

**WCB RESOURCES LTD**  
**Management Discussion and Analysis**  
**(Form 51-102F1)**  
**For the Quarter Ended December 31, 2013**  
**Information as of February 28, 2014 unless otherwise stated**

**Note to Reader**

The following management discussion and analysis of the financial condition and results of operations of WCB Resources Ltd. (“WCB” or the “Company”) should be read in conjunction with the Company’s unaudited financial statements for the same period prepared by the Company’s management. These statements are available for review under the Company’s profile at [www.sedar.com](http://www.sedar.com).

**Forward-Looking Information**

This discussion includes certain statements that may be deemed “forward-looking statements.” All statements in this discussion, other than statements of historical facts that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

**Business of the Company**

**Overview**

The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 2, 2007 and was listed on the TSX Venture Exchange (“TSX-V”) and called to trade on October 10, 2007. The Company completed its Qualifying Transaction (the “Transaction”) under the policies of the TSX Venture Exchange on April 8, 2010. As a result of the Transaction, the Company became a Tier 2 mining issuer and changed its name from WCB Capital Ltd. to WCB Resources Ltd.

**Red Hill Project**

On August 20, 2010, the Company entered into an Option Agreement with Elephant Mines Pty Ltd. (“Elephant”) whereby the Company can acquire up to 100% of Elephant’s 100% owned interest in the Red Hill copper gold project in central New South Wales, Australia (the “Property”).

To acquire an undivided 50.1% right, title and interest in and to the Property:

1. WCB must incur an aggregate of A\$1,000,000 of expenditures on the Property during the five year period (the “Option Period”) commencing with the date the Option Agreement is approved by the TSX-V (August 30, 2010). These expenditures include a minimum of A\$40,000 per tenement per year commencing on September 7, 2010 and each anniversary date of September 7, 2010 thereafter during the Option Period; and
2. Following WCB attaining favorable geological results on the Property and upon the recommendations of its geologists, the completion of a minimum 400 meter depth drill hole on the Property on or before August 30, 2012. The depth requirement was amended by agreement on November 30, 2011 to 300 meters.

In addition to the above and commencing on August 30, 2010, WCB will pay Elephant A\$30,000 annually for a period of five years or until it has earned a 100% interest in the Property, whichever is completed earlier. At any time during the Option Period, WCB may acquire a full 100% interest in and to the Property by paying A\$1,000,000 in cash and common shares of the Company (“the Second Option Price”) to Elephant, provided that no more than 50% of the Second Option Price may be payable in common shares of the Company. On April 10, 2013, the Red Hill License was renewed to September 7, 2015. The Company has expended \$20,074 on the Red Hill project during the three month period ended December 31, 2013 and is current in all of its obligations.

#### *Misima Island Project (EL 1747)*

The Company has, through its wholly owned subsidiary, WCB Pacific Pty Ltd, entered into a Sale & Farm-In Agreement with Pan Pacific Copper (“PPC”) covering EL1747 located on Misima Island, Papua New Guinea.

Pan Pacific Copper is the owner of Gallipoli Exploration (PNG) Ltd (“Gallipoli”) which is the owner of granted EL 1747 “Misima”. PPC is owned by JX Nippon Mining and Metals (66%) and Mitsui Mining and Smelting (34%). PPC is a global mining, smelting, refining and international copper producer, currently developing the Caserones Copper Project in Chile.

Under the terms and conditions of the Sale & Farm-In Agreement, the Company can obtain up to a 70% interest in EL1747 Misima by spending a total of AUD9.0M within a 4 year timeframe as follows:

1. A 30% interest in Gallipoli for expending AUD1.0M (complete);
2. The Company shall earn a further 19% interest (for a total interest of 49%) by expending a further AUD3.0M within 12 months; and
3. The Company shall earn a further and final 21% interest (for a total interest of 70%) by expending a further AUD5.0M within a further two years.

Should the Company elect not to proceed further to earn additional option interests at any time after earning its initial 30% interest or to fully earn the full 70% interest, the parties will enter into a joint venture in which standard dilution formulas will apply for non-contribution. PPC retain the right to an offtake agreement for all mineral production within EL1747 based on prevailing metal prices and a commercial terms basis. On December 11, 2013 the Company announced that it had earned its initial 30% interest in the Misima Island Project. The Company is proceeding to earn additional option interests.

#### **Summary of projects**

##### *Red Hill Project*

The Red Hill Prospect is located on the eastern interpreted faulted boundary of the Cowra Yass Synclinal Zone and is defined by a series of intense magnetic highs with associated zoned polymetallic geochemistry. Historically the area has received a variety of previous exploration typically targeting a VMS style of mineralization. WCB however interprets the alteration and geochemical association at Red Hill to be more typical of intrusive related systems and in particular skarn type alteration/mineralization. The significance of this is that this style of system has potential for well developed depth extensions and the geological targeting for this style mineralization has different criteria which have not been previously tested.

Initial examination of historical exploration data suggests that previous drill testing of these targets was completed only to shallow depths and returned poor drill recoveries that are not reflective of the prospect scope. At the time of entering the Option Agreement with Elephant, WCB’s initial exploration plans included:

1. a complete review and examination of the previous exploration data including and project summary of targets

2. a detailed first pass soil survey over the interpreted prospective zones
3. magnetic depth and orientation modeling over the high priority magnetic high features with associated geochemistry

In October 2010, the Company released the results of a soil sampling program which resulted in the collection of a total of 913 samples on a staggered grid pattern and collection of in excess of 200 grams of basal B/C horizon material which was sent for multi-element analysis.

Analysis of the results indicated well developed coherent high order Cu and Au anomaly. The Cu/Au anomalism forms a central core (Cu to 1020ppm / Au to 5.61ppm) which is surrounded to the east by a high order Zn anomaly (Zn to 1790ppm) and Pb anomaly (up to 5420). Mo (up to 17ppm) and Bi (up to 67ppm) form a scattered pattern throughout the system.

The dimensions of the central Cu/Au anomaly are 300m by 150m with the Zn Pb anomalism forming a peripheral marginal enveloping zone over 1000m in strike and 200m wide. Importantly, the Cu Au anomalism is coincident with the largest magnetic high anomaly developed in the area.

Interpretation of this data clearly demonstrates the concept of the intrusive related zoned hydrothermal system with a central core region of Cu and Au surrounded by a peripheral zone of elevated Zn Pb Ag and minor Au.

Surface alteration of the steeply dipping volcanic sequence suggest alteration mineralogy typical of a skarn hydrothermal system. The surface spatial association of disseminated magnetite chlorite and minor garnet with secondary Cu support this concept. These systems may have significant depth extent.

During the year ended June 30, 2012, the Company continued its exploration program at Red Hill. This exploration included rock chip sampling, magnetic modeling, validation mapping, surveying, and drilling. Field inspections identified a central gossanous zone measuring up to 300 m strike and up to 80 m width of anomalous Cu Au which is enveloped by a 1.4 km long (strike) peripheral gossanous Pb Zn halo. This central zone is coincident with an intense magnetic high and previously reported Cu Au anomalism in soil samples (which were collected in the 2010 exploration program).

Subsequent compilation of historic drill data suggests Cu anomalism is widespread over an area measuring 300 m by 200 m. The historical drill data (circa early 1970s) do not accurately reflect the mineralization tenor due to exceptionally poor drill recoveries. Accordingly, the main target has not been adequately tested.

The Company undertook a rock chip sampling program, focused on the gold endowment. Results from the sampling included peak results of up to 11.45 g/t Au, 0.24% ppm Cu, up to 51 ppm Mo, and up to 0.75% ppm Zn. The peak value of 11.45 g/t Au is coincident the largest and highest order magnetic feature which is the primary target.

Results from an IP survey identified a significant chargeability anomaly coincident with the earlier high order geochemical data. The sub-vertical chargeability anomaly can be traced for over 400 m within which there is a high order chargeability anomaly defined over a strike length of 300 m. This feature has an apparent width in the order of 100 m. The highly chargeable anomaly is also coincident with peak gold rock chip samples and peak copper and gold soil samples. The lower chargeability anomaly is observed over a 600 m strike length.

The results to date identified a well defined drill target and the Company announced in November 2011 that it had commenced drilling on a single hole. The hole (WRH001) was completed at the end of November 2011 with a depth of 357 meters.

WRH001 encountered a sequence of silicified limestone and weak magnetite bearing skarn from 1m to 56m down hole at which point a major fault was encountered. Dacitic volcanics were then encountered from 56m to the end of the hole at 358.7m. Several zones of variable pyrite alteration were

encountered, the most significant of which was a 1.55m zone of variable pyrite - silica breccia associated with a near vertical fault. Disseminated chalcopyrite was observed in places in this fault zone.

This result returned:

Hole	From (m)	To (m)	Core length	Gold (g/t)	Cu %	Core Recovery
WRH001	219.95	221.5	1.55	0.37	0.54	>95

This drill result in combination with the observed geology logged in the hole did not correlate with the observed magnetic data and modelled induced polarisation chargeability and resistivity data nor did it explain the observed surface geochemistry.

WCB undertook additional work to complete a down hole 3D down hole magnetic survey to define the location and position of the targeted magnetic high anomaly. The results of this survey indicate that the intense magnetic high is positioned immediately to the north of the existing drill hole WRH001. During the three month period ended December 31, 2013 the Company completed limited exploration activity on the property.

#### *Misima Island Project (EL 1747)*

EL 1747 Misima is located in the same terrain and geological region that includes the deposits of Grasberg, Ok Tedi, Hidden Valley, Wafi-Golpu, Lihir, Simberi and Panguna as well as significant projects such as Tolukuma, Kainantu and Woodlark Island. Importantly Misima Island has previously demonstrated mineral deposit pedigree through the past production of 4.0M ounces of gold and 20M ounces of silver from various operations but most recently the Misima Mine owned by Placer Dome Asia Pacific (now Barrick Gold). This mine ceased open pit production in 2001 and closed in 2004.

EL1747 Misima consists of 53 sub blocks covering an area of 180km<sup>2</sup>. The exploration license is located on the eastern portion of the island and includes the historic SML (Special Mining Lease). The exploration license was targeted - due to the presence of a significant high order copper stream sediment anomaly in multiple drainages which has received limited detailed follow up activity. Additional high order gold and zinc anomalies have been identified and require follow up detailed work.

The target on EL1747 is the Porphyry copper gold and Epithermal gold silver mineralisation. The early exploration program included an extensive ridge and spur auger soil sampling program, a rock chip sampling program, and a large trenching program supported by a detailed aeromagnetic survey.

During the fiscal year ended June 30, 2012 rock sampling and soil sampling programs were completed on EL1747. Assay results from 46 rock chip grab samples confirmed WCB's concepts and indicated further exploration was required. The data confirmed and indicated the existence of two metal bearing spatially separate hydrothermal systems (Target Areas). Interpretation of the initial data from Target Area 1 indicated the presence of a mineralized intrusive diorite phase with coincident highly encouraging copper, gold, and silver levels. Target Area 2 at Quartz Mountain suggested a gold related system with high order Ag and Mo.

Assay results of 2,487 auger ridge and spur soil samples were released in June 2012. The initial release covered 1,299 samples located at Target Area 1. Results from these soil samples returned individual highs for copper of 2,130 ppm, gold of 5.62 g/t, silver of 11.1 g/t, Mo of 70 ppm, zinc of 6,510 ppm and lead of 6,110 ppm. The analysis of this data highlighted two spatially separate anomalies, the previously identified Target Area 1 and a new Target Area (Target Area 3) located to the northwest of Target Area 1.

The soil results for Target Area 1 identified a large copper soil anomaly covering an estimated surface area of 1.46 km<sup>2</sup> and Target Area 3 covering an estimated surface area of 1.26 km<sup>2</sup>. For more detailed results please see the Company's press release dated June 14, 2012.

A second release provided the results for the remaining 1,188 samples covered the Target Area 2 (Quartz Mountain). Results from these soil samples returned individual highs for gold of 4.26 g/t, silver of 2.80 g/t, Mo of 60 ppm and lead of 3,390 ppm. Furthermore, anomalism was observed over a large surface area with the anomaly displaying a strong spatial association of molybdenum, gold, and lead. More detailed results for the soil results from Target Area 2 can be found in the Company's press release dated June 18, 2012.

A magnetic survey of the property was completed during the last fiscal year. The survey found a significant magnetic anomaly coincident with the high order Cu Au soil geochemistry. The magnetic anomaly has surface dimensions of 1,100m by 900m within which a high order anomaly was observed with the dimensions of 500m by 250m. Further 3D modeling indicated that the majority of the magnetic high is located subsurface and that the intense magnetic high component increases with depth while maintaining continuity.

During the July, 2013, WCB released channel sampling results. These results included 170.9 m at 0.36% Cu, 0.33 g/t Au and 10.10 g/t Ag. The channel sample results confirm the existence and continuity of a highly anomalous Cu Au and Ag geochemistry in the interpreted peripheral levels of a large porphyry Cu Au system. It was found that the mineralization was similar to other large porphyry deposits.

The Company announced an initial inferred mineral resource reported in accordance with National Instrument 43-101 ("NI 43-101") for the Umuna Zone on the Misima Island Project in October, 2013. The Umuna mineral resource estimate was developed by Richard W Lewis of Lewis Mineral Resource Consulting Pty Ltd under the independent guidance and supervision of AMC Consultants Pty Ltd (AMC). The resource is based on historical data including 1,945 drill holes and includes geological input from 144 trenches. The resource is constrained by geological and grade domains and is incorporated within a conceptual open pit with results being reported at an USD\$1,100 per oz gold price.

The Umuna Zone Inferred Mineral Resource comprises:

Material	Cut-Off g/t Au	Tonnes (1,000,000)	GRADE		METAL	
			Au g/t	Ag g/t	Au (000 oz)	Ag (000 oz)
Oxide	0.36	7.0	0.8	14	170	3,100
Fresh	0.50	36.1	1.2	4.7	1,400	5,400
TOTAL		43	1.1	6.1	1,570	8,500

#### Notes

1. Rounding may cause apparent computational errors
2. Cut-off based on USD\$1,100 per oz Au
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. As there are no Measured or Indicated Resources, there cannot be any Mineral Reserves at this time. There can be no assurances that an inferred mineral resource will ever be updated to an indicated or measured mineral resource.

During the current quarter the Company announced the first stage of the Farm In has been completed, agreed by all parties and passed all regulatory approvals. Shares representing a 30% ownership in Gallipoli have been transferred to WCB Pacific Pty Ltd., a wholly owned subsidiary of the Company.

The Company also announced that it had identified potential extensions up to 2,000m to the north west of the previously mined Stage 6 open pit on the Umuna Zone through its ongoing compilation of historic data. These extensions were initially identified by WCB's soil sampling program in mid 2012. Subsequent acquisition of the Misima Mines Pty Ltd database, which included channel sample data and geological mapping data, when combined with recently completed mapping has confirmed these anomalies as the likely extensions of the previously mined mineralization in the Stage 6 pit.

Acquisition of the Misima Mines Pty Ltd Database (MMPL) from Barrick Papua New Guinea was completed in late 2012. This database includes an extensive array of surface sampling including 11,846 soil, 2,941 rock, 4,853 trench and 25,980 channel samples. Included in the MMPL data are 2,640 exploration drill holes of which 2,613 have assay data. In addition there are 467,316 located blast hole assays. The drill core photographs, mine feasibility documentation, petrological data and production records including reconciliations have also been sourced. Surfaces for original topography, current topography and as mined topography were compiled from this data. The NI 43-101 technical report detailing the resource calculation is available on SEDAR and on the Company's website.

For further information on the Company's exploration activities and projects, please visit [www.wcbresources.com](http://www.wcbresources.com). Mr. Cameron Switzer, BSc (Hons), MAIG (3384), MAUSIMM (112798), President and Chief Executive Officer of WCB Resources Ltd., is a qualified person as defined by National Instrument 43-101. He is responsible for quality control of exploration undertaken by WCB. Mr. Switzer has reviewed and approved the technical information in this MD&A. Mr. Peter Stoker, an Honorary Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional, and a full time employee of AMC Consultants Pty Ltd who is a "qualified person" as defined by the National Instrument 43-101 was the Qualified Person for the mineral resource estimate for the Misima property.

#### Risks and Uncertainties

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time:

- Limited business history of the Company, including lack of revenues and no assurance of profitability
- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

## RESULTS AND FINANCIAL CONDITION

### For the Three Months Ended December 31, 2013

The comprehensive loss for the three months ended December 31, 2013 was \$267,775 or \$0.008 loss per share. The most significant operating expenditures were consulting fees of \$103,222, administration of \$43,895 and operating expenses of \$84,029. Other expenditures during the three month period included share based payments of \$9,230, transfer agent & filing fees of \$2,405 and foreign exchange loss of \$12,364.

The Company had a cash balance of \$182,410 at December 31, 2013.

### THIRD QUARTER ANALYSIS

For the three months ended December 31, 2013 and December 31, 2012, the comprehensive loss was \$267,775 and \$387,489 respectively. Revenues and expenses for these periods were comprised of:

	Three months ended December 31, 2013	Three months ended December 31, 2012
Interest income	\$(250)	\$(7,677)
Share Based Payments	\$9,230	\$175,472
Consulting Fees	\$103,222	\$111,833
Professional fees	\$12,880	\$20,823
Foreign exchange loss (gain)	\$12,364	\$(30,032)
Administration, Operating, Transfer Agent, filing fees	\$130,329	\$117,466
Exchange differences on translating foreign controlled entity	\$-	\$(396)
<b>Comprehensive Loss</b>	<b>\$267,775</b>	<b>\$387,489</b>

### SUMMARY OF QUARTERLY INFORMATION

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with December 31, 2013. Financial information is prepared in accordance with IFRS as issued by the International Accounting Standards Board and is reported in Canadian Dollars.

	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012 <sup>1</sup>	Feb 29, 2012
Interest income	\$250	\$1,043	\$1,751	\$6,422	\$7,677	\$10,966	\$19,727	\$505
Net loss	\$267,775	\$196,709	\$321,719	\$243,798	\$387,489	\$289,275	\$685,049	\$92,982
Net loss per share	\$0.008	\$0.006	\$0.009	\$0.009	\$0.015	\$0.012	\$0.031	\$0.004

<sup>1</sup> Four month period

The Company has incurred an overall deficit, from its incorporation date of March 2, 2007 to December 31, 2013, of \$3,012,552.

## SHARE ISSUANCES

During the quarter ended December 31, 2013 the Company issued 925,000 common shares pursuant to the exercise of options. The Company received \$208,750 from the exercise of these options.

## OFF-BALANCE SHEET ARRANGEMENTS

For the period ended December 31, 2013 there were no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

During the quarter ended December 31, 2013, there is no share-based payments expense allocated to options issued to directors. Included in accounts payable and accrued liabilities is \$122,774 owing to directors of the Company.

The key management personnel of the Company are the directors and officers of the Company. Compensation awarded to key management for the quarter ended December 31, 2013 and December 31, 2012 are as follows:

	Three months ended December 31, 2013	Three months ended December 31, 2012
Short-term employee benefits	\$ 139,176	\$ 164,287
Share-based payments	-	74,374
	<b>\$ 139,176</b>	<b>\$ 238,661</b>

## LIQUIDITY AND CAPITAL RESOURCES

The Company is a Tier 2 mining issuer focused on exploration under the policies of the TSX-V, and liquidity is related to the market conditions of such issuers, investor patience and expectations for a mining exploration company finding economically recoverable reserves.

According to the Company's balance sheet, as at December 31, 2013 and June 30, 2013, the Company has current assets of \$241,663 and \$600,600, respectively. The Company had working capital deficit of \$30,814 as at December 31, 2013. As at December 31, 2013 the Company had cash of \$182,410 available to meet short-term business requirements. At December 31, 2013, the Company's cash is insufficient to meet its short term requirements. The Company is currently attempting to secure financing to fund existing liabilities and ongoing commitments.

The Company's ability to continue its operations and further the development of its projects depends on its ability to successfully raise additional financing. The Company is currently working on obtaining additional financing but there is no guarantee that the Company will be able to raise sufficient funds. The Company continues to utilize its cash resources to fund property expenditures and administrative requirements. As the Company has no significant income, the cash balances, unless replenished by capital fundraising, will continue to decline as the Company utilizes these funds to conduct its operations.

For the six months ended December 31, 2013, net cash used in operating activities was \$286,506. The company used \$508,675 for investing activities which were comprised entirely of cash spent on exploration and evaluation assets. This amount was spent almost exclusively on the Misima Island project. A total of \$458,750 was received through the exercise of options during the six month period. The Company realized a net decrease in cash of \$342,191 over the six month period ended December 31, 2013.

## SUBSEQUENT EVENTS

There have been no events since December 31, 2013 that impact upon the financial report as at December 31, 2013.

## SIGNIFICANT ACCOUNTING ESTIMATES

### *Critical Accounting Estimates and Judgments*

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below.

#### (i) Rehabilitation Provisions

Management's best estimates regarding the rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. Based on management's best estimate, the Company does not have a rehabilitation obligation as at December 31, 2013 (2012 - \$nil).

#### (ii) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off to profit or loss in the period the new information becomes available.

#### (iii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

#### (iv) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair

value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

## RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company classifies its cash as held-for-trading; reclamation bond, as held-to-maturity; and accounts payable and accrued liabilities, as other financial liabilities.

### (a) Fair Value

The carrying values of the reclamation bond and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

### (b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash and reclamation bond. The Company is not exposed to significant credit risk as its cash and reclamation bond are placed with a major Canadian financial institution.

### (c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash and other receivables at December 31, 2013 in the amounts of \$182,410 and \$40,076, respectively, (December 31, 2012 - \$949,242 and \$63,620, respectively), which is not sufficient to meet its short-term business requirements. At December 31, 2013, the Company has accounts payable and accrued liabilities of \$272,477 (December 31, 2012 - \$52,900) with contractual maturities of less than 30 days.

### (d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

#### (i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar, primarily in Australian dollars. The Company has net monetary liabilities at December 31, 2013 in the amount of \$41,819 (December 31, 2012 - net monetary assets \$791,537) denominated in AUD.

For the three months ended December 31, 2013, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in AUD by 7.5% will not have a material effect on the Company's business, financial condition and results of operations in the amount of approximately \$3,136 (December 31, 2012 - \$59,000).

The Company does not manage currency risk through hedging or other currency management tools.

(ii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as at December 31, 2013.

(iii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financing instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

### CAPITAL STOCK AND CONTRIBUTED SURPLUS

1. Total number of shares issued and outstanding as at September 30, 2013: 35,682,661 shares
2. Total number of stock options outstanding as at December 31, 2013: 2,475,000
3. Directors and officers as at December 31, 2013:

Cameron Switzer	President and Chief Executive Officer
Duncan Cornish	Chief Financial Officer and Director
Shaun Maskerine	Corporate Secretary and Director
Peter Lynch	Director
James Simpson	Director

### CONTINUANCE OF OPERATIONS

As at December 31, 2013 the Company was continuing in its efforts to explore and develop mineral properties.

### OTHER INFORMATION

The Company's website address is [www.wcbresources.com](http://www.wcbresources.com). Other information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).