 30, 2013 (December 31, 2012: $493,124).

On July 14, 2013, the Group entered into consulting agreement ("Consulting Agreement") with SHCS to provide financial, technical, administrative and other advice with respect to the ongoing development of the Lomonosovskoye Project for a monthly retainer fee of $120,000 for July and $70,000 per month thereafter ("Consulting Fees"). The Consulting Agreement was terminated on September 26, 2013. The Consulting Fees charged by SHCS for the 3 months ended September 30, 2013 was $248,333.

Included in accounts payable and accrued liabilities is $146,803 as at September 30, 2013 (December 31, 2012: $973,657) due to Stonehouse. The amounts accrued are the amounts outstanding and billed by Stonehouse during the period.

The services of David Savage (former CEO) and Brian Egan (former CFO), as well as several other personnel were provided to the Group pursuant to the Alliance Agreement.

The key management of the Company comprises of officers and directors with remuneration as follows:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Remuneration and short-term benefits	$719,741	$372,564
Directors fees	$237,056	$11,285
	$956,797	$383,849

The above transactions, occur in the normal course of operations and are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

Outstanding Share Data

Common shares outstanding

	Number of Shares
Issued and outstanding common shares	178,787,971
Convertible Debentures outstanding (aggregate principal amount)	$19,568,893
Stock options outstanding	4,000,000
Fully diluted at September 30, 2013	378,476,900

The first 1,100,000 shares issued to founders were subject to an escrow agreement. Pursuant to the escrow agreement, 10% of the escrowed shares were released upon receipt of the Final Exchange Bulletin (the “Initial Release”) issued by the TSX signifying the acceptance of a “qualifying transaction” and 15% will be released every six months thereafter for a period of thirty-six months. The balance of shares held in escrow at December 31, 2012 is 165,000. On the date of this report it is nil. This last tranche was released on March 12, 2013.

On 15 July 2013, the Company announced the granting of incentive stock options to Mr. Campbell Smith to purchase up to 4,000,000 common shares in its capital stock at a price of CAD$0.145 per share, subject to receipt of approval from MINT. The options vest quarterly over nine months and are exercisable until July 13, 2014.

On September 26, 2013, the Company completed the Private Placement of Convertible Debentures for aggregate proceeds of CAD$19,568,893 (USD$19,000,585). Further details with respect to Private Placement can be found above under the heading “Financing Activities”

Financial Instruments and Other Instruments

As at September 30, 2013, the Company holds cash and cash equivalents, receivables, due from/(to) related parties, accounts payable and other SPA related liabilities. The Company is not exposed to derivative financial instruments. It is management’s opinion that the Company is not exposed to significant interest and currency risks arising from its financial instruments and their fair values approximate their carrying values. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with high credit quality financial institutions.

Risks and Uncertainties

The Company’s principal activity is the development of the Project. As such, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities. There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to develop and maintain its projects and to carry out its desired development programs.

Other risks include, but are not limited to, environmental, fluctuating metal prices, political and economic. Additionally, there are inherent risks with development projects to successfully achieve production due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Although the Company has taken steps to verify the title to its Project, in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title.

The Company has no significant source of operating cash flow, no revenues from operations and a significant working capital deficit. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves. The Company's mineral properties are in the development stage only, and have no ongoing mining operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mine development activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties the Company may be subject to.

The Company will be subject to normal market risks including fluctuations in foreign exchange rates. While the Company expects to manage its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Forward Looking Statements

This report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "schedule", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this Managements' Discussion and Analysis contains forward looking statements and information concerning the Company's future operations and prospects. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company, including the Group's ability to complete its obligations under the SPA. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because the Company can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the Company's actual results and experience to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, economically recoverable mineral resources, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, and political and economic conditions. Additional information on these and other factors is available in continuous disclosure materials filed by the Company with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this news release or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purpose. The Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.