



Management's Discussion & Analysis

**For the Period Ended
January 31, 2014**

(Expressed in U.S. Dollar)

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Canaf Group Inc. ("the Corporation") as at January 31, 2014 and for the three month period then ended in comparison to the same period in 2013.

This MD&A should be read in conjunction with the consolidated financial statements for the year ended October 31, 2013 and supporting notes. These consolidated financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting".

Additional information relating to the Company is available on SEDAR at www.sedar.com.

The effective date of this MD&A is March 14, 2014.

DESCRIPTION OF BUSINESS

Canaf Group Inc., (the "Company") is incorporated in the Province of Alberta and wholly owns a company in South Africa, Quantum Screening and Crushing (Proprietary) Limited ("Quantum"). Quantum processes anthracite coal into de-volatilised (calcined) anthracite for sale mostly to steel and ferromanganese manufacturers as a substitute product for coke.

Quantum – Calcined Anthracite, South Africa

Quantum produces calcined anthracite, a product used primarily as a substitute to coke in the manufacturing process of steel and manganese. Quantum's two largest clients are world leaders in steel and ferromanganese production, namely ArcelorMittal and BHP Billiton respectively. Quantum has an operation near Newcastle, KwaZulu Natal, where its two kilns operate, de-volatilising the raw material anthracite, known as calcining. The majority of Quantum's feedstock anthracite is supplied by the neighbouring Springlake Colliery, which has reserves in excess of 20 years.

Calcining is a process whereby anthracite coal is fed through a rotary kiln, at temperatures between 850 and 1100 degrees centigrade; the volatiles are burnt off and the effective carbon content increased. The final product, referred to as "calcined anthracite" is used as a coke substitute. Calcined anthracite is used as a reductant in the manufacture of steel and manganese, as well as other sintering processes. Quantum, through its wholly owned subsidiary Southern Coal (Proprietary) Limited, ("Southern Coal") has been profitably carrying on this business since 2004.

OVERALL PERFORMANCE AND OUTLOOK

The financial results for the last quarter ended January 31, 2014 reflect a 15% increase in net profit to \$161,392, in comparison to the previous quarter. Revenue decreased 25% to \$3,254,723.

During the quarter, the company invested approximately \$17,000 by purchasing a new pick-up truck for its site operations. The Company also, agreed terms to supply trial loads of material to two new potential customers. Trials commenced during February and March 2014 and the outcome should be known by April and May this year.

The Company can also confirm that the blast furnace reline works scheduled for ArcelorMittal's Newcastle facility has been approved. Work will commence in May 2014 and last for approximately 4 months. The Company is confident that any sales lost due to the shutdown will be re-allocated, either to existing or new customers. The Company sees the investment at ArcelorMittal's Newcastle facility as positive investment and expects the long-term demand for its product to increase above existing levels once the facility has been re-commissioned in September 2014.

As well as continuing to focus on maintaining positive free cash flow from Quantum, the Company is actively looking to expand into related businesses within the reductant and anthracite market in South Africa through potential investments in existing operations and anthracite mines.

The Company remains confident that orders for its product of calcined anthracite will remain strong, and the Company continues to receive strong interest in its product, as proven by the recent trial loads supplied to two new companies.

Calcined anthracite is considered as a more secure source of reductant as industries in South Africa become concerned at the future availability of coke. Over the past few years, high-quality anthracites, and calcined anthracite have gained more interest as a replacement to the more expensive reductant, coke, in the sintering and smelting industries.

Update on Ugandan Case against Kilembe Mines Limited

In August 2006, Canaf, then known as Uganda Gold Mining, announced the termination of any further investment into its Kilembe Copper-Cobalt Project in Uganda. Since 2007, the Company has been involved in a legal dispute with Kilembe Mines Limited, (KML), and in April 2009, successfully won an injunction preventing the sale and privatisation of the Kilembe Copper-Cobalt Project by the Government of Uganda. In January 2013, the high court of Uganda referred the case back to arbitration for settlement.

On May 29, 2013, a preliminary meeting was held between the Company, KML and the arbitrator. The Company can confirm that further meetings were scheduled for August 2013, after filings of amended statements of defense and claims had been submitted. Since the initial meeting however, and the recent award of a deal to a Chinese Consortium to manage and operate KML, the Company's appointed Ugandan advocates are now seeking through the High Court of Uganda, for KML to ensure that assets and funds, sufficient to settle the Company's claim against KML, are set aside before the disposal of KML; this is not to say that Canaf has settled with KML but is merely to ensure that sufficient funds and assets are set aside by KML to settle with Canaf, should the arbitration be awarded in favor of the Company. During the year, the Company appointed SRK Consultants to prepare a brief document to quantify the lost opportunity value of the termination of the Kilembe Project. During the next financial year the Company will utilize this document to assist in the submission of a revised claim against KML.

The Company continues to pursue its claim in Uganda vigorously, however at this stage the Company is unable to give an indication of either the quantum or any likely date by which a settlement will be reached. The original claim, before costs, is for a money sum of US\$10,370,368 as at the 24th January 2007.

As much as a favorable award in arbitration would significantly benefit the Company, the Company continues to plan for expansion based on its cash generating operation in South Africa alone.

RESULTS OF OPERATIONS

Three Month Period Ending January 31, 2014

For the period ended January 31, 2014, the Company reported a net income of \$161,392 decreased from \$171,910 for the same quarter the previous year. The decrease in net income was not only caused by increased cost of sales, but equally by the relative depreciation of the Rand against the USD.

	January 31, 2014 \$	January 31, 2013 \$
Sales	3,254,723	3,031,276
Cost of sales	(2,895,677)	(2,623,585)
Gross Profit	359,046	407,691
Expenses	(113,550)	(135,946)
Income tax expense	(84,104)	(99,835)
Net income for the period	<u>161,392</u>	<u>171,910</u>

Sales

For the period ended January 31, 2014 revenue increased 7.4% to \$3,254,723 from \$3,031,276 the previous year. The increase in revenue is due to an increase in product tones sold. Revenue growth in USD was also adversely affected by the depreciation of the South African (see South African Business Performance).

Expenses

For the period ended January 31, 2014 expenses decreased by 16%; the main reasons being the decrease in interest charges and general administrative expenses, as well as the relative devaluation of the South African Rand. Differences in expenses incurred are as follows:

	January 31, 2014 \$	January 31, 2013 \$
General and Administrative	112,057	133,856
Interest on Bank Loan	468	1,270
Interest on Debentures	2,959	2,992
Interest on Related Party Loan	-	2,902
Interest Income	(1,934)	(5,074)
	<u>113,550</u>	<u>135,946</u>

General and administrative expenses

- Directors and officers of Quantum, a subsidiary of the Company in South Africa, billed the Company \$33,760 (2013-\$42,859) for management services.
- The Company incurred \$17,250 (2013-\$17,429) in consulting fees relating to consulting and management services by the President of the Company. The President works full-time for the Company.

- Professional fees included audit, tax, accounting fee and legal of \$26,847 (2013-\$37,791).
- Transfer agent and filing fees of \$ 1,004 (2013-\$829) consisted of fees paid to regulatory bodies in Canada in connection with routine filings.
- The Company incurred \$15,511 (2013-\$18,413) in travel costs.

Interest Income

- The Company's interest income decreased to \$1,934 (2013-\$5,074) for the period ended January 31, 2014 due to less cash on hand to invest in interest bearing financial assets.

Finance Cost

- The Company issued debentures totalling \$150,000, which bears interest of 6% and 8% per annum, with \$2,959 (2013-\$2,992) of interest expense for the period.
- Interest expenses of \$Nil (2013-\$2,902) accrued to a company controlled by a director of the Company. The loan is unsecured and bears interest of 6% per annum. This loan was paid off in full during the fiscal year 2013.
- The Company paid interest of \$468 (2013-\$1,270) for a long-term debt. The bank loan bears interest at 8% per annum, matures on July 1, 2014, and is secured by the Company's modular screening and crushing acquired in June 2011.

Income Taxes

For the period ended January 31, 2014, the Company reported income taxes of \$84,104, which reflects 16% decrease compared to the same period last year.

A majority of the future income tax assets originating in Canada include tax-loss carry forwards for which a valuation allowance has been recorded. The deferred tax liability included in the balance sheet of \$48,171 (2013-\$51,180) was recorded to reflect the temporary difference originated on the value assigned to plant and equipment in South Africa.

Comprehensive Income

The Company is not subject to currency fluctuations in its core activities however the Company is subject to transactions in various currencies and the volatility in international currency markets does have an impact on some costs and translation into the reporting currency of the Company. The current period comprehensive loss on foreign exchange in the amount of \$228,564 (2013-\$58,990) mostly as a result of the translation of foreign-currency denominated balances from the functional currency to the reporting currency. As at January 31, 2014, the Company has accumulated other comprehensive loss of \$982,458 (October 31, 2013 - \$753,894). The Company does not hedge net asset translation movements, but where necessary and appropriate hedge currency risk for trading items.

South African Business Performance – Quantum Screening and Crushing (Pty) Ltd

	January 31, 2014 ZAR	January 31, 2013 ZAR
Sales	34,014,787	27,382,724
Cost of sales	(29,892,884)	(23,384,777)
Gross Profit	4,121,903	3,977,947
Expenses	(982,730)	(918,047)
Income tax expense	(878,967)	(901,852)
Net income for the period	<u>2,260,206</u>	<u>2,178,048</u>

The table above shows that Quantum's revenue for the period end January 31, 2014, increased by 24%, compared to the previous year, and net income increased by 4%; these figures represent strong growth of demand for the product.

The difference in the growth between the South African revenue and the reported Canadian revenue is due to the devaluation of the South African currency between the periods.

SUMMARY OF QUARTERLY REPORTS

Results for the most recent quarters ending with the last quarter for the period ended January 31, 2014:

	Three Months Ended			
	January 31, 2014 \$	October 31, 2013 \$	July 31, 2013 \$	April 30, 2013 \$
Sales	3,254,723	4,363,974	4,119,783	3,454,600
Gross Profit	359,046	476,135	500,579	242,696
Net Income	161,392	140,504	362,486	163,637
Basic and diluted (loss) per share	0.00	0.00	0.00	0.00

	Three Months Ended			
	January 31, 2013 \$	October 31, 2012 \$	July 31, 2012 \$	April 30, 2012 \$
Sales	3,031,276	2,610,979	3,242,393	2,627,388
Gross Profit	407,691	291,964	290,729	191,936
Net Income(Loss)	171,910	61,850	54,466	104,009
Basic and diluted loss per share	0.00	0.00	0.01	0.00

As the table above shows, the Company continues to build on its profitable, quarter on quarter track record, despite the weakening Rand.

Financial position

Revenue from the sale of calcine and coal has historically been derived from two customers and as a result the company is dependent on these customers for its revenue. The Company however has been actively working on increasing its customer base and has goals to be supplying at least four different facilities by the end of fiscal year 2014. The increase in sales compared to fiscal year 2013 is not only due to product sale price increases, but also due to a 23% increase in sales tonnes sold for the period.

The Company earned \$1,934 (2013-\$5,074) of interest income during the year on its long-term investment, and cash held in Canadian and South Africa banking institutions. The decrease is due to the decreased in the cash on hand.

The main components making up the balance of \$2,956,972 of total assets as at January 31, 2014 are \$504,492 property, plant and equipment, \$772,871 in cash, \$1,254,900 in accounts receivable and \$381,452 in inventories, comprising mostly of stock on hand.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2014, the Company had cash and cash equivalents of \$772,871 and working capital of 1,191,433. All cash and cash equivalents are deposited in interest accruing accounts.

	January 31, 2014 \$	January 31, 2013 \$
Current assets	2,452,479	2,832,088
Plant and Equipment	504,492	576,612
Intangible Assets	1	1
Total Assets	2,956,972	3,408,701
Current Liabilities	1,261,046	2,053,670
Deferred Tax Liability	48,171	46,001
Long Term Debt	-	38,980
Total Liabilities	1,309,217	2,138,651
Shareholders' Equity	1,647,755	1,270,050
Working Capital	1,191,433	778,418

Significant working capital components include cash in current or interest bearing accounts, trade and other receivables, sales tax receivable, inventories, prepaid expenses and deposits, due to related parties, trade and other payables, sales tax payable, income tax payable, and current portion of long-term debt and due to related parties.

Trade receivables and trade payables are expected to increase or decrease as sales volumes change.

	January 31, 2014 \$	January 31, 2013 \$
Cash used in operating activities	(341,597)	(1,071,819)
Cash used in investing activities	40,150	(15,748)
Cash provided by financing activities	(10,848)	(11,218)
Change in cash	(312,295)	(1,098,785)

During the period ended January 31, 2014, operations utilized \$341,597 in cash compared to \$1,071,819 during the period ended January 31, 2013. The decrease in cash utilized from operations in 2014 as compared to 2013 is mainly due to a fluctuation in trade receivables and trade payables due to the purchase of equipment and inventories in our subsidiaries in South Africa.

Except as described above, the Company's management is not aware of any other trends or other expected fluctuations in its liquidity that would create any deficiencies. The Company's management believes that its cash balances will be sufficient to meet the Company's short-term and long-term requirements for ongoing operations and planned growth.

ECONOMIC DEPENDENCE

Sales from the Company's South African coal processing business have historically been derived from two customers and as a result, the Company is economically dependent on these customers. The Company is actively looking to double its customer base during the fiscal year 2104. The Company's exposure to credit risk is limited to the carrying value of its accounts receivable. As at January 31, 2014, trade receivables of \$1,254,900 due from these customers was collected subsequent to period. The Company does not consider its customers as high risk, not to mention its product is classified as a tier 1 raw material for the major companies.

REVENUE RECOGNITION

Revenue from the sale of calcined anthracite is recognized upon transfer of title, which is completed when the physical product is delivered to customers and collection is reasonably assured. Interest and other income are recognized when earned and collection is reasonably assured.

CONTRACTUAL OBLIGATIONS

Long-Term Debt

	January 31, 2014 \$	January 31, 2013 \$
Bank loan	16,564	\$ 59,590
Less: Current Portion	(16,564)	\$ 20,610
	-	<u>\$ 38,980</u>

The bank loan bears interest at 8% per annum, matures on July 1, 2014, and is secured by the Company's crushing and screening plant acquired in June 2011. During the period ended January 31, 2014, the Company incurred interest expense totalling \$468 (2013 of \$1,270).

Debentures

	January 31, 2014 \$	January 31, 2013 \$
Debenture-outstanding	152,959	152,992
Less: interest paid	(2,959)	(2,992)
Total	<u>150,000</u>	<u>150,000</u>

In January 2009, the Company issued debentures totalling \$150,000 which included \$50,000 subscribed by a related company controlled by a Director of the Company. The debentures bear interest at 6% to 8% per annum compounded annually and are secured by a first floating charge on all property and assets of the Company. The debentures mature on May 1, 2014, at which date the debentures may be converted into common shares of the Company at \$0.25 per common share.

During the period ended January 31, 2014, the Company incurred interest expense totalling \$2,959 (2013 ó \$2,992), of which \$986 (2013 ó \$997) was paid to the related company. There was no interest outstanding as at January 31, 2014 and 2013.

TRANSACTIONS WITH RELATED PARTIES

All of the undernoted fees are in respect to the period ended January 31, 2014, unless otherwise indicated.

- a) Consulting fee of \$17,250 (2013-\$17,429) was paid to a director of the Company, in consideration of management consulting services. This director was owed \$Nil at January 31, 2014.
- b) Directors' management fees of \$33,760 (2013 ó \$42,859) were paid to directors and officers of the Company for management compensation in the normal course of operation of the Company's subsidiaries in South Africa.
- c) Administrative and accounting fees of \$12,953 (2013 - \$13,607) were paid to a director of the Company for secretarial, general administrative and accounting services and overseeing regulatory filings and requirements.
- d) The amount due to a company controlled by a Director of the Company for advances made was unsecured, carried an interest rate at 6% per annum, and had no specific terms of repayment. As at January 31, 2014, the outstanding amount included accrued interest of \$Nil (2013 ó \$2,902). During the period ended January 31, 2014, the Company recorded interest expense of \$Nil (2013 ó \$2,902). The related party loan was fully repaid as at October 31, 2013.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements

COMMITMENTS

The Company has an agreement to lease premises for its coal processing plant in South Africa for a term of five years, expiring on January 1, 2016. The agreement offers the Company, in lieu of rent, feedstock coal to be delivered to its adjacent premises, which it purchases at market price. Should the Company decide to purchase feedstock materials from an alternative supplier which the lessor is otherwise able to provide, then a monthly rent of Rand 200,000 (\$19,978) is payable. To date, the Company has not been required to pay any rent for the premises as it has continued to purchase feedstock coal from the landlord. The Company is currently in negotiations to extend and revise the lease of its premises for a period of 10 years from January 1, 2016.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations are issued but not yet effective up the date of issuance of the Company's consolidated financial statements. The Company intends to adopt the following standards when they become effective. These standards are required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet determined the impact of these standards on its consolidated financial statements.

a) IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income.

b) IFRS 10 – Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's consolidated financial statements. IFRS 10 sets out three elements of control: a) power over the investee; b) exposure, or rights, to variable returns from involvement with the investee; and c) the ability to use power over the investee to affect the amount of the investor's return.

IFRS 10 sets out the requirements on how to apply the control principle. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and Standing Interpretations Committee (SIC) 12 "Consolidation of Special Purpose Entities".

c) IFRS 11 – Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in joint ventures", and SIC-13, "Jointly Controlled Entities – Non-Monetary Contributions by Venturers".

d) IFRS 12 – Disclosure of Interest in Other Entities

IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates, and structured entities into one comprehensive disclosure standard. The objective of IFRS 12 is for an entity to disclose information that helps users of its financial statements evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows. IFRS 12 also requires that an entity disclose the significant judgments and assumptions it has made.

e) IFRS 13 – Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of Canaf's accounting policies are presented in Note 2 of the consolidated financial statements ended January 31, 2014. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

MANAGEMENT FINANCIAL RISKS

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 2(o) of the consolidated financial statements. The Company's risk management is coordinated at its head office in Canada in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

Foreign Currency Risk

Foreign exchange risk arises because of fluctuations in exchange rates. The Company conducts a significant portion of its business activities in foreign currencies. The Company's subsidiaries, principally located in South Africa, routinely transact in the local currency, exposing the Company to potential foreign exchange risk in its financial position and cash flows.

The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rate between the United States dollar and these foreign currencies. The Company has outstanding debt obligations that are payable in Canadian dollars and has issued securities convertible or exercisable into common shares at values expressed in Canadian dollars. The Company does not currently use financial instruments to mitigate this risk.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivable by performing standard credit checks. The credit risk for cash and trade receivables is considered negligible since the counterparties are reputable banks with high quality external credit ratings and customers with no history of default.

The Company has a credit risk exposure related to its economic dependence on two customers for its calcine sales. The Company has assessed its exposure to credit risk and has determined that no significant risks exist from these concentrations of credit.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company has a working capital of \$1,191,433 as at January 31, 2014. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Company's bank loan, debentures, and amount due to a related party is based on fixed rates, and as such, the Company is not exposed to significant interest rate risk.

Commodity Price Risk

The Company's revenues, earnings and cash flows are directly related to the volume and price of calcine sold and are sensitive to changes in market prices over which it has little or no control. The Company has the ability to address its price-related exposures through the use of sales contracts.

Fair Value

The Company uses the following hierarchy for determining fair value measurements:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Company's financial assets measured at fair value through profit or loss use Level 1 valuation techniques during the period ended January 31, 2014 and years ended October 31, 2013. The carrying values of the Company's financial assets and liabilities approximate their fair values as at January 31, 2014.

CAPITAL RISK MANAGEMENT

The Company's objectives in managing its capital are to ensure adequate resources are available to fund its coal processing business in South Africa, to seek out and acquire new projects of merit, and to safeguard its ability to continue as a going concern. The Company manages its share capital as capital, which as at January 31, 2014, totalled \$8,079,463 (October 31, 2013 ó \$8,079,463).

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through the sale of calcine in South Africa and, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

The Company may, from time to time, invest capital that is surplus to immediate operational needs in short-term, liquid, and highly rated financial instruments held with major financial institutions, or in marketable securities. The Company may also, from time to time, enter into forward foreign exchange and commodity price contracts to hedge a portion of its exposure to movements in foreign exchange and commodity prices.

The Company has no externally imposed capital requirements and has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes in the Company's approach to capital management during the period ended January 31, 2014.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with National Instrument (ñNIö) 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged, including movements in commodity prices, which are difficult to forecast. The Company seeks to counter these risks as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

The Company's assets are of indeterminate value. For further particulars see the financial statements filed on www.sedar.com.

Exploration and Development

The Company is not currently engaged in any exploration or development projects.

Operating Hazards and Risks

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Company has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Metal and Mineral Prices

Factors beyond the control of the Company affect the price and marketability of gold and other metals and minerals. Metal and mineral prices have fluctuated widely, particularly in recent years and are affected by numerous factors including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors on the Company's future prospects cannot accurately be predicted.

Political Risk

Quantum is located in South Africa and consequently the Company will be subject to certain risks, including currency fluctuations, electricity outages and possible political or economic instability, and exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety.

Environmental Factors

All phases of the Company's operations will be subject to environmental regulation in South Africa.

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. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The exploration, development and production activities of the Company will require certain permits and licenses from various governmental authorities and such operations are and will be governed by laws and regulations governing exploration, development and production, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged

in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all licenses and permits which the Company may require to carry out exploration and development of its projects will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake.

Cash Flows and Additional Funding Requirements

Although since the acquisition of Quantum, the Company has significant revenues from operations, the majority of sources of funds currently available to the Company for any future acquisition and development projects will in large portion be derived from the issuance of equity or project finance debt. Although the Company presently has sufficient financial resources and has been successful in the past in obtaining equity and debt financing to undertake its currently planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Title to Assets

Although the Company has or will receive title options for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will be not challenged or impugned. In some countries, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. Also, in many countries, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries.

Enforcement of Civil Liabilities

Substantially all of the assets of the Company will be located outside of Canada and certain of the directors and officers of the Company will be resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

Management

The Company is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company.

CAUTIONARY STATEMENTS ON FORWARD-LOOKING INFORMATION

This MD&A together with the Company's consolidated financial statements for the period ended January 31, 2014 contain certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward looking statements. Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including risks that may affect the Company's operating or capital plans, including risks generally encountered in the exploration and development of natural resource properties, such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, process upsets and

equipment malfunctions; risks associated with labour and unavailability of skilled labour; fluctuations in the market prices of the Company's principal products, which are cyclical and subject to substantial price fluctuations; risks created through competition for natural resource properties; risks associated with lack of access to markets; risks associated with mineral and resource estimates, including the risk of errors in assumptions or methodologies; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; risks associated with the Company's dependence on third parties in the provision of transportation and other critical services; risks associated with aboriginal title claims and other title risks; social and political risks associated with operations in foreign countries; and risks associated with legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Company receives regulatory and governmental approvals as are necessary on a timely basis; that the Company is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Company's activity costs; that the Company is able to continue to secure adequate transportation as necessary for its exploration activities; that the Company is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that exploration activity timetables and capital costs for the Company's planned projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Company's estimates in relation to its natural resource interests are within reasonable bounds of accuracy (including with respect to size, grade and recoverability of mineral projects) and that the geological, operational and price assumptions on which these are based are reasonable; that no environmental and other proceedings or disputes arise; and that the Company maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

OUTSTANDING SHARES

Authorized:	Unlimited number of common shares without par value.
Common shares outstanding:	47,426,195
Options:	nil
Warrants:	nil
Fully Diluted:	47,426,195