



## Management Discussion and Analysis for the Three and Nine Months ended December 31, 2012

This Management Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Auriga Gold Corp. ("Auriga Gold" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended December 31, 2012. This discussion should be read in conjunction with the audited financial statements of the Company for the years ended March 31, 2012 and March 31, 2011, together with the notes thereto, and the unaudited condensed interim financial statements of the Company for the three and nine months ended December 31, 2012, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS.

As a result of ongoing review and possible amendments by interpretive guidance from IASB and IFRIC, IFRS in effect at March 31, 2013, may differ from IFRS and interpretation statements applied in preparing the audited annual financial statements for the year ended March 31, 2012, and the unaudited condensed interim financial statements for the three and nine months ended December 31, 2012 and 2011.

In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period presented are not necessarily indicative of the results that may be expected for any future periods. Information contained herein is presented as at March 1, 2013, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Auriga Gold's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Auriga Gold's website at [www.aurigagold.ca](http://www.aurigagold.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Financial and Operating Highlights for the Three and Nine Months ended December 31, 2012

### Financial Situation

- As of December 31, 2012, the Company had a cash overdraft position of \$25,997, current liabilities of \$3,560,252, and a net loss of \$2,151,345 for the nine months ended December 31, 2012. Exploration expenditures during the nine month period totalled \$1,634,728.



- Given the current relatively low level of investor interest in small cap exploration and development companies the management and board of directors have undertaken and aggressive program to reduce expenses to preserve shareholder value.

### Corporate Developments

- In July 2012 the company initiated a strategic review of its Maverick Gold Project development strategy in light of weakening capital markets and a decline in Auriga share price. The initial step in the strategic review process was to seek out new qualified management or a management team with the requisite expertise in mine development and operations. During the course of our review we have received significant interest in the project from a number of parties that are looking closely at the Maverick Gold Project for possible investment, the sale of all or a portion of the Maverick Gold Project, a gold asset merger or other gold sector business combination involving a third party or joint venture.
- It is the Corporation's current intention not to disclose developments with respect to the strategic review process until such time the Board of Directors has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate. The Corporation cautions that there are no assurances or guarantees that the process will result in a transaction, and if a transaction is undertaken, as to the terms or timing of such transaction or mine development plan.
- These discussions are in addition to ongoing discussions and expressions of interest from financial institutions seeking mine development investment opportunities in the gold sector. For example we have previously announced:
  - In June 2012, the Company entered into a non-binding term sheet with a private, institutional investor with regard to US\$23 million gold prepay agreement, the net proceeds of which will be used to fund the development of the Company's Maverick Gold project. The proposed US\$23 million financing will fund the refurbishment and development of the PL mine and Mill at the Maverick Gold project and this facility will replace the indicative term sheet for a US\$10 Million loan executed in April 2012.
  - In April 2012, Auriga Gold executed an indicative term sheet with the Resource Income Fund L.P. ("RIF") for a proposed \$10 million construction loan. The proposed \$10 million loan will fund the refurbishment and development of the PL mine and Mill at the Maverick Gold project as outlined in the Company's Preliminary Economic Assessment filed on SEDAR on February 21, 2012. It was anticipated that the construction loan will bear interest at an annual percentage rate of 14% and shall be repaid no later than May 31, 2014 by 12 monthly payments of principal and interest beginning June 30, 2013. Auriga Gold will pay an upfront commitment fee of \$100,000.
- We continue to seek out and respond to interested parties on a variety of financial structures to fund the re-start of the maverick Gold Project
- On October 5, 2012 the board of directors appointed Christopher Irwin as Interim Chief Financial Officer

### Maverick Gold Project

- Management and consultants to the company believe there is significant untested exploration potential on the MGP. We have completed a detailed review of the highly prospective mine stratigraphy in conjunction with results of a VTEM survey completed earlier this year and have



identified a number of significant and previously untested conductive anomalies located close to existing mineralization at the PL and Nokomis deposits and along strike

- An internal review of the proposed development plan, as outlined in the ACA Howe Preliminary Economic Assessment, has been underway since August and we are seeing opportunities to reduce development and operating costs.
- Part of this review has included requesting proposals from leading small open pit mining/contracting companies to provide quotes on the cost of mobilization, drilling, blasting and hauling of ore and waste
- In April 2012, the Company completed an airborne Versatile Time Domain Electro Magnetic ("VTEM") and magnetic survey covering the entire 100%-owned, Maverick Gold project, Preliminary results from the VTEM survey identify a number of significant and previously untested conductive anomalies along the regional mineralized structure that host the PL and Nokomis deposits. Further, the identified anomalies display similar characteristics in size and geophysical response to the anomalies associated with the PL and Nokomis deposits.
- On April 30, 2012, the Company announced additional drilling results from the Nokomis and PL deposits on the Maverick Gold project. Auriga Gold's drilling at Nokomis will be used along with drill holes by previous operators to complete an initial National Instrument 43-101 ("NI 43-101") resource estimate expected in the third quarter of 2012 to be completed by A.C.A. Howe International Inc. ("A.C.A. Howe"). Intersections at the Nokomis deposit include A4-18 with two 1.0 m intersects of 13.72 and 11.64 g/t gold, A4-14 with 6.0 m of 2.79 g/t gold, and hole A4-16 with 1.46 m of 4.89 g/t Au. Previous assays included A4-02 with 7.63 m of 125.1g/t gold. At the PL deposit, Auriga Gold intersected multi-ounce gold, over narrow intercepts at the south end of the deposit.
- Work with consultants and advisors continued on a Notice of Amendment that considers the development and operation of open pits, as contemplated in the ACA Howe Preliminary Economic Assessment, in addition to the currently permitted underground mine development plan. This document is largely completed but has not been submitted to date, pending the completion response to the increase in will be submitted to the Manitoba Mines Branch within the coming weeks to include a variant on the Mining Lease currently in possession for the PL Deposit and historic minesite. The amendment allows for the inclusion of Open Pit mining to the lease and is expected to be reviewed within four months.
- Preparation's for Pre-Feasibility-level detailed engineering program for the open pit mining, underground mining and updated mill rehabilitation costs. The planned program also includes an infill drilling program to upgrade the inferred resources to the Measured and Indicated Category. Planned engineering and drill programs will resume when adequate funds are available.

## Special Note Regarding Forward-Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans



with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

## Overview and Strategic Activities

Auriga Gold is a public traded company focused on gold resource expansion, near-term gold production at its major property, and project development and acquisition in Central Canada. The Company is listed on the TSX Venture Exchange as a Tier 2 mining issuer under the trading symbol “AIA”.

Auriga Gold was incorporated July 19, 1994 pursuant to the laws of the *Companies Act of Barbados*. Since the Company's management and the principal office of the Company are located in Toronto, Ontario, a continuance (the “Continuance”) of the Company from the laws of Barbados to the laws of the Province of Ontario was filed. As a result the corporate legislation that governs the Company ceased to be the Barbados Act, and the Company is now governed by the Business Corporations Act (Ontario).

The Company is focused on developing the PL mine and expanding gold resources on its PL and Nokomis deposits (the “Maverick Gold project”). The Company plans to upgrade and expand the resources at the Maverick Gold project, initiate test mining, complete feasibility studies of mineral reserves, and bring the PL mine back into production. The PL mine includes a 1,000 tpd flotation mill, a developed underground ramp to approximately 130 metres depth, and is fully road accessible and close to existing mining infrastructure.

## Mineral Properties

Auriga Gold's exploration activities are at an early stage, and it has not yet been determined whether its properties contain an economic mineral reserve. Any activities of Auriga Gold will constitute exploratory searches for minerals. See “Risks and Uncertainties” below.

### Maverick Properties

On October 8, 2010, Auriga Gold completed the acquisition of the past-producing Puffy Gold Mine (PL mine) and interests in the adjacent Nokomis property from Pioneer Metals ULC (“Pioneer”). The purchased properties and other adjacent staked properties have been renamed the Maverick Gold Project or “MGP” and are all located 50 km northeast of the town of Flin Flon, Manitoba. Pioneer is a wholly-owned subsidiary of

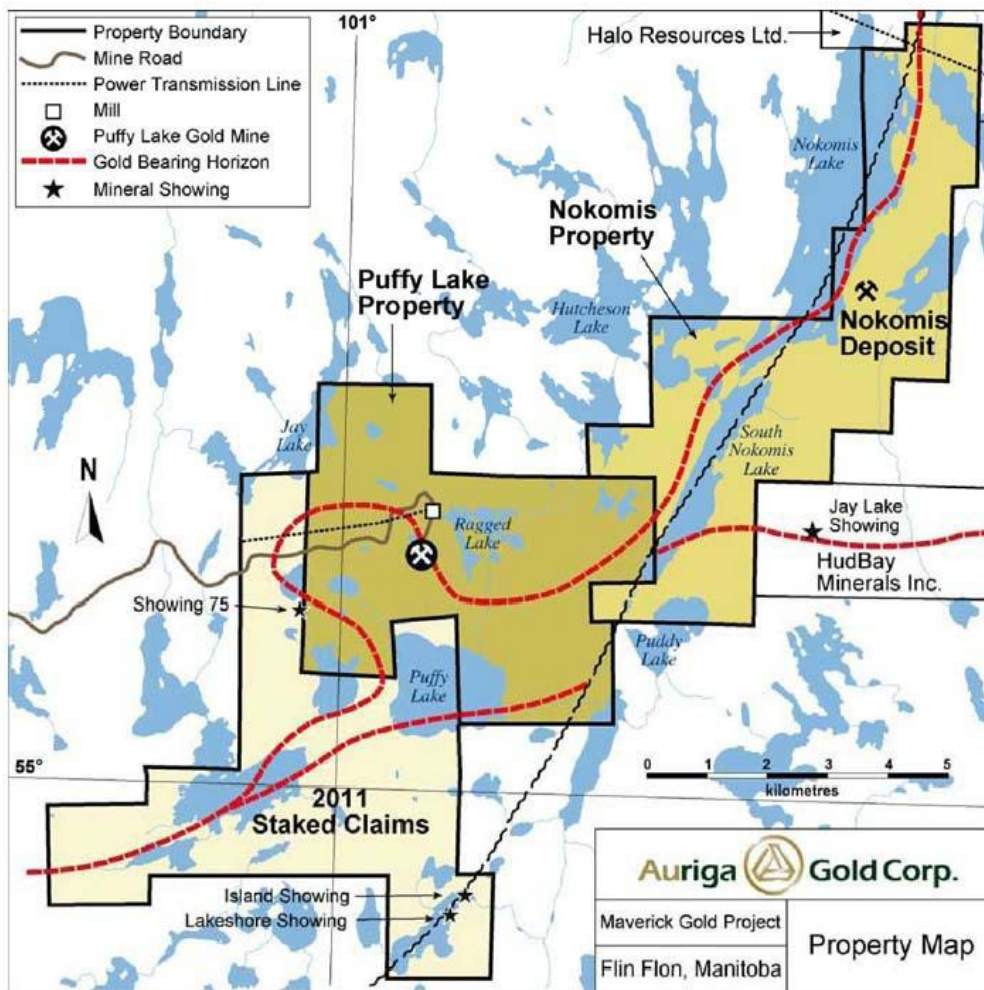
# Auriga Gold Corp.

Barrick Gold Corporation ("Barrick"). Past gold production on the MGP amounted to over 28,000 ounces in 1988 and 1989. Under the agreement, Auriga Gold acquired 100% of Pioneer's interest in the PL mine subject to a 3% Net Smelter Royalty ("NSR") that reduces to 2.5% and 2% if gold is below US\$1,000/oz. and US\$750/oz., respectively. The agreement also provided for the acquisition of Pioneer's 54% interest in the adjacent Nokomis property. In consideration of the acquisitions, Auriga Gold:

- made total payments of \$2.5 million; and
- issued stock to Pioneer valued at \$1.0 million.

On November 22, 2011, the Company completed the acquisition the remaining 46% minority interest in the Nokomis property from Claude Resources Inc. ("Claude"). The property is located less than 8 kilometres northeast of the existing mine and mill infrastructure on the MGP, near Flin Flon, Manitoba.

The Company also acquired additional staked claims in the area in April 2011. Collectively, the PL property, Nokomis property and the staked claims are named the Maverick properties and are covering an area of approximately 6,640 hectares.



## Maverick Gold Project





The Maverick Gold Project features a 1,000 tonne-per-day mill and concentrator in excellent condition, a deposit developed by a ramp to a depth of approximately 130 meters, and infrastructure related to the past-producing mine. In August 2011, Auriga Gold reported an initial NI 43 101 resource estimate for the former producing PL Gold deposit. Drilling to May 2011, has resulted in optimized in-pit and underground Indicated Resources totaling 174,000 ounces gold and Inferred Resources totaling 558,000 ounces gold. The resource was been estimated by P&E Mining Consultants Inc. using the results from over 300 historical drill holes by previous operators and 41 holes drilled by Auriga Gold since December 2010.

#### PL Deposit, Mineral Resource Estimate

		TONNES (t)	Au (g/t)	Au ounces
In Pit Au 0.6 g/t cut-off	Indicated Resources	242,000	4.16	32,000
	Inferred Resources	78,000	3.81	10,000
Underground Au 2.5 g/t cut-off	Indicated Resources	702,000	6.29	142,000
	Inferred Resources	3,018,000	5.65	548,000
<b>Total</b>	<b>Indicated Resources</b>	<b>944,000</b>	<b>5.73</b>	<b>174,000</b>
	<b>Inferred Resources</b>	<b>3,096,000</b>	<b>5.61</b>	<b>558,000</b>

(0) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

(1) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

(2) The mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

(3) Grade capping of 30g/t was utilized on composites.

(4) A bulk density of 2.72 t/m<sup>3</sup> was used for all tonnage calculations.

(5) Open pit resources were reported within an optimized pit shell.

(6) A gold price of US\$1,231/oz. and an exchange rate of US\$0.97US=C\$1.00 was utilized in the Au cut-off grade calculations of 0.6 g/t open pit and 2.5 g/t underground. Open pit mining costs were C\$3.75/t for mineralized material and C\$3.00/t for waste rock while underground mining costs were C\$75/t. Process costs were C\$17/t and G&A was C\$6/t. Process recovery used was 95%.

The Company has continued a drilling program on the PL deposit and results of the Autumn 2011 drilling program has continued to extend high grade mineralization in the northern part of the PL deposit. In this area, drill hole A3-81 intersected 1.69 meters grading 47.21 g/t gold including 0.46 meters grading 158.45 g/t gold at a depth of 98.8 meters and down-dip from the planned north starter pit. Hole A3-84, drilled 50 meters northwest of hole 81, intersected 6.23 meters grading 7.55 g/t gold including 0.50 meters grading 29.61 g/t gold at a depth of 98.2 meters.

On February 22, 2012, the Company completed a positive Updated Preliminary Economic Assessment ("PEA") for a proposed open pit and underground mining and milling operation of the PL mine. The combined open pit and underground mine plan and on-site processing rate were selected to improve the economics of the project.

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The proposed operation includes the open pit mining of 530,000 tonnes of potentially economic mineralization; the dewatering of the historic PL underground gold mine; and test stoping followed by underground mining. The existing PL mill would be refurbished as part of the program. The PEA was conducted by A.C.A. Howe based on the mineral resource estimate (see August 4, 2011 news release) prepared by P&E Mining Consultants Inc. Currencies reported below are in Canadian dollars unless otherwise specified.

## Highlights:

- A total of approximately 2,039,000 tonnes of mill feed would be produced from five open pits and the underground mine and processed at the to-be-refurbished existing mill at a rate of 750 tons per day. The project would operate for 7.5 years and produce a total of about 348,000 oz gold for sale. The existing mill and infrastructure would be refurbished concurrently with the development of the initial open pit.
- The Base Case is based on a gold price of US\$1,400/Au oz (at December 31 2011, the 12 and 24 month trailing averages were US\$1,568/oz and US\$1,396/oz respectively). The projected pre-tax NPV(8%) is \$79.6M; pre-tax IRR is 84%; with pre-tax payback reached in 20 months of processing. It is projected that 50,000 tonnes of mill feed would be processed during mill ramp-up in the pre-production year.
- The capital costs amount to \$18.1M and include a 20% capital cost contingency. The projected life of mine sustaining capital costs including closure costs amount to \$26.6M.
- The projected average production cash cost is \$950/oz gold. This cost includes \$873/oz Au for operating costs and \$77/oz Au for sustaining capital costs.

	Nine Months Ended December 31, 2012 \$	Year Ended March 31, 2012 \$
<b>Exploration Expenditures</b>		
Beginning balance	9,309,401	6,553,217
Assays	17,604	82,129
Claim costs	239	(9,702)
Diamond drilling	109,106	791,210
Environmental	70,156	63,555
First nations	25,000	5,000
Geology	181,437	454,856
Office and supplies	26,962	76,139
Project management	361,773	140,633
Resource update	-	309,880

Site / Capital improvements	657,375	196,550
Travel & accommodation	150,204	493,838
Mining asset retirement	(1,608)	152,096
<b>Exploration expenditures</b>	<b>1,598,248</b>	<b>2,756,184</b>
<b>Total</b>	<b>10,907,649</b>	<b>9,309,401</b>

The Company has provided a letter of credit in the amount of \$75,000 to the Government of Manitoba under the terms of the Closure plan on the PL property. The Company further provided all assets, goods and personal property involved in the operation of the PL property, as a security of up to \$5,000,000 for the performance of the Closure plan and the rehabilitation program.

The Company's provision for closure and reclamation costs are based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred. The Company has estimated its total provision for closure and reclamation to be \$3,139,026 at December 31, 2012, based on a total future liability of approximately \$3,616,000 and at an inflation rate of 1.60% and a discount rate of 1.77%. Reclamation is expected to occur in approximately 10 years.

The following is an analysis of the asset retirement obligation:

	<b>Nine Months Ended December 31, 2012 \$</b>	<b>Year Ended March 31, 2012 \$</b>
<b>Beginning balance</b>	<b>3,099,270</b>	<b>2,857,493</b>
Effect of changes in discount rate	(1,609)	152,097
Accretion incurred in the current period	41,365	89,680
<b>Expenditure for the period</b>	<b>39,756</b>	<b>241,777</b>
<b>Total</b>	<b>3,139,026</b>	<b>3,099,270</b>





### Nokomis Property

The October 2011, agreement with Pioneer provided for the acquisition of Pioneer's 54% joint venture interest in the Nokomis property. This property comprises approximately 2,200 hectares and is located north east of, and is contiguous with, the PL property.

On November 22, 2011, the Company completed the acquisition of the remaining 46% minority interest in the Nokomis property from Claude. Under the terms of acquisition, the Company issued to Claude, 3,428,572 common shares of the Company.

During the year ended March 31, 2012, the Company initiated a 1,500 meter drilling program at the Nokomis deposit located approximately 8 km northeast of the PL mill with particular emphasis on testing near surface mineralization. A winter road to obtain access to the Nokomis deposit was constructed and drilling began in February 2012.

The Company completed drilling on the Nokomis deposit and intersected high grade gold intersections from initial drill holes. Intersections included A4-02 with 7.63 meters grading 9.22 g/t gold (cut), hole A4-03 with 5.20 m grading 12.27 g/t gold (cut), hole A4-11 with 6.43 m grading 5.10 g/t gold, hole A4-12 with 5.55 m grading 9.55 g/t (cut). Uncut results included an assay of 1,830 g/t over 0.5 m in hole A4-02.

On April 30, 2012, the Company announced additional drilling results from the Nokomis deposits and the drilling at Nokomis will be used, along with drill holes by previous operators, to complete an initial NI 43 101 resource estimate expected in the third quarter of 2012. Intersections at the Nokomis deposit include A4-18 with two 1.0 m intersects of 13.72 and 11.64 g/t gold, A4-14 with 6.0 m of 2.79 g/t gold, and hole A4-16 with 1.46 m of 4.89 g/t Au.

	Nine Months Ended December 31, 2012 \$	Year Ended March 31, 2012 \$
<b>Exploration Expenditures</b>		
<b>Beginning balance</b>	<b>2,325,809</b>	<b>694,700</b>
Acquisition cost	-	1,202,239
Assays	3,172	10,481
Diamond drilling	13,351	211,159
Geology	5,320	130,908
Office and supplies	4,405	9,016
Resource update	-	2,115
Site / Capital improvements	-	45,522
Travel & accommodation	758	19,669
<b>Exploration expenditures</b>	<b>27,006</b>	<b>1,631,109</b>
<b>Total</b>	<b>2,352,815</b>	<b>2,325,809</b>

### Staked Claims

In April 2011, the Company staked 12 claims for a total of approximately 2,640 hectares contiguous with the Maverick Gold project. The claims were acquired to target the highly prospective horizon that hosts several gold occurrences including the Company's past-producing PL mine and Nokomis deposit.

	Nine Months Ended December 31, 2012 \$	Year Ended March 31, 2012 \$
<b>Exploration Expenditures</b>		
<b>Beginning balance</b>	<b>97,151</b>	<b>Nil</b>
Claim costs	-	32,917
Geology	-	63,218
Travel	-	1,016
<b>Exploration expenditures</b>	<b>Nil</b>	<b>97,151</b>
<b>Total</b>	<b>97,151</b>	<b>97,151</b>

### Fox Properties

On October 20, 2010, the Company completed the acquisition of the Fox properties. The Company acquired a 75% interest in the Dunlop property and a 100% interest in the Fox River property on execution of a formal definitive purchase agreement. The terms of this purchase include:

- a cash payment of \$50,000;
- the issuance of 1,262,500 common shares;
- staking mineral claims over all of the former Dunlop property; and,
- a minimum \$250,000 exploration program by April 15, 2010.

If a bankable feasibility defines a deposit containing inferred, measured and indicated Mineral Resources, inclusive of Mineral Resources modified to produce proven and probable Mineral Reserves, in accordance with NI 43 101, totaling at least the equivalent value of a 20 million tonne deposit at 1% nickel equivalent, the Vendor may give notice within 90 days of receiving such study to form a 50 / 50 Joint Venture by funding the implementation costs of the study until such time as such costs equal 150% of Auriga Gold's total expenditures at the time of delivery of such notice, and by arranging project financing costs. The Vendor may elect to become operator. Thereafter, the parties shall incur the balance of the expenditures pro-rata to their interests.

The Fox River property is subject to NSR according to the following schedule: 2% NSR when the LME spot price for Ni  $\geq$  \$12.00 / lb. for the applicable period; 1.5% NSR when Ni  $<$  \$12.00 / lb. and  $\geq$  \$6.00 / lb.; and, 1% NSR when Ni  $<$  \$6.00 / lb. The Vendor retains a first right and option to purchase all or any portion of concentrates or mineral products produced from the Fox River properties applicable to each 12 month period of commercial operation, to be set forth in a separate off-take agreement.



On the Dunlop property, a former property owner holds the remaining 25% interest as well as a 1.5% NSR, of which 0.5% can be purchased for \$500,000.

The Fox properties are located east of Gillam, in northern Manitoba. The properties comprised of staked claims and mineral exploration licenses with an area of 58,000 ha covering the Fox River belt which is considered to be an extension of the Thompson nickel belt. The properties were acquired with a substantial geological and geophysical exploration database and contain a number of drill targets associated with platinum group metal and base metal showings.

On July 13, 2010, the Company filed a NI 43 101 compliant technical report on the Fox properties that qualified a further exploration program on the property.

During the year-ended March 31, 2011, the Company completed a preliminary diamond drill program on the Fox properties and has identified further platinum group metal and base metal drill targets. The Company continued drilling during the three months ended March 31, 2012.

	Nine Months Ended December 31, 2012 \$	Year Ended March 31, 2012 \$
<b>Exploration Expenditures</b>		
<b>Beginning balance</b>	<b>1,494,669</b>	<b>850,655</b>
Claim renewal costs	(39,448)	46,607
Assays	6,595	-
Diamond drilling	-	204,434
Geology	10,225	35,950
Office & supplies	2,264	9,076
Travel & accommodation	12,208	347,947
<b>Exploration expenditures</b>	<b>(8,156)</b>	<b>644,014</b>
Grant received	(63,270)	
<b>Total</b>	<b>1,423,243</b>	<b>1,494,669</b>

### Knife Lake Property

On July 31, 2010, the Company had entered into two agreements to acquire a 100% interest subject to royalty considerations in the Knife Lake (Mokoman) Copper Gold property in Saskatchewan. The Knife Lake property consists of staked claims covering an area of approximately 1,500 hectares and is located approximately 75 km northwest of Flin Flon, Manitoba. The claims are subject to a 2% NSR to a former property owner. Consideration for the property is as follows:

\$35,625 cash payment on signing;  
 \$35,625 cash payment on July 31, 2010;  
 \$35,625 cash payment on July 31, 2011; and

125,000 common shares on signing;  
 125,000 common shares on July 31, 2010;  
 125,000 common shares on July 31, 2011.

During the year ended March 31, 2011, the Company accelerated the acquisition of the Knife Lake property. On November 24, 2010, the Company completed the acquisition with the final payment of and the issuance of 125,000 common shares, which was due on July 31, 2011.

The property contains a pre NI 43 101 resource of 6.0 million tonnes grading 0.90% copper and 0.18 g/t gold and is located in an extension of the Flin Flon greenstone belt. This resource was estimated by Micon International Ltd. in 1997 and is considered to be suitable for open pit mining. *(This resource is non NI 43 101 compliant, has not been verified by management and should not be relied on by investors).* The property was obtained with a significant geological and geophysical database and has a number of potential drill targets.

	Nine Months Ended December 31, 2012 \$	Year Ended March 31, 2012 \$
<b>Exploration Expenditures</b>		
Beginning balance	190,958	180,805
Claim costs	-	10,153
Exploration expenditures	Nil	10,153
<b>Total</b>	<b>190,958</b>	<b>190,958</b>

### Prosperity North Property

On January 31, 2012, the Company entered into an agreement to purchase a 100% undivided interest in approximately 12,622 ha property consisting of 29 mining claims named the Prosperity North property in



the Clinton Mining Division of British Columbia from Pioneer. The Prosperity North property is contiguous with Taseko Mines Limited's Prosperity copper-gold deposit in the Williams Lake area of British Columbia.

The purchase price consideration for a 100% undivided interest in the Prosperity North property was the issuance of 5-year warrants to purchase 1.5 million Auriga Gold common shares at a strike price of \$1.00 per share. These warrants were valued at \$339,000. Barrick would also retain a 2.5% NSR.

During the three months ended December 31, 2012, the claims lapsed. The Company recorded a write-down of \$384,225 to the statement of operations during the nine months ended December 31, 2012.

## Selected Quarterly Information

Three Months Ended	Net Revenues (\$)	Net Income (Loss)		Total Assets (\$)
		Total (\$)	Per Share (Basic and Diluted) (\$)	
2012-December 31	-	(489,514)	(0.01)	16,313,754
2012-September 30	-	(873,414)	(0.01)	16,294,912
2012-June 30	-	(767,089)	(0.02)	16,190,271
2012-March 31	-	(773,154)	(0.02)	15,696,454
2011-December 31	-	(392,779)	(0.00)	13,124,575
2011-September 30	-	(315,380)	(0.01)	11,976,672
2011-June 30	-	(231,002)	(0.01)	10,038,573
2011-March 31	-	(377,293)	(0.02)	9,157,916
2010-December 31	-	(616,353)	(0.02)	9,495,783

## Results of Operations

### Nine Months Ended December 31, 2012, compared with Nine Months Ended December 31, 2011

Auriga Gold's net loss totalled \$2,130,017 for the nine months ended December 31, 2012, with basic and diluted loss per share of \$0.04. This compares with a net loss of \$939,161 with basic and diluted loss per share of \$0.02 for the nine months ended December 31, 2011. The increase of \$1,190,856 in net loss was principally due to:

- Other losses and (gains) for the nine months ended December 31, 2012, of \$479,393 was higher compared to (\$31,181) for the nine months ended December 31, 2011. The increase was due to the write down of the Prosperity North property as the claims lapsed during the nine months ended December 31, 2012 and certain mining equipment.
- Stock-based compensation increased by \$293,204 to \$346,750 for the nine months ended December 31, 2012, compared to \$71,980 for the nine months ended December 31, 2011, due to the following:
  - On August 20, 2012, the Company granted 1,825,000 stock options to officers, directors and employees of the Company, exercisable for one common share each at a price of \$0.25 per





share for a five year period. The grant date fair value of \$346,750 was assigned to the stock options as estimated by using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 152%, risk free rate of return of 1.49% and an expected life of five (5) years. These options vest immediately and expire on August 20, 2017. For the nine months ended December 31, 2012, the impact on expenses was \$346,750 (nine months ended December 31, 2011 - \$nil).

- On December 2, 2010, the Company granted 400,000 stock options to employees of the Company exercisable for one common share each at a price of \$0.355 per share for a five year period. The grant date fair value of \$106,800 was assigned to the stock options as estimated by using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk free rate of return of 2.47% and an expected life of five (5) years. These options, vest equally over a period of 12 months from the grant date, expire on December 2, 2015. For the nine months ended December 31, 2012, the impact on expenses was \$nil (nine months ended December 31, 2011 - \$71,980).
- General and administrative expenses for the nine months ended December 31, 2012, of \$461,578 was higher compared to \$452,182 for the nine months ended December 31, 2011. The increases were salaries and benefits (\$68,700) and business development (\$17,254) which is mainly due to strategic review process during nine months ended December 31, 2012 and offset by decrease in travel (\$12,331) and stock exchange and transfer agent fees (\$25,090) are mainly related to the decrease in corporate activities.
- Management and directors compensation for the nine months ended December 31, 2012, were \$420,346, compared to \$193,521 for the nine months ended December 31, 2011, due to increase in director fees and a comparative increase in compensation to management. Also attributing to the increase, is a lump sum severance expense of \$147,500 to the previous CEO and \$84,000 to previous CFO.
- Professional and consulting fees for the nine months ended December 31, 2012, decreased to \$131,014, compared to \$170,391 for the nine months ended December 31, 2011. The decrease of \$39,377 was due to decreased fees to the auditors regarding the IFRS conversion review and a decrease in consulting fees as the executive advisor consulting agreement was not renewed.
- Financing cost for the nine months ended December 31, 2012 increased by \$174,122 to \$231,905 from \$57,783 for the nine months ended December 31, 2011. The increase was due to fees payable to the Resource Income Fund L.P. for a proposed \$10 million construction loan signed in April 2012.

### **Three Months Ended December 31, 2012, compared with Three Months Ended December 31, 2011**

Auriga Gold's net loss totalled \$489,514 for the three months ended December 31, 2012, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$392,779 with basic and diluted loss per share of \$0.01 for the three months ended December 31, 2011. The increase of \$96,735 in net loss was principally due to:

- Other losses and (gains) for the three months ended December 31, 2012, of \$95,168 was higher compared to \$nil for the three months ended December 31, 2011. The increase was due to the write down of the Prosperity North property as the claims lapsed during the three months ended December 31, 2012.



- Stock-based compensation decreased by \$18,434 to \$nil for the three months ended December 31, 2012, compared to \$18,434 for the three months ended December 31, 2011, primarily due to the following:
  - On December 2, 2010, the Company granted 400,000 stock options to employees of the Company exercisable for one common share each at a price of \$0.355 per share for a five year period. The grant date fair value of \$106,800 was assigned to the stock options as estimated by using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk free rate of return of 2.47% and an expected life of five (5) years. These options, vest equally over a period of 12 months from the grant date, expire on December 2, 2015. For the three months ended December 31, 2012, the impact on expenses was \$nil (three months ended December 31, 2011 - \$18,434).
- General and administrative expenses for the three months ended December 31, 2012, of \$122,165 was lower compared to \$208,384 for the three months ended December 31, 2011. The decreases were in office and general (\$43,259), travel (\$18,112), general exploration (\$36,434) and stock exchange and transfer agent fees (\$2,564) which are due to decreased corporate activities and offset by increase in salaries and benefits (\$12,831) which is mainly related to the strategic review process.
- Management and directors compensation for the three months ended December 31, 2012, were \$116,538, compared to \$65,646 for the three months ended December 31, 2011, due to increase in directors fees and compensation to management. Compensation to management includes a lump sum severance expense of \$147,500 to the previous CEO and \$84,000 to previous CFO.
- Professional and consulting fees for the three months ended December 31, 2012, increased to \$71,370, compared to \$63,805 for the three months ended December 31, 2011. The increase of \$7,565 was due to the increase in consulting fees related to Maverick Gold Project.
- Financing cost for the three months ended December 31, 2012 increased by \$48,282 to \$68,003 from \$19,721 for the three months ended December 31, 2011. The increase was due interest payable and accretion expense on a debenture.

## Liquidity and Capital Resources

This section should be read in conjunction with the unaudited condensed interim statements of financial position for the three and nine months ended December 31, 2012, and the corresponding notes thereto.

The activities of the Company, are principally the acquisition and exploration of mineral properties. The Company's financial statements have been prepared on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Company currently has no revenue to finance its operations. It is therefore required to fund its activities through the issuance of equity securities and other financing alternatives. The Company's ability to continue as a going concern is therefore dependent upon its ability to raise funds.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$4,285,263. As at December 31, 2012, the Company had cash overdraft of \$25,997 and current liabilities of \$3,560,252.

To continue operations and to fund future obligations, the Company will be required to raise funds through equity or other financing alternatives. Recent global economic conditions and market uncertainty may have an impact on the Company's ability to raise funds through the equity markets. Management believes that



there are sources of financing available, however, there can be no assurance that the Company will be successful in its future fund-raising activities. See “Risks and Uncertainties” below.

The Company relies on issuance of equity securities and alternative sources of financing, if required, to maintain adequate liquidity to support its ongoing working capital commitments. The following table is a summary of quantitative data about what the Company manages as capital:

	<b>December 31, 2012</b>	<b>March 31, 2012</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalent (overdraft)	(25,997)	593,012	(619,009)
Share capital	11,968,347	11,561,388	406,959
Share based payment reserve	1,931,392	2,657,374	(725,982)
Deficit	(4,285,263)	(3,511,199)	(774,064)

The Company monitors these items to assess its ability to fulfill its ongoing financial obligations, including its flow-through obligations and its exploration program. To manage the Company's capital, given the recent economic conditions, management has streamlined operational costs and is preserving cash to the extent possible, while exploring means of raising additional funds as and when required.

As at December 31, 2012, the Company had working capital deficit of \$3,464,325 compared to working deficit of \$1,087,116 as at March 31, 2012. Management believes that additional financing will be available to discharge current liabilities.

Amounts receivables were \$80,965 at December 31, 2012, and consisted of HST/GST input tax credit claims compared to \$162,357 as at March 31, 2012. The decrease is mainly due to lower HST/GST input tax credit claims related to the decrease in exploration expenditures. Amounts payable and accrued liabilities, which are expected to be paid in the normal course of business, were collectively \$2,670,222 at December 31, 2012, compared to \$1,889,621 at March 31, 2012. Due to related company increased to \$43,827 as at December 31, 2012 compared to (\$3,942) as at March 31, 2012.

On August 27, 2012, the Company completed a \$900,000 non-brokered private placement debenture financing with private individuals. The holders of the debenture received 652,500 common share and the value of these shares were \$123,972. During the nine months ended December 31, 2012, the Company has recorded an accretion expense of \$41,365 in the statement of operations.

### **Cash used in operating activities**

Cash used in operating activities was \$495,402 for the nine months ended December 31, 2012, compared to cash used in operating activities of \$726,032 for the nine months ended December 31, 2011. The increase of \$230,630 in cash used in operating activities is due to: the increase of net cash loss of \$342,455; and, the decrease of \$573,085 in net non-cash working capital items.

### **Cash used in investing activities**

Cash used in investing activities was \$1,637,584 for the nine months ended December 31, 2012, compared to cash used in investing activities of \$2,431,875 for the nine months ended December 31, 2011. The decrease of \$794,291 in cash used in investing activities is due to the decreased spending of \$1,480,330 on deferred exploration expenditures for the nine months ended December 31, 2012, compared to \$1,960,377 for the



nine months ended December 31, 2011; and, \$157,254 on purchasing of equipment for the nine months ended December 31, 2012 compared to \$471,498 for the nine months ended December 31, 2011.

### Cash from financing activities

Cash from financing activities was \$1,513,977 for the nine months ended December 31, 2012, compared to cash from financing activities of \$3,351,684 for the nine months ended December 31, 2011. The decrease of \$1,837,707 in cash from financing activities is due to:

- During the nine months ended December 31, 2011, 4,242,030 share purchase warrants were exercised, for gross cash proceeds of \$1,698,597. The Company also issued 4,210,000 flow-through units for gross cash proceeds of \$2,105,000. Share issue cost for the nine months ended December 31, 2011 were \$414,394.
- During the nine months ended December 31, 2012, the Company issued 3,672,942 units for gross proceeds of \$624,400. The Company further completed a \$900,000 non-brokered private placement debenture financing with private individuals. Share issue cost for the nine months ended December 31, 2012 were \$58,192.

### Shares Issued and Outstanding

As of March 1, 2013, the issued and outstanding common shares of the Company totalled 54,652,977 and an aggregate of 9,622,178 share purchases warrants outstanding, each entitling the holder to acquire one common share of the Auriga Gold. In addition, a total of 3,107,500 stock options have been granted to purchase common shares of the Company.

As of the date of this MD&A, share purchase warrants consisted of:

Number of Warrants Outstanding	Exercise Price (\$)	Expiry date
131,250	0.35	March 23, 2013
120,000	0.50	June 17, 2013
56,000	0.50	July 11, 2013
196,700	0.50	July 29, 2013
235,294	0.17	January 11, 2014
126,000	0.17	January 30, 2014
975,000	0.40	March 23, 2014
2,608,992	0.45	March 23, 2014
2,352,942	0.25	July 11, 2014
1,320,000	0.25	July 30, 2014
1,500,000	1.00	January 30, 2017
<b>9,622,178</b>		

As of the date of this MD&A, stock options consisted of:

Number of Stock		
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Options Outstanding	Exercise Price (\$)	Expiry date
187,500	0.200	March 18, 2015
275,000	0.200	April 23, 2015
620,000	0.355	December 2, 2015
200,000	0.400	January 26, 2017
1,825,000	0.250	August 20, 2017
<b>3,107,500</b>		

## Financings

On July 11, 2012, the Company completed the first tranche of a \$624,400 non-brokered private placement offering for 2,352,942 units at \$0.17 per unit, for an aggregate gross proceed of approximately \$400,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.25 per share for a 24 month period. In connection with the first tranche of the financing, the Company paid finders' fees of \$28,000 to various finders, as well as issuing an aggregate of 235,294 compensation options to various finders with each compensation option entitling the holder to acquire one additional common share at an exercise price of \$0.17 per share for 18 months.

On July 30, 2012, the Company completed the second and final tranche of a non-brokered private placement offering for 1,320,000 units at \$0.17 per unit for aggregate gross proceeds of approximately \$224,400. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.25 per share for 24 months. In connection with the second and final tranche of the financing, the Company paid finders' fees of \$14,994 to various finders, as well as issuing an aggregate of 126,000 compensation options to various finders with each compensation option entitling the holder to acquire one additional common share at an exercise price of \$0.17 per share for 18 months.

On August 27, 2012, the Company completed a \$900,000 non-brokered private placement debentures financing with private individuals. The debenture yields 10% and is due on August 21, 2013. The holders of the debenture received 652,500 shares.

## Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) The Company entered into the following transactions with related parties:

	Three Months ended December 31,		Nine Months ended December 31,	
	2012 \$	2011 \$	2012 \$	2011 \$



Sutcliffe Geological Consultants Inc. <sup>(i)</sup>	Nil	30,500	189,500	90,500
Irwin Lowy LLP <sup>(ii)</sup>	Nil	287	2,760	6,826

- (i) A former Chief Executive Officer ("CEO") of the Company controls Sutcliffe Geological Consultants Inc. (the "SGC Contract"). Fees relate to general corporate management, project supervision and geological consulting services provided by Sutcliffe Geological Consultants Inc. At December 31, 2012, Sutcliffe Geological Consultants Inc. was owed \$178,540 (March 31, 2012 - \$nil) related to termination provisions in the SGC Contract and this is included in accounts payable and accrued liabilities
- (ii) A director of the Company is a partner at Irwin Lowy LLP, a law firm, and the fees relate to professional services provided by the firm. As at December 31, 2012, the Company owed \$4,372 (March 31, 2012 - \$1,253) to this firm and is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

(b) Remuneration of Directors of the Company was as follows:

Directors	Three Months Ended December 31, 2012			Three Months Ended December 31, 2011		
	Fees \$	Stock Options \$	Total \$	Fees \$	Stock Options \$	Total \$
Gorden Glenn	10,500	-	70,500			
Brian Robertson	10,500	-	10,500	4,000	-	4,000
Chris Irwin	10,500	-	10,500	4,000	-	4,000
James White	11,500	-	11,500	5,000	-	5,000
Richard Sutcliffe	-	-	-	-	-	-
<b>Total</b>	<b>43,000</b>	<b>-</b>	<b>43,000</b>	<b>13,000</b>	<b>Nil</b>	<b>13,000</b>

Directors	Nine Months Ended December 31, 2012			Nine Months Ended December 31, 2011		
	Fees \$	Stock Options \$	Total \$	Fees \$	Stock Options \$	Total \$
Brian Robertson	23,500	-	23,500	15,000	-	15,000
Chris Irwin	23,000	-	23,500	15,500	-	15,500
George Faught	-	-	-	9,750	-	9,750
Gorden Glenn	23,500	-	23,500	-	-	-

James White	26,500	-	26,500	17,000	-	17,000
Richard Sutcliffe	1,500	-	1,500	-	-	-
<b>Total</b>	<b>98,000</b>	<b>-</b>	<b>98,000</b>	<b>57,250</b>	<b>Nil</b>	<b>57,250</b>

Director fees - the board of directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

(c) Remuneration key management personnel of the Company were as follows:

Officers	Three Months Ended December 31, 2012			Three Months Ended December 31, 2011		
	Fees \$	Stock Options \$	Total \$	Fees \$	Stock Options \$	Total \$
Gorden Glenn – Interim CEO	60,000	-	60,000	-	-	-
Richard Sutcliffe – Former President & CEO	-	-	-	30,500	-	30,500
Vic Hugo – CFO <sup>(i)</sup>	79,538	-	79,538	22,146	-	22,146
<b>Total</b>	<b>139,538</b>	<b>-</b>	<b>139,538</b>	<b>52,146</b>	<b>-</b>	<b>52,146</b>

Officers	Nine Months Ended December 31, 2012			Nine Months Ended December 31, 2011		
	Fees \$	Stock Options \$	Total \$	Fees \$	Stock Options \$	Total \$
Gorden Glenn – Interim CEO	100,000	-	100,000	-	-	-
Richard Sutcliffe – Former President & CEO	-	-	-	90,500	-	90,500
Vic Hugo – CFO <sup>(i)</sup>	133,846	-	133,846	45,771	-	45,771
<b>Total</b>	<b>233,846</b>	<b>-</b>	<b>233,846</b>	<b>136,271</b>	<b>Nil</b>	<b>136,271</b>



- (i) The fulltime CFO position was terminated as of October 5, 2012 and certain costs related to contractual obligations have been included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

Salaries and benefits - officers are entitled to stock options, consulting fees and salaries and benefits where employment or service contracts are in place with the Company for their services.

## Proposed Transaction

As of March 1, 2013, the Company announced that it entered a letter of intent with NWM Mining Corporation ("NWM") that proposes to acquire all of the outstanding shares of Auriga Gold Corp. (see Subsequent Events section below).

## Significant Accounting Judgments and Estimates

The preparation of the unaudited condensed interim 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

### Assets' Carrying Values and Impairment Charges

In the determination of carrying values and impairment charges, management looks at the higher of the recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

### Capitalization of Exploration and Deferred Exploration Expenditure

Management has determined that exploration properties and deferred exploration expenditure incurred during the period have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 8 to the unaudited condensed interim financial statements of the Company for the three and nine months ended December 31, 2012 for details of capitalized exploration properties and deferred exploration expenditure.

### Mineral Reserve Estimates



The figures for mineral reserves and mineral resources are determined in accordance with NI 43 101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

### **Impairment of Exploration Properties and Deferred Exploration Expenditures**

While assessing whether any indications of impairment exist for exploration properties and deferred exploration expenditures, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties and deferred exploration expenditures. Internal sources of information include the manner in which exploration properties and deferred exploration expenditures are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after tax cash flows expected to be derived from the Company's exploration properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write down of the carrying amounts of the Company's exploration properties and deferred exploration expenditures.

### **Estimation of Decommissioning and Restoration Costs and the Timing of Expenditures**

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

### **Income Taxes and Recoverability of Potential Deferred Tax Assets**

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

## Stock based Payments

Management determines costs for stock-based payments using market based valuation techniques. The fair value of the market based and performance based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

## Changes in Accounting Policies

### Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2012 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

#### IFRS 9 Financial Instruments ("IFRS 9"):

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2013. IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

#### IFRS 10 Consolidated Financial Statements ("IFRS 10")

For annual periods beginning on January 1, 2013, IFRS 10 will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation - Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee. As required by this standard, control is reassessed as facts and circumstances change. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all which may differ from current practice.

IFRS 10 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

#### IFRS 11 Joint Arrangements ("IFRS 11"):

IFRS 11 applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of





the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. Due to the adoption of this new section, Ventures will transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item.

IFRS 11 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

*IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12"):*

IFRS 12 with Other Entities, includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new section, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities.

IFRS 12 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

*IFRS 13 Fair Value Measurement ("IFRS 13"):*

IFRS 13 was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS's. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs;
- and information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

*IAS 1 - Presentation of Financial Statements ("IAS 1")*

IAS 1 was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

## Financial Instruments

There have been no changes to the risk objectives, policies and procedures from the previous period. 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 loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, amounts receivable and restricted cash equivalents. Restricted cash equivalents consists of a GIC which have been invested with a reputable Canadian financial institution. The Company does not hold any non-bank asset backed commercial paper and management believes the risk of loss is remote. Management believes that the credit risk concentration with respect to its financial instruments is remote.

**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 December 31, 2012, the Company did not have sufficient cash and cash equivalents to settle current liabilities of \$3,560,252. Management believes that additional financing (see "Financings" above) will be available to discharge current liabilities. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**Interest Rate Risk**

The Company has cash balances subject to fluctuations in the prime rate. 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. Currently, the Company does not hedge against interest rate risk.

**Foreign Currency Risk**

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions at this time are small, and therefore, does not hedge its foreign exchange risk.

**Commodity Price Risk**

The Company is exposed to price risk with respect to commodity prices. 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 as it relates to precious and base metals to determine the appropriate course of action to be taken by the Company.

**Managing Capital**

The Company manages its capital with the following objectives:

- to ensure sufficient flexibility to achieve the ongoing business objectives including funding of future resource based exploration and investment initiatives; and,
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. Management adjusts the capital structure as necessary in



order to support the acquisition, exploration and development of its mineral properties for the mining of gold, nickel and copper. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be total shareholders' equity (managed capital) which at December 31, 2012, totalled \$9,614,476 (March 31, 2012 - \$10,707,563).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, as well as other investing and financing activities. The forecast is regularly updated based on activities related to the acquisition, exploration and development of its mineral properties. The Board of Directors regularly reviews the Company's capital management approach. The Company's capital management objectives, policies and processes have remained unchanged during the three and nine months ended December 31, 2012.

The Company is not subject to any capital requirements imposed by a lending institution.

## Commitments and Contractual Obligations

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to cleanup costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. The Company has not determined, and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take. The Company has provided a letter of credit in the amount of \$75,000 to the Government of Manitoba under the terms of the Closure Plan on the PL property. The Company further provided all assets, goods and personal property involved in the operation of the PL property, as a security of up to \$5,000,000 for the performance of the Closure Plan and the rehabilitation program.

The Company is committed to spending approximately \$1,223,000 on exploration costs by December 31, 2013 as part of the flow-through funding agreements that were completed during fiscal 2012. The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

The following table sets out as at December 31, 2012, the Company's known contractual obligations and the estimate time horizon for their repayment.

Contractual Obligations	Payments due by period				
	Total	<1 year	1-3 years	3-5 years	>5 years
Closure and reclamation	3,616,000	-	-	-	3,616,000
Flow-through obligation	736,000	736,000	-	-	-
<b>Total</b>	<b>4,352,000</b>	<b>736,000</b>	<b>Nil</b>	<b>Nil</b>	<b>3,616,000</b>

## Risks and Uncertainties

### Mining Industry

The exploration for, development and mining of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, and metal prices which are highly cyclical, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company's activities are directed towards the extraction of ore and the search, evaluation, development and mining of future mineral deposits. Several of the mineral properties in which the Company has an interest contain no known body of commercial ore and any exploration programs thereon are exploratory searches for ore, while other properties in which the Company has an interest are subject to preliminary stages of exploration and development programs only. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of further commercial quantities of ore.

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than Auriga Gold will have, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

### Government Regulation

The exploration and development activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration and development activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, 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 production or development. Amendments to current laws and regulations governing operations and activities of exploration and development, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement



actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### Permits and Licenses

Mineral exploration and mining activities may only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. No guarantee can be given that the necessary exploration and mining permits and licenses will be issued to the Company or, if they are issued, that they will be renewed, or that the Company will be in a position to comply with all conditions that are imposed. Nearly all mining projects require government approval. There can be no certainty that these approvals will be granted to the Company in a timely manner, or at all.

### Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Production at mineral properties may involve the use of dangerous and hazardous substances. While all steps will be taken to prevent discharges of pollutants into the ground water and the environment, the Company may become subject to liability for hazards that cannot be insured against.

### Commodity Prices

The future profitability of the Company will be directly related to the market price of metals. Metal prices fluctuate considerably and are affected by numerous factors beyond the Company's control, such as industrial demand, inflation and expectations with respect to the rate of inflation, the strength of the U.S. dollar and of other currencies, interest rates, forward sales by producers, production and cost levels and changes in investment trends. If these prices were to decline significantly or for an extended period of time, the Company might be unable to continue its operations, develop its properties or fulfill its obligations under its agreements with its partners or under its permits and licenses. As a result, the Company might lose its interest in, or be forced to sell, some of its properties. In the event of a sustained, significant drop in metal prices, the Company may be required to re-evaluate its assets, resulting in reduced estimates of reserves and resources and in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges. Furthermore, since metal prices are established in US dollars, a significant increase in the value of the Canadian dollar relative to the US dollar, coupled with stable or declining metal prices, could adversely affect the Company's results with respect to development of, and eventual sale of these metals.



**Failure to Exploration Target and Cost Estimates**

The Company prepares future exploration and capital cost estimates. Actual exploration and costs may vary from the estimates for a variety of reasons such as adverse weather conditions, unexpected labour shortages or strikes, equipment failures and other interruptions in development capabilities. Exploration and development costs may also be affected by increased mine development costs, increases in drilling costs, labour costs, raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve exploration and development targets or cost estimates could have a material adverse impact on our cash flow and overall financial performance.

**Share Price Fluctuations**

The market price of securities of many companies experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in Auriga Gold's share price will not occur.

**Conflicts of Interest**

Certain directors of the Company also serve as directors and/or significant shareholders of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors to be in a position of conflict. In the event that a director or executive officer has a material interest in any transaction being considered by the Company, any such conflict will be subject to and governed by procedures prescribed by the Business Corporations Act (Ontario) (the "OBCA") which require a director or officer of a corporation experiencing such a conflict to disclose his interest and refrain from voting on any such matter unless otherwise permitted by the OBCA. In addition, Section 134 of the OBCA provides that every director must act honestly and in good faith with a view to the best interests of the Company. Section 134 is a formalization of the fundamental fiduciary duty that a director has to the corporation and encompasses, among other obligations, a duty of loyalty and a duty of confidentiality. As a fiduciary, a director may not interfere with, or take advantage of, any opportunities that rightfully belong to the Company. That a director may represent a specific shareholder of the Company does not relieve the director from fulfilling his fiduciary duty to the Company. If such director was to take any action which preferred the interests of a third party to the interests of the Company, such director would be liable to the company for a breach of his fiduciary duty, regardless of any legal duties which such director may have to the third party.

**Land Title**

Although title to the Company's mineral properties has been reviewed by or on behalf of the Company and title opinions were delivered to the Company, no assurances can be given that there are no title defects affecting the properties. Title insurance generally is not available for mining claims in Canada, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of all the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. Accordingly, the properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate the properties as permitted or to enforce its rights with respect to its properties.

**Requirement of Additional Financing**



The continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing or the joint venturing of projects or other means. No assurance can be given that the Company will be successful in obtaining the required financing on acceptable terms, if at all.

### **Dependence on Personnel**

The Company's ability to manage growth effectively will require the Company to continue to implement and improve the Company's management systems and to recruit and train new employees. Although the Company has done so in the past, the Company cannot assure that it will be successful in attracting and re-training skilled and experienced personnel.

### **Off Balance Sheet Items**

There are no off balance sheet items.

### **Outlook**

Auriga Gold remains committed to the future development of the PL mine but only under circumstances that minimize risk and maximize shareholder value. At the MGP our focus remains on; 1) building a strong technical team capable of re-starting and operating the mine safely and efficiently and 2) working with supportive investors and lenders to identify the optimal funding structure for the project.

Beyond the priority re-start of the PL mine management and the board of directors believe there are attractive, untested gold exploration targets on the Maverick property and elsewhere in the Flin Flon greenstone belt and adjacent areas of central Canada. Management considers central Canada to be a very favourable environment for mineral exploration, development and potential acquisition opportunities to increase our attributable gold resource base and ultimately position us for production growth beyond the forecast near-term production from MGP. In addition the Company intends to analyse and, if warranted, acquire quality advanced projects with defined resources in order to establish gold camps in Canada. The Company's management and board have a proven record of discovery, resource expansion, permitting, financing and developing projects through to production.

Auriga Gold has combined its exploration and development activity of the PL property and Nokomis property as the Maverick Gold Project. On August 4, 2011, Auriga Gold announced an initial NI43 101 resource estimate for the former producing PL mine deposit at the Maverick Gold Project, located 65 km Northeast of Flin Flon, Manitoba. Drilling to May 2011, has resulted in optimized in-pit and underground Indicated Resources totaling 174,000 ounces gold and Inferred Resources totaling 558,000 ounces gold. The resource was estimated by P&E Mining Consultants Inc. using the results from over 300 historical drill holes by previous operators and 41 holes drilled by Auriga Gold.

Exploration drilling at Maverick Gold continued through the winter of 2011/12 with the target of both upgrading and expanding existing NI 43 101 resources. The company completed a 1,500 meter drilling program at the Nokomis deposit located 7 km northeast of the PL mill with particular emphasis on testing near surface mineralization. Results confirmed the potential for a zone of consistent near-surface high-grade mineralization at the Nokomis Deposit and the Company plans to evaluate the deposit for open pit mining as part of a strategy to define low-cost, shallow resources on the Maverick mineralized trend that could potentially contribute to the proposed mining and milling operations at MGP.

The Company's proposed approach to re-starting the Maverick Gold project, as outlined in our NI43-101 compliant Preliminary Economic Assessment, considers the sequential development of 5 open pits followed



by a program of underground test mining and on-site milling. The major infrastructure for the project is already in place or would be refurbished. The reactivation of the PL mill and mine has been previously assessed by others including two historic feasibility studies (conducted in 1987 and 1993 that were not NI 43-101 compliant) in addition to the two NI 43-101 compliant technical reports; original PEA dated December 15 2011 and present updated PEA of February 21 2012. The major risks associated with the restart of mining operations as identified by the Company are obtaining provincial approval for open pit test mining; capital cost overrun risks on refurbishing the mill and associated infrastructure; mining risks including associated with test mining narrow and low angle vein structures. In consideration of the existing mill and infrastructure, historic production records demonstrating performance, its improved understanding of the PL Deposit, the fact that major risks would not be effectively addressed by further studies alone, and the current gold market, the Company's management remains committed to its stated strategic decision to complete all necessary permitting requirements and re-start production at MGP as soon as practical.

## Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Interim Chief Executive Officer ("Interim CEO") and Interim Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made to facilitate full and timely disclosure to the public.

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted March 31, 2012, by and under the supervision of management, including the Interim CEO and Interim CFO. Based on this evaluation, the Interim CEO and CFO have concluded that disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time periods specified in those rules.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of the Company has reviewed this MD&A, and the unaudited condensed interim financial statements for the three and nine months ended December 31, 2012, and the board of directors approved these documents prior to their release.

## Additional Disclosure

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012 \$	2011 \$	2012 \$	2011 \$
Bank charges	4,371	972	5,706	1,918
Business development	5,415	7,500	39,754	22,500
Office and general	56,781	100,040	175,660	179,087
Salaries and benefits	40,228	27,397	132,197	63,497

Shareholder information	5	-	17,452	20,516
Stock exchange and transfer agent fees	9,744	12,308	33,101	58,191
Travel	5,621	23,733	57,708	70,039

## Subsequent Events

(i) On January 17, 2013, the Company announced that it has reached an agreement to settle up to \$252,283 in debt with arm's length and non-arm's length parties. The indebtedness relates to the provision of services, supplies and consulting. The Company's CEO, Gorden Glenn, key consultants and other creditors will be issued common shares priced at the closing price (\$0.075) on January 17, 2013, for a total of up to 3,365,106 shares in settlement of the debt. The shares issued will be subject to a four-month holding period starting from February 1, 2013.

(ii) Subsequent to the termination of the SGC Contract, the Company initiated an internal review of accounting and management practices. After a lengthy internal review and subsequent to December 31, 2012, the Company retained a legal counsel for their legal advice related to this issue.

(iii) On March 1, 2013, the Company entered into a letter of intent with NWM Mining Corporation ("NWM") that contemplates the acquisition by NWM of all of the outstanding common shares of Auriga (the "Transaction"). It is anticipated that the Transaction will proceed on the basis of a Plan of Arrangement under the Business Corporations Act, (Ontario) It is anticipated that NWM will issue 2.2 pre-consolidation common shares, for each one outstanding common share of Auriga

*"Signed Gorden Glenn"*

Gorden Glenn  
Interim Chief Executive Officer  
March 1, 2013.

*"Signed Christopher Irwin"*

Christopher Irwin  
Interim Chief Financial Officer