THEMAC Resources Group Limited

Form 51-102F1

Management's Discussion & Analysis (MD&A)

For the year ended June 30, 2013

Dated: September 27, 2013

Suite 700 – 510 West Hastings Street
Vancouver, BC
Canada V6B 1L8

This report covers financial and technical information related to the year ended June 30, 2013 and other relevant information available up to the date of this report. This report should be read in conjunction with the consolidated financial statements for the year ended June 30, 2013 and the related notes.

Financial results are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to THEMAC Resources Group Limited ("THEMAC" or the "Company) is available for view on the Company's website at www.themacresourcesgroup.com and under the Company's profile on SEDAR at www.sedar.com.

Cautionary Note on Forward-Looking Statements

When used in this document, words such as 'estimate', 'expect', 'anticipate', 'believe', and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects, and goals for the Company, and, therefore, involve inherent risks and uncertainties.

Shareholders and prospective investors should be aware that the forward-looking statements are subject to known and unknown risks, uncertainties, and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risk, and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections, and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events, or such factors which affect this information, except as required by law.

Description of business and project update

The Company was incorporated on February 24, 1997 under the Business Corporations Act (Yukon), Canada. The Company is in the business of developing its Copper Flat Project in New Mexico ("Copper Flat" or the "Project") through its subsidiary New Mexico Copper Corporation ("NMCC").

The Company is a reporting issuer in the provinces of British Columbia and Alberta, Canada, and trades its shares on the TSX Venture Exchange ("TSXV") under the symbol MAC.

About the Copper Flat Project

Copper Flat is a former producing copper-molybdenum mine located in the Las Animas District of Sierra County, New Mexico, located approximately 150 miles (242 kilometers (km)) south of Albuquerque, New Mexico, and 20 miles (32 km) southwest of Truth or Consequences, New Mexico. The Project consists of 26 wholly-owned patented mining claims, 202 unpatented mining claims, and 29 placer mining claims totalling approximately 3,541 acres (approximately 1,610 hectares (ha)).

An additional 1,200 acres in five tracts of land located within or adjacent the property described above were acquired through a binding Letter of Intent with a local rancher in April 2013 bringing the Project's contiguous and non- contiguous land parcels and claim blocks to approximately 4,741 total acres. A special warranty deed that can be recorded has been prepared and is awaiting signature. It is important to note that the acquisition of three of the five tracts was critical for the development of the mine as they provide the needed ground for the eventual expansion of the tailings dam and ground for additional waste rock storage.

Technical information concerning the land description and geology in this MD&A has been reviewed and approved by Mr. Raymond Irwin, P. Geo.

The Copper Flat mine was operated for a short period of time in 1982 (March to June 1982) by Quintana Minerals Corporation before operations were curtailed due to falling copper prices. During this brief period of production, the Copper Flat mine produced 1.48 million short tons (Mst) of ore yielding 7.4 million pounds (Mlbs.) of copper, 2,301 ounces (Oz) of gold, and 55,966 Oz of silver. A salable molybdenum product was not produced by Quintana due to the brief operating period. Permitting for a return of the Project to production is at an advanced stage. A technical report prefeasibility study entitled "Copper Flat Project – Form 43-101 Technical Report Pre-Feasibility Study" ("prefeasibility study") prepared by M3 Engineering and Technology Corporation (M3) was completed and filed on www.sedar.com (SEDAR) on August 22, 2012. The Company is undertaking a definitive feasibility study, which is scheduled to be completed by the end of 2013.

Copper Flat is a Laramide-age porphyry copper-molybdenum-gold-silver deposit. The gold and silver content of the deposit is evidenced by historic production and metallurgical test work, as well as gold and silver assays obtained from exploration drilling are included in the deposit's NI 43-101 Mineral Resource statement.

Civil infrastructure in place at Copper Flat includes a tailings dam, largely pre-stripped open pit, power lines, water well field and pipeline, access roads, diversion channels, and building foundations. The Project's total land package comprises approximately 2,155 ha. For more information, visit www.themacresourcesgroup.com.

Permitting

Permitting the many aspects of the Project entails numerous interactions and decisions by federal and state agencies, which are in turn subject to challenges by opponents of the Project. The permitting, and government and community outreach efforts that have been conducted over the past two years have resulted in positive working relationships with the agencies and members of the local communities. The regulations enforced by the agencies are demanding but have been administered fairly and the permitting process has progressed more-or-less within the targeted schedule.

Community relationships continue to build through the quarterly outreach meetings that have been held over the past two years, as well as communication and education efforts through a series of Op-Ed articles in the local newspapers, interviews with the newspaper editors, presentations to the local governing bodies and service organizations, and participation in local events. These efforts resulted in resolutions of support passed unanimously be three of the four local governing bodies, and by majority vote of the fourth body.

The Environmental Impact Statement (EIS) process, administered by the Bureau of Land Management (BLM) is underway and a Draft EIS is expected to be published in 2013. As part of the permitting effort, an aquifer test was successfully completed at the end of 2012, and excavation of foundations that will be used in the future processing operations of the Copper Flat mine were completed in February 2013. Since this is the first copper mine to be permitted under the new State of New Mexico mining regulatory program, in order to minimize to the extent possible conflicts between the BLM, state mining, and other environmental regulatory programs, the Company schedules monthly meetings with all parties to communicate progress, identify real or potential conflicts, and provide current information on the Company's ongoing studies. These and other meetings have contributed to relationships with the agencies that are frank, informative, and productive, and, thus, conducive to problem solving.

As part of the permitting process, management continues to engage with regulatory stakeholders across a number of issues, including securing the appropriate consents and permits for water rights for the Project. Water resources are carefully managed and controlled in the Western United States, and appropriation of water rights for use by the Copper Flat Project is managed by the Office of the State Engineer for New Mexico (NMOSE). NMCC has secured via purchase or contract 7,481 acre-feet of water per year ("acre-ft/yr") of declared water rights. 1,019 acre-ft/yr was purchased in the Options and Purchase Agreement. The remaining 6,462 acre-ft/yr is under contract with a group of private individuals. NMCC has met all payment terms to date; the final payment is due within 60 days of securing the Mine Permit. The NMOSE has recognized that a total of 889 acre-feet of these are valid water rights which have been perfected through historical actual use by the mine. NMCC appealed the NMOSE's decision and has been negotiating informally with the NMOSE to increase this amount to reflect the actual amount used and intended for use by the mine. The NMOSE recently indicated that it is willing to recognize 1,267 acre-ft/yr as the amount of water rights actually used by the mine, and has requested a pre-hearing scheduling conference to move into the formal administrative hearing process. Following recent discussions, NMCC and the NMOSE agreed to undertake Mediation in advance of the administrative hearing process in an attempt to resolve and clarify the declared water rights, which the Company defends based on their legal merits. The first Mediation Meeting was held on August 8, 2013, to establish the framework of the mediation process; determine each party's objectives and serve as a forum for "discovery". As a result of this meeting it was agreed to simultaneously examine both the legal and technical merits of NMCC's water rights. These efforts are ongoing, and as the Company developments occur in this regard, the appropriate disclosures will be made.

Expenditures on the Copper Flat Project are as follows:

	June 30, 2013	June 30, 2012
Deferred exploration expenditures, beginning of the year	$ 12,428,203	$ 2,180,415
Assaying	187,131	345,364
Asset retirement obligation	-	246,463
Depreciation	37,903	-
Engineering	38,604	-
Exploration	1,789,447	4,225,872
Feasibility	2,950,360	554,368
Lease and land payments	95,942	29,475
Legal	157,220	47,376
Permitting	2,803,071	2,822,396
Prefeasibility	245,555	1,501,119
Share-based payments	190,713	211,143
Additions for the year	8,495,946	9,983,576
Cumulative foreign currency translation adjustment	788,661	264,212
Deferred exploration expenditures, end of the year	$ 21,712,810	$ 12,428,203

Financings and Working Capital

Financings

During the year ended June 30, 2013, the Company drew funds of $11,330,000 on its loan (the "Loan") with Tulla Resources Group Pty Ltd. ("Tulla"), a company controlled by a director. Subsequent to the year ended June 30, 2013, the Company has drawn an additional $920,000 in funds. The Company and Tulla have agreed to extend the loan facility and are currently working to document and formalize the arrangement. Refer to "Capital resources" for additional discussion.

Working Capital

As at June 30, 2013, the Company had working capital deficiency of $35,282,144 (June 30, 2012 - $316,252). The significant decrease in working capital relates to the reclassification of its Loan to short term liabilities as the Loan came due in July 2013.

Prepaid expenses and deposits of $238,759 (June 30, 2012: $771,755) consists of advances to vendors and contractors, lease and rent deposits, and prepaid insurance.

Trade and other payables were $603,081 (June 30, 2012: $1,492,078) not including amounts to related parties of $343,413 (June 30, 2012: $160,000). Amounts due to related parties are related to trade payables, are unsecured and are non-interest bearing.

Long-term Debt

As at June 30, 2013, the Loan payable of $35,090,162 (June 30, 2012: $18,966,274), including interest, relates to the loan agreement with Tulla detailed in the accompanying consolidated financial statements. In the year ended June 30, 2013, the Loan was reclassified to short-term debt as the lender may request repayment as of July 2013. Tulla has indicated that it will not call the Loan before January 2014.

Selected Annual Information

	Years ended June 30 ($)		
	2013	**2012**	**2011**
a) Loss for the year	(6,388,813)	(4,356,906)	(2,930,360)
➢ Per share - basic & diluted	(0.09)	(0.07)	(0.13)
b) Comprehensive loss for the year	(5,381,086)	(3,213,428)	(3,348,409)
➢ Per share - basic & diluted	(0.08)	(0.05)	(0.14)
c) Long term liabilities*	2,451,708	19,216,274	—
d) Total assets	53,331,977	40,503,800	27,701,953
e) Cash dividends per share	Nil	Nil	Nil

*The Loan has been reclassified to short-term liabilities in the year ended June 30, 2013 as the Loan matured in July 2013 with a pending extension to January 2014.

The loss per year has increased over the period presented due to the interest expense accruing on the Loan. The difference between the comprehensive loss and loss relates to the foreign currency translation of the assets and liabilities of NMCC denominated in US dollars at each reporting period.

Results of Operations

Year ended June 30, 2013 and year ended June 30, 2012

Year ended June 30	2013		2012		
	$	% of expenses	$	% of expenses	% change
Accounting and audit	**61,496**	**0.88%**	146,378	3.07%	-57.99%
Consulting	**—**	**0.00%**	68,825	1.44%	-100.00%
Depreciation	**40,330**	**0.58%**	16,027	0.34%	151.64%
Director's fees	**336,875**	**4.78%**	300,000	6.28%	12.29%
Filing fees and transfer agent fees	**22,906**	**0.33%**	22,983	0.49%	-0.34%
Foreign exchange	**—**	**0.00%**	2,263	0.05%	-100.00%
Interest expense	**4,793,888**	**68.09%**	1,501,193	31.44%	219.34%
Investor communications	**411,286**	**5.84%**	704,416	14.75%	-41.61%
Legal fees	**72,165**	**1.03%**	34,831	0.73%	107.19%
Loan fee	**75,000**	**1.07%**	—	0.00%	n/a
Loss on disposal of equipment	**4,934**	**0.07%**	—	0.00%	n/a
Management fees	**192,971**	**2.74%**	84,174	1.76%	129.25%
Office and sundry	**529,245**	**7.52%**	1,054,031	22.08%	-49.79%
Other administration expenses	**31,932**	**0.45%**	31,461	0.66%	1.50%
Personnel searches	**59,129**	**0.84%**	98,822	2.07%	-40.17%
Share-based payments	**303,178**	**4.31%**	633,371	13.27%	-52.13%
Travel	**105,111**	**1.49%**	75,886	1.59%	38.51%
Loss before other items	**(7,040,446)**	**100%**	(4,774,661)	100%	47.45%
Deferred tax recovery	**651,633**		417,755		
Loss for the year	**(6,388,813)**		(4,356,906)		
Exchange differences on translating foreign operations	**1,007,727**		1,143,478		
Comprehensive loss for the year	**(5,381,086)**		(3,213,428)		

The following comments apply to items with larger variances or significant amounts:

- The interest expense represents the interest due on the Loan described in the accompanying financial statements. The Loan was restructured in the prior year, and, combined with significant draws over the intervening period, is subject to a higher interest rate, resulting in an overall increase to the expense.
- Accounting and audit fees have decreased due to lower costs following completion of the IFRS transition year.
- The consulting expense in the prior period related to amounts paid to Mr. Sleeman, who has since transitioned to a non-executive directorship. The increase in director fees relates to this change in corporate management structure.
- Investor communications expense has decreased over the prior period as the Company has reduced its in-house payroll with respect to investor and community relations.
- Legal fees have increased over the prior year as the Company has been working to pursue its interests in certain water rights to for the Copper Flat Project.
- The Loan was amended in the current financial year for which the Company must pay a $75,000 fee.

- Management fees have increased in conjunction with the appointment of Andrew Maloney as Interim CEO.
- Office and sundry has decreased as the Company is making a concerted effort to ensure that funds are spent with a view to developing the Copper Flat Project. Staffing changes have increased the number of persons devoted to Project work and decreased administrative staff.
- Share-based payments expense has decreased from the prior period due to a lower number of stock options vesting over the current year.

Three months ended June 30, 2013 and three months ended June 30, 2012

Three Months ended June 30	**2013**		2012		
	$	**% of expenses**	$	% of expenses	% change
Accounting and audit	**(12,940)**	**-0.69%**	16,329	1.22%	-179.25%
Consulting	**—**	**0.01%**	2,575	0.19%	-100.00%
Depreciation	**(14,522)**	**-0.78%**	4,811	0.36%	-401.85%
Director's fees	**91,250**	**4.97%**	80,000	5.97%	14.06%
Filing fees and transfer agent fees	**1,218**	**0.08%**	1,940	0.14%	-37.22%
Foreign exchange	**—**	**0.01%**	(330)	-0.02%	-100.00%
Interest expense	**1,405,941**	**76.46%**	753,338	56.22%	86.63%
Investor communications	**68,851**	**3.75%**	244,612	18.25%	-71.85%
Legal fees	**25,222**	**1.38%**	(1,725)	-0.13%	-1562.14%
Loan fee	**75,000**	**4.09%**	—	0.00%	n/a
Loss on disposal of equipment	**—**	**0.01%**	—	0.00%	n/a
Management fees	**108,201**	**5.89%**	12,108	0.90%	793.63%
Office and sundry	**143,189**	**7.80%**	290,574	21.68%	-50.72%
Other administration expenses	**13,992**	**0.77%**	17,018	1.27%	-17.78%
Personnel searches	**(966)**	**-0.04%**	9,441	0.70%	-110.23%
Share-based payments	**(96,526)**	**-5.24%**	(110,764)	-8.27%	-12.85%
Travel	**31,205**	**1.71%**	20,063	1.50%	55.54%
Loss before other items	**(1,839,115)**	**100%**	(1,339,990)	100%	37.25%
Deferred tax recovery	**651,633**		417,755		
Loss for the period	**(1,187,482)**		(922,235)		
Exchange differences on translating foreign operations	**1,006,116**		467,967		
Comprehensive loss for the period	**(181,366)**		(454,268)		

The following comments apply to items with larger variances or significant amounts:

- The interest expense represents the interest due on the Loan described in the accompanying financial statements. The Loan was restructured in the prior year, and, combined with significant draws over the intervening period, is subject to a higher interest rate, resulting in an overall increase to the expense.
- Depreciation was reclassified and capitalized to the Copper Flat project as the Company identified certain assets which are directly attributable to the development of the Copper Flat project.

- Investor communications expense has decreased over the prior period as the Company has reduced its in-house payroll with respect to investor and community relations. The Company pursued fewer community integration programs in fiscal 2013.
- The Loan was amended in the current financial year for which the Company must pay a $75,000 fee.
- Management fees have increased due to changes in the senior executives of the Company as per payments to key management personnel outlined below in related party transactions.
- Office expenses have decreased as staffing has shifted from office overhead to Project-specific activities from the prior period. Consequently, a larger portion of salaries are capitalized to exploration activities.
- The Company recognized a recovery on share-based payments expense in the fourth quarters of fiscal 2013 and 2012 due to the cancellation of unvested options upon the departure of certain management and employees.

Summary of quarterly results:

	Quarter ended (three-month unaudited figures, unless otherwise specified)							
	Jun 30, 2013 $	Mar 31, 2013 $	Dec 31, 2012 $	Sept 30, 2012 $	Jun 30, 2012 $	Mar 31, 2012 $	Dec 31, 2011 $	Sep 30, 2011 $
Net loss for the period	(1,187,482)	(1,798,596)	(1,642,693)	(1,755,108)	(922,235)	(1,462,200)	(1,009,586)	(962,885)
Per share basic & diluted	(0.02)	(0.02)	(0.02)	(0.04)	(0.01)	(0.02)	(0.02)	(0.02)
Total comprehensive income (loss) for the period	(181,366)	(910,262)	(1,189,740)	(3,099,718)	(454,268)	(2,131,379)	(1,976,611)	1,348,830
Per share basic	(0.01)	(0.01)	(0.02)	(0.04)	(0.01)	(0.03)	(0.04)	0.03
Per share diluted	(0.01)	(0.01)	(0.02)	(0.04)	(0.01)	(0.03)	(0.04)	0.01
Total assets	53,331,977	48,200,945	44,008,682	41,261,551	40,503,800	36,813,697	35,120,444	33,817,515
Total liabilities	38,488,364	33,213,038	28,338,745	24,444,092	20,868,352	16,828,268	13,341,100	10,198,542
Shareholders' equity	14,843,613	14,987,907	15,669,937	16,817,459	19,635,448	19,985,429	21,779,344	23,618,973
Cash dividends declared	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The trend presented by the table above demonstrates continued investment in the Copper Flat Project which is predominantly financed by drawing on the Tulla Loan. The difference between net loss and comprehensive loss reflects the foreign exchange translation of the holdings of the Company's subsidiary New Mexico Copper Corporation which holds title to the Copper Flat Project.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of trade and other payables, due to related parties, property obligation and loan payable. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and future obligations compared to the Company's current cash position and expected cash receipts. The objective of the Company is to manage its liquidity risk by maintaining sufficient cash to meet its anticipated operational needs. Due to the relatively low cash position of the Company, the Company is exposed to liquidity risk.

The Company is currently working with Tulla to amend the terms of the Loan. Under the current terms, the Loan came due in July 2013. The Company has identified this position as a significant liquidity risk to the Company. Tulla has not made demand for payment of the Loan to date. Subsequent to the year ended June 30, 2013, the Company and Tulla agreed to extend the facility of the Loan to $32,400,000 and delay maturity to January 2014. The extension is in the process of documentation.

The Company will depend on future financings from its majority shareholder (Tulla) and other alternatives to continue its operations.

The consolidated financial statements of the Company were prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future.

The Company's forecast cash requirements for the next 12 months exceeds the current amount available under the Company's Loan with Tulla. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required in order to enable the Company to continue and to develop the Copper Flat Project. Realization values may be substantially different from carrying values, as shown, and the condensed consolidated interim financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Capital resources

The Company's ability to raise further funds from the equity markets will largely depend upon general market conditions. The Company and Tulla are currently working to amend the terms of the Loan and to increase the facility and to grant a fixed and floating charge over the assets of the Company as security over the Loan. A final agreement will be subject to shareholder and TSXV approval.

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with related parties and payments to key management personnel

During the year, the Company incurred the following expenditures in respect of transactions with related parties:

Year ended June 30		**2013**		**2012**
Consulting fees and office expenses paid to Ernest Resources Limited, a company controlled by Mr. Barrett Sleeman, a director of the Company.	$	-	$	70,400
Salary accrued to Mr. Andrew Maloney, Interim CEO		101,250		-
Salary paid to Mr. Andre J. Douchane, President & CEO		190,197		230,889
Salary accrued to Mr. Stuart Crawford, CFO		37,500		-
Salary paid to Mr. Jeff Lowe, former CFO		-		101,219
Management fees paid to a company controlled by Mr. Steve Vanry, former Chief Financial Officer of the Company		-		12,710

Year ended June 30	2013	2012
Management fees and office rent paid to InterAmerica Consulting & Development Ltd, a company controlled by Mr. Salvador Miranda, former corporate co-secretary of the Company.	25,426	81,544
Directors fees paid or accrued to:		
Kevin W. Maloney	80,000	80,000
Barrett Sleeman	45,000	25,000
John Cook	60,000	60,000
Kenneth Pickering	65,000	65,000
Joel Schneyer	70,000	70,000
Andrew Maloney	16,875	-
Loan advances received from Tulla	11,330,000	12,500,001
Interest incurred on loan payable to Tulla	4,793,888	1,502,627
Loan amendment fee	75,000	-
Fair value of options granted to above persons:	179,401	727,780

Financial Instruments

The Company's financial instruments consist of cash, receivables, bonds, trade and other payables, amounts due to related parties, property obligation and loan payable. The fair value of cash is measured on the statement of financial position using Level 1 of the fair value hierarchy as it is based on unadjusted quoted prices in active market. The fair value of receivables, bonds, trade and other payables and loan payable approximate their carrying values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:

Currency Risk

The Company is subject to currency risks. The Company's Copper Flat Project is located in the United States of America, and many of the Company's expenditures on this project are denominated in US dollars. The Company maintains its principal office in Canada, and has monetary assets and liabilities in Canadian and US dollars. The currency exchange rate between the US and Canadian dollars fluctuated from a low of US$0.97 to a high of US$1.05 for CAD$1 during the year ended June 30, 2013. The Company has estimated that a change of 10% in the currency rate could affect the total comprehensive income (loss) by approximately $5,000,000. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company has not undertaken to mitigate foreign currency risk at this time, and does not use derivative instruments to reduce its exposure to currency risk.

Interest rate and credit risk

The Company has a cash balance, taxes recoverable, trade and other payables, amounts due to related parties, and a loan payable. Amounts owed to related parties, excluding the Loan, do not bear interest, and, therefore, these amounts are not exposed to interest rate variations. The Loan bears an interest rate of 20% per annum on outstanding amounts.

Receivables typically consist of Canadian Goods and Services Tax ("GST") due from the Federal Government of Canada and bonds for the Copper Flat project refunded after period end. Management believes that the credit risk with respect to receivables is remote. In addition, the company is satisfied with the credit rating of the banks where the cash is held.

Liquidity risk

Please see above under "Liquidity."

Risk elements

Forward-Looking Statements

Certain statements made and information contained in this MD&A and elsewhere constitutes "forward-looking information" within the meaning of the British Columbia Securities Act and the Alberta Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis, and other risks and uncertainties, including those described under Risk Factors.

In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term-price of copper, gold, silver and molybdenum, that the Company will receive required permits and access to surface and water rights, that the Company can access financing, appropriate equipment and sufficient labour and that the political environment within the jurisdictions where the company operates or is planning to operate will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Risk Factors

Companies in the development stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, grant of mining permits, commodities prices, changes in laws and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

THEMAC will require additional funding.

At June 30, 2013 the Company held cash of $462,910 and had current liabilities of $36,036,656. The Company has historically relied upon equity subscriptions and extensions to its loan with Tulla to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

THEMAC will require various permits and title agreements to enable it to conduct its current and anticipated future operations.

The Company's current and anticipated future operations, including further exploration and development activities and the commencement of production from the Company's Copper Flat Project in New Mexico, USA requires the granting of the necessary permits from various federal, state and local authorities and private property holders. The granting, continuing validity and enforcement of the terms of such concessions and permits are, as a practical matter, often subject to the discretion of government officials. There can be no assurance that all concession and permits that the Company requires will be obtainable on reasonable terms, or at all, or will continue to be valid. Further, delays or failure to obtain such concession and permits, the withdrawal, expiry or non-renewal of existing concessions and permits, or failure to comply with the terms of such concessions and permits could have a material adverse impact on the Company.

THEMAC must obtain certainty of water rights in order to successfully develop the Copper Flat Project

Negotiating rights to water involves certain inherent risks. Management continues to engage with the OSE to secure the appropriate consents and permits for Project water rights. Specifically, the OSE has provided confirmation to some of the Project's water rights, and the Company is preparing for discussions regarding the balance of the water rights. At the time of preparation of this report, it appeared that referring the case to a hearing officer and then simultaneously entering into a mediation process would be the appropriate course of action to arrive at an amount of water right required for the Project to proceed. As the Company progresses its arrangements in this regard, the appropriate disclosures will be made. Despite the Company's efforts, there can be no guarantee that the Company will be able to secure surface access, water rights, or the other permits necessary to re-start operations at Copper Flat.

THEMAC is subject to government regulation

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Exploration, development and mining activities can be hazardous and involve a high degree of risk.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

THEMAC may be adversely affected by fluctuations in commodity prices.

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of copper and other key commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

Market volatility during the current reporting period

The capital markets around the world are subject to significant volatility, which could affect the Company's ability to secure public financing, as well as adversely affect the market price of its common shares.

Given the Company's present situation, while it may affect the trading price of its common shares, it is not expected that this volatility will have an effect on the Company's operations or on its financial statements for the next few months. The Company has depended on financing from its majority shareholder in the past, but with the expansion of operations at Copper Flat, it will be more dependent on public markets, in addition to the support from controlling shareholders.

Management's responsibility over financial information

The Company's management is responsible for presentation and preparation of the financial statements and the MD&A. The consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks, and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

Cautionary note for USA readers

As a corporation, the Company is subject to certain rules and regulations issued by the British Columbia Securities Commission; the Company is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, on security of samples and mineral reserve estimates. Further, the Company describes any mineral resources associated with its properties utilizing terminology such as “inferred” or “indicated” which are terms recognized by Canadian regulators but not recognized by the United States’ Securities and Exchange Commission (SEC).

Other MD&A requirements

a) Copies of all previously published financial statements, management discussions, meeting materials, etc., are available on the SEDAR website at www.sedar.com.

b) Information pursuant to sections of National Instrument 51-102:

   i) Section 5.3: The Company's continued operations are dependent on its ability to raise adequate funds from the capital markets or other sources of financing.

   ii) Section 5.4: Outstanding share data as at the date of this MD&A:

      - Common shares:
        - Authorized: unlimited number, without par value.
        - Issued and outstanding: 75,300,122.
      - Warrants:
        - 10,500,000 with an exercise price of $0.28 until March 4, 2016.
        - 40,000,000 with an exercise price of $0.34 until March 4, 2016.
      - Stock options: 7,482,512 with a weighted average exercise price of $0.46 valid for five years from the date of grant.

The fully diluted capital of the Company as at the date of this MD&A is 133,282,634.

Directors and officers

The qualified person under NI 43-101 responsible for the review of the technical content of this MD&A is Mr. Raymond Irwin, P. Geo.

Directors	Officers
Kevin W. Maloney (Chairman)	Andrew Maloney, Interim Chief Executive Officer(1)
John Cook	Stuart Crawford, Chief Financial Officer (2)
Andrew Maloney(1)	Stephen L. Law, Secretary
Kenneth (Ken) Pickering	Raymond Irwin, Vice President
Barrett Sleeman	
Joel Schneyer	

(1) Mr. Maloney was appointed a director on February 15, 2013 and Interim CEO on February 25, 2013.
(2) Mr. Crawford was appointed on July 23, 2012

On behalf of the Board of Directors:

"*Andrew Maloney*"

Andrew Maloney
Interim CEO