# Brionor Resources Inc.
## Management's Discussion and Analysis
of the
## Financial Condition and Results of Operations

**For the Three and Nine Months Ended**
**May 31, 2014 and May 31, 2013**

This management discussion and analysis ("MD&A") has been prepared based on information available to Brionor Resources Inc. ("Brionor" or the "Company") as at July 30, 2014. The MD&A of the operating results and financial condition of the Company for the three and nine months ended May 31, 2014, should be read in conjunction with the Company's condensed interim financial statements for the three and nine months ended May 31, 2014 (the "Financial Statements") and the audited financial statements and the related notes for the year ended August 31, 2013. The Financial Statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com

## Nature of activities

Brionor is incorporated under the *Canada Business Corporations Act*. The Company is involved in the acquisition, exploration and development of mining properties primarily in Quebec and potentially in Argentina (see Pending Transaction below).

## Pending Transaction

On February 20, 2013, the Company entered into a letter agreement (the "Letter Agreement") with Atala Resources Inc. ("Atala"), a private Ontario mining exploration company holding mining rights in Argentina, and the shareholders of Atala (the "Atala Shareholders") whereby Brionor proposes to acquire (the "Acquisition") all of the issued and outstanding shares of Atala (each an "Atala Share") for an aggregate purchase price of $300,000 (the "Purchase Price") payable by the issuance of common shares of Brionor (each a "Brionor Share") at a deemed price of $0.05 per Brionor Share. Under the Letter Agreement, each Atala Shareholder shall receive 0.4655373 of a Brionor Share for each Atala Share held, for a total of 6,000,000 Brionor Shares.

On November 15, 2013, the Letter Agreement was amended to extend the closing date to February 28, 2014 and in addition the aggregate purchase price was increased to $600,000 and the number of shares of Brionor to be issued was increased to 12,000,000. On March 17, 2014 the Letter Agreement was amended further to extend the closing date to April 30, 2014, which was further extended to December 31, 2014.

Atala's main asset is an option agreement (the "Option Agreement") with Renaissance Gold Inc. ("RenGold") to acquire a 100% interest in AuEx Argentina S.A. ("Auex") containing the Meridiano, Covadonga, El Monte and Gertudis properties, all early stage gold exploration projects located about 20 km apart in north-central Santa Cruz Province, Argentina, near the centre of the Deseado Massif, an important new precious metals province. The projects consist of four properties together totalling approximately 15,000 hectares and have good access and proximity to infrastructure, including AngloGold Ashanti's major Cerro Vanguardia Mine, the region's flagship and largest gold-silver operation.

**Option Agreement**

Pursuant to the original Option Agreement, Atala could have earned a 70% ownership of the Meridiano and Covadonga properties by making minimum staged annual expenditures totalling Cdn$4.8 million per property over a 6-year period, making staged annual payments totalling US$400,000 to RenGold over the same 6-year period, making staged annual payments totalling US$500,000 over a 4- year period for an underlying agreement to complete outright purchase of the properties with the underlying claim owner and by solely funding additional expenditures totalling Cdn$10 million and the delivery of bankable feasibility study within 7 years. The current claim owner will also retain a 2% net smelter return royalty, which may be purchase at any time for US$800,000.

On October 23, 2013 Atala and RenGold entered into revised letter agreement in which Atala will acquire 100% of AuEx inn exchange for cash, stock and a net smelter royalty ("NSR"). On signing the definitive agreement Atala issued RenGold 500,000 common shares and will pay $20,000 cash. On completion of Atala raising $1 million, RenGold will receive an additional $30,000. With raising another $1 million RenGold will receive another $50,000. RenGold will retain a NSR on all properties of 4% minus any underlying NSR (including governmental and underlying ownerships) not to be less than 1% nor greater than 3%.

**Covadonga Property**

Covadonga is an area of low relief with poor exposure and is underlain predominantly by felsic lithic tuffs and volcaniclastic sediments that rest unconformably on faulted blocks of older mafic volcanic units. Sparse outcrops within the hydrothermal corridor return samples with small amounts of gold and significant amounts of mercury from breccias and small veins encased in broader zones of clay (argillic) alteration thought to represent zones of steam heated alteration associated with very high level parts of a deeper, 1.5 km long structurally-controlled epithermal system.

Prior exploration at Covadonga by RenGold focused on a 2 sq. km area in the northwestern part of the property block using surface rock chip sampling and mapping to define an altered and weakly mineralized zone. This zone subsequently explored with 9 exploration trenches totalling 1,127 m in length, 8 of which were spaced at irregular 50 to 200 m intervals along a 600 m long segment of the corridor. The trenches reveal multiple zones of broad alteration, up to 25 m wide, enclosing veining and brecciation not visible at the surface. Weakly anomalous gold values, together with anomalous amounts of mercury-arsenic-antimony, were returned from samples within most of these zones.

**Meridiano Property**

Regional mapping and satellite imagery suggest the Meridiano property lies in the western part of a 8-10 km wide caldera, and the westernmost part of this feature is thought to be the site of 2.5 km wide circular diatreme complex. Andesitic to felsic tuffs in a 4 sq. km area are cut by gold-bearing hydrothermal breccias filling N to NW trending fractures and faults. Virtually all samples of these breccias contain small to significant amounts of gold, arsenic and antimony, but very little silver or base metals, suggesting that the mineralization in this area is preserved at a high level of erosion.

Prior exploration at Meridiano by RenGold focused on a 4 sq. km area in the northern part of the property block. RenGold collected 403 rock chip samples, carried out 65 line-km of magnetic and 32.5 line-km of gradient array IP ground surveys, and completed 32 drill holes totalling 4,698 m in two reverse circulation campaigns and one diamond core twin-hole campaign. The drill holes were collared within a 1 sq. km area in the northwestern-most part of the property. Most of the holes intersected one to several thin intervals of weak mineralization, and 10 holes intersected at least 0.34 g/t Au over true widths ranging from 1.5 to 13.5 m.

## Exploration activities

The Company holds interests in the following mining properties, all of which are located in Argentiana (see pending transaction) Quebec and all fall under the category of intangible assets:

| Properties | Interest | Balance as at August 31 2013 | Option of mining property | Expenditures | Write down | Transfer from "Held for Sale" | Balance as at May 31 2014 |
|---|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ | $ |
| **Argentina** | | | | | | | |
| Meridiano Covadonga El Monte and Gertudis | 100 | 115,167 | 36,710 | - | - | - | 151,937 |
| **Quebec** | | | | | | | |
| Verneuil | 50 | 1,630 | - | - | - | - | 1,630 |
| Noyell | 100 | 352 | - | - | - | - | 352 |
| Pitt Gold | 100 | 1,443,887 | - | - | - | - | 1,443,887 |
| Matchi-Manitou | 29 | 3,464 | - | - | - | - | 3,464 |
| | | **1,564,500** | **36,710** | **-** | **-** | **-** | **1,601,270** |

| Properties | Interest | Balance as at August 31 2012 | Option of mining property | Expenditures | Write down | Transfer from "Held for Sale" | Balance as at August 31 2013 |
|---|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ | $ |
| **Argentina** | | | | | | | |
| Meridiano Covadonga El Monte and Gertudis | 100 | - | 115,167 | - | - | - | 115,167 |
| **Quebec** | | | | | | | |
| Verneuil | 50 | 1,630 | - | - | - | - | 1,630 |
| Noyell | 100 | 352 | - | - | - | - | 352 |
| Pitt Gold | 100 | - | - | 3,340 | (3,340) | 1,443,887 | 1,443,887 |
| Matchi-Manitou | 29 | 3,464 | - | - | - | - | 3,464 |
| | | **5,446** | **115,167** | **3,340** | **(3,340)** | **1,443,887** | **1,564,500** |

**Pitt Gold – gold project**
The Company holds a 100% interest in 24 claims located approximately 35 km north of Rouyn-Noranda, district of Abitibi.

On May 16, 2012, the Company announced an agreement to sell its interest in the Pitt Gold Project to Xmet (the "Transaction"). Xmet will issue to the Company 20,626,960 common shares subject to several conditions including but not limited to, the exercise of Xmet's option to purchase a 75% interest in

Duquesne-Ottoman Project (see press release of Xmet dated March 3, 2012 for more information on the option), and both parties obtaining all necessary corporate approvals, as well as the acceptance of the TSX Venture Exchange. The parties have agreed to complete the Transaction by no later than October 31, 2012.

The parties have determined a final transaction purchase price of $1,443,887. This valuation has been determined based on the issuance of 20,626,960 common shares with a share price of $0.07 per common share.
On September 27, 2012, the Company and Xmet amended the Agreement to extend the closing date to no later than December 17, 2012 and the addition of a contingent upward price adjustment, settled in common shares, in an amount not greater than $475,749, calculated as a percentage, if the average price of any Xmet financings between the date of the Agreement and the closing of the sale is below $0.10 per common share. On April 30, 2013 the Company and Xmet agreed not to proceed with the transaction.

Based on the sale, the Company during the year ended August 31, 2012, wrote down the carrying value of the Pitt Gold property by $1,943,767 to its estimate fair value of $1,443,887. Further, the asset was reclassified in the statement of financial position and presented as "held for sale". Based on the cancellation of the agreement, the asset has been reclassified as exploration and evaluation assets.

At the end of June 2011, the Company announced the results of a NI 43-101 Resource Estimate (the "Resource Estimate") for its Pitt Gold Property. The following tables show the indicated and the inferred resource estimate and the parameters used for the polygonal mineral resource estimate. These two exhibits were extracted from the NI43-101 Technical Report prepared by Micon International of Toronto ("Micon") as well as the parameters used for the polygonal mineral resource estimate:

| Resource Classification | Vein Number | Tonnage | Grade (g/t) | Ounces |
|---|---|---|---|---|
| Indicated | 1 | 323,000 | 5.73 | 60,000 |
| | 2 | 277,000 | 10.27 | 91,000 |
| **Total** | | **600,000** | **7.83** | **151,000** |
| | 1 | 78,000 | 4.03 | 10,000 |
| Inferred | 2 | 208,000 | 7.75 | 52,000 |
| | 3 | 190,000 | 7.16 | 44,000 |
| **Total** | | **476,000** | **6.91** | **106,000** |

| Description | Parameters | Comments |
|---|---|---|
| Cut-off grade | 3 g/t gold | Minimum grade per block for resources. |
| Minimum block width | 1.5 m | Based on minimum underground mining width. |
| Dilution grade | 0 g/t | Grade used to bring blocks up to minimum width. |
| Capping grade | 35 g/t | |
| Specific gravity | 2.7 | |
| Polygonal size | ½ distance to next drill hole to a maximum of 50 m. | |
| Core length | Mineralization converted to horizontal true width. | |

The Resource Estimate comes from three distinct east-west trending structures (Veins 1, 2 and 3) which dip steeply to the south, just north of the Porcupine-Destor break, and remain open at depth. A number of economic intercepts, obtained in recent drilling, were not accounted for in the Resource Estimate, including a section assaying 82.94 g/t Au over 4.58 metres. These intervals could be related to new vein structures but additional definition drilling is required to include them as resources.

The 43-101 Report indicates additional exploration potential is found in the western half of the property, along the Porcupine-Destor break, where no exploration work has been done to date, and along a parallel structure that crosses the northern portion of the property, the Lépine Lake fault, where previous operators cut a number of anomalous to sub-economic gold intercepts below the Timiskaming sedimentary cover.

The western half of the Pitt Gold property was drill tested historically by previous operators with a number of shallow drill holes rarely exceeding the 200 metres. Several of these holes were not deep enough to test the mineralized horizon below the Timiskaming sedimentary cover (post mineralization). This area therefore, remains virtually open at depth. The Lépine Lake fault area, below the Timiskaming cover, was tested by a limited number of holes by past operators (less than 10 holes). SOQUEM INC. ("SOQUEM") obtained 5.43 g/t Au over 1.2 metres (hole 1299-01-01) and 0.6 g/t Au over 14.9 metres (hole 1299-01-02), while Lacana Exploration cut 7.54 g/t Au over 1.06 metres (hole 88-11). These intercepts and others define a broad gold anomalous corridor almost 2 km in length.

The Resource Estimate recommends continued exploration, including drill testing the numerous targets both along strike and at depth on the property.

**Noyell – gold project**
The Company holds a 100% interest in 110 claims located approximately 25 km south of Matagami, along the Douay-Cameron Corridor adjacent to the Vezza deposit, district of Abitibi. A 3% net smelter return royalty on future production is attached to the property.

On February 24, 2011, the Company entered into an option agreement with Catlee Resources Inc. ('Catlee') whereby Catlee can acquire a 100% interest in the Noyell property, by paying $325,000 in cash, by issuing 100,000 common shares and incurring exploration expenses of $1,000,000.

On February 17, 2012, the Company amended the option agreement to revise the terms extending the initial five year term one additional year, accepting an additional 150,000 common shares of Catlee due February 24, 2012. On February 22, 2013, the company amended the option agreement to revise the terms extending the remaining fiscal year term one additional year, in consideration for adding an additional cash payment of $25,000 to the last year as summarized below:

| | Cash payments $ | Exploration expenses $ |
|---|---|---|
| On or before February 24, 2014 | 25,000 | 100,000 |
| On or before February 24, 2015 | 35,000 | - |
| On or before February 24, 2016 | 50,000 | 200,000 |
| On or before February 24, 2017 | 100,000 | - |
| On or before February 24, 2018 | 125,000 | 700,000 |
| | 350,000 | 1,000,000 |

*On February 17, 2012, the Company accepted 150,000 common shares of Catleee in exchange for waiving the requirement to pay $25,000 on February 24, 2012. On March 6, 2014, the Company sent a notice of default to Catlee under the terms of the Agreement, providing a 30 day period for Catlee to remedy its obligations. On April 5, 2014 the default had not been remedied and the Agreement terminated.

**Verneuil**
The Company holds a 50% interest in 34 claims located approximately 15 km to the east of Lebel-sur-Quevillon, district of Abitibi. A 2% net smelter return royalty on future production is attached to the property.

**Matchi-Manitou – copper, zinc, gold and silver project**

The Company holds a 29% interest in 34 claims located in Tavernier and Pershing townships, district of Abitibi. The joint venture partner is the exploration manager for the property and is currently inactive on the property.

**Exploration and property outlook**
The Company anticipates completing or starting the following property activities:
- Completing the acquisition of Atala inclusive of the AuEx properties;
- Being alert and pro-active on opportunities that may come from our sector of activity.

The Company is currently reviewing other opportunities and projects to enhance the its portfolio of exploration properties. The Company intends to develop exploration partnerships in order to minimize the risks related to mineral exploration and to accelerate the development of some of its properties.

**Qualified person**
The above technical information was confirmed and/or reviewed by Pierre O'Dowd, Geologist, Vice President Exploration, qualified person under NI 43-101.

## Summary of quarterly results

| | May 31 2014 $ | February 28 2014 $ | November 30 2013 $ | August 31 2013 $ |
|---|---|---|---|---|
| Total assets | 1,603,319 | 1,589,924 | 1,645,059 | 1,644,388 |
| Shareholders' equity | 1,355,478 | 1,372,376 | 1,473,956 | 1,483,481 |
| Total revenues | - | - | - | - |
| Net loss | 16,898 | 101,580 | 9,525 | 10,783 |
| Net loss per share[1] | 0.00 | 0.00 | 0.00 | 0.00 |

| | May 31 2013 $ | February 28 2013 $ | November 30 2012 $ | August 31 2012 $ |
|---|---|---|---|---|
| Total assets | 1,621,706 | 1,621,706 | 1,723,027 | 1,821,735 |
| Shareholders' equity | 1,551,585 | 1,551,585 | 1,707,911 | 1,781,625 |
| Total revenues | - | - | - | - |
| Net loss | 87,201 | 161,608 | 84,746 | 2,021,357 |
| Net loss per share[1] | 0.00 | 0.01 | 0.00 | 0.06 |

[1] In periods of loss, net loss per share basic and fully-diluted are the same, as inclusion of options and/or warrants would be anti-dilutive.

## Liquidity, working capital and capital resources

As at May 31, 2014, the Company had cash and cash equivalents of $252 (August 31, 2013 - $2,423) and a net working capital deficit of $245,792 (August 31, 2012 – $121,019), an accumulated deficit of $3,402,412 (August 31, 2013 - $3,274,409) and positive cash flow from operations for the nine months ended May 31, 2014 of $35,599 (nine months ended May 31, 2013 – negative cash flow of $240,608).

The Company's primary sources of cash include financing transactions. The Company's primary uses of cash include exploration costs and corporate administration. The Company has experienced historic losses and negative cash flows from operations both of which have raised concerns regarding its ability to continue as a going concern.

**Investing activities**
Additions to exploration and evaluation assets of $36,770, account for the changes to investing activities during the nine months ended May 31, 2014.

**Financing activities**
There were no financing activities during the nine months ended May 31, 2014. The capital structure of the Company consists of all the components of shareholders' equity. To adjust or maintain its capital structure the Company may issue new common shares.

## Shareholders equity

**Share capital**
The Company is authorized to issue an unlimited number of common shares.

| | # |
|---|---|
| **Balance, August 31, 2012, August 31, 2013, May 31, 2014 and July 30, 2014** | **35,812,465** |

**Share based payments**
On November 12, 2012, the Company adopted a 10% rolling stock option plan (the "Plan") (switching from a fixed option Plan) whereby the Board of Directors may grant to employees, officers, directors, management, company employees and consultants of the Company or of its subsidiary thereof options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board. The exercise price of each option may not be lower than the market price of the common shares at the time of the grant of the options.

The Plan is a 10% rolling option plan based on the number of common shares issued and outstanding. As at May 31, 2104, 2,300,000 were outstanding with 2,300,000 exercisable and 1,281,247 left unallocated. Most stock options issued to date under the Plan vest in two installments over 12 months and expire five years from the date of grant.

A summary of the outstanding stock options is presented below:

| | Options<br>\# | Weighted average exercise price<br>$ |
|---|---|---|
| **Outstanding, August 31, 2012** | **2,200,000** | 0.13 |
| Granted | 200,000 | 0.10 |
| Forfeited | (100,000) | 0.10 |
| **Outstanding, August 31, 2013** | **2,300,000** | 0.13 |
| Forfeited | (300,000) | 0.13 |
| **Outstanding, May 31, 2014** | **2,000,000** | 0.13 |
| **Options exercisable at May 31, 2014** | **2,000,000** | 0.13 |

A summary of the outstanding stock options is presented below:

| Date of grant | Remaining life | Number of options<br>\# | Exercise price<br>$ |
|---|---|---|---|
| February 24, 2010 | 0.74 years | 1,150,000 | 0.15 |
| April 18, 2012 | 2.89 years | 650,000 | 0.10 |
| June 24, 2013 | 4.08 years | 200,000 | 0.10 |
| | | **2,000,000** | |

The following table sets out the details of the valuation of stock option grants during the nine months ended May 31, 2014 and the year ended August 31, 2013:

| Date of grant | Number | Risk free interest rate | Expected dividend yield | Expected volatility | Expected life |
|---|---|---|---|---|---|
| June 24, 2013 | 200,000 | 1.85% | Nil | 168% | 5 years |

## Transactions with related parties

The Company defines its key management as the Chairman of the Board, Chief Executive Officer and Chief Financial Officer. For the nine months ended May 31, 2014, key management compensation included solely of share based payments valued at $nil (for the nine months ended May 31, 2014 - $5,840).

The following table summarizes information on related party transactions:

| **For the nine months ended May 31** | **2013** | 2012 |
|---|---|---|
| | **$** | $ |
| Management and professional fees | **-** | 24,000 |
| Professional and consulting fees | **17,000** | 20,000 |
| | **17,000** | 44,000 |

During the nine months ended May 31, 2014, management fees of $nil (nine months ended May 31, 2013 - $36,000) were paid to VLL Investments Inc. ("VVL")(controlled by Lewis Lawrick) and $nil (nine months ended May 31, 2013 - $32,000) were paid to Gestion Somiray Inc. (controlled by Robert Ayotte). These expenses were recorded to operations as "management fees."

During the nine months ended May 31, 2014, accounting fees of $17,000 (nine months ended ended May 31, 2013 – $5,000) were invoiced by FarrReach Consulting Inc. (controlled by Errol Farr, CFO) and $nil (nine months ended May 31, 2013 - $15,000) were invoice by Raven Hill Partners Inc. ("Raven Hill") (controlled by Lewis Lawrick). These expenses were recorded to operations as "professional and consulting fees."

The related party transactions noted above were in the normal course of operations.

At May 31, 2014, included in trade and other payables was $38,419 due to related parties (August 31, 2013 - $15,899). Amounts due to related parties incurred in the normal course are subject to the Company's standard trade payable payment terms of 30 days. The due to related parties amount consists of loans that are unsecured, non-interest bearing, due on demand and payable; all companies controlled by a director and officer of Brionor.

## Going concern assumption

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The carrying amounts of assets, liabilities and expenses presented in the financial statements and the balance sheet classifications have not been adjusted as would be required if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for the financial statements, adjustments to the carrying value of assets and liabilities and expenses and balance sheet classification, which could be material, may be necessary.

As at May 31, 2014, the Company had cash of $252. The Company anticipates having sufficient funds, through related party loans and equity financings to maintain its properties, pursue and evaluate new resource projects and meet its corporate and administrative expenses for the next twelve months.

## Capital management

The Company's objective in managing capital is to ensure continuity as a going-concern and to safeguard its ability to continue its acquisition and exploration programs as well as ensuring that all flow-through funds obtained are utilized in exploration activities and spent by the required deadline. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company defines its capital as the shareholder's equity. To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long term debt as the Company does not currently generate operating revenues. There is no dividend policy. The Company is subject to regulatory requirements related to the use of funds obtained by flow-through share arrangements. These funds have to be incurred for eligible exploration expenses. The Company has respected these regulatory requirements.

## Risk and uncertainties

Brionor is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

**Credit risk**
The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

**Liquidity risk**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods.

As at May 31, 2014, the Company had at its disposal operating cash of $252.

The Company anticipates having sufficient funds to carry out an exploration program on its properties, pursue and evaluate new resources projects and meet its corporate and administrative expenses for the next twelve months.

**Exploration and mining risks**
The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The Company from time to time increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

**Titles to property**
While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

**Permits and licenses**
The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

**Metal prices**
Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

**Competition**
The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

**Environmental regulations**
The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

**Conflicts of interest**
Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

**Stage of development**
The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

**Industry conditions**
Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

**Uninsured hazards**
Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company's assets or the insolvency of the Company.

**Future financing**
Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

**Key employees**
Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

## Cautionary note regarding forward-looking information

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, mine development costs, unit costs, capital costs, timing of commencement of operations and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; inflation; changes in exchange rates; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

## Additional information and continuous disclosure

This MD&A has been prepared as at April 28, 2014. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).

## Management's responsibility

Management is responsible for all information contained in this MD&A. The Financial Statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the Financial Statements in all material aspects.

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

The Company's Board of Directors has reviewed and approved the condensed interim financial statements with management.
July 30, 2014

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|---|---|
| (signed) "Lew Lawrick" | (signed) "Errol Farr" |
| Lew Lawrick | Errol Farr |
| President and Chief Executive Officer | Chief Financial Officer |