

Clip from Northcliff's "Management Discussion and Analysis" for the year ended Oct. 31, 2013, filed with SEDAR (The System for Electronic Document Analysis and Retrieval (SEDAR) is a filing system developed for the Canadian Securities Administrators), January 29, 2014.

"Northcliff is subject to many risks that are not insurable and, as a result, Northcliff will not be able to recover losses through insurance should such risks occur. Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. The Company may become subject to liability for pollution or hazards against which it cannot insure. The payment of such liabilities could result in an increase in the company's operating expenses which could, in turn, have a material adverse effect on the Company's financial position and its results of operations. Although the Company maintains liability insurance in an amount that the Company considers adequate, the nature of these risks is such that the liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant liabilities and costs that could materially increase the Company's operating expenses."

Editorial note from Lawrence Wuest, "This forebodes another environmental catastrophe that will be offloaded to the taxpayers because the regulations fail to require adequate financial insurance against the costs of environmental catastrophe. If the risks at Sisson were as low as contended, the insurance would be available and available at reasonable cost."