RTG
MINING INC.

Level 2, 338 Barker Road
Subiaco WA 6008
Phone: +61 8 6489 2900
www.rtgmining.com

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
PERIOD ENDED MARCH 31, 2014

(All figures are in US dollars unless otherwise indicated and the effective date of this MD&A is 14 May, 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 31 March, 2014 and should be read in conjunction with the interim financial statements of the Company for the period ended 31 March 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).

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 Group entered into an acquisition agreement (the "Acquisition Agreement") to purchase all the shares in CAML Ghana Limited ("CAML Ghana"). CAML Ghana is an unrelated entity to Ratel Group. CAML Ghana and Westchester Resources Limited ("Westchester") are participants in a gold exploration project in Ghana pursuant to the Obuasi prospecting farmin (the "Obuasi Prospecting Farmin") and a joint venture agreement (the "CAML 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 Group announced that the Obuasi Prospecting Farmin and CAML Joint Venture Agreement had been terminated. Westchester issued proceedings in Ghana against a number of parties, including Ratel Group in February 2012 (the "Proceedings"), which are considered both unsubstantiated and without foundation.

CAML Ghana had the Proceedings stayed following an order from the London Court of Arbitration in April 2012 through arbitration proceedings launched against Westchester by CAML Ghana. On its application, Ratel has been 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 and in February 2013 the Proceedings were stayed pending the outcome of that appeal. A hearing took place before the Ghana Court of Appeal on 4 March 2014. The Ghana Court of Appeal has adjourned the matter until 5 June 2014 for judgement.

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 US$940,000 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. Ratel Group is a co-petitioner. Westchester is opposing the petition. A hearing took place on 24 March 2014. The matter has been adjourned without a new date being set.

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 March 2014 quarter is the first financial quarter for RTG's 2014 financial year.

Sierra Scheme of Arrangement

On 24 February 2014, RTG announced it had entered into a conditional scheme implementation deed (the "Merger Agreement") with Sierra Mining Limited ("Sierra") to combine the two companies (the "Sierra Merger") at an agreed exchange ratio of:

- 3 RTG shares for each Sierra share held; plus
- 1 RTG option for every 3 Sierra shares held.

The RTG options will be exercisable for a period of three years at an exercise price of C$0.15.

This consideration represents:
- approximately A$0.301 (C$0.30) per Sierra share (based on the closing share price for RTG on TSX on 21 February 2014, and the Black-Scholes option pricing model based on Sierra's 12 month volatility, and the exchange rate on 21 February 2014 of CAD:AUD 1.005);
- a premium of 27.4% to the 30 day VWAP of the Sierra share price based on the 30 day VWAP of the RTG share price; and
- a premium of 15.9% to the closing price of Sierra shares of A$0.26 on 21 February 2014 (being the date prior to the announcement).

The Sierra Merger will be implemented by way of scheme of arrangement ("Scheme of Arrangement") between Sierra and its shareholders under the *Corporations Act 2001* (Australia). RTG will also seek a listing on the Australian Securities Exchange ("ASX") (in addition to its current TSX listing) as part of the transaction and, in conjunction with the merger, RTG also intends to undertake a consolidation of its shares on a 10:1 basis.

The annual general and special shareholders meeting of RTG was held on 13 May 2014 whereby the issuance of the RTG securities under the Scheme, the issuance of RTG securities pursuant to the acquisition of the unlisted Sierra options and the amendment of the Company's Memorandum and Articles, along with re-election of the current board of directors' and appointment of the Company's auditors for the ensuing year were all approved. The Sierra Merger is still conditional upon approvals from Sierra shareholders, to be sought at Sierra's shareholder meeting to be held 16 May 2014, the Australian Court as well as necessary regulatory approvals and other customary conditions (see Merger Agreement for more details). Provided that the required approvals are obtained, it is currently expected that the Sierra Merger will complete in late May 2014, with the new RTG securities issued and RTG listed on the ASX in early June 2014.

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 lodged on SEDAR at www.sedar.com.

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

Profit and Loss

	Three month period ended		
	March 31, 2014	**December 31, 2013**	**Variance**
Income	10	12	(2)
Group net profit/(loss)*	(1,872)	557*	(2,429)*
Exploration and evaluation expenses	-	(45)	45
Business development expenses	(373)	(435)	62
Basic profit/(loss) per share	(0.57)	0.17	0.74

*The Group disposed of its interest in the Mkushi Copper project in the December 2013 period resulting in a net accounting gain of $2.216M.

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

	Three month period ended	
	March 31, 2014	**December 31, 2013**
Reconciliation of net loss after tax to net cash flows from operations		
Net profit/(loss) after related income tax	(1,821)	557
Adjustments for non-cash income and expense items		
Depreciation	6	1
Unrealised foreign exchange gain/(loss)	(349)	255
Gain from discontinued operation	-	(2,216)
Changes in Assets & Liabilities		
Change in working capital	56	57
Net cash inflow/(outflow) from operating activities	1,534	(1,344)

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

	For the period ended		
	March 31, 2014	December 31, 2013	Variance
Cash and cash equivalents	9,098	10,987	(1,889)
Current Assets	**9,458**	**11,264**	**1,806**
Property, Plant & Equipment	243	362	(119)
Available for sale financial assets	1,842	1,842	-
Derivative financial asset	1,330	1,330	-
Total Assets	**12,872**	**14,798**	**(1,926)**
Total Liabilities	**154**	**208**	**126**
Shareholders' Equity	**12,718**	**14,590**	**(1,872)**

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

	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	*30 Jun 2012 Year end total (12 months)*	Q4 Jun 2012
Total income	10	*25*	13	12	*11*	11	-	-	-	*4*	-
Net profit/(loss)	(1,872)	*(881)*	557	(1,438)	*(8,323)*	(5,405)	(1,103)	(1,031)	(784)	*(4,847)*	(1,026)
Per share (undiluted US$ cents per share)	(0.57)	*(0.27)*	0.17	(0.44)	*(4.98)*	(3.27)	(0.74)	(0.69)	(0.52)	*(3.23)*	(0.68)
Per share (diluted US$ cents per share)	(0.57)	*(0.27)*	0.17	(0.44)	*(5.04)*	(3.27)	(0.74)	(0.69)	(0.52)	*(3.23)*	(0.68)

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 March 2014 quarter is the first financial quarter for the 2014 financial year.

Quarterly Results

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

The Company's result for the three months to 31 March 2014 was a net loss of $1.872M as compared to a net gain of $0.557M for the previous quarter and a net loss of $1.049M in the March 2013 prior year quarter, an increased loss of $2.429M or 130% from the previous quarter and $0.823M or 44% increase in losses from the prior year quarter. The December 2013 quarter result is due a net accounting gain of $2.216M recorded on the sale of Seringa Mining Limited during that period. The increase in expenses in current quarter as compared to the March 2013 quarter is due to additional activity and expenditure related to the merger with Sierra, as well as the appointment of a full time management team following the Merger and listing of RTG on the TSX in the June 2013 quarter, whereas in the prior year, the management and running costs were only partially apportioned to the Company under the management services agreement it previously shared with CGA Mining Limited. 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 $0.010M in the current quarter, as compared to $0.013M for the December 2013 quarter and nil interest in the March 2013 quarter. A foreign exchange loss of $0.349M was recorded in the March 2013 quarter as compared to a loss of $0.389M in the December 2013 quarter, and a loss of $0.120M in the March 2013 quarter. The foreign exchange movements for the March 2014 and December 2013 quarters relate predominantly to currency movements between the US and Canadian dollar. The loss in the March 2013 quarter occurred largely as a result of the rebasing of the Zambian currency in that period, which affected accounts of the previously held Zambian asset.

Expenses

Expenses for the March 2013 quarter were $1.882M as compared to $1.670M for the December 2013 quarter and $1.103M in the March 2013 quarter, an increase of $0.212M or 11% from the December 2013 quarter and an increase of $0.779M or 41% from the March 2013 quarter.

Specific items discussed below:

Administrative expenses
The Company incurred administrative costs of $1.109M in the March 2013 quarter as compared to $0.983M in the December 2013 quarter, and $0.550M in the March 2013 quarter, an increase of $0.126M or 11% from the December 2013 quarter and an increase of $0.559M or 50% from the March 2013 quarter. The increase from the March 2013 quarter is due to the appointment a full time management team following the Merger and listing of RTG on the TSX in the June 2013 quarter, whereas previously, the management and running costs were only partially apportioned to the Company under the management services agreement it shared with CGA Mining Limited. Legal and accounting fees for the current quarter were $0.388M as compared to $0.289M in the December 2013 quarter and $0.365M in the March 2013 quarter, an increase of $0.099M or 26% from the previous quarter and an increase of $0.023M or 6% from the March 2013 quarter. The legal fees incurred in the current quarter relate largely to the Sierra Merger and drafting of the associated documentation and shareholder materials. Legal expenses for the December 2013 quarter related predominantly to the sale of the Company's interest in the Segilola Gold Project, the sale of the Mkushi Copper Project and arbitration for CAML Ghana. The legal expenses for the March 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 $0.424M in the current quarter as compared to $0.434M in the December 2013 quarter and $0.119M in the March 2013 quarter, a decrease of $0.010M or 2% from the previous quarter and an increase of $0.305M or 72% from the March 2013 quarter. Following the Merger and listing of RTG on the TSX in the June 2013 quarter, the Company's activities have been focussed on pursuing new opportunities for the group, hence the significant expenditure on business development during the current and December 2013 quarters as compared to the minimal amount in the March 2013 quarter. The costs incurred in the current and December 2013 quarter relate predominantly to travel and consultant costs related to the Sierra Merger and employee costs allocated to business development.

Liquidity and Capital Resources

As at 31 March 2014, the Company had cash and cash equivalents of $9.098M compared to $10.987M at 31 December 2013, and $19.993M at 31 March 2013 (including net subscription receipts of $19.811M). During the March 2013 quarter, RTG closed its private placement offering, issuing 162,538,641 subscription receipts at C$0.13 per share. In April 2013, these funds were used to fully repay the $2.610M principal and interest owing on the Ratel Group Loan Facility Agreement with CGA Mining Limited

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]	479,728	190,991	238,738	-	-
Total contractual obligations	479,728	190,991	238,738	-	-

[1] Corporate office lease payments due.

Transactions between the Group and its related entities

During the quarter ended 31 March 2014, the Company entered into transactions with related parties in the wholly-owned group:

Loans were advanced on short term inter-company accounts between;

- CGX and its wholly owned subsidiary SGL for the purpose of funding the day to day administrative costs of SGL. The total amount loaned for the quarter was $0.091M.

These transactions were undertaken on commercial terms and conditions except that:

- 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 31 March 2014, the Company had 326,538,643 common shares outstanding. In conjunction with the proposed Merger Agreement, RTG also intends to undertake a consolidation of its shares on a 10:1 basis.

Subsequent Events

As discussed in the Review of Operations, on 13 May 2014, RTG held its annual general and special shareholders meeting. All of the resolutions were put to the meeting were passed including the issuance of RTG securities under the Scheme, the issuance of RTG securities pursuant to the acquisition of the unlisted Sierra options and the amendment of the Company's Memorandum and Articles, along with re-election of the current board of directors' and appointment of the Company's auditors for the ensuing year. The Sierra Merger is conditional upon various approvals. It is currently expected that the Sierra Merger will complete in late May 2014, with the new RTG securities issued and RTG expected to be listed on the ASX in early June 2014.

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.

Accounting Policies

The Group's interim consolidated financial report as at 31 March 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 31 March 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 31 March 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 the completion of the Sierra Merger and the listing of the Company on the ASX. Following this the Company intends to conduct a review of current and proposed exploration properties of Sierra, including a review of all available technical and financial data, so that ongoing and future exploration and development programs can be optimised. The Company also intends to proceed with Sierra's existing planned 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.