Sierra Iron Ore Corporation
Management Discussion and Analysis (“MD&A”)
Nine Month Period Ended June 30, 2014

The effective date of this report is August 29, 2014.

Management Discussion & Analysis

Management’s discussion and analysis (“MD&A”) provides a detailed analysis of the results and financial condition of Sierra Iron Ore Corporation (the “Company” or “Sierra”) for the period ended June 30, 2014. The following MD&A should be read in conjunction with the unaudited condensed consolidated financial statements for the period ended June 30, 2014, which have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

The reader should also refer to the audited consolidated financial statements for the year ended September 30, 2013, which were prepared in accordance with IFRS.

The condensed consolidated interim financial statements were prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issue of share capital.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future. The condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

The Company’s continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. Any acquisition or investment proposed by the Company will be subject to regulatory approval.

News releases and previous filings may be found on SEDAR at www.sedar.com.

The Company’s management is responsible for presentation and preparation of the financial statements and the MD&A.

Description of Business

Sierra Iron Ore Corporation (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 20, 2009 and is publicly listed and traded on the TSX Venture Exchange (“TSX-V”). The Company is currently engaged in the identification, acquisition and exploration of prospective precious metal properties in Mexico and Canada. The Company’s head office address is 13236 Cliffstone Court, Lake Country, British Columbia, V4V 2R1, Canada. The Company’s registered and records office is located 1400 – 1125 Howe Street, Vancouver, British Columbia, V6Z 2K8, Canada.

Forward Looking Statements

Certain information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management’s expectations regarding the Company’s future growth, results of operations (including, without limitation to future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of base metals; (ii) that there are no material delays in the optimization of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Financial Instruments and Risk Management") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Overall Performance

- The Company's loss for the period ended June 30, 2014 was $653,965.

- Working capital deficit was $1,095,867 at June 30, 2014.

Mineral Properties

<u>Emerald Lake Property, Ontario</u>

On April 29, 2014, the Company signed a letter of intent (the "LOI"), replaced with a definitive agreement which was later amended with Emerald Lake Development Corperation. Subject to the agreement, the Company will have the right to earn 60% of the iron mineralization located on a property (the "Emerald Lake Property") located 3.5 miles north of the town of Emo, Ontario. The acquisition terms will require:

i) pay $5,000 (paid)
ii) pay $50,000 on or before 30 days after TSX-V approval
iii) pay $200,000 to be paid on or before the earlier of 365 after TSX-V approval days or when a positive production decision is mutually determined
iv) issue 2,608,000 common shares on or before 5 days after TSX-V approval
v) issue 6,392,000 common shares upon the earlier of the presentation to the parties of a positive feasibility study respecting the property, or the commencement of commercial production.

The Company will also be required to make exploration expenditures over 24-months of a minimum of $2,000,000. On or before the Commencement of Commercial Production on the Property, the Company shall have the right and option to acquire an additional thirty-two (32%) percent undivided interest in the Property, or the entire remaining interest of ELD in the Property at such time (if less than thirty-two (32%) percent), by issuing additional cash and/or shares to ELD based on a mutually agreed upon evaluation, as well as a right of first refusal excluding property that ELD has an interest in at the date of the JV Agreement. If ELD or any affiliate acquires any additional interest in mineral properties in the Province of Ontario containing iron ore mineralization (including iron ore containing gold), ELD will immediately provide notice of such acquisition to the Company and the Company will thereupon have sixty (60) days to acquire the property on terms no less favourable than would be offered in good faith to an arm's length third party.

The property consists primarily of an approximately kilometre long segment of a linear tabular body existing along a strike length of approximately 31 kilometres. The area has been shown by detail ground magnetics to possess width regularity and the mineralized zone is hosted by clastic sediments, representing a portion of the Richardson trough. An anticlinal fold has been decapitated by erosion so as to expose an underlying noritic (laccomorphic) layered complex. Thermal effects attributed to the emplacement of the complex, have yet to be determined. The presence of nearby outcropping of bedrock suggests the presence of variable to manageable thicknesses of overburden.

In August 2014, the Company has purchased a free-hold farm property in Ontario. The 170 acre property includes a 4 bedroom house and out buildings suitable for storing equipment. The company will use this property as a field base for its Ontario Iron Ore operations. The Poperty is proximally located to the mineral claims (gold/iron ore) recently optioned by the Company.

This acquisition represents a significant step in implementing management's shift in focus away from Mexico to Canada due to the greater stability, transparency and accountability afforded by operations located and conducted in Canada.

El Creston Property, Sinaloa, Mexico

On January 27, 2011, the Company entered into an option agreement (amended during the year ended September 30, 2011) to acquire 50% interest in all economically recoverable minerals (known as the "El Creston Property") located in Sinaloa, Mexico in consideration for USD$900,000 and the issuance of 8,300,000 common shares to the optionor over two years. The option payments are as follows:

i) USD $10,000 on signing the option agreement (paid);
ii) USD $50,000 and 800,000 shares by August 3, 2011 ($50,000 paid and 800,000 shares issued at a value of $480,000);
iii) USD $50,000 and 500,000 shares by January 29, 2012 ($50,000 paid and 500,000 shares issued at a value of $300,000);
iv) USD $100,000 and 500,000 shares by July 29, 2012 (extended to July 29, 2013) ($100,000 paid and 500,000 shares issued at a value of $325,000);
v) USD $190,000 by January 29, 2013 (extended to December 22, 2014);
vi) 1,000,000 shares by July 29, 2013 (1,000,000 shares issued at a value of $390,000); and
vii) USD $500,000 and 5,500,000 shares on or before the earlier of: (a) the presentation of a feasibility study; and (b) the commencement of commercial production.

Upon regulatory approval the Company has 24 months to present a feasibility study to the optionor, failing which the Option shall terminate without the Company having earned an interest in the El Creston Property. During the year ended September 30, 2013, the requirement to present a feasibility study was extended to December 22, 2014.

Please refer to www.sedar.com for the NI 43-101 Technical Report filed on August 3, 2011 for full property details.

In October 2011, the Company announced the receipt of analytical results from ALS Chemex of samples submitted for analysis from the Company's recent scout drilling program in its El Creston iron property 20km northeast of the city of Choix, Sinaloa, Mexico. In this initial phase of continuing exploration work on the El Creston, Reverse Circulation (RC) drilling was the method chosen to quickly determine geological extensions of known magnetite mineralization for immediate follow-up by core drilling. Please refer to the table in the corrective press release dated March 17, 2014 for additional details..

The iron industry considers 30% Fe content the lowest limit for economic exploitation. However, the low cost of magnetic separation makes concentrations of as low as 10% Fe attractive.

All of the RC samples were submitted as well for a 32-element ICP analysis. No significant values of Au, Ag, Cu, Pb and Zn were encountered.

Duplicates were inserted every 10 sample interval for QA/QC.

The difficulty in recognizing geological boundaries from RC drill cuttings particularly in assigning sampling intervals is a recognized which the Company intended to address by a subsequent core drilling program.

A map showing the RC drill hole locations is published on the company's website.

The iron skarn geology at El Creston primarily comprises metasomatic replacement of limestone and other calcareous units in volcaniclastics by magnetite occurring as disseminations to stringers to massive tabular bodies, where in places the magnetite exceeds 30m in width. The magnetite bodies appear distributed along the flanks of a broad antiform whose east-west axis extends for more than 1,000m.

Based on the results from the RC scout drill program referred to above, the company prepared drilling locations for a core drill program designed to augment and verify the results of the previous RC drill program and define the geometry and grade of magnetite bodies hosted by the property.

In late spring 2012, the Company completed the access road to the Veinte zone located within the El Creston property.

The completed access road was used by the company to mobilize the drilling equipment to further develop the known magnetite bodies identified by recent exploration. Core drilling commenced on the defined drill targets on the Veinte zone located within the El Creston Property.

The Company also continued work on other areas of the El Creston property to aid in the further development of other identified zones including potentially expanding the Veinte zone defined targets.

In September 2012, the Company announced an update on the drill program on the El Creston property and a sampling and mapping program on the Tom Cat property in Merritt, B.C. The Company announced the first set of results from the El Veinte zone which intersected significant iron bands. The Company began the collection of representative samples aggregating of 550 kilos of ore from the Veinte Zone. The samples were each 25 kilo samples which were obtained with a spacing of about 10 meters between each sample hole.

The decision to quickly move to conducting a metallurgy test was based upon the results of the first assay results from its core drill program. The results of the initial eight drill holes included six holes intersecting significant iron bands.

In December 2012, the Company decided to submit to two independent labs for testing at the direction of two major smelters in China, two representative samples each comprising of 30 kilos of ore from a new prospective zone. The samples will be comprised of 10 kilo samples that will be collected from 3 holes with a minimum of 10 meters between each sample hole. The samples will be sent to two independent labs for testing at the direction of two major smelters in China.

In February 2013, the Company announced that it would be submitting the 2nd sample comprising of 30 kilos of ore from a new prospective zone. The sample was comprised of a 10 kilo sample each collected from 3 zone areas. The objective of the analysis was to determine the mineral content and composition of the two samples.

In August 2013, the Company announced initiatives intended to support its plan for an exploration/development field work program on the El Creston iron ore property. The program was stated to include a preliminary pilot testing plant operation for the purpose of testing zones at the property.

Most notably, the Company used proceeds from a non-brokered private placement (June 2013) to make significant purchases of mining equipment in order to support the field work programs. The equipment purchased includes a complete crushing plant (2000 metric ton per shift Capacity), loaders, backhoes, scales and trucks.

The El Creston property is ideally located for the logistics of exporting iron ore. The property is located approximately 100 kilometers from a major port on the west coast of Mexico. Also, the highway infrastructure is currently being upgraded and the local roads to the property are complete.

In December 2013, the Company received the final local, state, and federal permits required to allow an operation which could range in size from a preliminary test operation to a full-scale mining operation. These permits include the Environmental Impact Statement from the Environmental Protection Authorities (SERMANAT) and the Change of Land Use permit.

The Environmental Impact Statement and the Change of Land Use approval came after an extensive environmental study of the land where the El Creston property is located, as well as the surrounding community. The application and approval process is very comprehensive and involves the following agencies; Commission Nacional Forestal(CONAFOR), Procuradoria Federal Para el Medio Ambiente (PROFEPA), the city of Culican (Office of the Secretary of the Government), the University of Sinaloa, Independent Biologists, Comisio Nacional del Agua (CONAGUA or Mexican water commission) and SEMARNAT.

Although the Company acquired mining equipment and mobilized the same to El Creston with a view to commencing a test mining operation in the near term, it has not made any commercial production decision, nor has it estimated an initial mineral resource. There are increased risks of economic and technical failure of any test mining operation under these circumstances. At present, El Creston has no resource estimate and the planned test mining operation has yet to commence.

In addition, at present, due to the extremely high likelihood of ongoing civil tensions in the area due largely to drug cartel-related gang violence, the Company has suspended all operations in the area.

The situation is being closely monitored by the Company for signs of improvement sufficient to allow its personnel safely to resume local operations; however at the date of this MD&A the situation had not improved.

Ruben Verzosa, P. Eng., a Qualified Person (QP) as defined by National Instrument 43-101, is responsible for the technical information contained in this MD&A relating to the El Creston property.

Mazomique Property, Mexico

During the year ended September 30, 2012, the Company entered into an agreement to acquire an 80% interest in a property located near the boundary of Sinaloa and Chihuahua states in Mexico in consideration for USD$100,000 and the issuance of 14,500,000 common shares to the optionor over three years

i) USD $10,000 upon execution (paid);
ii) issue 2,000,000 shares within 5 days of regulatory approval;
iii) USD $20,000 and 2,000,000 shares within 6 months of TSX-V approval;
iv) USD $20,000 within 12 months of TSX-V approval;

v) USD $20,000 within 18 months of TSX-V approval;
vi) USD $30,000 within 24 months of TSX-V approval;
vii) issue 10,500,000 common shares on or before the earliest of expending $2,000,000 on work programs over three years, the presentation of a positive feasibility study and the commencement of commercial iron-ore production on the Mazomique Property.

CV ("Paradox"), company which owns and operates an iron ore mine on the adjacent property to the Mazomique property. Paradox illegally crossed the property lines and was operating and extracting mineralized material from the Mazomique property for resale into the market. The legal action resulted in the termination of any further mining operations conducted by Paradox on the Mazomique property; however, the action for damages for the recovery of minerals illegally taken from the property was dismissed for lack of evidence. The Mexican geologist appointed by the court to evaluate the situation on its behalf did not present a report to the court as expected and he has not been located.

There is at present insufficient data present on the Mazomique property to make a proper assessment of the scope and quality of any minerals hosted by the property.

The Company has had inconclusive discussions with several interested parties to evaluate the material that was illegally removed from the Mazomique property in order to determine the existence of a mineralized zone that could be mined for production in the near term.

Ruben Verzosa, P. Eng., a Qualified Person (QP) as defined by National Instrument 43-101, is responsible for the technical information contained in this MD&A relating to the Mazomique property.

Tom Cat Claims, British Columbia

Pursuant to an option agreement dated June 17, 2010 the Company was granted an option to earn up to a 100% undivided interest in certain mining claims (known as the Tom Cat Claims) located in the Nicola Mining District, British Columbia in consideration for $35,000 and the issuance of 450,000 common shares to the optionor over two years as follows:

- $10,000 on signing the option agreement (paid);
- 150,000 shares following TSX-V approval (issued at a value of $27,000);
- $25,000 and 100,000 shares on November 10, 2011 (paid and issued at a value of $50,000); and
- 200,000 shares on November 10, 2012 (issued at a value of $130,000)

The optionor will retain an NSR royalty of 2%; 1% of which may be purchased for $2,000,000 for five years from the start of commercial production.

The Tom Cat property is located 200 kilometers east-northeast of Vancouver within the historic Aspen Grove copper camp and shares a property boundary with the Big Kidd property that was recently optioned by Extrata and currently under exploration. The region is well known to host some of the world's significant copper resources, including those at Copper Mountain and at the Highland Valley.

The Tom Cat property, has been explored by prospecting and trenching since 1906. The predominant mineralization is hosted in green laharic breccia or basaltic flow breccia near the contact with red laharic breccia of the Upper Triassic Nicola group.

In October 2012, the Company announced the commencement of an exploration program of geological mapping and sampling program as a prelude to a planned diamond drill program on the property.

In December 2012, the Company staked additional mineral claims adjacent to the Tom Cat property and, with the addition of the newly staked claims, the Tom Cat property is now comprised of ten contiguous mineral claims covering an area of 4013 hectares.

Ruben Verzosa, P. Eng., a Qualified Person (QP) as defined by National Instrument 43-101, is responsible for the technical information contained in this MD&A relating to the Tom Cat property.

Liquidity, Capital Resources and Capital Expenditures

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business.

The Company will take appropriate measures to raise the necessary funding through private placements, exercising of stock options, warrants and/or credit facilities to address its liabilities and to continue operations.

At June 30, 2014, the Company's working capital (deficit), defined as current assets less current liabilities, was $(1,095,867) down from $(554,828) at September 30, 2013 primarily as an increase in the accounts payable.

During the period ended June 30, 2014, the Company:

i) entered into two debenture loan agreements whereby the Company borrowed $200,000. The loans bears simple interest at 12% per annum and are repayable by December 13, 2014. The lenders have the right to convert all or any portion of the accrued interest into common shares of the Company prior to the end of the term. The loans are secured by the Company's assets.

ii) received $15,992 (US$15,000) from the CEO of the Company. The loan is non-interest bearing with no fixed terms for repayment.

iii) received $26,000 from the CEO of the Company. The loan is non-interest bearing with no fixed terms for repayment. The Company repaid $5,500 during the period.

iv) received $6,500 from a company owned by the CEO of the Company. The loan is non-interest bearing with no fixed terms for repayment.

v) closed a non-brokered private placement and issued 257,500 units for net proceeds of $103,000. Each unit consists of one common share, issued at $0.40 per share, and one-half common share purchase warrant. Each share purchase warrant may be exercised by the holder to purchase an additional common share at a price of $0.55 on or before February 25, 2016. The Company paid $1,290 of cash share issuance costs in relation to the private placement.

vi) closed a non-brokered private placement and issued 1,666,668 units for a net proceeds of $250,000, of which $10,000 is still receivable as at June 30, 2014 and is recorded as subscription receivable (received subsequent to June 30, 2014). Each unit will consist of one common share at $0.15 per share and one common share purchase warrant. Each whole warrant may be exercised by the holder to purchase additional common share at a price of $0.20 on or before June 24, 2016. The Company recorded $9,625 to share issuance costs in relation to the private placement.

The Company's cash is mainly in Canadian dollars. The Company is subject to little exchange rate fluctuations relative to the reporting currency.

The Company has not made any commitments for capital expenditures, for exploration and development expenses, or for mineral property option payments.

The Company has not made any arrangements for sources of financing that it has not yet used.

Contractual Obligations

The Company has no long-term debt outstanding or contractual obligations.

Summary of Quarterly Results

The table below provides, for each of the quarters since incorporation, a summary of both property acquisition and exploration costs on a project-by-project basis, and of corporate expenses.

	Loss per quarter	Fully diluted loss per share	Interest income	General and administrative expenses	Property costs – Tom Cat claims	Property costs - Emerald Lake	Property costs EI Creston
Jul. 1, 2012 – Sept. 30, 2012	(162,055)	0.01	-	162,055	-	-	443,201
Oct 1, 2012 – Dec 31, 2012	(261,318)	0.02	-	261,318	130,000	-	172,009
Jan. 1, 2013 –Mar. 31, 2013	(124,512)	0.01	-	124,512	-	-	70,172
Apr. 1, 2013 –Jun. 30, 2013	(485,630)	0.03	-	485,630 (i)	(16,216)	-	556,218
Jul. 1, 2013 –Sept. 30, 2013	(457,804)	0.02	-	457,804 (ii)	-	-	645,729
Oct. 1, 2013 –Dec. 31, 2013	(213,214)	0.01	-	213,214	12,000	-	180,909
Jan. 1, 2013 –Mar. 31, 2014	(229,853)	0.01	-	229,853	3,000	-	87,743
Apr.1, 2014 – Jun. 30, 2014	(210,898)	0.01	-	210,898	-	5,000	96,136

(i) Includes share-based compensation expense of $156,015.
(ii) Includes share-based compensation expense of $227,270.

Selected Annual Information

The selected consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements of the Company for the years ended September 30:

Canadian Dollars		**Year Ended September 30, 2013**		**Year Ended September 30, 2012**		**Year Ended September 30, 2011**
Net loss	$	1,329,264	$	821,592	$	1,621,652
Net loss per share	$	0.08	$	0.06	$	0.18
Total assets	$	5,968,495	$	3,889,243	$	3,191,332
Long term debt	$	Nil	$	Nil	$	Nil
Dividends	$	Nil	$	Nil	$	Nil

Three Months Ended June 30, 2014

Net loss and comprehensive loss for the three month period ended June 30, 2014 was $210,898 compared to $485,630 for period ended June 30, 2013. During the three month period ended June 30, 2014:

i) Consulting fees decreased to $41,926 (2013 - $117,769) due to decreased consulting services during the current period.

ii) Office and miscellaneous costs decreased to $20,836 (2013 - $43,797) primarily due to the Company's cost savings initiatives.

iii) Professional fees decreased to $16,078 (2013 - $50,026) due to higher costs in the prior year associated with the legal action in conjunction with Aztec Zinc de Mexico S.A. de C.V, initiated legal action against a neighboring company that owns and operates on adjacent property to the Mazomique property located south of the El Creston property in the prior period. The legal action claims that the neighboring company has illegally crossed the property lines and has been operating and extracting iron ore from the Mazomique property for resale into the market.

iv) Travel and promotion of $26,050 (2013 - $30,228) increased due to the Company taking less trips to the property in the current period compared to the same period of last year.

Nine Months Ended June 30, 2014

Net loss and comprehensive loss for the nine month period ended June 30, 2014 was $653,965 compared to $871,460 for period ended June 30, 2013. During the nine month period ended June 30, 2014:

i) Consulting fees decreased to $134,683 (2013 - $180,029) due to decreased consulting services during the current period.
ii) Office and miscellaneous costs increased to $113,029 (2013 - $78,210) primarily due to an increase in the overall activities in the current period.
iii) Professional fees decreased to $113,029 (2013 - $173,178) due to higher costs in the prior year associated with the legal action in conjunction with Aztec Zinc de Mexico S.A. de C.V, initiated legal action against a neighboring company that owns and operates on adjacent property to the Mazomique property located south of the El Creston property. The legal action claims that the neighboring company has illegally crossed the property lines and has been operating and extracting iron ore from the Mazomique property for resale into the market.
iv) Property investigation decreased to $1,756 (2013 - $31,660) as a result of the Company looking at potential properties in the prior year.
v) Salary decreased to $6,026 (2013 - $18,790) due to decreased administrative activities in the subsidiary.
vi) Travel and promotion increased to $96,003 (2013 - $41,668) increased due to the Company taking more trips to the property in the current period.

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

The carrying value of the Company's subscriptions receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value because of the short-term nature of these instruments. Cash is carried at a fair value using a level 1 fair value measurement.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2014, the Company had a cash balance of $2,890 (September 30, 2013 - $25,556) to settle current liabilities of $1,103,543 (September 30, 2013 - $586,301). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company expects to fund these liabilities through the use of existing cash resources and additional equity financing.

Capital Management

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain sufficient funds to finance the exploration and development of its exploration and evaluation interests. Capital is comprised of the Company's shareholders' equity. As at June 30, 2014, the Company's shareholders' equity was $5,100,314 (September 30, 2013 - $5,382,194).

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended June 30, 2014.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances held with financial institutions. The Company is satisfied with the credit rating of its bank.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency. As at June 30, 2014, the Company had minimal cash amounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of commodities, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Off Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements as at June 30, 2014.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and

Board of Director members. Other than disclosed below, there was no other compensation paid to key management during the periods ended June 30, 2014 and 2013. During the period ended June 30, 2014, the Company paid or accrued:

(i) general, rent and administration fees of $79,244 (2013 - $52,425) to the CEO and a company with a common director of the Company.
(ii) management fees of $82,000 (2013 - $72,000) to the CEO and CFO and companies controlled by CEO and CFO of the Company.
(iii) directors fees of $15,000 (2013 - $18,077) to directors of the Company.
(iv) consulting fees of $48,614 (2013 - $90,885) to a company controlled by an officer.

Included in accounts payable and accrued liabilities as at June 30, 2014 is $287,493 (September 30, 2013 - $184,141) due to directors, a spouse of a director, and companies controlled by directors.

At June 30, 2014, the Company owed the CEO $213,159 (September 30, 2013 - $117,500) for expenses that he paid for on behalf of the Company and $42,992 (US$15,000) for loans received from the CEO (Note 5). The Company has a balance receivable from a corporation with a common director $187,136 (September 30, 2013 – payable of $174,856) for expenses incurred for the USA Subsidiary.

Outstanding Share Information at August 29, 2014

Authorized Capital

Unlimited common shares without par value.

Issued and Outstanding Capital

21,834,070 shares outstanding

Stock Options and Warrants Outstanding

The following stock options were outstanding August 29, 2014:

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
May 8, 2015	$ 0.40	232,580	232,580
September 7, 2015	$ 0.40	473,746	473,746
January 17, 2016	$ 0.42	471,428	471,428
June 28, 2016	$ 0.80	244,903	244,903
May 8, 2018	$ 0.40	450,000	450,000
September 7, 2018	$ 0.40	157,500	157,500
September 17, 2018	$ 0.43	127,500	127,500
		2,157,657	2,157,657

On November 19, 2013, the Company announced, with reference to the Company's press release dated September 9, 2013, the Company wishes to advise that it will request shareholder approval at its next Annual General Meeting to re-price 244,903 stock options previously granted on June 29, 2011. These options remain exercisable under the Company's Stock Option Plan. The Company also wishes to advise with reference to the September 18, 2013, press release that 127,500 options have been granted to directors, officers and consultants at a price of $0.43, not $0.40 as previously disclosed.

The following warrants were outstanding at August 29, 2014:

	Number of Warrants	Exercise Price	Expiry Date
Warrants	1,892,471	$ 0.40	February 1, 2015
Warrants	1,678,850	$ 0.55	June 28, 2015
Warrants	637,500	$ 0.55	September 12, 2015
Warrants	128,750	$ 0.55	February 25, 2016
	4,337,571		

Uncertainties and Risk Factors

Being in the exploration stage, the Company will 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, risks related to determining the validity of mineral property title claims, commodities prices, Political 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.

Board of Directors

On February 21, 2014, the Company announced that Mr. Paul Lee has resigned from the Board of Directors for personal reasons. The Company thanks Mr. Lee for his past contributions and wishes him the best in his future endeavors.

On March 28, 2014, the Company announced the appointment of Mr. Roger Frost to the Board of Directors.

Financial Instruments

Please refer to Note 2 and Note 8 in the June 30, 2014 Consolidated Financial Statements on www.sedar.com for financial instrument information.

New Accounting Policies and New Accounting Pronouncements

Please refer to Note 2 in the June 30, 2014 Consolidated Financial Statements on www.sedar.com for newly adopted accounting policies and recent accounting pronouncements.

Presidents Message

The Management team would like to thank the shareholders for their support in the Company's quest to establish economic mineralization on its properties. Management's goal is to pursue different opportunities in order to enhance shareholder value.

During the period ended June 30, 2014, the Company faced difficult operating challenges. In general, world economic conditions, specifically the demand for commodities and precious metals saw only tepid recoveries from recent lows. Our industry, mineral property exploration and development, has only shown very recent signs of recovery; this hopefully signals a continuing upward trend.

Financing remains difficult. Traditionally property exploration and development decisions have been driven by factors such as the geological merit of a property, commodities markets and industry trends; this has, in turn affected the availability of financing for given projects. Now, another set of factors has been added that has particularly targeted companies operating in politically unstable areas. Political instability has added the risk of danger to personnel and damage to or loss of property.

The Company's near term intentions have now changed based upon a combination of factors. In Mexico the Company faces capital raising difficulties for mining projects, potentially adverse reclamation and environmental issues, and the present environment of extreme political and civil instability. Due to these factors, the company has shut down all operations in Mexico and is liquidating or moving all assets to Ontario.

In July 2014, the Company entered into a definitive joint venture agreement (the "JV Agreement") with Emerald Lake Development Corporation. Subject to the terms of the JV Agreement, the Company will have the right to earn up to a sixty (60%) percent interest in the iron ore and gold mineralization located on the Emerald Lake property (the "Property") located 3.5 miles north of the town of Emo, Ontario. The Company has also purchased a free-hold farm property which is proximally located to the mineral claims on the Property. The Company will use the farm property as a field base for its Ontario Iron Ore operations. Upcoming work on the Property will include a fieldwork program which is comprised of drilling, mapping, sampling and planning for further property development.

This acquisition represents a significant step in implementing management's shift in focus away from Mexico to Canada due to the greater stability, transparency and accountability afforded by operations located and conducted in Canada