RESSOURCES NIPPON DRAGON INC.

NIPPON DRAGON RESOURCES INC.

Management Discussion & Analysis

FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2015

500-7055 boulevard Taschereau, Brossard (Quebec) J4Z 1A7 Telephone: (450) 510-4442 Fax: (450) 510-9901

Nippon Dragon Resources inc.
(Exploration Stage Company)

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This report provides a review and analysis of our financial situation and results from operations. This will help the reader to assess material changes in our financial situation for the nine (9) month period ended June 30, 2015 in comparison to the corresponding period of the previous year. This Management Discussion and Analysis Report complies with Rule 51-102A of the Canadian Securities Administrators on continuous disclosure and is intended to supplement our condensed interim consolidated financial statements. It presents the management's point of view on the Company's ongoing activities as well as an outlook of the activities planned for the coming months and also elaborates on its financial results and risks that may impact the activities of the Company. This Report should be read in conjunction with the interim and annual consolidated financial statements and the accompanying notes to consolidated financial statements and the related management's discussions and analysis when necessary.

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and on the basis of conventions and accounting methods used to prepare the most recent annual financial report. The consolidated financial statements have been prepared by an accounting firm working for the Company. All dollar amounts are expressed in Canadian dollars, unless otherwise specified.

Further information about the Company, its properties, projects, annual and quarterly reports are available for consultation on the web site of the Corporation or SEDAR at the following addresses: www.nippondragon.com and www.sedar.com .

CORPORATE INFORMATION AND NATURE OF ITS ACTIVITIES

Nippon Dragon Resources Inc. the "Company" (formely Rocmec Mining Corporation), was incorporated under Part 1A of the Companies Act (Québec) and continued under the Quebec Business Corporation Act on July 18th, 2002. Its head office is located 500-7055 boulevard Taschereau, Brossard, Quebec, J4Z 1A7, phone: 450-510-4442, email: info@nippondragon.com. The Company is a public Corporation, listed as a Tier 2 issuer on the TSX Venture Exchange and its shares also trade on the Frankfurt Stock Exchange.

The business of the Company pertains to the exploration and development of its wholly owned and joint-venture mining properties (auriferous bearing and base metal) located in Quebec. Additionally, the Company has also given itself the mission of introducing its thermal fragmentation mining method within the mining industry in order for it to be recognised and commercialized worldwide. The Company has partnerships with entities in South Africa and Japan, and an exclusivity distribution agreement in Australia to showcase its technology.

The majority of its properties contain mineral resources. When further exploration will be incurred on Rocmec 1, Denain and Courville properties, the Company will then determine if these properties contain economically profitable ore resources.

The Board of Directors is composed of: Mr. Kim Yong Nam (Chairman), Andre Savard (President and Chief Executive Officer) Donald Brisebois (vice-president operations and technology), Mr. Gerald Desourdy – independent board member, Emile Molgat - independent board member and Paul-A. Girard - independent board member.

GOING CONCERN

The Company's condensed interim consolidated financial statements were prepared based on the assumption of an ongoing concern. Consequently, they do not reflect the modifications that would be required in the case of the Company's inability to pursue its activities, to dispose of its interests and repay its debts within the normal course of business. The recoverability of the carrying value of exploration properties is dependent upon the discovery and extraction of economically recoverable reserves and the ability of the Company to rise additional financing to further explore and develop its mineral properties and to achieve commercial production of mineral deposits or the product from the disposition of the properties. Periodically, the Company will require additional financing to continue its operations. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

During the quarter, the mining contractor Don Bourgeois & Sons inc. continued to promote the Company's exclusive patented thermal fragmentation mining method in Quebec and Ontario. Discussions are underway with various groups that have shown an interest. Also, an exclusive distribution agreement has been concluded with Safescape, a company in Australia to which the Company will ship two thermal units (mini dragons) in the coming weeks. In Japan, the Company has made numerous rock burst demonstrations with the help of its partner NDR Japan Co. in order to promote the thermal fragmentation method in this region. Implementation is also ongoing in South Africa with the partner MAXEM.

Generating revenue is the top priority in the corporate strategy which should help in reducing its financial obligations and current debts. The Company is trying to obtain sufficient funding to start mining operations at its Rocmec 1 property, thus allowing the Company to continue on improving its balance sheet and also providing a local and accessible showcase for its technology.

The Company intends to meet its financial obligations with the financial vehicles at its disposal such as debentures, gold loans and / or equity financing, depending on their availability and the financial needs of the Company.

HIGHLIGHTS OF CURRENT QUARTER

On April 10, 2015, the Company granted 200,000 common shares purchase options to a consultant. The common shares purchase options have an exercise price of $0.085 per common share and an exercise period of 2 years.

On April 15, 2015, the Company completed the first tranche of a private placement for $486,235 by issuing 6,077,936 units at a price of $0.08 per unit, each unit consisting of one (1) common share of the Company and one (1) warrant. Each warrant entitles the holder to acquire one (1) additional common share of the Company at a price of $0.12 per common share for a period of 24 months following the issue date. An amount of $89,308 related to the warrants issued was recorded. Issuance costs of $ 4,886 were incurred.

On April 27, 2015, the Company completed the second tranche of a private placement for $65,000 by issuing 812,500 units at a price of $0.08 per unit, each unit consisting of one (1) common share of the Company and one (1) warrant. Each warrant entitles the holder to acquire one (1) additional common share of the Company at a price of $0.12 per common share for a period of 24 months following the issue date. An amount of $11,939 related to the warrants issued was recorded. Issuance costs of $ 2,290 were incurred.

On April 27, 2015, the Company entered into an exclusive distribution agreement with Safescape in Australia for the distribution and use of its patented thermal fragmentation mining method in Australia, New Zealand,

HIGHLIGHTS OF CURRENT QUARTER (cont'd)

Papua New Guinea, Indonesia and the Philippines. The exclusive agreement is for a period of 5 years.

On June 29, 2015, the Company announced that its exclusive thermal fragmentation distributor for Japan, NDR Japan has signed an ore mining contract that will be exclusively carried out by the Company's thermal fragmentation mining method. All costs related to the mining contract will be covered by NDR Japan while 15% of revenues derived from the sale of the precious metals will be paid to the Company. Even though it remains a small-scale project for now, The Company considers that obtaining this extraction contract is definitely a significant milestone and hopes to receive revenues before the end of this year.

On May 19, 2015, the Company settled an amount due to a shareholder without interest or specific repayment terms by the issuance of 3,230,000 common shares at an exercise price of $ 0.10 per common share.

SELECTED INFORMATION

		June 30, 2015		September 30, 2014		September 30, 2013
Current assets	$	431,967	$	133,452	$	86,367
Non current assets		9,072,367		9,805,346		9,756,528
Total assets		9,504,334		9,938,798		9,842,895
Current liabilities		9,448,864		13,860,827		12,179,095
Non current liabilities		-		140,256		543,605
Total liabilities	$	9,448,864	$	14,001,083	$	12,722,700

During the nine-month period ended June 30, 2015, the Company completed private placements for a total of $2,175,518 and has settled accrued interest totaling $23,516 in shares which has allowed the Company to reimburse unpaid wages and accrued interests on debts and debentures. An amount due to a shareholder was settled by issuing common shares for a total of $323,000. The Company also wrote off part of the indemnities payable to subscribers and wrote off its investment in a joint venture with Chazel Capital.

	2015		2014		2013	
	3-month period ended June 30	**9-month period ended June 30**	3-month period ended June 30	9-month period ended June 30	3-month period ended June 30	9-month period ended June 30
Contract income	**$ 67,049**	**$ 136,849**	$ 27,540	$ 27,540	$ -	$ -
Contract costs	**$ -**	**$ 30,531**	$ 27,123	$ 48,546	$ -	$ -
Share of income from equity – accounted investments (i)	**$ -**	**$ -**	$ 97,652	$ 171,624	$ (18,209)	$ 20,348
Operating expenses	**$ 333,918**	**$ (1,613,360)**	$ 335,449	$ 939,720	$ 393,833	$ 1,273,712
Financial costs	**$ 113,141**	**$ 325,601**	$ 260,657	$ 738,249	$ 235,887	$ 572,857
Net income (loss)	**$ (380,010)**	**$ 1,394,077**	$ (498,037)	$ (1,520,514)	$ (647,929)	$ (1,806,394)
Net income (loss) per share, basic and diluted	**$ (0.0042)**	**$ 0.0165**	$ (0.008)	$ (0.027)	$ (0.013)	$ (0.034)

i) Investment in the joint venture with Chazel Capital was written off following the Company's withdraw from it.

LOSS, COMPREHENSIVE LOSS AND DEFICIT

During the 3 month period ended June 30, 2015, net loss totaled $380,010 compared to $498,037 for the 3 month period ended June 30, 2014. The decrease in net loss is mainly explained by an increase in income for the period and a decrease in financial expenses. Due to the liquidity problems experienced by the Company, operating expenses were kept to a minimum in order to maintain sufficient funds.

During the 9 month period ending June 30, 2015, net income totaled $1,394,077 compared to a net loss of $1,520,514 for the 9 month period ending June 30, 2014. The variation in the income statement is mainly explained by the gain on debt settlement of $3,525,355 and offseted in part by the write off of the investment in a joint venture with Chazel Capital totaling $711,003. Due to the liquidity problems experienced by the Company, operating expenses were kept to a minimum in order to maintain sufficient funds.

MINING PROPERTIES AND FUTURE EXPLORATION WORK

Press releases of technical nature submitted by the Company are approved by Mr. Bryan S. Osborn P. Geo, Qualified Person (QP) according to NI43-101 regulations.

Rocmec 1

The Company is currently seeking a partner that would invest in the project in order to develop the gold resources on the site.

Rey Solomon

On February 17, 2015, the Company decided to withdraw from the joint venture with Chazel Capital for the development of Rey Solomon mining project in Peru to focus its efforts on the implementation of its thermal fragmentation mining method in the region. As a result, the Company frees itself of all financial, legal and environmental responsibilities, past, present and future, related to the Cerro Dorado SAC joint venture. Investment in a joint venture and all related components have been written-off.

Denain

There have been neither changes nor any development on the property since the last report. No exploration expenditures are planned for the property in the short term.

Courville

There have been neither changes nor any development on the property since the last report. No exploration expenditures are planned for the property in the short term.

Patents

All the patents that have been granted are in force and no new patent requests have been made.

EXPLORATION AND EVALUATION ASSETS

	Balance as at October 1st, 2014	Additions	Tax credits and duties refundable	Impairment	Balance as at June 30, 2015
Denain (a)	$ -	$ -	$ -	$ -	$ -
Courville Maruska (b)	-	-	-	-	-
Rocmec 1(c)	-	-	-	-	-
Mining rights	2,603,982	-	-	-	2,603,982
Exploration and evaluation	6,115,820	37,276	-	-	6,153,096
	$ 8,719,802	$ 37,276	$ Nil	$ Nil	$ 8,757,078

	Balance as at October 1st, 2013	Additions	Tax credits and duties refundable	Impairment	Balance as at September 30, 2014
Denain (a)	$ -	$ -	$ -	$ -	$ $ -
Courville Maruska (b)	-	-	-	-	-
Rocmec 1(c)	-	-	-	-	-
Mining rights	2,603,982	-	-	-	2,603,982
Exploration and evaluation	6,046,158	112,284	(42,622)	-	6,115,820
	$ 8,650,140	$ 112,284	$ (42,622)	$ Nil	$ 8,719,802

Deferred exploration and development expenses capitalized are as follows:

	June 30, 2015	September 30, 2014
Supervision	$ 26,780	$ 70,809
Other exploration expenses	10,496	41,475
	$ 37,276	$ 112,284

CASH FLOWS

	2015		2014	
	3 month period ended June 30	**9 month period ended June 30**	3 month period ended June 30	9 month period ended June 30
Cash flows from operating activities	**$ (177,058)**	**$ (1,360,013)**	$ (294,412)	$ (786,733)
Cash flows from investing activities	**$ (55,495)**	**$ (84,400)**	$ 9,897	$ (52,777)
Cash flows from financing activities	**$ 454,919**	**$ 1,646,857**	$ 220,080	$ 793,470
Net change in cash and cash equivalents	**$ 222,366**	**$ 202,444**	$ (64,435)	$ (46,040)
Cash and cash equivalents at beginning of period	**$ 36,426**	**$ 56,348**	$ 69,688	$ 51,293
Cash and cash equivalents at end of period	**$ 258,792**	**$ 258,792**	$ 5,253	$ 5,253

For the 3 month period ending June 30, 2015, cash flows from **operating activities** were $(177,058) compared to $(294,412) in 2014. This is partly explained by a higher net loss in 2014 of $118,027 compared to 2015 as well as by the absence of capitalized interest on the convertible debentures in 2015.

For the 9 month period ending June 30, 2015, cash flows from **operating activities** were $(1,360,013) compared to $(786,733) in 2014. This is mainly explained by the change in working capital items of $(582,600) compared to $100,833 in 2014. This variation is explained by the payment of unpaid wages and accrued interests on debts and debentures using cash flows from private placements.

For the 3-month period ending June 30, 2015, cash flows from **investing activities** were $(55,495) compared to $9,897 in 2014. This variation is mainly due to acquisitions of property, plant and equipment of $83,604 during the period.

For the 9-month period ending June 30, 2015, cash flows from **investing activities** were $(84,400) compared to $(52,777) in 2014. This variation is mainly due to increased investments in fixed assets, partially offseted by reduced investments in exploration and evaluation assets.

For the 3-month period ending June 30, 2015, cash flows from **financing activities** were $454,919 compared to generated cash flows of $220,080 in 2014. This variation comes from the issuance of shares and warrants following the completion of two tranches of a private placement.

For the 9 month period ending June 30, 2015**, financing activities** generated cash flows of $1,646,857 compared to $793,470 in 2014. This increase is explained by the private placements completed during the period totaling $2,175,518 ($129,484 in 2014), and offseted by the decrease in issuance of loans, debts and debentures (nil in 2015; $547,441 in 2014).

FINANCIAL POSITION

The results are essentially the same for both periods except for the write off of indemnities payable to subscribers, the repayment of the due to a shareholder and the write off of the investment in a joint venture. The main assets are detailed as follows:

	June 30, 2015	September 30, 2014
CURRENT ASSETS		
Cash	$ 258,792	$ 56,348
Accounts receivable and other receivables	52,140	16,160
Sales taxes receivable	16,893	18,322
Prepaid expenses	98,000	-
Tax credit receivable	6,142	42,622
	431,967	133,452
NON CURRENT ASSETS		
Property, plant and equipment	315,289	283,593
Investment in a joint venture	-	801,003
Exploration and evaluation assets	8,757,078	8,719,802
Security deposits	-	948
	9,072,367	9,805,346
TOTAL ASSETS	$ 9,504,334	$ 9,938,798

FINANCIAL POSITION (cont'd)

The main components of the Company's liabilities are:

	June 30, 2015	September 30, 2014
CURRENT LIABILITIES		
Accounts payable and other liabilities	$ 2,891,602	$ 3,256,976
Deposit	-	90,000
Loans	19,064	20,261
Subscription received in advance	-	85,623
Indemnity payable to subscribers	2,760,427	6,289,782
Due to a shareholder without interest and specific repayment term	-	396,785
Current portion of long-term debts	1,500,000	1,509,969
Current portion of debentures	2,277,771	2,211,431
	9,448,864	13,860,827
NON CURRENT LIABILITIES		
Debentures	-	140,256
TOTAL LIABILITIES	$ 9,448,864	$ 14,001,083

Shareholders' Equity

The shareholders' equity as at June 30, 2015 includes the share capital of $43,771,749 to which is added $521,703 (fair value of warrants), $776,915 (equity component of convertible debentures) and $10,234,013 (contributed surplus), less $55,248,910 (deficit) for shareholders' equity totaling $55,470.

Assets Retirement Obligations

The Company's assets retirement obligations are based on management's estimates of costs to abandon and restore mining assets as well as an estimate of future timing of the costs. An amount of $2,060 was estimated for the the Rocmec 1 site. Currently, the site is secured as per current standards and no additional costs have been planned by the Company. The amounts recorded in the consolidated financial statements are sufficient to meet the requirements of current legislation.

Off-Balance Sheet Arrangements, Obligations and Commitments

The company has neither off-balance sheet arrangements nor obligations other than those declared or concluded in the normal course of the Company's business.

Capital Structure

The company's capital structure consists of an unlimited number of common shares and an unlimited number of privileged shares that may be issued in series.

FINANCIAL POSITION (cont'd)

Capital Structure (cont'd)

As at June 30, 2015, the capital structure of the Company was: common shares (95,784,028), exercisable stock options (7,600,833), and warrants (30,460,989).

Source of financing

During the nine month period ended June 30, 2015, the Company has issued common shares for a value of $2,175,518. In addition, the Company settled an amount due to a shareholder of $ 323,000 and has settled $23,516 in accrued interest by issuing shares.

RELATED PARTIES TRANSACTIONS

Key management personnel include the directors and officers of the Company.

During the period ended June 30, 2015, one of the directors subscribed for 62,500 units of the Company at a price of $0.08 for total gross proceeds of $5,000 as part of the first tranche of the private placement completed on April 15, 2015.

Key management compensation consists of the following:

	Three month period ended June 30 2015	Three month period ended June 30 2014	**Nine month period ended June 30 2015**	Nine month period ended June 30 2014
Salaries and fringe benefits	$ 81,067	$ 81,067	$ 243,202	$ 243,201
Capitalized to exploration and evaluation assets	(8,240)	(14,805)	(26,780)	(56,005)
	72,827	66,262	216,422	187,196
Stock-based compensation	48,152	54,239	123,430	162,718
Total	$ 120,979	$ 120,501	$ 339,852	$ 349,914

INFORMATION ON ISSUED AND OUTSTANDING SHARES

Changes in the Company's common share capital were as follows:

	June 30, 2015		September 30, 2014	
	Number	Amount	Number	Amount
Share issued				
Balance at beginning of period	63,471,326	$ 41,717,173	53,740,633	$ 40,873,171
Paid in cash	28,547,546	2,175,518	1,991,538	182,322
Debentures conversion	-	-	7,319,233	658,731
Value granted to warrants	-	(532,558)	-	(47,442)
Exercice of common share purchase options	300,000	65,100	-	-
Debt settlement	3,465,156	346,516	419,922	50,391
Balance at end of period	95,784,028	$ 43,771,749	63,471,326	$ 41,717,173

INFORMATION ON THE COMPANY'S COMMON SHARE PURCHASE OPTIONS

The summary of changes in the Company's common share purchase options is as follows:

	June 30, 2015		September 30, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the period	6,900,000	$ 0.163	3,565,000	$ 0.213
Granted	3,475,000	0.099	3,355,000	0.120
Exercised	(300,000)	(0.120)	-	-
Expired	(45,000)	(1.900)	-	-
Cancelled	-	-	(20,000)	(1.950)
Balance, end of the period	10,030,000	$ 0.134	6,900,000	$ 0.163
Exercisable options at the end of the period	7,600,833	$ 0.147	5,781,667	$ 0.169

INFORMATION ON THE COMPANY'S COMMON SHARE PURCHASE OPTIONS (cont'd)

Granted and exercisable options as at June 30, 2015:

	Granted options	Exercisable options	Exercise price	Expiration date
(a)	65,000	65,000	$ 2.00	December 2015
	200,000	-	$ 0.085	April 2017
	3,335,000	3,335,000	$ 0.14	June 2017
	100,000	100,000	$ 0.10	April 2018
	3,055,000	3,055,000	$ 0.12	December 2018
	3,275,000	1,045,833	$ 0.10	Janvier 2020
	10,030,000	7,600,833		

(a) Stock options granted at an exercise price of $0.10 before consolidation while the market value was $0.035.

INFORMATION ON OUTSTANDING WARRANTS

The summary of changes in the Company's warrants is as follows:

	June 30, 2015		
	Number of warrants	Weighted average exercise price	Fair value allocated
Balance as at October 1st, 2014	8,451,903	$ 0.122	$ 141,858
Granted	28,547,546	0.116	532,558
Expired	(6,538,460)	(0.112)	(152,713)
Balance as at June 30, 2015	30,460,989	$ 0.119	$ 521,703

	September 30, 2014		
	Number of warrants	Weighted average exercise price	Fair value allocated
Balance as at October 1st, 2013	10,608,695	$ 0.152	$ 522,639
Granted	1,913,443	0.156	47,442
Expired	(4,070,235)	(0.216)	(428,223)
Balance as at September 30, 2014	8,451,903	$ 0.122	$ 141,858

INFORMATION ON OUTSTANDING WARRANTS (cont'd)

Warrants outstanding as at June 30, 2015 are as follows:

Number of warrants	Exercise price	Expiration date
1,208,936	$ 0.180	April 2016
704,507	$ 0.115	July 2016
664,190	$ 0.115	October 2016
8,809,805	$ 0.115	October 2016
8,267,282	$ 0.115	November 2016
3,915,833	$ 0.115	December 2016
6,890,436	$ 0.120	May 2017
30,460,989		

INTERIM DATA

The financial information chosen for the last nine quarters is as follows:

	30/06/15 $	31/03/15 $	31/12/14 $	30/09/14 $	30/06/14 $	31/03/14 $	31/12/13 $	30/09/13 $	30/06/13 $
Share of results in the joint venture	-	71,504	(71,504)	46,911	97,652	21,564	52,408	(62,601)	(18,209)
General and administrative expenses	(333,918)	(1,150,927)	3,098,205	(439,972)	(335,449)	(326,088)	(299,606)	(471,943)	(393,833)
Financial costs	(113,141)	(110,002)	(102,458)	(157,606)	(260,657)	(237,749)	(233,033)	(161,202)	(235,887)
Net income (loss)	(380,010)	(1,167,221)	2,941,308	(785,801)	(498,037)	(542,246)	(480,231)	(672,208)	(647,929)
Net income (loss) per share, basic and diluted	(0.0042)	(0.0137)	0.0383	(0.013)	(0.008)	(0.0100)	(0.0097)	(0.014)	(0.013)

The amounts of the last 9 quarters are comparable with the exception of administrative and general expenses for the periods ended December 31, 2014 and March 31, 2015. This significant variation is explained by the write off of indemnities payable to subscribers ($3,525,355) in the first quarter of 2015 and by the write off of the investment in a joint venture of $711,003 in the second quarter of 2015. Also, the loss for the fourth quarter of 2014 was slightly higher compared to other quarters of the year, due to the advance to the joint venture of $209,250 which was written off.

INTERIM DATA (cont'd)

The variation in the share of the joint venture is caused by the ratification of the Company's offer to acquire the Rey Solomon property in Peru. Starting December 31, 2012, the share in the joint venture changes every quarter because of it being recorded under the equity method, presenting the Company's share in the net assets of the joint venture. Following Company's decision to withdraw from the joint venture in the second quarter of 2015, all related components were written off.

Financial expenses remained constant from one quarter to another. These charges were slightly higher in 2014 since the accrued interests on debentures increased. In 2015, financial expenses decreased since the Company was able to reimburse some liabilities following the completion of multiple private placements in the first quarter.

CONTINGENCIES

i) The Company's operations are governed by governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether it is the result level, the impact or its deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. As at June 30, 2015, a provision of $2,060 ($2,060 as at September 30, 2014) for restoration of the premises is included in the accounts payable and accrued liabilities. The actual amount might differ from this estimate.

ii) The Company is partly financed by issuance of flow-through common shares. However, there are no guarantees that the funds spent by the Company will qualify as Canadian explorations expenses, even if the Company has taken all the necessary measures to meet its commitment. The refusal of some expenses by the tax authorities would have a negative fiscal impact on investors and the Company and these consequences will only be determinable when such expenses will be denied by tax authorities.

SUBSEQUENT EVENTS

On July 14, 2015, the Company completed the first tranche of a private placement for $202,500 by issuing 2,531,250 units at a price of $0.08 per unit, each unit consisting of one (1) common share of the Company and one (1) warrant. Each warrant entitles the holder to acquire one (1) additional common share of the Company at a price of $ 0.12 per common share for a period of 24 months following the issue date. An amount of $18,031 related to the warrants issued was recorded. There were no issuance costs.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes to consolidated financial statements. Significant estimates include the useful life of fixed assets, the recoverability of mineral properties and exploration expenses and deferred development tax credits receivable, indemnity payable to subscribers, future income taxes and stock-based compensation. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company is exposed to various financial risks resulting from both its operations and its investment activities. Financial risk management is carried out by the Company's management.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risk

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

The credit risk is the risk associated with non-payment of financial obligations by the customers of the Company. The Company's maximum exposure to credit risk is limited to the accounts receivable. The credit risk for funds held for exploration is considered negligible, since the counterparty is a reputable bank with high quality external credit rating. The maximum credit risk is equivalent to the net book value.

Liquidity risk

The liquidity risk is the risk that the Company experiences difficulty honouring commitments related to financial liabilities. The management approach concerning cash management is to ensure, as much as possible, that the Company has the necessary funds to meet its financial obligations at maturity. If considered necessary, management renegotiates extensions to maturity dates to balance the needs in cash and financings.

The Company intends to take measures in order to satisfy obligations under accounts payable and other liabilities, interest payment on convertible debentures and borrowings and repayment of the short-term part of long-term debts and convertible debentures. Management intends to continue, as was done in the past, to finance its activities by raising funds by private equity investments, loans or debentures. Even if it succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and it believes that the liquidity risk is high.

During the 9-month period ended on June 30, 2015, the Company concluded financing for a total of $2,175,518 and settled accrued interest by issuing common shares of the Company in order to maintain its level of liquidity. However, more financing will be necessary to enable the Company to finance next year's operation expenditures.

FINANCIAL INSTRUMENTS (CONT'D)

The following table presents the Company's debt terms as at June 30, 2015:

	Less than a year	Between 1 year and 2 years	More than 2 years
Accounts payable	$ 2,891,602	$ -	$ -
Loans	19,064	-	-
Indemnity payable to subscribers	2,760,427	-	-
Long-term debts	1,500,000	-	-
Debentures	2,277,771	-	-
	$ 9,448,864	$ Nil	$ Nil

Interest rate risk
The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. Loans, long-term debt and debentures issued by the Company bear interest at a fixed rate thus exposing it to the risk of changes in fair value arising from interest rate fluctuations.

Interest rate analysis

A 1% change in interest rates would not have a material impact on the results and the cash flows.

RISKS AND UNCERTAINTIES

There have been no important changes in relation to risks and uncertainties since the management's annual report dated September 30, 2014.

FORWARD-LOOKING STATEMENTS – CAUTION

Our report contains « forward-looking statements », which are not based on historical facts. Forward-looking statements reflect, as at the date of this Management Discussion and Analysis Report, our estimates, forecasts, projections, expectations and beliefs as to future events or results. Forward-looking statements are reasonable estimates, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to factors associated with fluctuations in the market price of gold and precious metals, mining industry risks, unexpected geological situations, uncertainty as to calculation of mineral reserves, changes in laws or governmental policies, inability to obtain permits and approval from governmental bodies and requirements of additional financing and the capacity of the Corporation to obtain financing and any other risk associated mining and development.

The Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This management's discussion and analysis contains forward-looking statements reflecting the Company's objectives, estimates and expectations. These statements are identified by the use of verbs such as "believe", "anticipate", "estimate" and "expect" as well as the use of the future or conditional tense. By their very nature, these types of statements involve risk and uncertainty. Consequently, results could differ materially from the Company's projections or expectations.

(S) André Savard
André Savard, President

(S) Donald Brisebois
Donald Brisebois, Vice-President Operations & technology

Date: August 28, 2015