F.D.G. MINING INC.

Management's Discussion and Analysis

The following Management's Discussion and Analysis (the "MD&A") of the financial condition and results of the operations of F.D.G. Mining Inc. (the "Company or F.D.G.") constitutes management's review of the factors that affected the Company's financial and operating performance for the six month period ended February 28, 2013 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the six month period ended February 28, 2013 and February 29, 2012 and the Company's audited consolidated financial statements and related notes for the fiscal years ended August 31, 2012 and 2011 prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise stated. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to F.D.G.'s future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. Additional information relevant to F.D.G.'s activities, including F.D.G.'s Press Releases can be found on SEDAR at www.sedar.com.

Disclaimer

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of resource and reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of F.D.G. to obtain all permits, consents or authorizations required for its operations and activities; and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of F.D.G. to fund the capital and operating expenses necessary to achieve the business objectives of F.D.G., the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by F.D.G. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of F.D.G. should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

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

1.1 Date

This MD&A is dated as of April 29, 2013.

1.2 Overall Performance

The Company is engaged in the acquisition, exploration and, if warranted, development of mineral resource properties in the Republic of Nicaragua, Central America.

Currently, the Company has the right to acquire, subject to a 3% net smelter return royalty, a 100% undivided interest in the Topacio Concession (the "**Topacio Concession**"), a 9,300 hectare (ha) gold exploration project located in the South Atlantic Autonomous Region of the Republic of Nicaragua, Central America with a National Instrument (NI) 43-101 Inferred Mineral resource of 2,716,176 tonnes (t) averaging 3.9 grams/tonne (g/t) gold estimated to contain 340,345 ounces gold.

Pursuant to the terms of a definitive option agreement dated April 30, 2010 (the "**IMISA Agreement**") with Inversiones Mineras, S.A. ("**IMISA**"), the Company has the exclusive right and option to acquire the Topacio Concession by paying the purchase price of US$3,000,000 at any time on or before April 30, 2016 (the "**Option Period**") and additional US$60,000 semi-annual payments commencing on October 30, 2009 and every six months thereafter until April 30, 2013 then rising to US $90,000 until the purchase price is paid.

On October 9, 2012, the TSX Venture Exchange accepted for filing a modification agreement (the "**Modification Agreement**") to extend the IMISA Agreement to acquire the Topacio Concession dated July 31, 2012. Pursuant to the Modification Agreement, the Company has received a three year extension of the Option Period within which to purchase, subject to a 3% net smelter returns royalty, a 100% interest in the Topacio Concession pursuant to the terms of the original IMISA Agreement

Under the terms of the IMISA Agreement, the Company was required to make semi-annual option payments of US$60,000 during each year of the term and a final option payment of US$3,000,000 on or before April 13, 2013. Under the terms of the Modification Agreement, the Company has a three-year extension of the IMISA Agreement in consideration for increasing its semi-annual option payments from US$60,000 to US$90,000 each, effective May 1, 2013, and issuing 420,000 common shares of the Company to IMISA. The final option payment of US$3,000,000 is now due on or before April 30, 2016.

On January 15, 2013, the Company announced that it has acquired 100% of the strategic San Pedro concession (3,500 ha) in the La Libertad mining camp, eastern Nicaragua. The San Pedro concession adjoins the Company's 100% owned El Santo concession which is to the west and adjoins B2Gold's La Libertad mine property to the north. The San Pedro/La Libertad claim boundary is 900 meters (m) south of B2Gold's Jabili mine development. The Company acquired San Pedro by taking over Exploraciones Mineras de Nicaragua, S. A. ("Exminicsa"), a Nicaraguan company controlled by Leslie Earl Coe Hodgson ("Coe"). Coe will receive 1,500,000 shares of the Company and will retain a 2% NSR on the properties subject to TSX approval. Included in Exminicsa and now owned 100% by the Company are three other properties in the north central area of Nicaragua including the La Troncha concession (825 ha), the La Ochoa concession (500 ha) and the Cerro Kum concession (350 ha).

Structural interpretation by the Company indicate that the main structure that controls the ore bodies at La Libertad is offset by another structure onto the San Pedro concession. Initial prospecting and mapping on the San Pedro concession has returned more than 20 gold bearing float and chip samples with values up to 28 g/t gold. The Company is planning a soil geochemical survey, prospecting and geological mapping program on San Pedro, followed by trenching and drilling, if warranted.

La Troncha and La Ochoa, cover volcanogenic massive sulphide (VMS) showings in Paleozoic rocks. These showings were discovered in the 1980's and a nine-hole drill program in the 1990's returned 0.5 m of 7% zinc in one drill hole and 0.5 m of 1 g/t gold in another. This drilling conclusively proved the VMS model. The Cerro Kum concession covers an epithermal gold system that has returned multiple gold mineralized samples.

With the addition of the Exminicsa properties the Company now has an excellent pipeline of projects in addition to the Company's flagship Topacio Concession. On April 4, 2013 the Company appointed JDS Energy and Mining Inc. (JDS) Vancouver, Canada (www.jdsmining.ca) to complete an evaluation, development and execution plan for the Topacio Concession, As of February 28, 2013, the Company had incurred a total of $3,271,264 (August 31, 2012 - $2,659,384) in exploration and evaluation expenditures on the Topacio Concession.

Recent Developments

On March 22, 2013, the Company completed a non-brokered private placement where the Company sold a total of 30,550,000 units ("Units") at a price of $0.10 per Unit for gross proceeds of $3,055,000 (the "Financing"). Each Unit consisted of one common share (a "Share") and one transferable share purchase warrant (a "Warrant") to purchase an additional Share at a price of $0.12 for a period of 24 months, subject to acceleration by the Company upon 30 days notice if closing price of the Company's shares on the TSX Venture Exchange (the "Exchange") equals or exceeds $0.25 for 20 consecutive trading days at any time after 4 month from closing. A finder's fees of 8% cash and 8% finder's warrants was payable in connection with the Financing, each finder's warrant entitling the holder to purchase one Share of the Company at a price of $0.12 for a period of 24 months after closing, subject to acceleration on the same terms as the Warrants. All securities issued in connection with the Financing are subject to a four month and one day hold period expiring on or about July 22, 2013.

On October 31, 2012, the Company completed a non-brokered private placement of 531 units (“Units”) at a price of $1,000 per Unit for gross proceeds of $531,000. Promissory notes in the aggregate principal amount of $531,000 (the “Notes”) and a total of 890,060 “bonus” common shares of the Company at a deemed price of $0.105 per share were issued in connection with the private placement, all subject to a four month and one day hold period expiring March 1, 2013. The Notes are for a term of one year maturing October 31, 2013 and bear interest at the rate of 12% per annum, with the first year’s full interest of $120 per Note payable up front upon closing. The Notes are also secured, on a pro rata basis, by a general security agreement over all present and after-acquired personal property of the Company. A cash finder’s fee of $6,000 (10%) was paid on a portion of the gross proceeds raised under the private placement.

Current Operations

An independently calculated Inferred Mineral Resource of 2,716,176 t grading 3.97 g/t gold containing 340,345 ounces gold has been calculated by NEW ERA Engineering Corporation dated November 9, 2012. This resource is all within 150 m of surface. This independent NI 43-101 resource has been filed with the TSX Venture Exchange and on SEDAR. The Inferred Mineral Resource was calculated using a 1.5 g/t gold cut-off and a minimum 2.0 m mining width for the underground portion of the resource. Sixty-three drill holes and 154 trenches were used for the resource estimate. The resource is estimated for parts of the Mico, Little Betsy, Lone Star, Dispute, Dos Amigos, Topacio and Brazil Veins. Approximately 75% of the surface expression of these veins and 18 other auriferous veins on the Topacio Concession has received insufficient work to quantify further resources. At this time there are no known legal, political, environmental or other risks that could materially affect the potential development of the mineral resource.

Reconnaissance mapping and sampling of the Topacio veins has extended the known strike of the Topacio vein to 3.4 kilometres (km). An historic drift and mill site, probably from the 1900 to 1917 period of production on the property, was discovered at the northeastern known extent of the Topacio vein. This site is two km east northeast from the Inferred Mineral Resources previously reported on the property. Approximately two km southeast of the known resources in the Topacio vein, in the Rebecca area, six previously unknown auriferous quartz veins have been discovered. This brings the total of known veins on the concession to 24. Values up to 22 g/t gold across three m have been returned from chip sampling of the newly discovered veins in the Rebecca area. These veins strike northwest, roughly at right angles to the trend of the Topacio vein swarm. A new area of the northwest striking veins has recently been discovered further to the north of the original vein set discovery. An additional 14 new veins have been discovered. The northwest vein set is now indicted to overlap the traditionally known northeast trending vein set. The junction of these northwest trending veins and the east-northeast trending Topacio vein contain some quartz breccia bodies.

The Company began a trenching program in late October 2012 and results are pending for this program. This trenching program consisted of approximately 800 m of hand trenching in 25 trenches. The objective of this program was to confirm high grade trench results obtained by Triton Mining during their 1996 program. The second objective was to begin trenching on several newly discovered veins in the area to the northeast of the known concentration of veins with the focus of defining new areas of near-surface vein-hosted gold.

On April 4th, 2013 the Company engaged JDS Energy and Mining Inc. (JDS) Vancouver, Canada (www.jdsmining.ca) to complete an evaluation, development and execution plan for the Company's 100% owned Topacio Concession.

Outlook

Additional information on the Topacio Concession can be obtained from the Topacio Report, a copy of which may be accessed on the SEDAR website at www.sedar.com.

There is no known body of ore of commercial grade or tonnage on the Topacio Concession. If the Company's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. There are no assurances that the Company will continue to be successful in raising additional funds or that other forms of equity capital or debt financing will be available to the Company in the future on satisfactory terms or at all. Any additional equity financing may be on terms that are dilutive, or potentially dilute, to the Company's shareholders and debt financing, if available, may involve restrictive covenants with respect to the Company's ability to pay dividends, raise additional capital or execute various other financial and operational plans.

1.3 Selected Annual Information

The following is a summary of selected financial information for the Company for the periods indicated and has been prepared in accordance with International Financial Reporting Standards, unless otherwise stated. This summary should be read in conjunction with the audited financial statements of the Company for the fiscal year ended August 31, 2012, 2011 and 2010.

	Six month period ended February 28, 2013	Year ended August 31, 2012	Year ended August 31, 2011
Revenues	N/A	N/A	N/A
Net Loss	(1,106,762)	(3,534,829)	(2,214,831)
Basic and Diluted Loss per share	(0.02)	(0.08)	(0.07)
Working Capital (Deficiency)	(932,692)	(222,448)	2,647,676
Total Assets	164,215	214,799	2,905,302
Total Long-Term Financial Liabilities	N/A	N/A	N/A
Retained Earnings (Deficit)	(9,584,748)	(8,477,985)	(4,943,156)
Number of shares outstanding at period end	45,593,735	44,283,675	43,996,971

1.4 Results of Operations

The Company has not generated any revenue since its inception from its planned operations and has, to date, incurred annual net losses resulting primarily from the write-down of deferred exploration and acquisition costs associated with its interest in the Exminicsa Properties and general and administrative expenses.

Six months ended February 28, 2013 and 2012

The Company incurred a net loss of $1,106,762 for the six month period ended February 28, 2013 compared to a net loss of $1,721,452 for the six month period ended February 29, 2012. Net loss remained consistent between the periods as the Company incurred similar operations in the exploration of its Topacio property between the two periods. Net loss decreased slightly as the Company better controls is expenditures given its current financial situation.

Professional fees for the six month period ended February 28, 2013 were $125,082 compared to $159,364 in the same period ended February 28, 2012. The decrease of $34,282 in professional fees is attributable to higher legal work and accounting work during the prior year surrounding transition to IFRS and audit of controls in Nicaragua.

During the six month period ended February 28, 2013 management and consulting expenses decreased by $156,374 to $218,441 compared to $374,815 in the same period ended February 28, 2012. The decrease in consulting is due to termination payments to Mit Tilkov during the same period in 2012 in the amount of $144,000 which was not incurred in the current quarter.

During the six month period ended February 28, 2013, travel expenses decreased by $33,449 to $31,245 compared to $64,694 in the same period ended February 29, 2012. Travel expense remained consistent year over year. The slight decrease comes as the Company better controls is expenditures given its current financial situation.

During the six month period ended February 28, 2013, exploration and evaluation expenses decreased by $238,290 to $349,570 compared to $587,860 during the same period ended February 29, 2012. The decrease is due to the Company's current cash position and the focus on raising additional funds with equivalent decrease in exploration due to preserving cash.

Share based payments expense for the six month period ended February 28, 2013 was $45,400 compared to $295,000 in the same period ended February 29, 2012. The expense is due to options issued to officers and directors of the Company and vesting of options issued in prior periods for the current quarter. The Company uses the Black-Scholes valuation model.

During the six month period ended February 28, 2013, the Company incurred a one time cost in association with the issuance of promissory notes of $125,083, largely through the issuance of 890,060 shares valued at $115,708. This cost was not incurred in the prior years' quarter.

During the six month period ended February 28, 2013, office and general expenses decreased by $43,825 to $170,804 compared to $214,629 in the same period in 2012. The decrease in office and general expenses is mainly due to lower levels of activity in Nicaragua over the period.

During the six month period ended February 28, 2013, shareholder relations expense increased by $20,321 to $40,342 compared to $20,021 in the same period ended February 29, 2012. The increase is due to higher corporate secretarial costs during the current year as the Company tries to increase its awareness in the marketplace.

Balance sheet

As at February 28, 2013, the Company had total assets of $164,215 (August 31, 2012 - $214,799) including cash and cash equivalents of $37,787 (August 31, 2012 - $139,332). The decrease in cash was the result of funds raised in the amount of $456,000 through the issuance of promissory notes offset by general operating expenditures including $349,570 on its mineral properties.

The total liabilities of the Company as of February 28, 2013 were $1,054,993 (August 31, 2012 - $390,168) and consisted of accounts payable and accrued liabilities of $304,959 (August 31, 2012 - $222,526), promissory notes payable of $531,000 (2012 - $75,000), and an amount due to related parties of $219,034 (August 31, 2012 - $92,642).

The Company has not paid any dividends to date.

Dividend Report and Policy

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

1.5 Summary of Quarterly Results

The following table sets forth selected financial information for the Company for the eight most recently completed fiscal quarters for which Company prepared quarterly financial statements and should be read in conjunction with the Company's unaudited interim financial statements and related notes for such periods. The Company was not a reporting Company during any of these quarters.

The following information has been prepared in accordance with the International Financial Reporting Standards ("IFRS") and is expressed in Canadian dollars.

	Feb. 28, 2013	***Nov. 30, 2012***	***Aug. 31, 2012***	***May 31, 2012***	***Feb. 29, 2012***
Revenues	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*
Loss Before other items	*(267,137)*	*(817,380)*	*(538,383)*	*(1,304,994)*	*(763,857)*
Loss per share before other items – basic and diluted (1)	*(0.02)*	*(0.02)*	*(0.01)*	*(0.03)*	*(0.02)*
Shares Outstanding	*45,593,735*	*45,593,735*	*44,283,675*	*44,283,675*	*44,034,778*

	Nov. 30, 2011	***Aug. 31, 2011***	***May 31, 2011***
Revenues	*Nil*	*Nil*	*Nil*
Loss Before other items	*(927,595)*	*(591,152)*	*(878,849)*
Loss per share before other items – basic and diluted (1)	*(0.02)*	*(0.01)*	*(0.03)*
Shares Outstanding	*43,996,971*	*43,996,971*	*25,444,422*

(1) Based on the weighted average number of shares outstanding during the period.

1.6 Liquidity

The Company has not generated any revenue from operations and to date has relied entirely upon the sale, by way of private placement, of common shares and special warrants and short-term interest bearing loans from related and other parties to carry on its business.

Working Capital

As of February 28, 2013, the Company had a working capital deficiency of $895,778 (August 31, 2012 - $222,448 working capital deficiency) comprised of current assets of $164,215 (August 31, 2012 - $167,720) and current liabilities of $1,054,993 (August 31, 2012 - $390,168).

Cash and Cash Equivalents

On February 28, 2013, the Company had cash and cash equivalents of $37,787 compared to $139,332 on August 31, 2012.

Management of cash balances is conducted in-house based on internal investment guidelines. Cash and cash equivalents are deposited with major Canadian financial institutions. Cash required for immediate operations is held in a chequing account. Excess of funds may be invested in conservative money market instruments that bear interest and carry a low degree of risk. Some examples of instruments in which the Company may invest its cash are treasury bills, money market funds, bank guaranteed investment certificates and bankers' acceptance notes. The objective of these investments is to preserve funds for the advancement of the Company's properties.

Cash Used in Operating Activities

Cash used in operating activities for the six month period ended February 28, 2013 was $707,577 compared to $1,442,311 for the corresponding six month period ended February 29, 2012 and had been incurred primarily on exploration and evaluation activities on the Company's Topacio property and in funding the Company's ongoing business operations and general and administrative expenses. The decrease in cash used in 2013 compared to 2012 is due, in large part, to decreased expenditures throughout all aspects of the Company's operations as it conserves cash during the current financial situation.

Cash Used in Investing Activities

Total cash used in investing activities during the six month period ended February 28, 2013 was $nil compared to $22,863 for the corresponding six month period ended February 29, 2012. The decrease in cash used is primarily due to the purchase of office furniture at the head office in Canada and construction of mining related assets in Nicaragua during 2011.

Cash Generated by Financing Activities

Total cash generated by financing activities during the six month period ended February 28, 2013 was $456,000 from issuance of promissory notes, where $75,000 was received during the year ended August 31, 2012 for at total of $531,000 as compared to $nil during the six month period ended February 29, 2012.

Requirement of Additional Equity Financing

The Company has relied entirely on equity financings and short-term interest bearing loans for all funds raised to date for its operations. The Company will need more funds to secure the acquisition of the Topacio Concession and to fund the exploration and development thereof. Until the Company starts generating profitable operations from exploration, development and sale of minerals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions pursuant to private placements, the exercise of warrants and stock options, and short term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

Contractual Obligations

The Company engaged 0851901 B.C. Ltd. to provide management services to the Company for an initial term of 5 years expiring February 28, 2014 at a monthly management fee of $4,080 ($48,960) plus HST during the first two years of the term, increased to $12,000 per month ($144,000 per annum), plus HST, effective March 1, 2011 for the last three years of the term. 0851901 B.C. Ltd. was also entitled to receive a discretionary annual bonus of up to six month's base fees during each year of the term, the payment of which was determined by the board of directors of the Company in its sole discretion. During the year ended August 31, 2012, the Company terminated the management agreement with the former president of the Company for a full and final settlement of $144,000 plus HST.

Daniel T. Farrell was appointed as the Company's President and Chief Executive Officer effective November 15, 2011 and subsequently resigned on May 31, 2012 and was replaced by David Dunn on the same date

Andres Tinajero stepped down as CFO of the Company on February 20, 2013.

On March 4, 2013, Terry Tucker, P.Geo. was appointed a director of the Company.

On March 25, 2013, Antonio Ponte was appointed Executive Chairman of the Company and on the same date William Dunn stepped down as a director.

David St. Clair Dunn resigned as President and Chief Executive Officer of the Company effective the 4th of April 2013 but has continued as a member of the Company's Board of Directors.

Antonio Ponte was appointed CEO on the April 4, 2013.

Philipp Hoch was appointed CFO on the April 4, 2013

The Company engages Equity Corporate to provide corporate secretarial, regulatory compliance and management services to the Company at a fee of $1,500 per month (plus HST) on a month to month basis. Any services provided by Equity Corporate in excess of 15 hours per month are subject to a hourly charge of $125. Equity Corporate is a wholly-owned subsidiary of Equity Financial Holdings Inc., a TSX listed company. Donna M. Moroney, the current Secretary of the Company, is the President of Equity Corporate.

Save as aforesaid, the IMISA Agreement, the Road Construction Agreement, the agency agreement between the Company and its agent with respect to the IPO, and miscellaneous stock option and consulting agreements, the Company does not presently have any other material contractual obligations.

As at February 28, 2013, the Company had no long-term debt and no agreements with respect to borrowings had been entered into by the Company.

1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.8 Transactions with Related Parties

Related party transactions are as follows:

The Company incurred the following expenditures charged by companies controlled by current and former directors and officers of the Company:

	February 28, 2013	February 28, 2012
Management fees	$ 58,150	$ 222,000
Consulting fees	160,884	108,000
Rent	-	6,000
	$ 219,034	$ 336,000

Due to related parties at February 28, 2013 of $219,034 (August 31, 2012 - $92,642) are payable to the Vice President of Exploration and a former director of the Company, a company with a former common officer and a company with a former common director and the current VP of corporate development, former chief financial officer and former chief executive officer. These amounts are unsecured, non-interest bearing and are payable on demand.

As part of the promissory note private placement closed subsequent to year end on October 31, 2012, the Company's former CFO, the VP of Corporate Development, and a director loaned the Company $20,000, $25,000 and $100,000 respectively.

All transactions with related parties were in the normal course of operations and are recorded at the exchange amount as agreed to by the parties involved.

1.9 Proposed Transactions

Save as disclosed herein, there are no asset or business acquisitions or dispositions currently being proposed by the directors or senior management of the Company that will have a material affect on the financial condition, results of operations or cash flows of the Company.

1.10 Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the statement of financial position, and the reported amounts of revenues and expenses during the reported period.

Significant estimates used in the preparation of the Company's financial statements include, among others, the recoverability of accounts receivable, deferred income tax assets and liabilities, share based payments, the expected economic lives of and the estimated future operating results and net cash flows from mineral properties, other capital assets and property deposits. Actual results could differ from those estimates.

Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized as its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at November 30, 2012 no liability for restoration exists.

Share based payments

Share based payment transactions
Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

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

Equity settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Impairment of nonfinancial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

1.12 Financial and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables,, and amounts due to related parties approximate carrying value because of the short term nature of these instruments.

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. The Company is primarily exposed to credit risk on its bank accounts. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company is currently reviewing financing alternatives to fund its short and long-term cash requirements.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the periods in the financial statements appearing elsewhere in this Prospectus is interest income on Canadian dollar cash. As at February 28, 2013, the Company is not exposed to any significant interest rate risk.

Currency Risk

Cash held in foreign currencies other than the Canadian dollar is subject to currency risk. The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk.

Political / Social Risk

Since the acquisition of the concession, illegal small miners have been active within the Topacio Concession. They have been mining by hand gold-bearing rock material from various veins within the concession and extracting the gold by use of small diesel-powered rotating mills known as "rastras" to grind the ore, then using liquid mercury metal to capture the gold by the amalgamation process. This process contaminates the streams and soil with mercury, a known toxic metal. Six "rastras" are presently working within the concession. FDG has filed a lawsuit against the owner to have this "rastra" removed from the Topacio property. The outcome of this matter cannot be determined at this time. No provision has been made in the financial statements in regards to this matter.

1.13 Other MD&A Requirements

Disclosure of Outstanding Security Data

The authorized capital of the Company consists of an unlimited number of common shares without par value of which there were 76,143,735 common shares issued and outstanding as of April 29, 2013.

The following table summarizes those options, warrants and other rights to acquire or purchase common shares of the Company that are issued and exercisable:

Group	Number of Optionees Within Group	Aggregate Number of Securities	Exercise Price	Expiry Date
Stock Options				
Directors (including past directors) of the Company who are not also executive officers as a group	1	350,000	$0.10	November 6, 2017
Officers of the Company as a group	3	1,001,000	$0.10	July 19, 2017
Officers of the Company as a group	1	500,000	$0.25	May 12, 2016
Officers of the Company as a group	1	200,000	$0.25	September 27, 2016
Officers of the Company as a group	1	449,000	$0.25	January 23, 2017
Officers of the Company as a group	1	500,000	$0.10	May 1, 2017
Directors (including past directors) of the Company who are not also executive officers as a group	2	350,000	$0.25	May 12, 2016
All consultants of the Company as a group	1	100,000	$0.10	January 15, 2015
Finders' Warrants	2	523,200 shares(1)	$0.25	April 26, 2013
Agent's Warrants				
Jordan Capital Markets Inc.	Agent's Warrants	247,216 shares (1)	$0.25	May 12, 2013
TOTAL		4,120,416		

(1) The Company issued 8% of the total number of common shares sold under the SW2 Shares for finder's warrants and IPO to its agent for the IPO warrants ("**Agent's Warrants**") to purchase that number of common shares equal.

There are no assurances that the options, warrants or other rights described above will be exercised or issued in whole or in part.

Except as disclosed above, there are no options, warrants or other rights to acquire common shares of the Company outstanding.

Additional Disclosure for Venture Issuers Without Significant Revenue

The following is a breakdown of the exploration and evaluation expenditures for the three month periods ended November 30, 2012 and 2011 and cumulative to date on the Company's properties:

	Six month period ended		
	February 28, 2013	February 28, 2012	Cumulative to date
	$	$	$
Topacio Concession	**349,570**	587,860	3,271,264
Exploration and evaluation expenditures	**$ 349,570**	$ 587,860	$ 3,271,264

Risks and Uncertainties

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development.

Exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit. The Company has generated losses to date and while following completion of the IPO the Company anticipates that it will have sufficient financial resources to undertake its planned exploration programs for the ensuing year, it will require additional funds to further explore its properties. There is no assurance such additional funding will be available to the Company on commercially reasonable terms or at all. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects. The degree of risk increases substantially where property interests are in the exploration, as opposed to, the development stage and are located in a foreign jurisdiction. All of the Company's property interests are located in Nicaragua and are in the exploration or pre-exploration stage and without a known body of commercial ore. In addition, the Company's mineral resource properties have not been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. The Company may also become subject to liability for hazards against which it is not insured. The mining industry is highly competitive in all its phases and the Company competes with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. Additional risks include the current lack of any market for the Company's securities and the present intention of the Company not to pay dividends. Certain of the Company's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

For a more detailed discussion of the risk factors affecting the Company and its exploration activities, please refer to the Prospectus which can be assessed on the SEDAR website at **www.sedar.com**.

Internal Control over Financial Reporting Procedures

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's unaudited interim condensed consolidated financial statements for the six month period ended February 28, 2013 and 2012 (together the "**Filings**").

The management of the Company has filed the Venture Company Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.