RTG
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MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
PERIOD ENDED JUNE 30, 2014

(All figures are in US dollars unless otherwise indicated and the effective date of this MD&A is 13 August 2014)

Introduction

Management's discussion and analysis provides a review of the performance of RTG Mining Inc.'s ("RTG", "Company" or the "Group") operations and compares its performance with those of the preceding year and quarters. This discussion also provides an indication of future developments along with issues and risks that can be expected to impact future operations. The comparative financial information presented in the report relates to both RTG and Ratel Group Limited ("Ratel Group"). This report has been prepared on the basis of available information up to 30 June, 2014 and should be read in conjunction with the interim financial statements of the Company for the period ended 30 June 2014, the audited financial statements of the Company for the year ended 31 December 2013 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards and the Annual Information Form ("AIF") dated 31 March 2014 for 31 December 2013.

Additional information relating to the Company, including the Company's Financial Statements and AIF can be found on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward Looking Statements

Certain statements contained in this MD&A constitute forward looking statements within the meaning of applicable securities laws including, among others, statements made or implied relating to the Company's objectives, strategies to achieve those objectives, the Company's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward looking statements generally can be identified by words such as "objective", "may", "will", "expect", "likely", "intend", "estimate", "anticipate", "believe", "should", "plans" or similar expressions suggesting future outcomes or events. Such forward looking statements are not guarantees of future performance and reflect the Company's current beliefs based on information currently available to management. Such statements involve estimates and assumptions that are subject to a number of known and unknown risks, uncertainties and other factors inherent in the business of the Company and the risk factors discussed in the AIF and other materials filed with the securities regulatory authorities from time to time which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Those risks and uncertainties include, but are not limited to: the mining industry (including operational risks; risks in exploration and development; the uncertainties involved in the discovery and delineation of mineral deposits, resources or reserves; and the uncertainty of mineral resource and mineral reserve estimates); the risk of gold, copper and other 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; the risks associated with international business activities; risks related to operating in Nigeria, the Philippines and other international jurisdictions; environmental risk; the dependence on key personnel; and the ability to access capital markets.

Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward looking statements in light of the risks set forth above. Except as required by applicable securities laws, the Company assumes no obligation to update or revise any forward looking statements to reflect new information or the occurrence of future events or circumstances.

Background and Review of Operations

RTG was incorporated on 27 December 2012 and is domiciled in the British Virgin Islands. On 28 March 2013, Ratel Group and RTG completed the merger (the "Merger") of Ratel Group and Ratel Merger Ltd., a wholly-owned subsidiary of RTG. As a result, the surviving corporation formed by the Merger is a wholly-owned subsidiary of RTG. On 15 April 2013, the restructuring transaction was fully completed along with the satisfaction of the escrow release conditions pursuant to the private placement (the "Private Placement") of 162,538,641 subscription receipts of RTG at C$0.13 each, raising gross proceeds in the order of C$21.1M. As a result, the previously issued ordinary shares of Ratel Group (the "Ratel Shares") were exchanged for ordinary shares of RTG (the "RTG Shares") and the surviving corporation formed by the Merger is a wholly-owned subsidiary of RTG. The 162,538,641 previously issued subscription receipts were automatically converted (for no additional consideration) into 162,538,641 RTG Shares and the gross proceeds of the Private Placement, less the commission payable to Haywood Securities Inc. as agent under the Private Placement and less the fees payable to the subscription receipt agent under the Private Placement, were released to RTG. The RTG Shares began trading on the TSX under the former symbol for the Ratel Shares, "RTG", effective as of the open of markets on 15 April 2013.

Ratel Group was incorporated on 18 October 2010 and is domiciled in the British Virgin Islands. Both CGX Limited ("CGX") and Zambian Mining Limited ("Zambian Mining") were incorporated on 22 August 2006 and are also domiciled in the British Virgin Islands. Ratel Group, CGX and Zambian Mining were previously wholly owned subsidiaries of Ratel Gold (now St Augustine Gold & Copper Limited ("SAU")). On 17 December 2010, the shares held by Ratel Gold (now SAU) were transferred to Ratel Group who acquired a 100% interest in Zambian Mining and CGX. Ratel Group was previously listed on the TSX on 4 January 2011 under the symbol "RTG" and pursuant to the Merger, has since ceased trading on the TSX. As of 1 May 2013, Ratel Group ceased to be a reporting issuer. CGX and Zambian Mining were incorporated to act as holding companies respectively for the interests in the Segilola Gold Project in Nigeria and the Mkushi Copper Project in Zambia (sold during the 2013 year, as discussed below).

On 4 June 2014, RTG completed the implementation of the schemes of arrangement (the "Schemes") pursuant to the terms of the previously announced Scheme Implementation Deed dated February 24, 2014 (the "Deed") between RTG and Sierra Mining Limited ("Sierra") to acquire all of the outstanding securities of Sierra.

Pursuant to the Schemes, RTG acquired all of the outstanding shares of Sierra ("Sierra Shares") and all of the outstanding listed options of Sierra ("Sierra Options"), and issued as consideration:

(a) to eligible shareholders of Sierra, 3 new ordinary shares of RTG ("RTG Shares") for every 10 Sierra Shares held and 1 new share purchase option of the Company ("RTG Option") for every 30 Sierra Shares held; and

(b) to eligible optionholders of Sierra, 2 RTG Shares for every 10 Sierra Options held and 2 RTG Options for every 90 Sierra Options held.

The Company also acquired all unlisted Sierra Options ("Sierra Unlisted Options"), and issued as consideration to such holders of Sierra Unlisted Options:

(a) 1 RTG Share for every 10 Sierra Unlisted Options exercisable at $0.20 each on or before July 1, 2014, together with 1 RTG Option for every 90 Sierra Unlisted Options held; and

(b) 1 RTG Share for every 20 Sierra Unlisted Options exercisable at $0.25 each on or before July 1, 2015, together with 1 RTG Option for every 180 Sierra Unlisted Options held.

Pursuant to the Schemes, RTG has acquired a direct 40% interest in each of Mt Labo Exploration & Development Corporation, St Ignatius Exploration and Mineral Resources Corporation, Bunawan Mining Corporation and Oz Metals Exploration and Development Corporation and a further indirect 24% interest in Mt Labo Exploration and Development Corporation.

Mkushi Copper Project

A joint venture was entered into with African Eagle Resources ("AFE") for the Mkushi Copper Project in Zambia whereby the Company's wholly owned subsidiary Seringa Mining Limited ("SML") acquired a 51% interest in the project through its 51% shareholding in Mkushi Copper Joint Venture Limited ("MCJVL"), which holds the mine tenements, with AFE retaining a 49% interest. SML was responsible for funding a bankable feasibility study, while AFE managed exploration initiatives outside the initial development zones, with funding proportional to the percentage interest held by each party in the project. The joint venture agreement was finalised and executed on 30 May 2007. SML prepared a detailed feasibility study. On 3 December 2012, AFE announced it had sold its 49% interest to Elephant Copper Ltd ("Elephant Copper") who we have now also sold our interest in the joint venture to, as detailed below.

RTG announced on 29 August 2013 that it had sold its interest in the Mkushi Copper Project for US$13.1 million to Elephant Copper. Pursuant to the share sale agreement (the "Share Sale Agreement") between Zambian Mining and Elephant Copper, Zambian Mining agreed to sell 100% of the share capital of RTG's wholly owned subsidiary SML, which holds the 51% interest in MCJVL. The purchase price of US$13.1 million was satisfied by:

1. the issue of 20 million fully paid ordinary shares at an issue price of US$0.33 per share in Elephant Copper to ZML to the value of US$6.6 million ("Consideration Shares"); and
2. a US$6.5 million unsecured redeemable convertible note ("Convertible Note").

Elephant Copper also agreed to payment of the Deferred Heap Leach payment totalling US$1,399,064 million, before interest ("DHL Payment"). The DHL Payment represents amounts paid by Zambian Mining on behalf of Elephant Copper to MCJVL.

On 22 October 2013, the conditions precedents to the Share Sale Agreement with Elephant Copper were satisfied and the sale was completed. Elephant Copper is in the process of completing a listing on the TSX ("IPO"). On 19 December, 2013, Elephant Copper signed a non-binding letter of intent (the "LOI"), with International Millennium Mining Corp. ("IMMC"), a TSX Venture Exchange ("TSXV") listed entity, outlining the general terms and conditions pursuant to which IMMC and Elephant Copper would be willing to complete a business combination transaction ("Listing Transaction"). IMMC and Elephant Copper are currently in the process of negotiating a share exchange agreement ("SEA") whereby IMMC proposes to acquire all of the issued and outstanding ordinary shares of Elephant Copper (each, an "Elephant Share") pursuant to the terms of the SEA. It is expected that each Elephant Copper shareholder will receive one post-Consolidation (as defined below) common share of IMMC ("IMMC Share"), at a deemed value of C$0.30 per IMMC Share for each Elephant Share held. Under the SEA, IMMC will complete a consolidation (the "Consolidation") of all of its outstanding common shares (the "IMMC Securities") on the basis of one IMMC Security for each three outstanding IMMC Securities. The completion of the Listing Transaction will be subject to the satisfaction of certain conditions prior to closing, including, but not limited to, the following capital raising. Elephant Copper must complete a financing (the "Offering") for minimum gross proceeds of not less than C$1 million at an issue price of not less than C$0.30 per security. It is expected that the Offering will be completed prior to the closing of the Listing Transaction and the securities of Elephant Copper issued pursuant to the Offering will be exchanged into corresponding securities of IMMC in accordance with the exchange ratio. The net proceeds of the Offering will be released to the resulting issuer upon completion of the Listing Transaction. The Listing Transaction is conditional upon all requisite regulatory approvals relating to the Listing Transaction, including, without limitation, TSXV approval, being obtained.

The Convertible Note will be repayable on or before 1 January 2015, unless converted earlier, and will have an exercise price for conversion equal to the lesser of US$0.45 and 1.36 times the IPO price for shares in Elephant Copper. The Convertible Note is convertible at the sole election of Zambian Mining. Under the Share Sale Agreement, if:

1. the IPO does not proceed, or proceeds at a price less than US$0.33 per share, Zambian Mining will be entitled to additional Consideration Shares so that the total value of the Consideration Shares is US$6.6 million; and

2. Elephant Copper enters into an alternative transaction

then, the total consideration payable under the Share Sale Agreement is to be satisfied in cash or alternatively, Elephant Copper will be required to buy all of the Consideration Shares and any shares to be issued under the Convertible Note at a price of US$0.33 per share.

Pursuant to the Share Sale Agreement, Elephant Copper undertook to complete its IPO by 31 December 2013 and repay the DHL Payment by 1 January 2014. On 30 December 2013, RTG received a letter from Elephant Copper requesting consideration of an amendment to the Share Sale Agreement to permit Elephant Copper more time to complete the IPO and repay the DHL Payment. SML issued a demand letter on 8 January 2014 demanding payment of the outstanding DHL Payment. SML has advised Elephant Copper that it fully reserves all of its rights and remedies under the Share Sale Agreement and has not agreed to any amendment.

Segilola Gold Project

In May 2007, Segilola Gold Limited ("SGL"), a wholly owned subsidiary of RTG, entered into a joint venture with Tropical Mines Limited ("TML"), a private company based in Nigeria, to earn a 51% interest in the Segilola Gold Project in Nigeria ("the Joint Venture Agreement"). An initial maiden indicated resource estimate was declared for the Segilola Gold Project comprising 3,620,386 tonnes at a grade of 4.50g/t for 521,814 ounces of gold plus an inferred resource of 747,590 tonnes at a grade of 4.00g/t for 96,445 ounces of gold. The maiden resource was generated from a drilling campaign of 12,166 metres in 119 holes ranging in depth from 40 metres to 220 metres. The deposit lends itself to initial exploitation by open pit mining methods. The metallurgical characteristics of the ore are amenable to conventional CIL processing techniques.

On 30 March 2012, SGL exercised the third and final option lifting its percentage interest in the mineral tenements from 38% to 51%. TML had refused to accept that SGL validly exercised this option. On 18 May 2012, SGL gave TML a notice of dispute advising of its intention to refer the dispute to arbitration under the Joint Venture Agreement and to seek a declaration that SGL is the holder of a 51% interest in the mineral tenements the subject of the Segilola Gold Project ("Notice of Arbitration").

On 18 June 2012, TML was granted interim orders in the Federal High Court of Nigeria (the "Court") restraining SGL from proceeding further with the arbitration or commencing a new arbitration until the hearing and determination of TML's motion. On 27 June 2012, SGL consented to the Court's orders that SGL not proceed further with the arbitration that was the subject of the Notice of Arbitration. The remaining issue in dispute relates to orders sought by TML that requires SGL to pay TML's legal fees to defend its interest in response to the Notice of Arbitration before SGL may re-commence the arbitration process under the Joint Venture Agreement.

A hearing was due to be held on 4 October 2012 to hear arguments on the point of costs but was adjourned to 14 November 2012 and further adjourned to 22 April 2013 for report of the settlement or hearing of the pending applications. At the hearing on 22 April 2013, counsel informed the Court that settlement discussions were underway and that parties needed time to conclude the same. As a result the matter was adjourned to 17 June 2013, 16 October 2013, and has subsequently been further adjourned to 9 June 2014 for report of settlement.

RTG has now entered into an unconditional Share Sale and Purchase Agreement for the sale of RTG's 51% interest in the Segilola Gold Project in Nigeria (the "Segilola Sale") for approximately US$14 million to RTG's joint venture partner, Segilola Resources Operating Limited ("SROL"). The Segilola Sale also provides for the settlement of the related disputes in relation to the Segilola Gold Project between Ratel Group, SGL, TML, SROL, Bakrie Delano Africa Limited, NGM Resources Limited and Mr Oladipo Delano under the terms of an agreed settlement Deed (the "Settlement Deed"). The disputes concern a purported termination of the Joint Venture Agreement. This includes the settlement of the injunctive proceedings brought by SGL before the Court and the interim injunction issued against SGL by the Court dated 18 June 2012. On the completion date of the Segilola Sale, signed counterparts of the Settlement Deed will be released from escrow and come into effect. As a result each of the injunctive proceedings is expected be discontinued with no order as to costs and each party will bear their own costs.

Obuasi Joint Venture

In 2010 Ratel entered into an acquisition agreement to purchase all the shares in CAML Ghana Limited ("CAML Ghana"). CAML Ghana is an unrelated entity to Ratel. CAML Ghana and Westchester Resources Limited ("Westchester") are participants in a gold exploration project in Ghana pursuant to the Obuasi Prospecting Farmin and Joint Venture Agreement.

The acquisition agreement was conditional upon the approval of the transaction by the relevant Ghanaian Minister. Ministerial approval was not obtained, and on 3 November 2011 Ratel announced that the Obuasi Prospecting Farmin and Joint Venture Agreement had been terminated. Westchester issued proceedings in Ghana against a number of parties, including Ratel in February 2012, which are considered both unsubstantiated and without foundation ("Ghana Proceedings").

CAML Ghana was successful in having the Ghana Proceedings stayed following an order from the London Court of Arbitration in April 2012 in the context of arbitration proceedings launched against Westchester by CAML Ghana. On its application, Ratel was joined as a party to the arbitration. On 27 November 2012, on the application of Westchester, the High Court of Ghana set aside that stay order. CAML Ghana has appealed that decision. This appeal has not been determined.

In July 2013 a hearing took place in the arbitration before the Arbitral Tribunal in London. The Arbitral Tribunal delivered its award on all matters of liability in September 2013, finding in favour of CAML Ghana on all points and ordering Westchester to pay to CAML Ghana approximately US$1 million in damages and costs ("Arbitration Award").

On 14 November 2013, CAML Ghana filed a petition in the United States District Court for the Southern District of New York seeking to confirm the Arbitration Award and to obtain an anti-suit injunction in relation to the Proceedings ("US Proceedings"). Ratel was a co-petitioner. Westchester opposed the petition. On May 21, 2014, the United States District Court issued a stipulated order ("Order"). Pursuant to the Order: Westchester is to commence proceedings in England, the seat of the arbitration, to challenge the Arbitration Award ("English Proceedings"); both the Ghana Proceedings (including the appeal) and the US Proceedings have been stayed pending the resolution of the English Proceedings; there will be no further litigation other than in accordance with the Order; and the parties have agreed to abide by the final judgment delivered in the English Proceedings.

Loan Facility
During September 2012, Ratel Group entered into a loan facility agreement (the "Ratel Group Loan Facility Agreement") with CGA Mining Limited for the sum of $2.5M. In April 2013, the outstanding principal and interest on the loan facility was fully repaid.

Change of Financial Year End
During the 2013 calendar year, RTG changed its financial year end from 30 June to 31 December, hence the June 2014 quarter is the second financial quarter for RTG's 2014 financial year.

Risk Factors

The business of RTG should be considered speculative given the volatility in world stock markets (particularly with respect to mining and exploration companies) and the uncertain nature of mining and exploration activities generally. Amongst other things, the following are some of the key risk factors faced by RTG and its subsidiaries:

- foreign exchange movements;
- movements in commodity prices (in particular the gold, copper and magnetite price and costs of production);
- securing offtake agreements for non-gold products;
- access to new capital (both debt and equity) and meeting liquidity requirements;
- the uncertain nature of exploration and development activities;

- increases in capital expenditures necessary to advance the Company's projects;
- the ability to profitably exploit new development projects;
- political, security and sovereign risks of Nigeria and the Philippines;
- joint venture partner relationships and disputes;
- permitting and local government and community support; and
- environmental obligations.

For further information on these and other risks inherent in the Company's business, we direct readers to the Annual Information Form for the 31 December 2013 financial year and the Scheme Booklet dated 10 April 2014 lodged on SEDAR at sedar.com.

Overall Performance

The Company recorded a net loss of $1.022M for the current quarter, as compared to a net loss of $5.404M in June 2013 quarter. The 2013 quarter result includes a notional accounting expense of $1.915M on the deemed embedded option expense for the shares issued under the Loan Funded Share Plan, as required by accounting standards and the expensing of $1.181M due from the Company's Mkushi Copper joint venture partner. As discussed above, the Company completed the sale of its interest in the Mkushi Copper Project in October 2013, which resulted in a net accounting gain of $2.216M in the 2013 year accounts. The Group's activities during the current period focussed on the implementation of the Schemes and the acquisition of all of the outstanding securities of Sierra. The transaction was completed on 4 June 2014.

As at 30 June the Company had cash on hand and at bank of $7.234M. Additionally the Company also has a number of receivables not yet booked to the balance sheet due to the uncertainty of the timing and probability of their receipt. These receivable include $0.940M relating to costs awarded to CAML Ghana under the Arbitration Award, $1M due from SROL under the Segilola Sale and the $1.369M DHL Payment due from Elephant Copper. Taking into account these assets, the Company has cash and liquid assets as at 30 June 2014 of $10.688M.

Consolidated Results
(US$000's, except per share information)
Profit and Loss

	Three month period ended		
	June 30, 2014	**March 31, 2014**	**Variance**
Income	8	10	(2)
Group net profit/(loss)	(1,220)	(1,872)	652
Exploration and evaluation expenses	-	-	-
Business development expenses	(344)	(373)	29
Share of loss of associate	(127)	-	(127)
Basic profit/(loss) per share	(8.03)	(0.57)	(7.46)

Consolidated Cash Flows from Operating Activities
(US$000's, except per share information)

	Three month period ended	
	June 30, 2014	**March 31, 2014**
Reconciliation of net loss after tax to net cash flows from operations		
Net profit/(loss) after related income tax	(1,271)	(1,821)
Adjustments for non-cash income and expense items		
Depreciation	22	(6)
Unrealised foreign exchange gain/(loss)	(170)	349
Asset write off	113	-
Share of loss of associate	127	-
Changes in Assets & Liabilities		
Change in working capital	(460)	(56)
Net cash inflow/(outflow) from operating activities	(1,639)	(1,534)

Consolidated Balance Sheet
(US$000's, except per share information)

	For the period ended		
	June 30, 2014	**March 31, 2014**	**Variance**
Cash and cash equivalents	7,234	9,098	(1,864)
Current Assets	**8,156**	**9,458**	**(1,302)**
Property, plant & equipment	248	243	5
Investment in associate	83,857	-	83,857
Available for sale financial assets	1,842	1,842	-
Loans to associate	644	-	644
Derivative financial asset	1,330	1,330	-
Total Assets	**96,077**	**12,872**	**83,205**
Total Liabilities	**362**	**154**	**208**
Shareholders' Equity	**95,715**	**12,718**	**82,997**

Selected Quarterly Data
(US$000's, except per share information)

	YTD 6 months to 30 Jun 2014	**Q2 Jun 2014**	**Q1 Mar 2014**	***31 Dec Year end total (6 months)***	**Q2 Dec 2013**	**Q1 Sep 2013**	***30 Jun 2013 Year end total (12 months)***	**Q4 Jun 2013**	**Q3 Mar 2013**	**Q2 Dec 2012**	**Q1 Sept 2012**
Total income	*18*	8	10	*25*	13	12	*11*	11	-	-	-
Net profit/(loss)	*(3,092)*	(1,220)	(1,872)	*(881)*	557	(1,438)	*(8,323)*	(5,405)	(1,103)	(1,031)	(784)
Per share (undiluted US$ cents per share)	*(8.03)**	(7.46)*	(0.57)	*(0.27)*	0.17	(0.44)	*(4.98)*	(3.27)	(0.74)	(0.69)	(0.52)
Per share (diluted US$ cents per share)	*(8.03)**	(7.46)*	(0.57)	*(0.27)*	0.17	(0.44)	*(4.98)*	(3.27)	(0.74)	(0.69)	(0.52)

*RTG undertook a 10 for 1 share consolidation during the current quarter.

RTG was incorporated on 27 December 2012 and is domiciled in the British Virgin Islands. On 28 March 2013, Ratel Group and RTG completed the Merger of Ratel Group and Ratel Merger Ltd., a wholly-owned subsidiary of RTG. As a result, the surviving corporation formed by the Merger is a wholly-owned subsidiary of RTG. Therefore the comparative figures from the March 2013 quarter and prior are those of Ratel Group Limited. During the 2013 calendar year, RTG changed its financial year end from 30 June to 31 December, hence the June 2014 quarter is the second financial quarter for the 2014 financial year.

Quarterly Results

Three Months Ended 30 June 2014 as Compared to the Three Months Ended 31 March 2014 and the Three Months Ended 30 June 2013

The Company's result for the three months to 30 June 2014 was a net loss of $1.220M as compared to a net loss of $1.872M for the previous quarter and a net loss of $5.405M in the June 2013 prior year quarter, an improvement of $0.652M or 53% from the previous quarter and $4.185M or 343% from the prior year quarter. The June 2013 quarter result is due to a notional accounting expense of $1.915M on the deemed embedded option expense for the shares issued under the Loan Funded Share Plan, as required by accounting standards and the expensing of $1.181M due from the Company's Mkushi Copper joint venture partner. The higher expense figure in the prior March quarter as compared to the June 2014 quarter is due to activity and expenditure related to the merger with Sierra, which was largely finalised during the March 2013 quarter. The Company did not declare any dividends during the current quarter.

Revenues and foreign exchange gains/losses

The Company does not have any producing assets hence earns only minimal interest income on its cash balances. The Company earned interest income of $0.08M in the current quarter, as compared to $0.010M for the March 2014 quarter and $0.011M interest in the June 2013 quarter. A foreign exchange gain of $0.170M was recorded in the June 2014 quarter as compared to a loss of $0.349M in the March 2014 quarter, and a loss of $0.180M in the June 2013 quarter. The foreign exchange movements relate predominantly to currency movements between the US and Canadian dollar.

Expenses

Expenses for the June 2014 quarter were $1.228M as compared to $1.882M for the March 2014 quarter, and $5.405M for the June 2013 quarter; this shows an increase of $0.654M or 53% from the March 2014 quarter and a decrease of $4.177M or 340% from the June 2013 quarter.

Specific items discussed below:

Administrative expenses
The Company incurred administrative costs of $0.978M for the June 2014 quarter as compared to $1.109M in the March 2014 quarter and $3.275M in the June 2013 quarter, a decrease of $0.131M or 13% from the March 2014 quarter and a decrease of $2.297M or 235% from the June 2013 quarter. The significantly higher expense in the prior year quarter is largely due to a notional accounting expense of $1.915M on the deemed embedded option expense for the shares issued under the Loan Funded Share Plan, as required by accounting standards.

Employee and directors fees were $0.519M in the June 2014 quarter as compared to $0.341M in the March 2014 quarter, an increase of $0.178M or 34% due to agreed bonuses paid to Sierra staff upon the completion of the merger. Legal and accounting fees expensed for the current quarter were $0.092M as compared to $0.388M for the March 2014 quarter and $0.395M in the June 2014 quarter. The legal and accounting fees incurred in the current and previous quarter that were related to the Sierra merger have been capitalised to equity in accordance with accounting standards. Refer to capitalised transaction costs analysis, below. The legal expenses for the June 2013 quarter largely related to the restructuring of the Group, as well as ongoing legal expenses relating to the CAML Ghana proceedings. Other than as set out herein, the Company has not experienced any significant effects of inflation on its financial resources.

Business development expenditure
The Company incurred business development expenses of $0.293M in the current quarter as compared to $0.424M in the previous quarter and $0.598M in the June 2013 quarter, a decrease of $0.131M or 45% from the previous quarter and $0.305M or 51% from the June 2013 quarter. Business development costs were higher in the comparative periods as the Company was focussed on, initially pursuing new opportunities for the group in the June 2013 period, and subsequently ensuring the successful completion of the Sierra Merger, in the March quarter.

Capitalised Transaction Costs

As discussed in the ‘Background and Review of Operations’ section, RTG acquired Sierra during the quarter by way of issue of RTG shares and options. The costs associated with this transaction and the issue of shares have been capitalised to share capital, in accordance with accounting standards. During the June quarter, $1.088M of legal, accounting and other advisory expenses associated with the Sierra transaction were capitalised to equity.

Half Yearly Results

Six Months Ended 30 June 2014 as Compared to the Six Months Ended 30 June 2013

The Company’s result for the six month ended 30 June 2014 was a net loss of $3.092M as compared to a net loss of $6.508M in the six months to 30 June 2013, an improvement of $3.416M or 110%. As discussed in the quarterly analysis above, in the prior year period the Company recognized a notional expense of $1.915M on the deemed embedded option expense for shares issued under the Loan Funded Share Plan, as required by accounting standards and also fully provided for the joint venture partner receivable of

$1.181M due from its Mkushi Copper Joint venture partner, as discussed above in the quarterly results section.

Revenues and Foreign Exchange Gains/Losses

As discussed above, the Company does not have any producing assets hence earns only minimal interest revenue. The Company earned interest revenue of $0.018M for the current period as compared to $0.011M in the prior year six month period. A foreign exchange loss of $0.179M was recorded in the current period as compared to a loss of $0.300M for the six months ended 30 June 2013. The prior period loss was significantly higher as it largely related to foreign currency fluctuations of the USD against the CAD affecting the values of the capital raising funds received in April 2013 and held in CAD.

Expenses

Expenses for the half year ended 30 June 2014 were $3.110M as compared to $6.519M in the six months to June 2013, an increase of $3.409M or 110%. $3.096M of this increase relates to one off expense items, being a notional expense for the deemed embedded share option related to the shares issued under the Loan Funded Share Plan of $1.915M and a provision of $1.181M against the receivable due from the Company's joint venture partner at the Mkushi Copper Project, as discussed above in the quarterly results section.

Specific items discussed below:

Administrative expenses
The Company incurred administrative costs of $2.089M during the current year as compared to $3.861M in the prior year, a decrease of $1.772M or 85%. As previously discussed, the prior year period includes a notional non-cash expense of $1.915M for the deemed embedded option related to the shares issued under the Loan Share Plan.

Exploration costs written off
The Company incurred exploration and evaluation costs of $0.147M during the prior year period as compared to nil in the current period. The Company sold its interest in the Mkushi Copper Project in the December 2013 quarter and has ceased activity at the Segilola Gold Project, pending completion of its sale. The expenditure on the Company's recently acquired interests in the Philippines are recognized through its associate's accounts.

Operating expenditure
Operating costs of $1.459M were expensed in the six months to 30 June 2013 in relation to the heap leach operation at the Mkushi Copper Project. As previously discussed, the Company sold its interest in this project in the December quarter of 2013, hence no operating expenses have been incurred in the current period.

Liquidity and Capital Resources

As at 30 June 2014, the Company had cash and cash equivalents of $7.234M compared to $9.098M at 31 March 2014, and $14.988M at 30 June 2013 and cash and liquid assets of $1.0688M at 30 June 2014, $12.435M at 31 March 2014 and $16.169M at 30 June 2013. The implementation of the Schemes was completed during the June 2014 quarter, and as part of the merger with Sierra, RTG acquired $1.328M of cash on hand in Sierra.

The Company manages liquidity risk through maintaining sufficient cash, loan facilities or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short term cash deposits. The Company expects to meet its liquidity needs through existing cash on hand, subject to current operating parameters and budgets being met.

The Company currently has in place an active program of financial forecasting and budgeting both at a corporate and project level to manage both the application of funds and planning for future financial needs to ensure that any shortfall in revenue funds is adequately covered by cash reserves or planned new sources being either debt or equity based on the then most cost effective weighted average cost of capital.

Expenditure to date for the Company has been largely in line with the overall initial budget forecasts, save for any costs related to legal disputes.

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposures to credit risk at the reporting date in relation to each class of financial asset is the carrying amounts of those assets as indicated in the Company's balance sheet.

Contractual obligations

	Payments due by period				
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**More than 5 years**
Operating leases[1]	413,100	206,550	206,550	-	-
Total contractual obligations	413,100	206,550	206,550	-	-

[1] Corporate office lease payments due.

Transactions between the Group and its related entities

During the quarter ended 30 June 2014, the Company entered into transactions with related parties in the wholly-owned group:

- Loans of $97,275 were advanced on short term inter-company accounts;
- Loans totaling $0.558M were advanced to Mt Labo Exploration and Development Corporation, an associate of the group to fund day to day exploration and administrative costs; and
- Loans totaling $0.086M were advanced to Bunawan Mining Corporation, an associate of the group to fund day to day exploration and administrative costs.

These transactions were undertaken on the following terms and conditions:

- loans are repayable at call; and
- no interest is payable on the loans at present.

Transactions between the Group and other related parties

During the quarter, no other significant transactions with related parties were entered into.

Outstanding Share Data

As at 30 June 2014, the Company had 111,717,070 common shares outstanding and 8,784,854 listed options with an exercise price of C$1.50 and expiry date of 4 June 2017.

Subsequent Events

Subsequent to 30 June 2014, RTG issued 256,000 RTG Shares in connection with the Haywood Fee, as defined in the Circular dated April 8, 2014, and has issued 167 CDIs upon the exercise of options.

Critical Accounting Estimates

The significant accounting policies used by Ratel Group are disclosed in Note 2 to the annual financial statements for the year ended 31 December 2013. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. Refer to note 13 of the 30 June 2014 Interim Financial Statements of the Company for further details on fair value measurements and financial instruments of the Company.

Accounting Policies

The Group's interim consolidated financial report as at 30 June 2014 complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The accounting policies of the Group are set out in Note 2 to the 31 December 2013 Annual Financial Statements, available on www.sedar.com.

Income Taxes

The determination of income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ from that estimated and recorded by management.

Internal Controls and Disclosure Controls

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of internal controls over financial reporting (as such term is defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109")), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with International Financial Reporting Standards. The Company maintains an effective control environment and has used the Internal Control –- Integrated Framework (COSO Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission to design the Company's internal controls over financial reporting. The Company's CEO and CFO believe that the Company's internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the quarter ended 30 June 2014, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

The Company's CEO and CFO are also responsible for the design and effectiveness of disclosure controls and procedures (as such term is defined in NI 52-109) to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's CEO and CFO believe that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed under applicable securities legislation is recorded, processed, summarized and reported in a timely manner.

The Company's CEO and CFO have each evaluated the effectiveness of the Company's internal controls over financial reporting and disclosure controls and procedures as of 30 June 2014. The Company's CEO and CFO have concluded that these controls and procedures are effective in reasonably assuring the reliability of financial reporting and that material information relating to the Company is made known to them by others within the Company and that such controls and procedures have no material weaknesses and no limits on the scope of their design.

Future Outlook

During the next quarter, the Company's activities will primarily focus on exploration and development projects, including Sierra's Mabilo Project, along with the definition of a National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* compliant resource and the preparation of a feasibility study for the Mabilo Project, along with a review of current and proposed exploration properties of Sierra so that ongoing and future exploration and development programs can be optimised.