

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated March 28, 2014 for the fiscal year ended December 31, 2013. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

BUSINESS DESCRIPTION AND READER GUIDANCE

Silver Mountain Mines Inc. (the "Company") is a Canadian exploration and mining company incorporated on May 12, 2008. The principal business activities of the Company are the exploration and development of mining properties and are considered to be in the exploration stage.

On June 21, 2011, the Company listed on the Canadian National Stock Exchange under the symbol SMM. On February 15, 2012, the Company moved its listing from the Canadian National Stock Exchange to the TSX Venture Exchange ("TSXV") trading under the symbol SMM.

The Company's financial statements were prepared in accordance with IFRS that are applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. At December 31, 2013, the Company had accumulated losses of \$1,819,511 since inception (December 31, 2012 – \$1,642,637), and a working capital surplus of \$1,207,454 (December 31, 2012 – \$1,937,434).

The Company's ability to continue as a going concern is dependent upon the ability to generate profitable operations and/or raise the necessary debt or equity financing to meet obligations and repay liabilities as they come due. The Company plans to explore all alternatives possible for securing its financial viability including joint ventures, debt and equity financings, merger opportunities and asset dispositions. There are no assurances that the Company will be successful with these initiatives and there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

FORWARD-LOOKING INFORMATION

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ materially from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Company to implement its strategic initiatives, the availability and price of precious metal commodities, government and regulatory decisions, plant availability, competitive factors in the mining industry and prevailing economic conditions in the regions the Company operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Company believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements speak only to the date of this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

OVERALL PERFORMANCE

Performance Highlights

	2013	2012	2011
Revenue	\$ -	\$ -	\$ -
Net loss	\$ (176,874)	\$ (356,193)	\$ (836,853)
Net loss per share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)
Funds used in operations	\$ (123,912)	\$ (284,636)	\$ (717,149)
Total assets	\$ 6,946,299	\$ 6,804,662	\$ 6,734,994
Capital expenditures	\$ 754,425	\$ 1,207,228	\$ 1,447,723

During the 2013 year, capital expenditures were \$754,425 compared to \$1,207,228 in 2012 which related to the exploration of the Upper and East Ptarmigan Property. The total comprehensive loss decreased by \$179,319 to \$176,874 in 2013 compared to \$356,193 in 2012, resulting from the decrease of advertising and promotion costs, consulting fees, licenses and salaries and benefits offset by the decrease in deferred tax recovery. Advertising and promotion costs and consulting fees decreased in the period resulting from the cancelation of investor relation contracts and renegotiation of individual contracts. Licensing fees decreased, resulting from the additional costs required in 2012 in preparation for the stock exchange listing on the TSXV. Cash used in operating activities in 2013 was \$123,912 versus \$284,636 in 2012 as a result of the decrease in the total comprehensive loss in the year.

On November 26, 2013, the Company announced a non-brokered private placement of flow-through shares. This private placement closed on January 6, 2014 where the Company raised \$437,450 with the issuance of 7,290,833 flow-through units. Each flow through unit consists of common flow-through share and one share purchase warrant to purchase one common share at \$0.15 expiring three years from the date of issuance.

On May 30, 2013, the Company announced that the Board of Directors established a special strategic alternatives committee to review the Company's cost structure and strategic options over the next 12 to 24 months. During this review, both the committee and management approved and carried out certain cost reduction measures for both field and corporate administrative activities. In addition, the committee reviewed and evaluated several potential acquisition and merger opportunities consistent with the Company's growth objectives. The special committee and management continue to review certain potential opportunities; however no binding agreements have been executed to date.

RESULTS OF OPERATIONS

Consulting Fees

	2013	2012
Consulting fees	\$ 52,843	\$ 87,604

Consulting fees decreased by \$34,761 from \$87,604 in 2012 to \$52,843 in 2013. The decrease is attributed to the reduction of consultant fees from the renegotiation of the contracts.

Advertising and Promotion

	2013	2012
Advertising and promotion	\$ 20,905	\$ 40,011

Advertising and promotion for the year decreased by \$19,106 from \$40,011 in 2012 to \$20,905 in 2013. This decrease results from the costs associated with Company promotions with investors and financial institutions which were cancelled during the year.

Licenses

	2013	2012
Licenses	\$ 9,230	\$ 41,968

Licenses have decreased by \$32,738 from \$41,968 in 2012 to \$9,230 in 2013. The decrease in the license fees in 2013 is the result of the costs incurred to become listed on the TSXV which were incurred during 2012. These costs include the initial listing fee and the annual maintenance fee.

Salaries and Benefits

	2013	2012
Salaries and benefits	\$ -	\$ 23,510

Salaries and benefits have decreased by \$23,510 from \$23,510 in 2012 to nil in 2013. The decrease results from the reduction of administrative staff employed by the Company. During the year ended December 31, 2013, the Company capitalized \$161,104 (2012 - \$169,733) of the President and CEO's salary and wages. All other management compensation is recognized under consulting fees.

Share-based Compensation

	2013	2012
Share-based compensation	\$ 72,912	\$ 47,743

In 2012, the Company granted 1,990,000 stock options in the third quarter, with a vesting period of 12 months of which one half of the expense was recorded in 2013. In 2013, the Company granted 1,020,000 with a vesting period of 12 months from the date of grant. As a result, the Company recognized share-based compensation expense of \$72,912 in 2013 compared to \$47,743 in 2012 as a result of the 2013 granted stock options.

Interest Income

	2013	2012
Interest income	\$ 19,081	\$ 28,142

During 2013, the Company received interest income of \$19,081 compared to \$28,142 in 2012. The reduction in interest income is attributable to the lower average cash and cash equivalent balance throughout the year.

Deferred Tax Recovery

	2013	2012
Deferred tax recovery	\$ 112,368	\$ 15,616

During the year ended December 31, 2013, the Company recognized a deferred tax recovery of \$112,368 compared to \$15,616 in 2012. This is the result of the difference in the amount of the renouncement of the flow-through expenditures and the amount recognized as a deferred tax recovery on the premium on the flow-through shares in 2013 compared to the amounts renounced in 2012.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company utilizes existing cash and the issuance of equity instruments to provide liquidity to the Company and finance development projects. The Company plans for major capital programs and preserves cash and plans equity issuances to finance these programs.

The following table shows how the activities of the Company were financed:

	2013	2012
Cash on hand, January 1	\$ 2,026,974	\$ 3,127,548
Cash flow from operations:		
Cash used in operations	(210,609)	(319,235)
Changes in working capital	86,697	34,599
Cash flow from financing	277,950	410,700
Available for investments	2,181,012	3,253,612
Cash flow used in investing	(754,721)	(1,226,638)
Cash on hand, December 31	\$ 1,426,291	\$ 2,026,974

The 2013 decrease in cash used in operations of \$108,626 is a result of the decrease in cash based expenses such as consulting fees and licenses. Fluctuations in working capital represented a cash inflow of \$86,697 in 2013 compared to \$34,599 in 2012, resulting from the decrease in GST receivable and increase in accounts payable and accrued liabilities offset by the decrease in premium liability and an increase in prepaid expenses.

Cash flow from financing resulted from the proceeds received on the issuance of the common and flow through shares in the period of \$277,950.

During 2013, the Company spent \$754,721 on investing activities compared to 2012 of \$1,226,638. The decrease in the expenses relate to the differences in scope of the planned exploration program. These activities include the exploration of mineral properties, including drilling and analysis.

The following table shows the capital of the Company:

	2013	2012
Cash and cash equivalents	\$ 1,426,291	\$ 2,026,974
Shareholders' equity	\$ 6,117,761	\$ 6,162,498

The increase in the shareholders' equity in the year is primarily the result of the issuance of flow-through shares during the year offset by increase in accumulated deficit due to operations.

Working Capital

Working capital decreased from \$1,937,434 in 2012 to \$1,207,454 in 2013 resulting from the decrease in current assets, from the exploration program in the year and an increase in current liabilities due to the increase in trade accounts payable from the additional exploration program occurring in December 2013, and by the increase in the premium liability.

GST receivable decreased \$67,272 from \$103,523 in 2012 to \$36,251 in 2013 primarily due to the decrease in the exploration program and the increase in the cash expenses in the year. Prepaid expenses increased due to the advances for investor relation services which are to commence in 2014.

Trade accounts payable and accrued liabilities increased in the period as a result of the timing of the payment of vendors due to the additional exploration program that occurred in December 2013. The premium liability account increased as a result of the increase in the quantity of flow-through shares issued in the period and the decreased premium attached to them.

Contractual Obligations

In the normal course of operations, the Company assumes various contractual obligations and commitments. The Company considers these obligations and commitments in its assessment of liquidity.

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2014 – 2015
Trade accounts payable and accrued liabilities	\$121,406	\$121,406	\$121,406	\$ -	\$ -
Lease obligations	-	11,953	11,953	\$ -	\$ -
Total	\$121,406	\$133,359	\$133,359	\$ -	\$ -

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial Quarter Ended (Unaudited)

	2013			
	Dec 31	Sept 30	Jun 30	Mar 31
Revenue	\$ -	\$ -	\$ -	\$ -
Comprehensive income (loss)	\$ (179,272)	\$ (38,071)	\$ (44,632)	\$ 85,101
Basic income loss per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ 0.00
Diluted income loss per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ 0.00
Total assets	\$ 6,946,299	\$ 6,650,463	\$ 6,674,066	\$ 6,702,477

	2012			
	Dec 31	Sept 30	Jun 30	Mar 31
Revenue	\$ -	\$ -	\$ -	\$ -
Total comprehensive loss	\$ 87,443	\$ (173,298)	\$ (81,119)	\$ (189,219)
Basic loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Dilute loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)

Total assets	\$ 6,804,662	\$ 6,523,521	\$ 6,464,267	\$ 6,572,881
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During the fourth quarter of 2013, the Company had a net loss of \$179,272 resulting from an increase in share-based compensation expense n related to the issuance of stock options along with the decrease in deferred tax recovery resulting from the renouncement of the flow through expenditures. During the third quarter of 2013, the Company had a net loss of \$38,071 resulting from the operating costs for general purposes. During the second quarter of 2013, the Company had net loss of \$44,632 resulting from the operating costs for general purposes. The decrease in the loss for the quarter compared to the previous quarters is the result of a decrease in consulting fees, office expenses, travel in the period, offset by the increase in share-based compensation expense. In the first quarter of 2013, the Company had net income of \$85,101 as a result of the renouncement of the flow through expenditures. As these costs were renounced, the Company allocated the premium liability to the deferred income tax recovery. In the fourth quarter of 2012, the Company had net income as a result of the deferred tax recovery recognized on the increase in loss carryforward's in the period. In the third quarter of 2012, the Company's loss was created by increase in share-based compensation expense from the grant of stock options, as well as increased office expenses, consulting fees, and professional fees for the on-going operations of the Company. In the second quarter of 2012, the Company incurred expenses related to consultants, office, salaries, and travel relating to the financing of the on-going operations of the Company. In the first quarter of 2012, the Company recognized a deferred tax expense resulting from the renouncement of the flow-through expenditures, incurred professional fees and listing fees for the listing on the TSXV, and incurred consulting fees, promotion expenses and salaries and benefits for the on-going operations of the Company.

BUSINESS RISKS

In the normal course of business the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- finding mineral reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligations and liabilities as they fall due;
- technical problems which could lead to unsuccessful drilling programs and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to certain properties, access to third party processing facilities, railway and other transportation infrastructure;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations;

- regulatory legislation and policies, including the fulfilment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and,
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the period.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Use of Estimates

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of commitments and contingent liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Proved reserves, taxes, decommissioning liability, share-based compensation, accruals, contingent liabilities and commitments are reviewed on an ongoing basis. These estimates are subject to measurement uncertainty and the impact on the financial statements of changes in such estimates and actual results could be material.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the statement of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument.

These instruments can be classified into one of the following categories: financial assets and liabilities at fair value through profit and loss, loans and receivables, and other financial liabilities.

Financial assets and financial liabilities at fair value through profit or loss instruments are typically acquired with the intention of generating revenues in the short-term. However, an entity is allowed to designate any financial instrument as financial assets and financial liabilities at fair value through profit or loss on initial recognition even if it would otherwise not satisfy the definition. As at December 31, 2013, the Company does not hold any financial instruments that do not satisfy the definition. Financial assets and liabilities required to be classified or designated as financial assets and financial liabilities at fair value through profit or loss are measured at fair value, with gains and losses recorded in profit or loss for the period in which the change occurs.

Held-to-maturity investments are non-derivative financial assets, with fixed or determinable payments and fixed maturity dates that an entity has the intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method. As at December 31, 2013, the Company does not have any financial assets classified as held-to-maturity.

Available-for-sale financial assets are non-derivative assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or held-for-trading. Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in other comprehensive income until such gains or losses are realized or an other than temporary impairment is determined to have occurred. Available-for-sale assets are measured at fair value, except for assets that do not have a readily determinable fair value which are recorded at cost. As at December 31, 2013, the Company does not have any financial assets classified as available-for-sale.

Financial assets classified as loans and receivables are measured at amortized cost using the effective-interest method. An impairment in the fair value of financial assets which is not temporary will be included in the determination of profit and loss for the period in which the impairment occurs.

Other financial liabilities are measured at amortized cost using the effective interest method and include all liabilities other than derivatives or liabilities that have been identified as financial assets and financial liabilities at fair value through profit or loss. The Company will assess at each reporting period whether there is any objective evidence that a financial asset, other than those classified as financial assets and financial liabilities at fair value through profit or loss, is impaired.

Exploration and Evaluation Costs

Exploration and evaluation expenditures include the costs of acquiring licenses, exploration and evaluation activity, and the fair value, at the date of acquisition, of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained legal rights to explore an area are recognized in profit and loss.

Acquisition costs, including general and administration costs, are only capitalized to the extent that these costs are related to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if sufficient evidence exists to determine technical feasibility and commercial viability, and facts and circumstances suggest the carrying amount exceeds the recoverable amount.

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within property and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependable on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Decommissioning Liability

An obligation to incur environmental restoration costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. These costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such cost arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through depreciation. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Estimated costs for environmental restoration costs are adjusted as changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a

reduction in costs is greater than the unamortized capital costs of the related assets, in which case the capitalized cost is reduced to zero and the difference is recognized in profit or loss.

Share-based Compensation

The share purchase option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by employees.

The fair value is measured at the grant date and each tranche is recognized on a straight-line basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes pricing model taking into account the terms and conditions upon which the share purchase options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

FUTURE ACCOUNTING STANDARDS

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after January 1, 2014. These include:

- The IASB has undertaken a three-phase project to replace IAS 39 *'Financial Instruments: Recognition and Measurement'* with IFRS 9 *'Financial Instruments'*. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. In July 2013, the IASB deferred the mandatory effective date of IFRS 9 and has left this date open pending the finalization of the impairment and classification and measurement requirements. IFRS 9 is still available for early adoption.
- IFRS 2 *'Share-based Payments'* is an amendment to clarify the definition of vesting conditions and separately define a performance condition and a service condition. The amendments are effective for a share-based payment transaction for which the grant date is on or after July 1, 2014.
- IAS 24 *'Related Party Disclosures'* amendments clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.
- IAS 36 *'Impairment of Assets'* was amended to require disclosure of the recoverable amount of impaired assets and requires additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of

disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

- IFRIC 21 *'Levies'* provides guidance on the accounting for levies within the scope of IAS 37 provisions, contingent liabilities and contingent assets. The main feature of IFRIC 21 is the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation, and the liability to pay a levy is recognized progressively if the obligation event occurs over a period of time. The standard is effective for annual periods beginning on or after January 1, 2014.
- IFRS 7 *'Financial Instruments: disclosure'* and IAS 32 *'Financial Instruments: Presentation'* is effective for annual periods beginning on or after January 1, 2014 and revises certain aspects of the requirements on offsetting.

The Company does not anticipate the adoption of these standards and interpretations will have a material impact on the financial statements.

NEW ACCOUNTING POLICIES

The Company adopted the following International Accounting Standard ("IAS") effective January 1, 2013:

- IAS 1 *'Presentation of Financial Statements'*, which includes amendments of items and other comprehensive income. The adoption of IAS 1 did not result in a significant impact on the Company's financial statements.
- IFRS 7, *'Financial Instruments, Disclosure'*, which required disclosure requirements for the offsetting of a financial asset and financial liabilities when offsetting is permitted. The adoption did not result in a significant impact on the Company's financial statements.
- IFRS 13 *'Fair Value Measurement'*, the standard provides guidance on determining fair value and requires disclosures about those measurements. The adoption of this standard did not result in a significant impact on the Company's financial statements.
- IAS 32 *'Financial Instruments: Presentation'*, this standard was amended to clarify certain of the criteria require to be met in order to permit the offsetting of financial assets and liabilities. The adoption of this standard did not result in a significant impact on the Company's financial statements.
- IAS 34 *'Interim Financial Statements'*, this standard clarified the requirements on segment information for total assets and total liabilities for each reportable segment. The adoption of this standard did not result in a significant impact on the Company's financial statements.

CONTROLS AND PROCEDURES

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSXV listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the

CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

TRANSACTIONS WITH RELATED PARTIES

During 2013, Daryn Gordon Professional Corporation, a privately held company owned by a senior officer of the Company, provided consulting services amounting to \$49,980 (2012 - \$60,000). Of this amount nil (2012 - \$5,000) was due to the related party at the end of the reporting period. These amounts have been recorded in consulting fees.

The terms and conditions of the transactions with Daryn Gordon Professional Corporation were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

OUTSTANDING SHARE DATA

Common shares

The following table sets forth the Company's outstanding share data as at March **28**, 2014:

Issued common shares at January 1, 2013	38,642,870
Shares issued for cash	7,290,833
Total common shares December, 31, 2013	45,933,703
Total outstanding stock options	5,115,220
Total outstanding warrants	14,134,901