("Providence" or the "Company")

Management's Discussion and Analysis
For the three months ended December 31, 2014

The following discussion and analysis, prepared as of February 20, 2015 should be read together with the unaudited condensed interim financial statements of Providence for the three months ended December 31, 2014. The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

Certain statements in this report constitute forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward-looking statements in light of the risks set out below. Additional information related to Providence is available for view on SEDAR at www.sedar.com.

Description of Business

Providence was incorporated under the Business Corporations Act of the Province of British Columbia on September 15, 2006 under the name of Providence Capital Corp. and is listed on the TSX Venture Exchange (the "TSX-V") and is trading under the symbol "PV". The Company trades on OTCQX under the symbol "PRVSF". The Company is domiciled in Canada and its office is at Suite 717 – 1030 West Georgia Street, Vancouver, BC. Providence is an exploration stage company engaged in the evaluation and exploration of its interests in mineral properties located in south-eastern British Columbia.

Proposed amalgamation

On November 25, 2014, the Company entered into a Letter of Intent with Desert Star Resources Ltd. ("Desert Star"), which sets out the terms of a proposed amalgamation of the two companies pursuant to the provisions of the *Business Corporations Act* (British Columbia). Desert Star, which is listed on the TSX-V, is a mineral exploration company focused on the identification, acquisition and development of copper and gold projects located in the southwestern USA. The Company and Desert Star are related parties by way of common directors and officers.

The proposed share exchange ratios for which the existing common shares of the respective amalgamating companies will be exchanged for shares of a new entity ("Amalco") are as follows:

(a) for every one common share of the Company, shareholders will receive approximately 0.3 of an Amalco common share and 0.3 of a common share purchase warrant of Amalco (each whole warrant, an "Amalco Warrant"). Each Amalco Warrant will entitle the holder to acquire an additional share of Amalco (an "Amalco Warrant Share") for a period of two years at a price of $0.25 per Amalco Warrant Share; and

(b) for every one common share of Desert Star, shareholders will receive one Amalco common share.

The proposed amalgamation is subject to the approval of the shareholders of the Company and Desert Star and the approval of applicable regulatory authorities. The amalgamating companies plan on holding special meetings of their respective shareholders on such a date as agreed to with regulators to consider the proposed amalgamation and matters related thereto. The proposed amalgamation will require the statutory approval of at least two thirds of the shareholders of each company voting on the matters.

In connection with the proposed amalgamation, the Company will advance Desert Star $250,000 as an unsecured, non-interest bearing loan which will be fully refundable to the Company within 30 business days if the proposed amalgamation does not complete.

Performance Summary

Investment

On November 25, 2014, the Company subscribed for 1.5 million units of Black Sea Copper and Gold Corp. ("Black Sea") at $0.20 per unit (each a "Unit") for a total consideration of $300,000. Each Unit is comprised of one common share and one half of one share purchase warrant (each a "Warrant"). Each whole Warrant is exercisable to acquire an additional common share of the Black Sea at a price of $0.50 per share for period of five years. Black Sea is a private mineral exploration company focused on the identification, acquisition and development of copper and gold projects located in Eastern Europe. The Company and Black Sea are related parties by way of common directors and officers.

Properties

The following expenditures have been incurred on the properties to December 31, 2014:

	Three months ended December 31, 2014			Year ended September 30, 2014	
	Kokanee Creek	**Total**	**Iron Range**	**Kokanee Creek**	**Total**
Property acquisition costs					
Balance, beginning	$ 10,000	$ 10,000	$ 87,000	$ 10,000	$ 97,000
Additions	-	-	-	-	-
Balance, ending	10,000	10,000	87,000	10,000	97,000
Exploration and evaluation costs					
Balance, beginning	-	-	-	-	-
Costs incurred:					
Equipment rental	-	-	-	-	-
Geological consulting	-	-	-	-	-
Field work	-	-	-	-	-
Additions	-	-	-	-	-
Balance, ending	-	-	-	-	-
Total before property write-down	10,000	10,000	87,000	10,000	97,000
Property sale	-	-	(87,000)	-	(87,000)
Total	$ 10,000	$ 10,000	$ -	$ 10,000	$ 10,000

Kokanee Creek Property

Providence and Eagle Plains entered into an option agreement on May 15, 2013 whereby Providence may earn an interest in the Kokanee Creek poly-metallic property, located in south-eastern British Columbia approximately 20km NE of Nelson. Under terms of the agreement, Providence has the option to earn a 60% interest in the property by completing $3,000,000 in exploration expenditures, making $260,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains over 5 years.

Iron Range Property

The Company entered into an option agreement with Eagle Plains Resources Ltd. ("Eagle Plains") with an effective date of June 3, 2010 to earn a 60% interest in the Iron Range Property (the "Property") located near Creston, BC. The Company undertook various exploration programs during the period from 2010 to 2012 to evaluate the potential of the Property. After extensive analysis of the results of the programs, the Company concluded that it would not undertake any further exploration work on the Property. On November 12, 2013, the Company entered into an asset purchase and sale agreement to sell its interest in the Property to its original optionor, Eagle Plains. The transaction was completed on

January 16, 2014 after receiving the approval of the TSX-Venture Exchange and an exemption order granted by the British Columbia Securities Commission.

The purchase price paid by Eagle Plains consisted of the following:

- Eagle Plains issued 500,000 common shares to the Company;
- Eagle Plains returned 900,000 common shares of the Company, which were issued to Eagle Plains as partial consideration for earning in its interest in the joint venture; and
- Eagle Plains granted to the Company a royalty equal to 1% on net smelter returns on the property.

Results of Operations

Providence incurred a loss of $92,747 for the three months ended December 31, 2014 compared to a loss of $129,519 for the three months ended December 31, 2013.

The net losses during the three months ended December 31, 2014 and 2013 are summarized below.

		2014		**2013**
Amortization	$	420	$	472
Management fees		62,500		88,000
Consulting fees		13,833		12,500
Office and miscellaneous		8,531		15,703
Professional fees		4,593		7,773
Transfer agent and filing fees		6,371		9,903
Travel		-		3,362
Interest income		(3,501)		(8,194)
Net loss before income taxes	$	92,747	$	129,519

Management fees and office and miscellaneous costs decreased as a result of cost-cutting measures undertaken, including insurance premiums, promotional efforts and general resource property costs. Transfer agent and filing fee costs and professional fees decreased in the current period due to costs related to the disposal of the Iron Range Property, which was disposed of in 2013. Interest income is primarily from funds on deposit. The 2014 period includes interest on a mineral exploration tax credit received.

Summary of Quarterly Results

	Three Months Ended Dec 31/14	Three Months Ended Sept 30/14	Three Months Ended Jun 30/14	Three Months Ended Mar 31/14	Three Months Ended Dec 31/13	Three Months Ended Sept 30/13	Three Months Ended Jun 30/13	Three Months Ended Mar 31/13
Net loss after taxes	$ 92,747	$ 149,267	$ 103,435	$ 141,420	$ 129,519	$ 3,957,217	$ 133,416	$ 136,206
Loss per share	$ 0.00	$ 0.01	$ 0.00	$ 0.01	$ 0.00	$ 0.18	$ 0.00	$ 0.00

The September 30, 2013 loss included the Iron Range Property write-down of $3,881,138 resulting from the disposal of the property as discussed above.

Liquidity and Capital Resources

Providence does not currently own or have an interest in any producing resource properties and has not yet derived any revenues from the sale of resource products. The Company has to date relied on equity financing for its activities. Providence's exploration activities have been funded through the issuance of common shares pursuant to private placements and the exercise of stock options and warrants, and Providence expects that it will continue to be able to utilize this source of financing to further develop resources. The Company anticipates that sufficient funds and other current assets are available to meet its project and administrative obligations for the short term. The Company continues to closely monitor its ongoing requirements and to explore all methods of raising additional funds. There can be no certainty that such additional funds may be raised when required. At December 31, 2014, the Company had net working capital of $1,109,413.

During the year ended September 30, 2011, the Company completed an equity financing of $4,000,000. Under the terms the equity financing, the Company was required to spend $3,400,000 on exploration expenditures on the Iron Range Property. Prior to selling its interest in the Iron Range Property as discussed above, the Company had incurred $3,014,242 in exploration expenditures on the Property. On September 18, 2013, the Company entered into an agreement whereby the remainder of the funds of $385,758 are required to be spent on a mineral property agreed to between the two parties.

Off-Balance Sheet Arrangements

Providence does not have any off-balance sheet arrangements which may affect its current or future operations or conditions.

Related Party Transactions

The following amounts were paid to directors or officers or companies controlled by directors or officers of the Company:

	Three months ended	
	December 31, 2014	December 31, 2013
Management fees	$ 33,500	$ 49,750

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect amounts reported in the financial statements. Actual results could differ from these estimates. Details of the Company's significant accounting policies can be found in Note 2 of the audited financial statements for the year ended September 30, 2014.

Accounting standards issued by not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The adaptation of IFRS 9 is not expected to have an impact on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Outstanding Share Data

The authorized capital of Providence consists of an unlimited number of common shares without par value. As of the date of the MD&A, there were 21,605,479 common shares issued and outstanding.

During the year ended September 30, 2014, the Company returned 900,000 shares to treasury with a fair value of $49,500 pursuant to the Iron Range asset sale and purchase agreement. 4,400,000 share purchase warrants expired unexercised on the respective dates during the year and there are no warrants outstanding at the date of this MD&A.

Details of stock options outstanding and exercisable at the date of this MD&A are as follows:

Number of Shares	Exercise Price	Expiry Date
550,000	$ 0.13	October 5, 2015
300,000	$ 0.25	October 3, 2016
650,000	$ 0.26	November 30, 2016
250,000	$ 0.30	February 16, 2017
100,000	$ 0.30	May 7, 2017
175,000	$ 0.20	October 11, 2017
150,000	$ 0.15	February 8, 2018
225,000	$ 0.20	April 22, 2018
2,400,000		

Investor Relations

The Company does not have any investor relations arrangements with third parties.

Risk Factors

Exploration-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, Providence aims at managing and reducing such risks as much as possible. Few exploration projects successfully achieve development stage, due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Providence closely monitors its activities and those factors that could impact them, and employs experienced consultants to assist in its risk management and to make timely adequate decisions.

Environmental laws and regulations could also impact the viability of a project. Providence has ensured that it has complied with these regulations, but there can be changes in legislation outside Providence's control that could also add a risk factor to a project.

Approval

The Board of Directors of the Company approved the disclosure contained in this MD&A on February 20, 2015.