



VVC EXPLORATION CORPORATION

MANAGEMENT'S DISCUSSION AND
ANALYSIS

for the Nine Months Ended

October 31st, 2013

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Form 51-102F1

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**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2013**

This Management’s Discussion and Analysis (“MD&A”) of the Company for the nine months ended October 31, 2013 (the “Period”) was prepared on December 27, 2013 and should be read in conjunction with the Company’s October 31, 2013 condensed unaudited interim consolidated financial statements and related notes, prepared in accordance with International Financial Reporting Standards (“IFRS”). All financial information disclosed in this report was prepared in accordance with IFRS unless otherwise disclosed.

All amounts herein are expressed in Canadian dollars unless otherwise indicated. The technical information in the MD&A has been approved by Peter Dimmell, P.Geo., a mineral exploration consultant and a director of VVC, who is a qualified person (QP) in both Newfoundland and Labrador and Ontario.

FORWARD LOOKING INFORMATION

This MD&A includes forward-looking statements that are subject to risks and uncertainties and other factors that may cause the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general economic and business conditions, which among other things, affect the price of metals, the foreign exchange rate, the ability of the Company to implement its business strategy, and changes in, or the failure to comply with government laws, regulations and guidelines. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information relating to the Company can be obtained from its News Releases and other public documents at the SEDAR website <www.sedar.com>.

BUSINESS OVERVIEW

The Company is a venture issuer reporting in Ontario, British Columbia, Alberta and Quebec. The Company’s common shares trade on the TSX Venture Exchange under the symbol “VVC”.

The Company is in the business of acquisition and exploration of resource properties in the mineral sector. The Company's principal business activity is the exploration and development of gold and base metal mineral properties both nationally and internationally, but principally in Mexico.

Through most of the year, the Company operated in Mexico, through its wholly owned subsidiary, VVC Exploración de México, S. de R.L. de C.V. (“VVC Mexico”). On October 18, 2013, the Company acquired all the issued and outstanding shares of Camex Mining Development Group Inc (“Camex”), a company incorporated under the laws of Canada with its wholly-owned subsidiary, Exploración Meus de Mexico S.A. de C. V (“Meus”), incorporated under the laws of Mexico. Through the acquisition of Camex, the Company acquired a 33.75% interest in Samalayuca Cobre S.A. de C.V. (“Samalayuca Cobre”) and 100% interest in the Escondida property. For more detailed information on the acquisition of Camex is set forth under “Major Transaction” on page 8.

(A) Mineral Properties in Mexico

Cumeral Property

In April 2010, VVC Mexico finalized a formal option agreement with 2 Mexican individuals (the “Optionee”) relating to a 665-hectare (ha) gold mining project known as Cumeral (the “Cumeral Property”) consisting of 3 mining concessions, in the State of Sonora, Mexico. VVC Mexico acquired from the Ministry of Mines, 3 additional concessions covering 5,984 ha, for a total property size of 6,649 ha. These additional concessions are 100% owned by VVC Mexico and are not subject to the Option Agreement. The Cumeral Property is located approximately 140 kilometres south of the City of Tucson, Arizona and 200 kilometres north of the City of Hermosillo. A network of gravel roads and paved highways provide excellent year round access.

The Agreement provided an option to acquire a 100% interest in the Cumeral Property in consideration for US\$800,000 plus applicable taxes (“VAT”) payable over a period of three years and the issuance of 200,000 common shares of the Company. The Cumeral Property is subject to the reservation of a 2% Net Smelter Return. A finder’s fee of US\$5,000 was paid and 130,000 shares of the Company were issued to 3rd parties who were instrumental in arranging the transaction. There is currently only US\$55,000 remaining in option payments.

Located in the under-explored Sierra Madre Occidental along the well mineralized “Sierra La Jojoba” trend, the Cumeral Property is located approximately 15 km northeast of the Mina Lluvia de Oro and Mina La Jojoba deposits which host over 26 million tonnes of measured, indicated and inferred resources grading 0.525 to 0.741 g/t gold (over 500,000 ounces of

gold). This area of Sonora is host to numerous other gold deposits and mines, including Fresnillo PLC's & Newmont Mining Company's La Herradura Gold Mine which in 2009 produced over 255,000 ounces of gold and has proven and probable reserves of 193 million tonnes grading 0.65 g/T gold (4.1 million ounces). Other deposits in the area include the San Francisco (780,000 ounces of gold reserves) and La Colorada (605,000 ounces of measured and indicated gold resources).

Exploration has included geological mapping, prospecting and rock chip sampling (89 samples) over a 120 hectare area in the vicinity of the old pits and shallow shafts (Tularcito area). Four due diligence grab samples returned gold values of 0.03, 3.4, 3.5 and 6.03 g/T and the regional sampling gave values as high as 12.65 g/T, defining five areas of gold/silver mineralization (Areas A to E) associated with alteration (sericite and quartz veining) with associated pyrite and hematite, trending in a northwest-southeast direction. The host units are heavily oxidized quartz sericite to biotite/muscovite schists. The Company also completed 28 air track drill holes totalling 572 metres with 15 holes in Area B and 13 holes in Area C.

Area B, the main area of the artisanal workings, covers an area of 155 by 180 metres. Air track drilling returned values as high as 1.45 g/T gold and 6.74 g/T silver over 14 metres including 4.19 g/T gold over 4 metres. Other values varied from insignificant to 0.42 g/T gold and 14.56 g/T silver over 10 metres. Eight of the holes returned values of 0.1 to 0.4 g/T gold and 1 to 4 g/T silver over widths varying from 4 to 22 metres. Air track drilling on Area C which covered an area of 115 by 200 metres, also gave significant values including 0.44 g/T gold and 0.48 g/T silver over 10 metres, and 0.21 g/T gold and 0.53 g/T silver over widths varying from 6 to 26 metres. Area A which covers an area of 80 by 300 metres, in the northern part of the Property, consists of quartz veins / veinlets carrying minor malachite and azurite. The north copper vein along the contact of a mafic dyke, gave a value of 2.2 g/T gold and 493 g/T silver and 3.73 percent copper from one grab sample. Area D which covers an area of 100 by 270 metres and Area E which covers 140 by 200 metres, located in the southern part of the Cumeral Property, also shows good potential.

In 2011/12, exploration, including geological mapping and rock chip sampling and soil geochemistry was carried out by independent geological consultants, with a National Instrument 43-101 report on the property prepared by Michel Boily, PhD, P.Geo. and filed on SEDAR. Combined results from the 2010-2012 mapping/rock sampling programs show high gold values (i.e 0.5 to > 10 g/t) in hematized and pyritized quartz veins/veinlets associated with mylonitized, gently eastward-dipping, low angle (20° to 40°) faults. Geological mapping in the southern segment of the property has defined at least ten gold-mineralized structures generally confined to areas tested by the air track drilling program of 2010.

A soil geochemical survey carried out to the north of the area covered by the detailed mapping and rock sampling program gave three anomalous areas with values of >50 ppb Au defined within zones characterized by a paucity of outcrops or in unmapped regions (News release June 12/12). The soil geochemistry, in conjunction with gold analyses from rock and soil samples taken from 2010 to 2012, gives a general NNWSSE trend of elevated values extending for 4 km remaining open to the north and south along trend. Preliminary mapping to the west and north of the mineralized zones suggests a similar tectonic / geologic environment with the potential for significant gold-mineralized areas of similar quartz/pyrite/hematite veins.

Rock and soil samples were sent to the ALS Chemex laboratories in Chihuahua, Zacatecas or Hermosillo, Mexico. All Au analyses were by Fire Assay with a gravimetric finish. All other assays were performed by ICP-AES or AAS methods. Samples with ore grade values (>100 ppm Ag, >10,000 ppm Cu) were re-analyzed by ICP-AES or AAS. Gold values in soil samples (at least 25g) were determined by ICP-MS following digestion in Aqua Regia. A compilation map showing the soil geochemical anomalies and gold mineralization is filed on SEDAR as part of the June 12, 2012 news release and is also shown on the VVC website <http://www.vvcexpl.com/news-releases/2012.html>.

The Company plans to carry-out systematic exploration in 2014, including drilling, in all prospective areas. Based on the geological setting and known deposits in the area, it is believed that the Cumeral Property has the potential to host significant gold / silver deposits in the 500,000 to 1 million ounce range. The Company carried out 1,000 meters of reverse circulation drilling in early 2013 to allow the efficient planning of the next phase of exploration to confirm potentially exploitable gold deposits on the Cumeral Property.

Escondida Property

The Escondida property is located in the northern Sonora State, Mexico, 120 km NNE of the city of Hermosillo and approximately 140 km to the south of Tucson, Arizona. It was acquired by the Company in the acquisition of Camex/Meus. It is an epizonal gold-silver-zinc deposit, with three major mineralized structures, covering 178 hectares. The property has shown interesting grade values of silver and gold in surface grab samples. On May 24, 2011, Meus entered into an agreement with three individuals to assign a 100% interest in 2 mineral concessions covering 178 hectares, (the Escondida property), for US\$502,000 (CA\$490,454). The Company agreed to grant in favor of the assignees 1% of "Net Smelter Return" as Royalties derived from the exploitation of the concessions. The Company may acquire preferentially the right to collect royalties by paying the assignees the price of \$US700,000 plus value added tax (IVA).

The Company is currently renegotiating with the Vendors a new payment schedule and will be making a payment after the negotiations are completed. To date the Company has paid an aggregate of \$201,840.00.

The property is located in the Sonoran Desert region, part of the southern Basin and Range of northwestern Mexico in the Mojave-Sonora geological domain, which is composed of Middle Jurassic volcanic and sedimentary strata, as well as fossiliferous Late Jurassic (Oxfordian and Kimmeridgian) beds within a belt traversing the southern parts of the Southern Papago and Nogales-Cananea- Nacozari domains.

A 43-101 report by Michel Boily PhD, P.Geo. dated April 30, 2013 and filed on SEDAR on October 7, 2013, confirms that Escondida represents a property with good silver and lesser gold potential considered to be an epithermal, intermediate sulphidation, target. The known mineralization is in three ENE-WSW-oriented quartz vein swarms - La Generosa, La Discreta and La Abundancia, with silver and gold values in sulphide minerals (acanthite, argentite, galena, jamesonite and pyrrhite and their oxide alteration products (hematite, goethite, limonite). The gold and silver mineralization is associated with high values in As, Sb and Pb. La Generosa swarm is the most enriched in precious metal with averages of 172 ± 495 ppm Ag and 0.70 ± 1.40 Au g/t (n=52). The large standard deviation reflects variations in Ag and Au which are attributed to the heterogeneous distribution of Au and Ag-bearing mineral in the veins. The veins dip steeply to the S/SSE at 60° - 80° and the wall rock is strongly fractured and altered to iron oxide and less frequently, silicified or kaolinitized. The La Generosa quartz veins/veinlets are hosted by gabbroic sills hinting at a genetic association between precious metal enrichment and a mafic protolith.

The majority of the exposed units are part of the Upper Jurassic, rift-related, rocks of the Cucurpe Formation which occupies a narrow, elongate basin of Late Jurassic age termed the Altar-Cucurpe Basin. On the property, the Cucurpe Formation metasediments are composed of black shale, with interbeds of limestone, siltstone and sandstone. The metasediments are deformed according to their competency, with the shale beds showing folding, shears, and thrust faulting. The sedimentary succession is cut by EW-oriented gabbroic dykes/sills with most dipping steeply to the SSW (60° - 75°). Conglomerates and sandstones of the Lower Cretaceous Morita Formation discordantly overlie all units.

A ground magnetic survey and prospecting/geological mapping over a grid 1.2 km x 800 m, with NS-oriented lines at 50 m intervals (Figure 10) is planned. The main objective is to define the gabbroic sills/dykes through their contrasting magnetic signature relative to the Cucurpe shales/sandstones and to locate any surface mineralization. Quartz veins in gabbroic sills/dykes are the target for precious metal mineralization (ie La Generosa veins). This Phase I exploration is expected to cost approximately \$50,000.

Contingent on the Phase I exploration results, diamond drilling with at least six holes will evaluate key targets to verify the depth extension of the veins. Targets are:

- 1) saddle reef mineralization at the western end of the La Discreta vein.
- 2) the two principal veins - La Generosa and La Discreta and the associated mineralized gabbroic dykes/sills.
- 3) the northern end of the property – the depth extension of the La Abundancia and possible mineralization associated with numerous gabbro dykes and sills.

The phase II drilling is expected to cost \$500,000.

La Tuna Property

In March 2010, the Company acquired a 3,533 ha gold project known as “La Tuna” located in the Municipality of Alamos, Sinaloa State, Mexico, at the junction of the Rio Fuerte and Rio Baboyahui rivers. Pursuant to the agreement, VVC Mexico acquired a 100% interest in consideration of a payment of US\$40,000 plus applicable taxes and the issuance of 300,000 common shares of the Company. The Property is subject to a 2% NSR Royalty (the “NSR”) derived from mineral production, with a buy-back option. On March 6, 2013, VVC Mexico entered into an Option Agreement with Exploración Río Placer S. A. de C. V. (the “Optionee”) for its La Tuna Property. During the 12 year term of the Option Agreement, ending on December 31, 2025, the Optionee will have exclusive mining rights to the La Tuna Property and VVC Mexico will be entitled to a 1% Net Smelter Return (“NSR”) Royalty payable on a monthly basis on every dry metric tonne of ore processed up to US\$3,000,000 (CA\$2,997,600) with a buyback option for US\$1,000,000 (CA\$999,200). The Optionee has the option to acquire a 100% interest in the La Tuna concessions by making all required NSR royalty payments and additional payments totalling US\$500,000 (CA\$499,600). US\$20,000 (CA\$20,378), due upon the signing of the agreement, was paid by the Optionee subsequent to the reporting date. The Optionee has given notice of termination to the Company as provided in the Option Agreement.

The La Tuna Property has gold potential in paleo placers, present day placers derived from the paleo placers and vein type deposits such as the La Perdida deposit. The river placer deposit and the paleo-placer zones are located mainly along the Rio Baboyahui near the river junction extending to the Rio Fuerte, an area of approximately 500 by 500 meters. The paleo-placer zone carries gold associated with magnetite (from black sand) which may allow definition of the paleo-channels by magnetic surveys. Limited historical sampling in the period from 1987-91 in a “drift” in the paleo-placer mineralization gave a grade of 1 to 3 g/m³ Au in one of these paleo-channels. Historical data (non 43-101 compliant) from 1994 indicates that the area contains 3.7 million m³ at 2 g/m³, equivalent to approximately 200,000 ounces of gold. It should be noted that the “paleo placer” was sampled as a placer deposit and since it is a hard rock deposit it should be sampled by weight using channel, chip or core samples not bulk samples of cubic metres, which has little relevance in a

hard rock deposit. Given the non 43-101 compliant nature of the “resources” and the sampling method used, the results noted above should be treated with caution.

The “La Perdida” deposit is located in the north-west part of the La Tuna Property. The structure which hosts the deposit, trends north-west and dips 25 degrees to the south-east. Historical results from 4 grab samples taken in 1991 gave values from 3.29 g/t to 16.23 g/t Au, with three of the samples grading more than 10 g/t Au. The samples were taken from the portal (12.49 g/t), from the ore zone within the deposit (3.29 and 16.23 g/t) and from development muck (11.24 g/t).

(B) Mineral Properties in Canada

Timmins area properties (Ontario)

In fiscal 2008, the Company staked a 9 claim unit property in Timmins Township of Ontario (the "Timmins Twp. Property"), located about 50 km southeast of Timmins, in the Abitibi Greenstone Belt of Northern Ontario. The Property, located in the centre of Timmins Township is deemed to be a prime base metals exploration target as it covers a northwest trending zone of strong airborne electromagnetic responses within a complex magnetic system. An initial program comprising line cutting and detailed geophysical surveys including magnetic, VLF and HLEM electromagnetic surveys was completed with 2 drill targets identified. The encouraging results from these surveys justifies further exploration, however no further work has been carried out since the Company is focused on opportunities considered more economically viable in Mexico.

Due to the lack of follow-up exploration, the Timmins Twp. Property was written down to a minimal value although the Company still retains title. The Company currently has no plans for this property as it is focusing its efforts on the Mexican properties, while maintaining an interest in the property.

(C) Segmented Expenditures per Property

To date, the Company has spent the following on its mineral properties:

	La Tuna	Cumeral	Timmins Twp.	Escondida	Total
	01-Feb-13	01-Feb-13	01-Feb-13	01-Feb-13	01-Feb-13
Opening Balance	110,964	1,351,955	2		1,462,921
Administration		4,645			4,645
Drilling and exploration		66,444			66,444
Consulting		44,421			44,421
Geologist		1,771			1,771
Camp and travel		39,960			39,960
Acquisition		88,901			1,928,004
Supervision		140,073			140,073
Assaying and analysis		4,400			4,400
General expenses		290			290
Claims and taxes		16,336			16,336
Recoveries	(20,378)				(20,378)
	90,586	1,759,196	2	1,839,103	3,688,887

	La Tuna	Cumeral	Timmins Twp.		Total
	01-Feb-12	01-Feb-12	01-Feb-12		01-Feb-12
Opening Balance	79,628	863,980	2		943,610
Administration	5138.77	64,645			69,784
Drilling and exploration					0
Consulting					0
Geologist	1,759	31,123			32,882
Camp and travel		2,803			2,803
Acquisition		226,641			226,641
Supervision					0
Assaying and analysis	389	12,139			12,528
General expenses		130			130
Claims and taxes	10,229	70,142			80,371
Recoveries					0
	97,144	1,271,603	2	0	1,368,749

(D) Samalayuca Cobre S.A. de C.V. ("Samalayuca Cobre")

VVC Mexico, through its acquisition of Camex, owns 33.75% of Samalayuca Cobre, the owner of the Kaity claim, which covers stratiform copper mineralization along the Samalayuca Sierra. Firex, S.A. de C.V. 25% owner of Smalayuca is., a mining engineering company who has agreed to provide up to \$7 million for test mining startup and a pilot plant, which could generate cash flow when in production. The remaining interest in Samalayuca is owned 28.125% by Invesmin San Miguel S.A. de C.V. and 13.125% by Inversiones Agrofinancieras de Panama, S.A. The technical details of the project are given below. See "Major Transaction" for more details.

The Kaity property comprises one mining concession totaling 1623 ha and is located in Chihuahua State, approximately 60 km southwest of Juarez MX / El Paso, Texas in northern Chihuahua State. It is road accessible via Highway 45 and a number of roads that extend around the Samalyauca range. The Kaity claim covers a stratiform, sedimentary copper deposit in Permian age, chloritized sandstones carrying significant gold and silver values over a mineralized zone of at least 5 km. The Samalayuca Sierra has been explored for copper since the early 1960's with some, small scale, artisanal mining from open pits carried out over a few years in the 1960's. The artisanal miners have defined a potential lateral extension (strike length) of copper mineralization of at least 4 km. Camex (now owned by VVC Mexico) work has included 395 mostly chip/channel samples, from the various deposits / showings along the trend, most of which gave copper values ranging from 0.1 to 0.8 %, with a number of values >1% copper. From east to west the zones include: La Suerte, La Zorra, La Juliana, La Gloria and La Concha.

A 43-101 report by Michel Boily, PhD, P.Geo., dated April 30, 2013 and filed on SEDAR on October 7, 2013, describes the property and mineralization as follows: "The mineralized rocks form part of a plurikilometer-thick sedimentary assemblage deposited in the Chihuahua trough from the Paleozoic through Early Cretaceous eras. This vast sedimentary trough is a right-lateral pullapart basin that underwent important deformation during the Late Cretaceous-Early Tertiary Laramide orogeny. The sedimentary formations containing the Cu mineralization consist of a cyclic sequence of fine- to coarse-grained sandstones (chloritized quartzites/arenites) with subordinate phyllitic and conglomeratic intervals which exhibit low grade regional metamorphism. The copper mineralization (1-10%) occurs as fine-grained primary and supergene copper sulphides, including digenite, chalcocite, covellite, bornite and chalcopyrite. Oxidized copper minerals such as malachite and azurite are common as coating and in fractures. Metallurgical tests on heap leach and vat leaching processes for Cu-ore beneficiation determined that the optimum procedure is a vat leaching using an ore granulometry of - 3/8", a time of lixiviation of 30 days followed by a wash period of eight days, with industrial grade sulfuric acid concentrations of 3.0%. Exploration work conducted by VVC Exploration since 2010 consists of geological and structural mapping of the key Cu-mineralized areas including the open mined pits. Channel sampling was performed vertically and perpendicular to the strike of all sandstone layers exposed in the mining pits. The assay results from the collected samples served as a basis for calculating an Inferred Resources which was set at 4,100,281 t grading 0.47 wt. % Cu and 5.8 g/t Ag".

Due diligence – Three selected grab samples taken during a due diligence visit by PMD in July, prior to the Camex acquisition by VVC Mexico, gave the following results from selected hand samples: La Gloria Main Pit – 2.77% Cu, 21.2 g/T Ag; La Juliana – 21.6% Cu, 184.8 g/T Ag; La Suerte – 1.38% Cu, 9.5 g/T Ag. The high grade sample from La Juliana was a chalcocite vein in quartz carbonate approximately 2 cm wide while the samples from La Gloria and La Suerte were disseminated malachite and azurite in sandstone, typical of the mineralization noted along the Samalayuca trend.

Plans - Samalayuca Cobre is working with an environmental law firm for authorization from CONANP and SEMARNAT (Mexican government groups responsible for the environment) for the environmental and mining permits. The Project is supported by the local community in this process. Samalayuca Cobre is on track to start mine preparation work in early 2014. Firex S.A. de C.V., has signed a contract with Samalayuca Cobre to manage the mining process and provide up to \$7 million in start-up loans to Samalayuca Cobre. Some previously mined low grade material is available on site for the first heap leach pad planned for early to mid summer 2014 to test and fine tune the heap leach system while the first mined material is planned for a heap leach pad in mid to late summer 2014. If all goes as planned, the first revenues could be received in August or September, 2014. Note that a feasibility study has not been completed and there is no certainty that the proposed operation will be economically viable or will conform to the planned timetable.

SELECTED ANNUAL INFORMATION

Set forth below is a summary of the financial data derived from the Company's consolidated financial statements for the past 3 years (CA\$).

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue	\$ -	\$ -	\$ -
Net loss for the year	(720,950)	(973,306)	(3,192,393)
Total assets	2,060,046	1,058,338	902,029
Mineral exploration properties written off	-	-	1,733,327
Stock-based compensation	98,484	204,610	143,869

RESULTS OF OPERATIONS – THREE MONTHS

The Company had an operating loss of \$329,282 for the three months ended October 31, 2013 as compared to \$120,541 for the same period in 2012. The significant changes were in management and consulting fees which was \$116,240, or \$99,740 more than the same period in 2012 which was \$16,500.

Due to lack of funds in 2012, management decided to take a reduction in compensation to ensure funds were available to complete budget projects and mineral explorations. The Company is experiencing similar financial challenges in the current period. It was, however, decided that management, while not getting the cash currently, would continue to accrue the fees due to them.

In lieu of receiving cash for current services, management and some consultants were approved for compensation shares. During the period, 1,275,000 common shares were issued as compensation shares to management and certain consultants, valued at \$63,750.

Professional fees increased by \$14,140 from \$37,010 in 2012 to \$51,150 in 2013. The increase in professional fees was a result of the legal fees associated with the due diligence and legal counsel associated with the acquisition of all of the issued and outstanding shares of Camex. The acquisition provides the Company with valuable and property acquisitions and exposure to additional capital to monetize those properties.

Office and sundry expenses had a significant increase of \$53,709. The expense was \$7,800 in 2012 and \$61,509 in 2013. Office and sundry includes \$25,000 in director fees paid by the issuance of 500,000 compensation shares. Additionally, the Company paid \$28,970 to the TSX Venture exchange in filing fees related to the acquisition of Camex.

Investor relations also experienced an increase over 2012 of \$25,842. The expense increased from \$12,805 in 2012 to \$38,647 in 2013. The expected increase is a result of meetings, roadshows and investor relations activity associated with the Camex transaction and securing relationships to assist with future financings.

RESULTS OF OPERATIONS – NINE MONTHS

The Company's operating loss for the nine months ended October 31, 2013 was \$691,702 compared to a loss of \$707,291 for the same period in 2012. Although the loss in 2013 was \$15,592 less than 2012, a number of operating expenses saw significant increases over 2012, namely: management and consulting fees - \$89,950, professional fees - \$43,075, office and sundry - \$59,388 and investor relations - \$23,727.

As was previously disclosed, professional fees and investor relations were expected increase over 2012 as these expenses had a direct bearing on the acquisition of Camex. Due diligence costs contributed to over \$70,000 in professional fees in the current year. The professional fees associated with the transaction started in 2012 and were continued in 2013.

Similarly, the \$23,727 increase in investor relations expense was a result of meetings, shareholder communication, roadshows and other investor communication required to build confidence in the Company's Camex transaction along with encouraging future financing opportunities.

Due to lack of funds in 2012, management decided to take a reduction in compensation to ensure funds were available to complete budget projects and mineral explorations. The Company is experiencing similar financial challenges in the current period. It was, however, decided that management, while not getting the cash currently, would continue to accrue the fees due to them.

In lieu of not receiving the cash for current services, management some consultants were approved to receive compensation shares. During the period, 1,275,000 common shares were issued as compensation shares to management and certain consultants, valued at \$63,750.

Office and sundry includes \$25,000 in director fees paid by the issuance of 500,000 compensation shares. Additionally, the Company paid \$28,970 to the TSX Venture exchange in filing fees related to the acquisition of Camex.

The increases in the above expenses were offset by a non-cash reduction in stock-based compensation of \$82,087, and a non-cash expensing of re-valued warrants of \$176,371 in 2012. The warrant expensing was done in Q1 of 2012, but was adjusted in Q4 of 2012.

In July of 2012, the Canadian Institute of Chartered Accountants' ("CICA") IFRS discussion group addressed the issue of expensing revalued warrants. The group concluded that, while this treatment was previously accepted as being appropriate, it felt that this accounting treatment was no longer necessary and any warrant revaluation should remain in equity. In light of the CICA's IFRS Discussion group conclusion, the Company felt it appropriate to reverse the formerly acceptable treatment of this expense.

There were no stock options granted in the last eighteen months, as a result, the Company had minor a stock option expense for the nine months ended October 31, 2013 of \$7,525. Stock option expense was \$89,612 in 2012.

SUMMARY OF QUARTERLY RESULTS

Set forth below is a summary of the financial data derived from the Company's consolidated financial statements of the 8 most recently completed quarters.

	<u>Oct</u> <u>31/13</u>	<u>Jul</u> <u>31/13</u>	<u>Apr</u> <u>30/13</u>	<u>Jan</u> <u>31/13</u>	<u>Oct</u> <u>31/12</u>	<u>Jul</u> <u>31/12</u>	<u>Apr</u> <u>30/12</u>	<u>Jan</u> <u>31/12</u>
Operating Costs	302,298	208,627	161,680	7,056	124,998	243,143	356,529	249,314
Loss on disposition of asset	-	-	-	-	-	-	3,832	-
Foreign exchange	(26,984)	(484)	8,371	(1,235)	(4,457)	-	-	-
Income taxes				7,835	-	-	-	-
Write-down of accounts	-	-	-	-	-	-	-	213,163
Gain on sale of investments	-	-	-	-	-	-	-	36,575
Net (loss)	(329,282)	(209,111)	(153,309)	(13,656)	(120,541)	(226,392)	(360,361)	(426,889)

MATERIAL EVENTS OVER THE EIGHT MOST RECENT QUARTERS

Over the last eight quarters, the Company experienced a number of unusual events that resulted in the Company's losses being magnified.

In Q3 2013, the Company acquired Camex by issuing 59,900,000 common shares at a value \$0.05 per share for a total purchase price of \$2,995,000. Closing the Camex transaction resulted in a number of unusually high expenses for the quarter compared to previous quarters.

Management and consulting fees increased by approximately \$60,000 over the previous quarter, primarily driven by the value of the 1,275,000 compensation shares issued to management and consultants.

Office and sundry also increased by approximately \$30,000 over Q2 2013. This increase was a result of the fees paid to the TSX venture exchange for closing the Camex Transaction.

In an effort to focus its energy on high potential exploration projects, mainly in Mexico, the Company wrote off many of its exploration properties in Q4 2011 and is now in a position to dedicate its financial and operational resources to the Cumeral, Escondida, Samalayuca Copper Project and La Tuna properties in Mexico.

In Q4 2012, the Company wrote off \$213,163 of IVA taxes receivable as the Company is experiencing some challenges collecting it from the Mexican Government.

Since October 2011, the Company has been incurring interest expense as a result of \$504,562 (Originally -\$613,807) of related party loans to the Company via promissory notes that bear interest rates ranging from 12% to 15% per annum. The interest expense incurred in 2013 represents the amount that is expected to be incurred annually until the debt associated with this expense is satisfied. Should the Company raise additional debt financing, this amount would increase.

DISCUSSION OF OPERATIONS

Prior to October 19, 2013, the Company had one major property in which it was focussing significant financial and operational resources. The Cumeral property, a 665 ha gold mining project, located in the State of Sonora, Mexico has proven to have good potential for significant gold/silver mineralization. The Company has therefore designed a 2013-2014 strategy round further prospecting, geological mapping, diamond drilling and assaying to allow for better prioritization of targets. In specific areas of the property, the Company intends to carry out further grass-root exploration including, a) extending the soil geochemistry to the NW and SE along strike – use the regional prospecting to target the soil geochemistry; b) detailed prospecting / mapping on soil anomalies as they are found to define drill targets; c) diamond drill the A and B mineralized zones using the existing soil geochemistry to target the drilling plus drill any new soil anomalies located; d) diamond drill the C, D and E zones using the new target model generated from the 2012 RC drilling.

The budget for the above is estimated to be approximately \$300,000 with approximately \$200,000 of this amount planned for the diamond drilling phase. The remaining \$100,000 will be spent on geology, geochemistry, assaying and other ancillary costs associated with the exploration program. The Company's current financial position, casts doubt on its ability to execute on this program and the Company has deferred the start of the program to later in 2014, as it is currently committing significant time and effort in sourcing capital.

During 2013, the Company completed a major transaction in acquiring Camex. This acquisition exposed the Company to a number of additional opportunities. Details of the acquisition are set forth below under "*Major Transaction*"

As part of the Camex acquisition, the Company beneficially acquired the "Escondida" Property. This property has received recommendations for additional development and exploration as preliminary results show the potential for significant mineralization. The Company has not yet planned exploration for 2014 however this exploration is pending acquisition of funds.

The Company also beneficially acquired 33.75% interest in Samalayuca Cobre which owns the Kaity Claim ("Samalayuca Copper Project"). Previously mined, low grade copper mineralization, is available on site for delivery to the first heap leach pad planned for early to mid summer, 2014, in order to test and fine tune the heap leach system.

A Mexican company, specializing in construction and operation of open pit mining projects, Firex S.A. de C.V., has signed a contract with Samalayuca Copper to manage the mining process and provide up to \$7 million in start-up loans. The operation is hoped to be revenue producing by the 3rd quarter of 2014. Pursuant to a Loan Agreement dated September 7, 2011 and amended on January 26, 2012, Camex is committed to pay the cost of obtaining all necessary permits up an aggregate of \$2 million. As at October 31, 2013, Camex had advanced \$176,000 to Samalayuca Cobre and accrued \$16,000 of interest. Additional advances to-date by the Company amounts to \$85,000.

Major Transaction

On October 18, 2013, the Company completed the acquisition of Camex and its wholly owned Mexican Subsidiary, Meus. The Company acquired all of the issued and outstanding shares of Camex, including common, preferred, non-voting, voting and participating shares, as well as all options, warrants and other securities convertible into shares of Camex, in exchange for the issuance of 59,900,000 common shares of the Company. With this acquisition the Company acquired additional mineral properties in Mexico, along with an interest in the Samalayuca Copper Project where production is planned for this year.

Details of the business combination are as follows:

Fair value of 59,900,000 shares issued	\$ 2,995,000
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Recognized amounts of identifiable net assets:	
Cash	\$ 4,266
Trade, other receivables and prepaid expenses	438,022
Notes receivable	376,099
Investments in the equity of other companies	525,236
Property and equipment	11,548
Mineral property and exploration costs	1,839,103
Trade payables	(37,763)
Short-term debt	(161,511)
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Net assets acquired	\$ 2,995,000
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The acquisition was settled by issuing 59,900,000 shares of the Company. The fair value of the shares issued was based on the market value of the Company's traded shares on the acquisition date.

All acquisition related costs amounting to \$128,970 have been recognized as an expense in the consolidated statements of comprehensive loss and deficit.

Included in investments in the equity of other companies is 5,058,594 shares of the Company valued at \$252,930. Since the Company is not allowed to hold its own shares as an investment, the shares were considered to have been redeemed on the date of acquisition.

Camex has contributed nil to the Company's operations since the acquisition date due to not having any activity for the period from the acquisition to October 31, 2013. Had the acquisition occurred on February 1, 2013, the Company's comprehensive loss would have been \$728,818. These amounts have been determined by applying the Company's accounting policies and eliminating certain expenses that would not have been incurred had the acquisition taken place on February 1, 2013.

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2013, the Company had a working capital deficiency of \$236,778 compared to a working capital deficiency of \$100,215 at January 31, 2013. The Company continues to experience losses. The Company will need seek financing within before the end of the year as it does not have sufficient capital to cover its operating expenses and meet its exploration programs. Accounts payable continues to increase due to lack of funds to cover its expenses. Accounts payable increased from \$182,022 at January 31, 2013 to \$326,801 at October 31, 2013. Additionally, the Company has not been able to reduce its debt, so interest expense continues to grow.

At October 31, 2013, the Company had current assets of \$277,369 (January 31, 2013 - \$594,204). This amount is not sufficient to cover the Company's operating expenses and exploration commitments approximating \$700,000 and \$325,000 respectively. Additionally, the company is planning to spend approximately \$1,000,000 on exploration programs in 2014. To obtain financing, the Company may need to issue common shares or obtain funding through additional promissory notes.

Due to the exploration stage of the Company, it has not generated in revenues or profits. As a result, the Company's funding has historically come either through the sale of shares, exercise of options and or warrants or the borrowing of funds from third parties. As a result of the recent low trading range of the Company's shares, it is unlikely that it will be able to obtain funding through the exercise of any of its 28,571,620 warrants or 2,621,000 options currently outstanding. The lack of revenue and income also make it challenging to borrow funds. The Company is therefore left with the most likely source of funding to be the sale of treasury stock through private placement offerings. The Company is currently in the process of raising financing through a Private Placement up to a maximum of \$1 million. To date has been determined as to when this financing will be closed.

The closing of the major transaction with Camex provides management with a high degree of confidence that it will be able to raise additional capital to make its committed option payments, complete the proposed exploration programs cover its operating expenses and settle its current accounts payable.

To assist with the current lack of funds, On December 13, 2013, the Company entered into a Credit Agreement with Palos Palos Merchant Bank LP for a short-term loan of \$50,000, secured by a promissory note bearing interest at 12% per annum, compounded monthly. The principal balance of the loan and accrued interest is due on December 12, 2014.

It is important to note, however, that although the Company has been successful in the past in raising funds, there can be no assurance that any funding required by the Company in the future will be made available to it and, if such funding is available, that it will be offered on reasonable terms.

GOING CONCERN

The ability of the Company to continue as a going concern is dependent on the successful completion of actions taken or planned. In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As at October 31, 2013, the Company has accumulated losses of \$28,147,439 and has a working capital deficit of \$236,778.

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The condensed unaudited consolidated financial statements and this MD&A do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

OFF-STATEMENTS OF FINANCIAL POSITION ARRANGEMENTS

There are no off-statement of financial position arrangements.

RELATED PARTY TRANSACTIONS

Compensation to key management personnel were as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
Compensation	\$ 59,000	\$ 41,500	\$ 203,000	\$ 157,000
Share-based payments (1)	58,750	16,170	64,705	68,935
Total	\$ 117,750	\$ 57,670	\$ 267,705	\$ 225,935

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the period or compensation shares issued.

During the period, the Company paid \$17,500 to an individual related to the president of the Company for consulting services rendered in assisting the Company with arranging financing. The assistance came by way of arranging meetings, introductions and roadshows.

OUTSTANDING SHARE DATA

a) Outstanding Common Shares

	Number of shares
Balance, October 31, 2013	132,651,115
Balance, December 20, 2013	132,651,115

b) Warrants and Stock Options

The continuity of the outstanding share purchase warrants at October 31, and December 20, 2013 is as follows:

Expiry Date	Exercise Price	Balance January 31, 2013	Warrants Issued	Warrants Exercised	Expired/ Cancelled	Balance July 31, 2013
April 11, 2014*	\$0.12 - \$0.18	1,650,000	-	-	-	1,650,000
August 31, 2014	\$0.12 - \$0.18	7,751,620	-	-	-	7,751,620
January 29, 2014	\$0.12 - \$0.18	19,170,000	-	-	-	19,170,000
	\$0.12 - \$0.18	28,571,620	-	-	-	28,571,620

* Prior to expiry, the expiry date of 9,521,430 warrants initially issued on April 11, 2011 and expiring April 11, 2012, was extended to April 11, 2014 and the exercise price was amended to \$0.12 in the first year of the extended period and \$0.18 in the second year.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at October 31, 2013 and December 20, 2013 are as follows:

Options Outstanding			Options Exercisable		
Exercise Range	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price
\$0.15 - \$0.20	1,200,000	\$ 0.20	7.97	1,200,000	\$ 0.20
\$0.28 - \$0.29	575,000	\$ 0.28	0.89	575,000	\$ 0.28
\$0.30 - \$0.30	586,000	\$ 0.30	1.03	586,000	\$ 0.30
\$0.36 - \$0.36	260,000	\$ 0.36	0.69	260,000	\$ 0.36
	2,621,000	\$ 0.26	4.14	2,621,000	\$ 0.26

No stock options were granted during the period.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, other receivable and accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The fair value of financial assets and liabilities together with the carrying amounts in the consolidated balance sheets are as follows:

	October 31, 2013	January 31, 2013
Fair value through profit or loss, measured at fair value:		
Cash and cash equivalents	\$ 21,944	\$ 513,674
Loans and receivable, measured at amortized cost:		
Accounts receivable	\$ 59,613	\$ 65,530
Note receivable	\$ 176,000	\$ -
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	\$ 326,801	\$ 182,022
Short-term debt	\$ 179,511	\$ -
Due to related party	\$ -	\$ 504,562

The fair value of the Company's financial assets and liabilities approximates their respective carrying values as at the balance sheet dates because of the short term maturity of these instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

At October 31, 2013 and January 31, 2013, cash was measured using level 1 inputs.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and certain of its receivables. The Company does not consider these financial instruments to be exposed to significant credit risk.

Liquidity Risk

The Company has no income and relies on equity financing to support its exploration programs. Management prepares budgets and ensures funds are available prior to commencement of any such program. As at October 31, 2013, the Company does not have sufficient capital to fund its operations over the next twelve months. As at October 31, 2013, the Company had a cash balance of \$21,944 and \$513,674 on January 31, 2013 to settle current liabilities of \$514,147 at October 31, 2013 and \$694,419 at January 31, 2013

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk is remote since the Company is not a producing entity.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The Company does engage in significant transactions and activities in currencies other than its reported currency. The Company's exploration activities are primarily in Mexico; accordingly, the resulting assets and liabilities are exposed to foreign exchange fluctuations.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in Mexican Pesos. Sensitivity of closing balances to a plus or minus 10% change in foreign exchange rates, with all other variables held constant, would affect net income by approximately \$3,985.

OTHER MD&A REQUIREMENTS

Risks

The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative.

The recoverability of amounts shown as mining interests, and property plant and equipment, is dependent upon a number of factors including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying assets, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

There can be no assurance that any funding required by the Company will become available to it, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects, or that they can be secured on competitive terms.

OUTLOOK

The Company's primary focus is the exploration of its wholly owned, Cumeral and Escondida, properties in Sonora State and near production, partially owned, Samalayuca mineral property in Chihuahua State, Mexico. Work on these properties is dependent upon the company raising significant exploration funding through private placements now ongoing. If exploration funding cannot be accessed these projects provide good joint venture opportunities for companies looking to acquire projects in Mexico.



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