



("Tirex" or "the Company")

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2013**

## **Introduction**

This Management's Discussion and Analysis ("MD&A") of Tirex Resources Ltd. including its wholly owned subsidiaries, Tirex Explorations Sh.p.k., (incorporated in Albania), Tirex Resources (BVI No.1) Ltd (incorporated in British Virgin Islands) and Tirex Resources (BVI No.2) Ltd (incorporated in British Virgin Islands) is the responsibility of management and covers the year ended April 30, 2013. The MD&A takes into account information available up to and including August 26, 2013 and should be read together with audited consolidated financial statements and notes for the years ended April 30, 2013, April 30, 2012, and April 30, 2011, all of which are available on the Sedar website at [www.sedar.com](http://www.sedar.com).

Throughout this document the terms *we*, *us*, *our*, *the Company* and *Tirex* refer to Tirex Resources Ltd. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in Canadian dollars unless otherwise indicated. The Company's accounting policies have changed and the presentation, certain financial statement references and terminology used in this MD&A and the accompanying consolidated financial statements differ from those used in financial statements and quarterly and annual reports issued prior to the year ended April 30, 2012.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.tirexresources.com](http://www.tirexresources.com).

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements."

## **Description of Business**

The Company's main business is the acquisition and exploration of natural resource properties in Albania. The Company has six mining licenses and an exploration permit application located in Albania, known as the Mirdita Project subject to the terms of the agreements more particularly described in the Financial Statements. Refer to the Exploration Summary below for more information regarding the project.

## Performance Summary

During the three month period ended April 30, 2013, the Company:

- Announced it completed a private placement raising gross proceeds of \$3,119,096. The Company issued 6,238,192 shares at a price of \$0.50 per share.

For additional information please refer the news releases dated February 21, 2013 and March 5, 2013 which are available on [www.sedar.com](http://www.sedar.com).

There were no other significant events or transactions during the quarter.

## Subsequent Events

Subsequent to April 30, 2013, the Company:

- Engaged Lorenzo & Co., a civil engineering company in Tirana, Albania, to conduct a survey of the boundaries of its mining licences.

For additional information please refer the news releases dated May 9, 2013 which are available on [www.sedar.com](http://www.sedar.com).

- Appointed Dr. Genc Demi, PhD, as a special adviser, mineral processing and mining.

Dr. Demi is a known mineral processing and mining engineer with 40 years of experience in the Albanian mineral processing industry. Dr. Demi graduated from the University of Tirana, faculty of geology and mines, in 1974 and received his doctor of science degree from the Polytechnic University of Tirana in 1996, with a dissertation focused on mineral processing of ores of the Bulqiza ultrabasic massif.

For additional information please refer the news release dated June 13, 2013 which is available on [www.sedar.com](http://www.sedar.com).

- Granted 1,670,000 stock options, exercisable at \$0.36 for a period of 5 years.

## Outlook

During the year ended April 30, 2013 the Company announced it received all the necessary mining and environmental licences and all the required documentation from Albania's National Licensing Centre (QKL) to allow for mining operations in the six mining areas of the Mirdita Property which the Company applied for. The grant of the 25 year mining licenses was completed after a 14 month review by the Albanian government including a detailed review by the Ministry of Economy, Trade and Energy (METE) and the Ministry of Environment, Forests and Water Administration. Upon receipt of the mining licenses, Tirex submitted bank guarantees to the Government of Albania, as required by Albanian Mining Law, and these bank guarantees remain on deposit with the Government.

During the year ended April 30, 2012, the Company entered into a Contribution Agreement with a private Turkish company ("PrivCo") to commence commercial production of copper and gold from six areas of the Mirdita Property. (see Tirex News Release dated September 6th, 2011 for further details of this agreement). The Company and PrivCo have agreed to incorporate an operating company ("OpCo"), with the Company and PrivCo each holding 50% of the shares. Once OpCo is formed, the shareholders will enter into a Shareholder Agreement, Ore Processing Agreement, and Loan Agreement (collectively with the Contribution Agreement, the "Agreements"). Under the Contribution Agreement, Tirex is to contribute to OpCo, the Tuc, Paluca, Qaf Bari, Central Gurthi-Kosaj, South Gurthi-Letitna and Fushe Arres licences.

PrivCo will contribute to OpCo, the necessary funding, pursuant to the Loan Agreement, to bring each deposit into production and cause a private Albanian Company (“AlbCo”) owned by PrivCo with milling capacity at its nearby Fushe Arres processing plant, to enter into the Ore Processing Agreement, whereby OpCo will sell the broken ore to AlbCo and AlbCo will process the ore into concentrate and market the concentrate. OpCo will receive the concentrate sales price, net of AlbCo’s processing fee and marketing costs. The Agreements are subject to regulatory and EBRD approval. Tirez is of the opinion that upon the license grant in January of 2013, the Company was in a position to perform its obligations under the Agreements. PrivCo has not yet moved forward in accordance with the terms of the Agreements, alleging that Tirez has not been in a position to fulfill its obligations. Tirez rejects this opinion and therefore, if continued delays towards production, occur, Tirez may seek to enforce its contractual rights under the Agreements. If this act to enforce does not lead to imminent production under the terms of the Agreements, Tirez may consider other means to move into production.

On June 23<sup>rd</sup>, 2013, general elections were held in Albania. The Alliance for a European Albania won the election and is poised to take power upon the calling of a new Parliament on September 9th, 2013. A major political event preceding elections was the exit of the junior ruling party LSI from the former ruling coalition to join the opposition Socialists only two months ahead of elections. Following elections, LSI party quadrupled the number of seats it held in the Parliament, significantly contributing to the victory of the Alliance for a European Albania. LSI party was in charge of METE (the Albanian government Ministry that oversees mining among other responsibilities) when the mining licenses referenced previously were issued to Tirez Resources. LSI is not a member of government now and they do not resume power (within the Alliance for a European Albania) until September 9th, 2013. While Tirez is hopeful of an orderly transition of Government in Albania and while Tirez’s lawyers in Albania note that there is “no legal way for Tirez’s rights to be altered under Albanian Mining Law except in very specific circumstances, none of which apply”; Tirez has also sought and successfully received a legal injunction that prohibits the reallocation of any areas described in license areas PN-4714-01-2013, PN-4715-01-2013, PN-4716-01-2013, PN-4717-01-2013 to third parties. This action was taken to prevent license reallocations, boundary reconfigurations and other actions potentially harmful to Tirez during the current transitional phase of the Albanian government. This legal injunction was sought upon the advice of Tirez’s Albanian lawyers, based on actions, and potential actions by outgoing METE personnel harmful to the sanctity of Tirez’s rights and licenses, the general climate of the Government transition process, and conflicting information from various Government agencies during the government transition regarding the validity of license rights and boundaries, and claims by third parties relating to some of the license areas. The government transition period ends September 9th, 2013.

Additional to the production focus, the Company has applied for exploration licenses on additional lands outside the above mining areas. If these additional exploration licenses are granted, Tirez intends to use a combination of geophysical and geological exploration including drilling to target new volcanogenic massive sulphide deposits.

The Company has commenced discussions with the European Bank of Reconstruction and Development (“EBRD”) with regards to extending the maturity date of the convertible debenture with the EBRD to coincide more closely with targeted cash flow arising from production. As a start, a formal request has been made to the EBRD to extend the maturity date which would in turn give the EBRD and the company greater flexibility in achieving conversion or repayment.

## **MIRDITA VMS PROJECT**

For disclosure of the property acquisition agreement, underlying interests and conversion options please refer to the audited consolidated financial statements and notes for the year ended April 30, 2013, all of which are available on the Sedar website at [www.sedar.com](http://www.sedar.com).

## MINE DEVELOPMENT SUMMARY

Tirex announced the signing of the Contribution Agreement with Ekin Maden Tic. ve San. A.S., (“Ekin Maden”), a private Turkish company to commence commercial production of copper and gold from six areas of the Mirdita Property. Tirex and Ekin Maden have agreed to incorporate an operating company (“OpCo”), with Tirex and Ekin Maden each holding 50% of the shares. There were unanticipated delays in receiving the mining licences, which Tirex received during the year ended April 30, 2013. Once OpCo is formed, the companies will enter into a Shareholder Agreement, Ore Processing Agreement, and Loan Agreement (collectively the “Agreements”). When the OpCo is formed Tirex will contribute the Tuc, Paluca, Qaf Bari, Central Gurthi-Kosaj, South Gurthi-Letitna and Fushe Arres deposits. Ekin Maden will contribute the necessary financing to bring each deposit into production and the necessary milling capacity at their nearby Fushe Arres processing plant. The OpCo will sell the broken ore to BERALB SH.A (“BERALB”), a private Albanian Company owned by Ekin Maden, and will receive a percentage of the value of the contained copper, gold and any other elements payable by the smelter. Details of the Agreement terms are described in the Tirex news release dated September 6, 2011 and available on [www.sedar.com](http://www.sedar.com). The Agreements are subject to regulatory and EBRD approval.

During the year ended April 30, 2013 the Company received official notification from Albania's Ministry of Economy, Trade and Energy (METE) relating to its applications to transition six specific areas in the Mirdita VMS (volcanogenic massive sulphide) district from exploration licences into 25-year mining (exploitation) licences. METE has ruled, in respect of Tirex application Nos. LC-9817-08-2011, LC-9820-08-2011, LC-9822-08-2011, LC-9818-2011, LC-9821-2011 and LC-9819-08-2011, which encompass the deposits known as Fushe Arrez, Qafe Bari, Tuc, Paluce, Gurth 1 and Gurth 2 (Central Gurthi and Koshaj), Gurth 3, and Letitna (South Gurthi and Letitna), to immediately effect the conversion of the exploration licences to mining licences. On January 4, 2013 METE approved the mining applications.

The next step toward commencement of production is the formation of OpCo, the companies will then sign the Agreements and Tirex will transfer rights to the licences to OpCo in preparation for mine development.

## EXPLORATION SUMMARY

### Introduction

Tirex is a company purpose-built to explore and develop the large Mirdita Property in Albania. The property covers most of the Mirdita Volcanogenic Massive Sulphide (“VMS”) District. The nature of the VMS mineralization in this District provides Tirex investors with exposure to a high grade basket of metals: copper, zinc, gold and silver. The property is readily accessible by a new paved four lane highway and internally by gravel roads. It is located 70 km north of the capital city of Tirana.

The large Mirdita Project covers the heart of the traditional Albanian copper mining district. There are multiple known historic deposits on the Tirex property of which nine reported significant past production. Some deposits were zinc-rich and were not mined due to lack of zinc processing facilities. They are all VMS deposits and the principal ones are classified as Noranda-type (Bimodal Mafic) VMS deposits similar to those found in some of the large mining districts in Canada. Tirex's work on the Mirdita Project is based on recognition that it has the potential to develop into a major VMS mining district with exceptionally high gold values.

In early 2007, the Company began exploration of the property with reconnaissance examination of many of the historically known mineralized zones and flying the first airborne geophysical survey in the history of Albania over the property. The 2,520 km survey produced high quality data and outlined VMS exploration targets by identifying electromagnetic anomalies associated with most of the known VMS deposits, extending these anomalies into covered areas and discovering new anomalies. Details of the results of this work and other technical information can be found in the NI43-101 technical exploration report posted on the Company website at [www.tirexresources.com](http://www.tirexresources.com) and at [www.SEDAR.com](http://www.SEDAR.com). The success of this first phase of work led the Company to complete its initial public offering on the TSX Venture Exchange where it began trading with the symbol TXX on October 19, 2007. Since early 2008 Tirex drilled four separate

copper-zinc-gold-silver deposits (Letitna, Koshaj, Gurthi South No. 1 and No. 2) to define the extent of these deposits.

### **Gurthi South No. 1**

The Gurthi South area is located in the central portion of the Mirdita property. It is an area of multiple zones of mineralization that have not been fully explored in the past. In 2010 Tirex intersected the thickest- and highest-grade intercept to date at Gurthi South No. 1 which assayed 5.23% copper, 1.84% zinc, 57 g/t silver and 4.6 g/t gold across 7.7 metres (25.3 feet) including 6.92% Cu, 2.53% Zn, 84.6 g/t Ag and 6.8 g/t Au across four metres (13.1 feet). These intervals are close to true width. Drill results and a location map for these drill holes are available on the Company website at [www.tirexresources.com](http://www.tirexresources.com).

### **Gurthi South No. 2**

The Gurthi South No. 2 zone is located 450 metres south of Gurthi South No. 1. Drilling outlined a significant zone of mineralization at Gurthi South No. 2. In late 2010 Tirex announced the thickest- and highest-grade intercept to date at Gurthi South No. 2, which assayed 3.66% Cu, 1.13% Zn, 8.3 g/t Ag and 1.2 g/t Au across 19.3 metres (63.3 feet) including an exceptionally high-grade section which assayed 7.38% Cu, 1.77% Zn, 13.3 g/t Ag and 1.6 g/t Au across 6.7 metres (22 feet). These intervals are close to true width. Drill results and a location map for these drill holes are available on the Company website at [www.tirexresources.com](http://www.tirexresources.com).

### **Letitna Zone**

Letitna is located one kilometre east of Gurthi South. In 2009 drilling by Tirex intersected many high assays over wide thicknesses (see Tirex news release dated Jan. 11, 2010 for a summary). The zone remains open for expansion. A location map for these drill holes is available on the Company website at [www.tirexresources.com](http://www.tirexresources.com).

### **Koshaj Zone**

The Koshaj Zone is located 2.5km north of Gurthi South. In 2008, Tirex drilled a grid of nine holes on the Koshaj Deposit over a strike length of 75m and intersected a number of wide high grade intersections. Drill results and a location map for these drill holes are available on the Company website at [www.tirexresources.com](http://www.tirexresources.com).

Further exploration of historical deposits at Mirdita outside of the mining licenses is planned. Most of the historic deposit areas have never been tested with modern exploration.

### **Field Work**

In addition to the drilling, Tirex has carried out extensive field work including ground geophysics, geochemistry and geological mapping by an expert team of Canadian and Albanian technical personnel. The work was mainly carried on out of a modern 40 man field camp located near the Koshaj Deposit. During the quarter no field work was conducted. Efforts were focused on moving the production agreement with Ekin Maden forward.

Additional technical information on the Mirdita Project including reports, maps and photographs can be found on the Company website at [www.tirexresources.com](http://www.tirexresources.com).

Below is a summary of our cumulative exploration expenditures for the years ended April 30, 2013 and April 30, 2012:

	April 30, 2013	April 30, 2012
<b>CUMULATIVE EXPLORATION EXPENDITURES</b>		
Assay	\$ 678,695	\$ 673,961
Depreciation	1,066,493	1,019,435
Drilling	7,628,412	7,618,409
Environmental and report preparation	266,103	266,103
Equipment maintenance and rental	598,324	597,857
Field expenditures and road construction	6,993,888	6,299,205
Fees and licenses	415,245	413,639
Geological consulting and mine engineering	6,832,806	5,299,560
Geophysics	1,604,574	1,602,586
Project administration	1,067,869	947,506
Project management	48,547	44,347
Travel	1,503,381	1,500,264
Recovery of VAT, net	<u>(225,940)</u>	<u>-</u>
<b>Total expenditures</b>	<b>\$ 28,478,397</b>	<b>\$ 26,282,872</b>

### Future Exploration Plans

Plans for work in the coming year are subject to receipt of exploration licence and financing and include ground geophysics to define drilling targets in the known zones of mineralization and longer-term blue-sky exploration for new zones. Geological mapping, ground and borehole geophysics, geochemistry, and computer compilation of historic data are used to generate exploration targets. Tirex is exploring for large VMS deposits as well as deposits of various sizes to feed the Fushe Arres mill to produce copper and gold from the Mirdita district.

*Fred Tejada, P.Geo., a Qualified Person under the meaning of Canadian National Instrument 43-101 and an officer of Tirex, is responsible for the technical content of this Management's Discussion and Analysis.*

### Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements:

	Year Ended April 30, 2013	Year Ended April 30, 2012	Year Ended April 30, 2011
Total income	\$ -	\$ -	\$ -
Exploration Activities	2,195,525	1,991,519	4,301,732
Net loss before income taxes	2,044,505	1,260,722	6,908,299
Net loss	2,044,505	1,260,722	6,908,299
Basic and diluted loss per share	0.03	0.02	0.13
Total assets	1,185,203	1,418,312	4,566,668
Working capital (deficit)	(8,897,384)	(942,301)	2,536,906
Total long-term liabilities	-	10,169,568	14,619,798
Cash dividends	-	-	-

Significant events during fiscal 2013, 2012, 2011, included:

During the fiscal year ended April 30, 2013 the Company issued 1,725,886 common shares at \$0.70 per common share for gross proceeds of \$1,208,120 and 6,238,192 common shares at \$0.50 per common share for gross proceeds of \$3,119,096, of which the Company had received \$2,740,000 as at April 30, 2013. During the year ended April 30, 2013 the Company received the exploitation licences on 6 areas in Mirdita, refer to the Mine Development Summary section above.

During the fiscal year ended April 30, 2012 the Company did not complete any financings. The Company received proceeds from the exercise of stock options and warrants and in aggregate issued 1,043,000 shares for proceeds of \$430,950.

During the fiscal year ended April 30, 2011 the Company issued 7,922,500 shares at \$0.12 per share for proceeds of \$950,700 and issued 10,000,000 shares at \$0.50 per share for proceeds of \$5,000,000. The Company received gross proceeds of \$5,548,096. During the year the Company also received the remainder of the second tranche of the convertible debenture of \$1,535,000 (EUR 1,000,000).

## Results of Operations

The financial statements reflect the financial condition of the Company's business for the year ended April 30, 2013.

During the year ended April 30, 2013, the Company incurred a loss of \$2,044,505 as compared to a loss of \$1,260,722 for the year ended April 30, 2012. This included exploration expenditures on the Mirdita project of \$2,195,525 (April 30, 2012 - \$1,991,519). Refer to the Cumulative Exploration Expenditures table above for a breakdown of the exploration expenditures to date.

General expenses totaled \$1,802,031 for the year ended April 30, 2013 compared to \$3,730,228 for the year ended April 30, 2012. The general expenses included significant non-cash-based transactions for share-based payments of \$335,367 (April 30, 2012 - \$1,512,220).

There were no significant increases in general expenses. General expenses with significant decreases include: investor relations \$200,649 (2012 - \$376,648), professional fees \$283,052 (2012 - \$556,818), shareholder communications \$32,709 (2012 - \$235,088) and share-based payments \$335,367 (2012 - \$1,512,220). The decrease in the expenses listed above is mainly due to the decreased corporate activity while the Company awaited the issuance of the mining licences and due to the down-turn in the resource sector.

Other Items totaled a gain of \$1,953,051 for the year ended April 30, 2013 compared to a gain of \$4,461,025 for the year ended April 30, 2012. Other Items with significant movements include: accretion of convertible debt and transaction costs \$924,217 (2011 - \$787,457), foreign exchange loss of \$206,389 (2012 – gain of \$537,528) gain on sale of equipment \$43,120 (2012 - \$36,464) interest on convertible debenture \$160,268 (2012 - \$249,868) and unrealized gain on the derivative liability of \$3,228,311 (2012 – gain of \$4,924,358) The increases in the expenses listed above are mainly due to the increased convertible debenture balance, the low LIBROR rates, movements in the valuation of the derivative liability, and foreign exchange fluctuations between the Canadian dollar and the Euro. The valuation of the derivative liability is discussed in detail in Note 8 of the financial statements.

## Summary of Quarterly Results

	Three Months Ended			
	April 30, 2013	January 31, 2013	October 31, 2012	July 31, 2012
Total assets	\$ 1,185,203	\$ 1,327,673	\$ 1,126,306	\$ 1,222,250
Working capital (deficiency)	(8,897,384)	(1,823,240)	(1,165,903)	(1,183,973)
Shareholders' deficiency	(7,810,564)	(10,544,288)	(11,198,550)	(7,727,167)
Exploration expenditures	(1,147,046)	(816,313)	(86,911)	(145,255)
Net income (loss)	(636,949)	(209,971)	(3,347,109)	2,149,524
Earnings (loss) per share	(0.01)	(0.01)	(0.06)	0.03
	April 30, 2012	January 31, 2012	October 31, 2011	July 31, 2011
Total assets	\$ 1,418,312	\$ 1,766,116	\$ 2,519,820	\$ 3,758,726
Working capital (deficiency)	(942,301)	(225,301)	601,250	2,039,822
Shareholders' deficiency	(9,903,456)	(10,022,254)	(9,814,481)	(10,992,702)
Exploration expenditures	(303,313)	(441,309)	(658,232)	(588,665)
Net income (loss)	(421,463)	(226,566)	1,009,791	(1,622,484)
Earnings (loss) per share	(0.01)	(0.01)	0.01	(0.02)

The following table shows the key identifiable factors that significantly affect changes in Tirex's net loss and loss per share over the eight most recent quarters.

	Three Months Ended			
	April 30, 2013	January 31, 2013	October 31, 2012	July 31, 2012
Share-based payments	\$ 13,773	\$ 14,423	\$ 280,406	\$ 26,765
Convertible debenture:				
- Accretion	252,403	237,644	221,369	212,801
- Interest	36,508	36,313	41,264	46,183
Office and miscellaneous	161,830	48,857	(14,207)	30,986
Unrealized (gain) loss on derivative liability	(1,826,398)	(1,699,082)	2,727,833	(2,430,664)
	April 30, 2012	January 31, 2012	October 31, 2011	July 31, 2011
Share-based payments	\$ 390,423	\$ 11,293	\$ 113,505	\$ 996,999
Convertible debenture:				
- Accretion	204,396	200,429	198,290	184,342
- Interest	56,636	64,369	69,409	59,454
Office and miscellaneous	63,334	41,742	49,798	67,249
Unrealized gain (loss) on derivative liability	(812,596)	(505,002)	(3,004,599)	(602,161)

## Discussion of Quarterly Results

The variability in Tirex's net loss over the last eight quarters resulted primarily from the changing levels in our exploration program, share-based payments, valuation of the derivative liability, accretion and interest on the convertible debenture, and office and administrative expenses. Changing levels in exploration program and general and administrative costs fluctuate independently according to field activities at our

properties or general corporate activities. During the second half of fiscal 2013 exploration and general activities increased due to the receipt of the mining licences and commencement of activities on the project. During fiscal 2012 general corporate activities had increased due to the application for mining licences.

## Liquidity

Tirex's mineral exploration and development activities do not provide a source of income and we therefore have a history of losses, working capital deficiencies and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide a complete interpretation of our valuation.

The Company has financed its operations to date primarily through the issuance of common shares and the convertible debenture. The Company will continue to seek capital through the issuance of common shares and additional convertible debenture facilities.

**Operating Activities:** The Company does not generate cash from operating activities. Net cash used by the Company for operating activities, which includes exploration activities, for the year ended April 30, 2013 was \$3,984,283 compared to \$3,430,209 for the year ended April 30, 2012.

**Investing Activities:** Net cash provided by investing activities totaled \$90,149 during the year ended April 30, 2013 compared to \$186,896 for the year ended April 30, 2012. During the year ended April 30, 2013 the Company paid exploration deposits of \$192,238 (April 30, 2012 - \$Nil), received proceeds from the disposal of equipment of \$182,387 (April 30, 2012 - \$126,948) and recovered advances of \$100,000 (April 30, 2012 - \$109,768).

**Financing Activities:** During the year ended April 30, 2013 the Company issued 1,725,886 common shares at \$0.70 per share for gross proceeds of \$1,208,120 and issued 6,238,192 common shares at \$0.50 per common share for gross proceeds of \$3,119,096, of which \$484,096 is included in subscriptions receivable. The Company paid \$104,591 in share issuance costs to April 30, 2013. During the year ended April 30, 2013 the Company received proceeds of \$100,649 from the exercise of stock options and warrants (2012 - \$430,950).

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital.

## Related Party Transactions

The consolidated financial statements include the financial statements of the Company and its 100% owned Albanian subsidiary Tirex Explorations Sh.p.k.

During the year ended April 30, 2013, the Company paid or accrued:

- a) Management fees of \$150,000 (2012 - \$150,000) to Bryan Slusarchuk a director and an officer of the Company.
- b) Professional fees of \$90,000 (2012 - \$90,000) to Jonathan Richards and Shoni Bernard, officers of the Company.
- c) Project management fees of \$4,200 (2012 - \$13,500) to George Gorzynski, a director of the Company.
- d) Consulting fees of \$2,800 (2012 - \$14,175) to International Mine Builders Ltd, a company controlled by Fred Sveinson, a director of the Company, of which \$Nil (2012 - \$1,750) are

recorded in exploration expenditures, \$2,800 (2012 - \$9,625) are recorded in consulting fees and \$Nil (2012 - \$2,800) are included in travel and trade show expenditures.

- e) Salary of \$165,000 (2012 - \$165,000) to Fred Tejada, an officer of the Company which is recorded in exploration expenditures.
- f) Recorded share-based payments of \$81,324 (2012 - \$1,013,423) for stock options granted and vested to directors and officers of the Company.

Included in accounts payable is \$126,840 (April 30, 2012 - \$122,901) due to officers and directors of the Company.

During the year the Company entered into a loan agreement with R. Stuart Angus, a director of the Company, whereby he loaned \$300,000 to the Company for general working capital. The loan had no fixed terms of repayment, no security and incurred no interest. The loan was repaid during the year.

### Outstanding Share Data

As at the date of this report the Company had 76,235,990 common shares issued and outstanding.

The following incentive stock options were outstanding at the date of this report:

	Number	Exercise price	Expiry date
Stock options			
	230,000	\$ 0.600	April 30, 2014
	200,000	1.350	June 19, 2014
	935,000	0.710	September 25, 2014
	300,000	0.750	October 22, 2014
	600,000	0.165	August 4, 2015
	270,000	0.200	August 27, 2015
	1,565,000	0.800	May 13, 2016
	575,000	0.750	October 28, 2016
	500,000	0.800	March 22, 2017
	100,000	0.600	August 21, 2017
	400,000	0.590	September 9, 2017
	1,670,000	0.360	May 24, 2018
Warrants			
	118,000	\$ 0.700	November 22, 2014
	242,819	0.500	February 21, 2015
	24,000	0.500	May 3, 2015

### Contractual Obligations

Except as described herein or in the Company's financial statements at April 30, 2013, the Company had no material financial commitments.

## Off-Balance Sheet Arrangements

At April 30, 2013, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## Proposed Transactions

Except as elsewhere disclosed in this document, there are no other proposed transactions under consideration.

## Capital Resources

The Company will continue to seek capital through public markets by issuing common shares pursuant to private placements. 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.

## Risk Factors

Companies in the exploration 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, 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.

Risks and uncertainties the Company considers material in assessing its financial statements are described below.

*Tirex will require additional funding.*

At April 30, 2013 the Company held cash of \$9,217, accounts payable and accrued liabilities of \$790,626 and the convertible debenture which matures in October 2013 of \$8,168,791. The Company has historically relied upon equity subscriptions and the convertible debenture 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.

*Tirex 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.

*Tirex may be adversely affected by fluctuations in copper and other metal 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. 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.

*Infrastructure.*

Exploration, development and ultimately mining and processing activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, bridges, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its projects and could result in higher costs.

*Tirex does not and likely will not insure against all risks.*

The Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Tirex to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

*Tirex may be subject to disputes.*

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company.

*Tirex is dependent on key personnel.*

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

*Tirex's officers and directors may have potential conflicts of interest.*

Tirex's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an

agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

## Changes in Accounting Policies including Initial Adoption

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended April 30, 2013:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets<sup>(iii)</sup>
- IFRS 10 New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities<sup>(i)</sup>
- IFRS 11 New standard to account for the rights and obligations in accordance with a joint agreement<sup>(i)</sup>
- IFRS 12 New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39<sup>(i)</sup>
- IFRS 13 New standard on the measurement and disclosure of fair value<sup>(i)</sup>
- IAS 1 (Amendment) Presentation of other comprehensive income<sup>(ii)</sup>
- IAS 28 (Amendment) New standard issued that supersedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures<sup>(i)</sup>
- IAS 32 (Amendment) New standard amends IAS 32 to provide clarifications on the application of the offsetting rules<sup>(iv)</sup>.

(i) Effective for annual periods beginning on or after January 1, 2013

(ii) Effective for annual periods beginning on or after July 1, 2012

(iii) Effective for annual periods beginning on or after January 1, 2015

(iv) Effective for annual periods beginning on or after January 1, 2014

## Critical Accounting Policies and Estimates

Tirex's accounting policies are described in Notes 2 and 3 of its consolidated financial statements for the year ended April 30, 2013. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

### Use of Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

The carrying value and recoverability of mineral properties requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project,

including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

The unrealized fair value of the derivative liability and the valuation of the convertible debenture are subject to assumptions. The valuation of the derivative liability is valued using pricing models such as the Black-Scholes valuation model. The valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the derivative liability has characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in estimates in future periods could be significant.

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Share based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

### **Embedded derivatives**

Derivatives may be embedded in other financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in gains or losses on derivative instruments in the statement of comprehensive loss.

### **Exploration and evaluation assets**

Exploration and evaluation assets include the costs of acquiring licenses and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the profit and loss statement. The Company expenses costs related to the exploration and development of mineral properties and they are incurred.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

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

## Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. 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 an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in share-based payments is revised from share-based payment reserve to deficit. Amounts recorded for forfeited or expired unexercised warrants are transferred to share capital.

## Financial Instruments and Risk Management

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

### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at April 30, 2013, the Company had a cash balance of \$9,217 (April 30, 2012 - \$64,173) to settle current liabilities of \$8,995,767 (April 30, 2012 - \$1,152,200). 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. To maintain liquidity, the Company is currently investigating financing opportunities. Included in the accounts payable as at April 30, 2013 are the convertible debentures of EUR 6,000,000 and accrued interest which mature on October 25, 2013 (Note 8). While the Company has been successful in obtaining its required funding in the past there is no assurance that this financing will be extended or that any additional future financing will be available. The Company is exposed to risk that it will encounter difficulty in satisfying the liability on maturity should the holder not exercise the right to convert into common shares of the Company. The Company has commenced discussions with the EBRD with regards to extending the maturity date to coincide more closely with targeted cash flow arising from production.

### *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. The Company does not have a practice of trading derivatives.

## a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at April 30, 2013, the Company did not have any investments in investment-grade short-term deposit certificates.

The Company's financial liabilities exposed to interest rate risk consist of the convertible debenture which bears interest at a EURIBOR plus 1.5%. The Company does not use derivative instruments to reduce its exposure to interest rate risk. As at April 30, 2013, convertible debt facilities had been drawn to a balance of approximately \$7,367,000 (EUR 6,000,000) on maturity. Based on this amount and assuming all other variables remain constant, a 1% change in the EURIBOR rate would result in an increase or decrease of approximately \$73,370 (EUR 60,000) in the Company's net loss.

## b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies, primarily through the Company's subsidiary located in Albania. Through this the Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US Dollars, EURO and Albanian Lek and a convertible debenture which is denominated in EURO. Fluctuations in the EURO will, consequently, have an impact upon the Company's profitability and the value of the Company's liabilities. As at January 31, 2013, the impact of a 10% change in rate of exchange on the EURO and Albanian Lek compared to the Canadian dollar would result in a change of approximately \$825,000 on the Company's loss for the period. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

## 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.

## Note Regarding Forward-Looking Statements

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following: Tirex has no assurance that the licences will be issued nor if issued, that they will be issued in a timely manner, general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties.

This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

This MD&A contains certain forward-looking statements inclusive of, but not limited to, the Definitive Agreement with Ekin Maden, the production arrangements and the timing of the mine development, mill construction and ore production. Although forward-looking statements and information contained in this MD&A are based on the beliefs of Tirex management, which we consider to be reasonable, as well as assumptions made by and information currently available to Tirex management, there is no assurance that the forward-looking statement or information will prove to be accurate. The assumptions made include assumptions about Tirex's ability to move forward with the arrangements as set out in the Definitive Agreement. The forward-looking statements and information contained in this MD&A are subject to current risks, uncertainties and assumptions related to certain factors including, without limitations, obtaining all necessary approvals, feasibility of mine and plant development, exploration and development risks, expenditure and financing requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors discussed in our quarterly and annual and interim management's discussion and analysis. Should any one or more of these risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements and information may vary materially from those described herein. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. We undertake no obligation to update forward-looking statements or information except as required by law. The mineral deposits which Tirex will contribute to OpCo are historical in nature, and Tirex has not reported any mineral resource (as defined in NI 43-101) and there are no NI 43-101 compliant technical reports prepared in respect thereto.