TAKARA RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

YEAR ENDED

DECEMBER 31, 2013

Note to readers

This management discussion and analysis ("MD&A") is prepared as at April 29, 2014 and should be read in conjunction with the December 31, 2013 audited consolidated financial statements and notes thereto of Takara Resources Inc. ("Takara" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board (IASB). All figures are in Canadian dollars unless stated otherwise. 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 the Company'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. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at www.sedar.com.

The Company completed a ten-for-one consolidation of its common shares prior to the year ended December 31, 2013, as approved at the Annual General and Special Meeting of the Company's shareholders held on November 28, 2013. All current and comparative common share and per share amounts have been retroactively adjusted to reflect the ten-to-one stock consolidation.

Cautionary Note Regarding Forward-Looking Statements

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 reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Takara 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 Takara to fund the capital and operating expenses necessary to achieve the business objectives of Takara, 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 Takara. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Takara should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A 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.

REPORT DATE

The information in this report is presented as of April 29, 2014.

Overview

Takara is a mineral exploration company that, in late 2013, established its primary focus on uranium assets located in the Athabasca Basin region of Saskatchewan, Canada.

Due to the difficult market conditions facing junior gold exploration companies for the last two years, Takara began to investigate new opportunities. On December 14th, 2013 the Company entered into an agreement with a private company in respect of the acquisition of a 100% interest in mineral claims prospective for uranium exploration in the northwest region of the Athabasca Basin, Saskatchewan. The claims comprise 19,180 hectares located in the uranium-prolific Beaverlodge District, near Uranium City, Saskatchewan, where the former Eldorado Mining and Refining Limited, predecessor company to Cameco, operated its uranium mines. In addition, the Company closed the previously announced sale of its interest in its exploration assets in Guyana

Highlights for the year Ended December 31, 2013

Mineral Properties

On December 14th, 2013, as described above, the Company made the decision to focus on uranium exploration in the Athabasca Basin in northern Saskatchewan. In connection with this transaction, Takara issued 4,740,000 common shares and paid $74,000 in cash to the vendor and its shareholders (together the "Vendor"), in consideration for the acquisition of all of the issued and outstanding common shares of the Vendor, Duckhorn Capital Inc., a private company holding rights to the uranium project. Further, Takara has advanced $10,000 for a 43-101 compliant geological report.

The Company also holds in good standing, mineral exploration rights for the Miskamowin nickel project in the Thompson Nickel Belt, Manitoba, a project prospective for nickel sulphide mineralization. Takara has no immediate plans for exploration work on this project but will review plans in the near future.

During the year ended December 31, 2013, the Company relinquished all of its obligations and rights in respect of its exploration activities in Guyana. On December 5, 2012, the Company entered into an option agreement (the “Option Agreement”) to sell its wholly-owned subsidiary, StrataGold Guyana Inc. (“StrataGold”), to Alicanto Minerals Limited (“Alicanto”), an Australian exploration company listed on the Australian Stock Exchange. StrataGold holds 100% of Takara’s Guyana-based mining interests. Pursuant to the terms of the Option Agreement, Alicanto paid $100,000 to Takara in consideration for the option to enter into a share purchase agreement prior to December 14, 2012. The $100,000 was payable in two tranches; $25,000 on signing of the Option Agreement and $75,000 upon execution of the definitive share purchase agreement. Since the date of the option on December 5, 2012, Alicanto has paid Takara $600,000 cash towards the purchase price, and has paid the ongoing operating costs (approximately $157,000) of StrataGold over the ensuing months to the closing that occurred on April 12, 2013. The operating results for the year ended December 31, 2013 and 2012 related to StrataGold have been presented separately as income (loss) from discontinued operations, the Company reported the net income from its Guyana operations of $501,873 for the year ended December 31, 2013 (2012 – Net loss of $459,614) as a discontinued operation.

Results of Operations for the year ended December 31, 2013

Analysis of the year ended December 31, 2013 vs the year ended December 31, 201

For the year ended December 31, 2013, Takara reported a net loss of $388,746 compared to a net loss of $1,139,793 for the year ended December 31, 2012. The main reason for the decrease in the net loss is the sale of the Company's wholly owned subsidiary, StrataGold, for $600,000 which closed on April 12, 2013, and efforts made to reduce operational costs due the current market conditions and reduced business activity offset by the exploration expenditures incurred during the year for the acquisition of the uranium properties described above.

Expense Summary

A summary of the activity for the year ended December 31, 2013 and 2012 is as follows:

	2013	2012	2011
Expenses			
Promotion and shareholder communication	19,634	84,605	138,813
General and administrative	353,089	447,313	742,333
Exploration and evaluation expenditures	407,436	-	8,148
Professional fees	39,953	79,103	202,917
Share based payments	-	4,013	161,975
	(820,112)	(615,034)	(1,254,186)
Other items			
Gain on disposal of marketable securities	-	49,439	-
Unrealized loss on investments in marketable securities	(87,549)	-	
Loss on disposal of equipment	(29,181)	(11,378)	-
Gain (loss) on foreign exchange	46,004	(47,199)	33,471
Interest income	219	2,166	24,574
Write-off of accounts receivable	-	(58,173)	-
Loss from continuing operations before recovery of income taxes	(890,619)	(680,179)	(1,196,141)
Income tax expense	-	-	(5,497)
Net loss from continuing operations	(890,619)	(680,179)	(1,201,638)
Income (loss) from discontinued operations, net of tax	501,873	(459,614)	(5,929,151)
Net loss for the year	(388,746)	(1,139,793)	(7,130,789)
Other comprehensive loss (item may be reclassified subsequently to net loss)			
Unrealized loss on marketable securities	(159,328)	(438,221)	-
Less: Recycling to income statement for impairment	87,549	-	-
Other comprehensive loss	(71,779)	(438,221)	-
Total comprehensive loss for the year	(460,525)	(1,578,014)	(7,130,789)
Basic and fully diluted income (loss) per common share			
Loss per share – from continuing operations	(0.09)	(0.07)	(0.13)
Income (loss) per share – from discontinued operations	0.05	(0.05)	(0.65)
Loss per share – net loss	(0.04)	(0.12)	(0.78)

The decrease in promotional and shareholder communication for the year ended December 31, 2013, compared to the year ended December 31, 2012, is due to lower investor relations activates due to a lack of business activity for the Company.

General and administrative expenses for the year ended December 31, 2013 were $353,089, as compared to $447,313 ending December 31, 2012. The decrease was due to reduced expenses associated with the curtailment of business activities offset by the costs associated with the sale of StrataGold.

During the year ended December 31, 2013 there was a reduction in professional fees compared to the year ended December 31, 2012 due to reduced business activity during 2013.

Exploration Activities and Expenditures

For the year ended December 31, 2013, the Company refocused its exploration efforts on a newly acquired land package in Saskatchewan targeting uranium in the Athabasca region. All exploration projects in Guyana were discontinued and disposed of. The Company has maintained its rights in respect of its Miskamowin project in the Thompson Nickel Belt, Manitoba.

Details of the cumulative life of project expenditures are as follows;

	December 31, 2013	December 31, 2012	December 31, 2011
Guyana Gold Projects:			
Tassawini Gold Project			
Acquisition	$ -	$ 3,022,727	$ 3,022,727
Exploration	-	2,927,093	2,725,622
Arakaka Gold Project (formerly BRL)			
Acquisition	-	3,604,473	3,604,473
Exploration	-	834,948	629,160
Total	**-**	**10,389,241**	**9,981,982**
Miskamowin Nickel Project			
Acquisition	45,834	45,834	45,834
Exploration	406,676	406,676	406,676
Total	**452,510**	**452,510**	**452,510**
Athabasca Basin Uranium Project			
Acquisition	399,136	-	-
Exploration	8,300	-	-
	407,436	**-**	**-**
Total Project Exploration Costs	**$ 859,946**	**$ 10,841,751**	**$ 10,434,492**

Other Expenses

Unrealized loss on investments in marketable securities totaled $87,548 (2012 – NIL) as management determined that the reduction in the market price for the underlying equity represented a prolonged impairment and the reduction from carrying value to market value was charged to net loss as opposed to other comprehensive income as in previous years. Subsequent to the year end, the Company disposed of the securities for net proceeds of $72,037.

Liquidity and Capital Resources

Cash and equivalents totaled $222,714 as at December 31, 2013 vs $99,263 as at December 31, 2012. Net working capital as at December 31, 2013 totaled $16,355 compared to $83,640 as at December 31, 2012.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Takara may change and shareholders may suffer additional dilution. During the year ended December 31, 2013, adequate financing has not been available, and accordingly, the Company has reduced the scope of its current exploration activities and has relinquished its obligations and rights to certain of its interests.

During the year ended December 31, 2013, the Company had issued 2,560,000 flow through shares for the gross proceeds of $128,000. On April 11, 2014 the Company announced a non-brokered private placement offering of up to $350,000 by the issuance of Units, at a price of $0.05 per Unit. Each Unit is comprised of one common share and one-half of one purchase warrant, exercisable at a price of $0.10 per share for a period of eighteen months. Depending on market conditions, there is no assurance that the full offering amount will be subscribed for and a lesser amount may be raised.

As an exploration stage Company without a revenue stream, the Company budgets and plans exploration and administrative expenses, and closely monitors its monthly expenditures, investments and cash position.

Summary of Quarterly Results

	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net income/(loss)	$ (588,354)	$ (83,954)	$ 447,314	$ (163,752)
Basic and fully diluted loss per common share:				
Continuing operations	(0.09)	(0.01)	(0.04)	(0.00)
Discontinued operations	-	-	0.05	(0.00)
Net loss	(0.09)	(0.01)	0.01	(0.00)

	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net loss	(355,779)	$ (207,605)	$ (205,360)	$ (371,049)
Basic and fully diluted loss per common share:				
Continuing operations	(0.04)	(0.02)	(0.02)	(0.04)
Discontinued operations	-	-	-	-
Net loss	(0.04)	(0.02)	(0.02)	(0.04)

The Company’s level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company’s prior exploration activities on its properties and the amount of expenditure required to advance its projects.

Capital Stock Information

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Board of Directors. The holders of the common shares of the Company are entitled to vote at all shareholder meetings and to receive such dividend as the Board of Directors of the Company in their discretion shall declare.

Issued and Outstanding

The total number of issued and outstanding securities of the Company as at December 31, 2013 and April 29, 2014 was 16,782,647 common shares. As at December 31, 2013, there were 136,000 brokers' warrants outstanding with an exercise price of $0.05, expiring December 31, 2014.

On November 28, 2013 the shareholders of Takara approved a special resolution to approve the amendment to Takara's Articles to consolidate all of the issued common shares of Takara on the basis of ten old shares for one new share. Subsequent to share consolidation, the Company also completed the first phase of the first tranche of its private placement offering announced on December 20, 2013, by the issuance of 2,560,000 flow through common shares for gross proceeds of $128,000

Incentive Stock Option Details

As at December 31, 2013 there were no stock options outstanding.

Related Party Transactions

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company for management consulting, geological consulting and other services required by the Company.

(a) Management compensation

The remuneration of officers and directors of the Company operating in a management capacity for the years ended December 31, 2013 was $113,333 (2012 - $183,513). Of this amount $113,333 (December 31, 2012 - $179,500) represents fees & salaries and $Nil (December 31, 2012 - $4,013) represents share based payments.

Fees to members of the Special Committee of the Board of Directors for years ended December 31, 2013 were $50,000 (December 31, 2012 - $22,000).

(b) Related party transactions

As at December 31, 2013, $Nil (December 31, 2012 - $83,035) is owed to CapEx Group Inc. (a company controlled by the President and CEO of the Company) for the expenses incurred on behalf of Takara Resources Inc. by the President and CEO and is recorded as amounts payable to related parties on the statement of financial position.

As at December 31, 2013, $816 (December 31, 2012 - $26,438) is owed to Satori Resources Inc. ("Satori") towards rent and shared services. The Company and Satori have one director in common. The amount is recorded as amounts payable to related parties on the statement of financial position.

As at December 31, 2013, $934 (December 31, 2012 - $4,244) is owed to the Company by Satori Resources Inc. ("Satori") towards rent and shared services. The amount is included in HST and accounts receivable on the statement of financial position.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

		31-Dec-13		31-Dec-12
Corporate expenses	$	820,113	$	615,034
Total assets		328,500		682,075

Corporate Expenses		Year ended 31-Dec-13 Expensed		Year ended 31-Dec-13 Expensed
Promotion and shareholder communication	$	19,635	$	84,605
General and administrative		353,089		447,313
Exploration and evaluation expenditures		407,436		
Professional fees		39,953		79,103
Share based payments		-		4,013
Corporate Expenses	$	820,113	$	615,034

Outstanding share data	31-Dec-13	31-Dec-12
Issued and outstanding common shares	16,782,647	9,482,647
Outstanding options to purchase common shares	-	370,067
Fully-diluted	16,782,647	9,852,714

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at December 31, 2013.

Risks and Uncertainties

The exploration and development of mineral deposits involves significant risks over an extended period of time which requires a combination of careful evaluation, experience and knowledge. The Company may not be able to mitigate these significant risks. Few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be primarily related to its ability to finance its working capital and operations which will be in part related to the cost and success of its exploration programs. Additionally, there are a number of factors beyond the control the Company including but not limited to the availability of skilled personnel, qualified vendors, construction and production targets, timetables, anticipated timing of grant of permits and governmental incentives, favourable commodities markets, contractual commitments, litigation matters, the inability to

mitigate financial and operational risks, inability to have access to the capital markets and the availability of critical equipment.
Substantial expenditures are required to establish reserves through drilling to determine the technical and economic feasibility of mining and extracting resources from them and, if warranted, to develop the mining, processing facilities and infrastructure at any chosen site. Although substantial benefits may be derived from the discovery of a mineralized deposit, it is impossible to ensure that the current mineral properties in which the Company has an interest will result in profitable mining operations. Furthermore, there can be no assurance that the Company's estimates of future exploration expenditures will prove accurate and actual expenditures may be significantly higher than currently anticipated. Determining if a deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit including the size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use and environmental protection. As the effect of these factors cannot be accurately predicted, any combination of them may result in the Company not receiving an adequate return on its invested capital, if any.

The exploration and development of mineral projects always involves significant risks over an extended period of time. Even where a combination of careful evaluation, experience and knowledge are evident, there is no assurance that an exploration project can be profitable or successful. The long-term viability of the Company's operations will be in part correlated to the cost and success of its exploration programs, which may be affected by a number of factors beyond the control of the Company including but not limited to commodity prices, the availability of skilled personnel, qualified vendors and critical equipment.

The operations of the Company are speculative due to the nature of the Company's business. An investment in securities entails a number of risks factors, which should be considered carefully; the following risk factors pertain to the business operations of Takara, include, but are not limited to the following:

Nature of Mineral Exploration and Mining
The exploration and development of mineral deposits involves significant risks over an extended period of time which even a combination of careful evaluation, experience, and knowledge may not eliminate, and few properties which are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be in part related to the cost and success of its exploration programs, which may be affected by a number of factors out of the Company's control, such as the availability of skilled personnel, qualified vendors, construction and production targets, timetables, anticipated timing of grant of permits and governmental incentives, expected continuity of a favourable nickel and other commodities markets, contractual commitments, litigation matters and measures of mitigating financial and operational risks, continuous access to the capital markets, and the availability of critical equipment.

Substantial expenditures are required to establish reserves through drilling, to determine the technical and economic feasibility of mining and extracting them, and, if warranted, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, it is impossible to ensure that the current proposed exploration programs on the properties in which the Company has an interest will result in profitable mining operations. Furthermore, there can be no assurance that the Company's estimates of future exploration expenditures will prove accurate, and actual expenditures may be significantly higher than currently anticipated. Whether a deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use, and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital.

Mineral Deposits and Production Costs; Commodity Prices

The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, the cost of operations, and fluctuations in the sales price of products. The value of the Company's mineral properties is heavily influenced by commodity prices. Commodity prices can and do change by substantial amounts over short periods of time, and are affected by numerous factors beyond the control of the Company, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's properties can be mined profitably. Depending on the price received for minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Exploration, Development and Resource and Reserve Estimates

The exploration and development of natural resources involve a high degree of risk and few properties, which are explored, are ultimately developed into producing properties. Although the mineral resources set out herein have been carefully prepared and reviewed or verified by independent mining experts, these amounts are estimates only and no assurance can be given that an identified mineral resource will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, technical difficulties, unusual or unexpected geological formations and work interruptions.

Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production scale operations.

Exploration and Development Risks

Mineral exploration and mining involve considerable financial and technical risk. Substantial expenditures are usually required to establish ore reserves, to evaluate metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to assure that the current exploration programs planned by the Company will result in profitable commercial mining operations, as few properties that are explored are ultimately developed into producing mines. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or landslides, floods, power outages or fuel shortages, labour disruptions, fires, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour are risks associated with the conduct of exploration programs and the operation of mines. The Company has no experience in the development and operation of mines or in the construction of facilities required to bring mines into production. The Company has relied, and may continue to rely, upon consultants for expertise with respect to the construction and operation of a mining facility.

Financing Risks

The Company will need additional funding to remain a going concern and operate with its current assets. The Company currently has limited financial resources, no source of operating cash flow and no assurance that additional funding, equity or debt based, will be available for further exploration and development of its projects. There can be no assurance that it will obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's projects, and the possibility of loss of such properties is currently substantial.

Liquidity Concerns and Future Financing

The further development and exploration of the various mineral properties in which the Company may acquire interests depend upon the Company's ability to obtain financing through joint ventures, equity financing or other means. An additional equity financing could cause substantial dilution to the Company's shareholders. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets for precious and base metals may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development any property interests the Company may acquire with the possible dilution or loss of such interests.

As of the date hereof, the Company does not have the financial resources required to advance projects. The Company will need to obtain further debt or equity financing from external sources in order to fund future projects as a going concern, to conduct exploration activities and fund other expenses. There is no assurance that the Company will be able to obtain debt or equity financing on favourable terms, or at all. Failure to obtain such financing could result in delay or indefinite postponement of further exploration and development of future projects.

Environmental and other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations. A breach of such legislation may result in imposition of fines and penalties and other liabilities against the Company.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental and non-governmental authorities. The Company has obtained, or will obtain all necessary licenses and permits required to carry on with activities, which it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances, including in circumstances of a changing Government. There can be no assurance that the Company will be able to maintain or obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its proposed projects. The Company has made applications for extensions to licences and has made application to change certain licences and there is no assurance that the applications will be successful, thereby putting the Company at risk of losing various mineral property rights.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties. The ability of the Company to maintain its current projects, as well as acquire new properties in the future will depend not only on its ability to develop and finance its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully, if at all, with its competition in acquiring such properties or prospects, or even maintaining rights to its current projects.

Title to Some of the Company's Mineral Properties May be Challenged or Defective

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of such properties will not be challenged or impaired. Third parties have made claims underlying portions of the Company's interests, including prior unregistered liens, agreements and transfers or claims, including aboriginal land claims. Title may also be affected by, among other things, undetected defects. As a result, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties. An impairment to or defect in the Company's title to its properties could have a material adverse effect on the Company's business, financial condition or results of operations.

No Assurance of Title to Property

While the Company has conducted title searches on all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The Company's claims may be subject to prior unregistered agreements or transfers or third party land claims and title may be affected by undetected defects. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

Conflicts of Interest

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which are in the same business as the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Insurance

The Company's insurance policies may not be adequate for the Company to protect itself against certain risks associated with mineral exploration and its corporate activities. Even with the policies now in place, the Company will remain at risk and will be potentially subject to liability for hazards which exceed its coverage limits, or for which it cannot insure against or which it may elect not to insure against because of premium costs or other reasons.

Fluctuation in Market Value of Takara's Shares

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the Company, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Common Shares of the Company on The TSX Venture Exchange in the future cannot be predicted.

Critical Accounting Policies and Estimates

In preparing the consolidated financial statements, management has to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Based on historical experience, current conditions, expert advice and application of accounting policies, management makes assumptions that are believed to be adequate and reasonable under the circumstances.

Internal Controls Over Financial Reporting and Disclosures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for establishing and maintaining controls and procedures regarding the communication of information about the Company, as well as internal controls over its financial reporting. The Chief Financial Officer has conducted an evaluation of the controls and procedures regarding communication of information and has concluded these controls and procedures were effective for the year ended December 31, 2013. The Chief Executive Officer together with the Chief Financial Officer is responsible for designing internal controls over financial reporting or for causing it to be designed under their supervision. During the year ended December 31, 2013, all existing systems have been documented and inadequacies have been corrected, as necessary. The Chief Executive Officer together with the Chief Financial Officer, have evaluated whether there were changes to internal control over financial reporting during the year ended December 31, 2013, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through their evaluation.

Future changes in accounting standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IAS 32 Financial Instruments: Presentation

In December 2011, the IASB amended IAS 32 to clarify certain requirements for offsetting financial assets and liabilities. The amendment addresses the meaning and application of the concepts of legally enforceable right of set-off and simultaneous realization and settlement. The amendment will affect presentation and disclosures but will not have an impact on financial results.

The following amendments to accounting standards will be effective for the Company subsequent to 2014:

IFRS 9 Financial Instruments

In November 2013, the IASB issued a revised version of IFRS 9 which:

- Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in OCI rather than within profit or loss.
- Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalization of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

Outlook

In 2014, Takara will embark on an exploration program covering its land holdings in the Athabasca Basin, targeting uranium. Specifically Takara will carry out an airborne magnetometer and radiometric survey across its 19,100 Ha claims holdings just north of Uranium City, targeting the known structures containing uranium mineralization. Following the interpretation of the airborne survey results Takara will carry out ground surveys on the targets identified to establish drilling locations.

Takara’s initial exploration strategy is to target known bedrock hosted uranium mineralization in the past producing Beaverlodge district. The Company’s claims have numerous uranium showings including trenches, drill holes, adits and shafts from production activity in the region dating back to the 1980’s and earlier. These targets are expected to be less expensive and faster to find, delineate and develop than other deeper sandstone covered targets in the Athabasca Basin. As the demand for uranium increases in the next few years, potential near surface assets will be at a premium because of the ease of exploration and development. Having known uranium mineralization and past production on and near the property demonstrates the economic potential of the area.

Takara is also actively pursuing exposure to exploration assets elsewhere in the Basin to broaden our exploration asset portfolio. Our focus is areas of near the basin perimeter and/or shallow sandstone cover in order to maximize exploration efficiency. These negotiations currently include joint venture and acquisition opportunities.

Additional Information

Additional information about Takara Resources Inc., including the annual information form, may be obtained from the Company's website at www.takararesources.com or on SEDAR at www.sedar.com.

Management's Responsibility

Management is responsible for all information contained in this report. The audited consolidated financial statements for the year ended December 31, 2013 have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements for the year ended December 31, 2013 in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.

Chris Hopkins, President & CEO
April 29, 2014