OTTERBURN RESOURCES CORP.
Management Discussion and Analysis ("MD&A")
for the six months ended February 28, 2015

The following discussion and analysis of the operations, results, and financial position of Otterburn Resources Corp. ("the Company") for the six months ended February 28, 2015 should be read in conjunction with the Company's unaudited financial statements and related notes for the six months ended February 28, 2015 and the audited financial statements for the year ended August 31, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The effective date of this report is April 29, 2015. All figures are presented in Canadian dollars, unless otherwise indicated.

COMPANY OVERVIEW

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on March 22, 2010. On January 5, 2011, the Company completed an initial public offering ("IPO") on the TSX Venture Exchange ("TSX-V") and commenced trading under the symbol OBN. The Company is in the business of exploration, development and exploitation of mineral resources in Canada. The Company's primary objective is to explore mineral properties to a stage where they can be developed profitably or sold to a third party. The Company has an option to acquire a 100% interest in the Adams Plateau Property (hereinafter, the "Adams Plateau Property" or the "Property") located in south central British Columbia.

PROPOSED ACQUISITION

On August 25, 2014, the Company signed a Share Exchange Agreement ("SEA"), as amended on November 19, 2014 and March 31, 2015 with K92 Holdings International Limited ("K92"), a company incorporated under the laws of the Territory of the British Virgin Islands, and the shareholders of K92, whereby the Company agreed to acquire all of the outstanding shares of K92 from the shareholders of K92 in exchange for issuing, to the K92 shareholders, common shares of the Company on the basis of one common share of the Company for each one K92 share being acquired. Assuming completion of this share exchange, K92 will become a wholly-owned subsidiary of the Company. The completion of this transaction (the "Proposed Transaction") is, amongst other matters, conditional upon:

(a) the completion of the acquisition of all of the outstanding shares of Barrick (Kainantu) Limited ("BKL") by a wholly-owned subsidiary of K92, as further described below, which was completed on March 5, 2015;

(b) the completion of a brokered private placement of special warrants of the Company to raise minimum gross proceeds of $20,000,000 to close concurrently with the Proposed Transaction;

(c) Receipt of all necessary shareholder and regulatory approvals including TSX Venture Exchange acceptance;

(d) Completion of a satisfactory NI43-101 compliant independent technical report on the Kainantu Gold-Copper mine; and

(e) Receipt of acceptable corporate and title opinions on K92, K92PNG, BKL and BKL's assets in Papua New Guinea.

BKL owns 100% of the rights and interests in and to certain mining leases and licenses in Papua New Guinea, including the Kainantu Gold-Copper mine currently owned by a subsidiary of Barrick Gold Corporation ("Barrick").

K92 owns all the outstanding shares of K92 Holdings (PNG) Limited ("K92PNG"). K92PNG is party to a Share Sale Agreement dated June 11, 2014 ("BKL Purchase Agreement") whereby K92PNG has agreed to acquire all the outstanding shares of BKL from Barrick. BKL was purchased from Barrick by K92PNG for a purchase price of US $62 million, comprised of a US $2 million initial cash payment and up to US $60 million in contingent cash payments. These contingent payments are subject to a term of ten years and are based upon additional reserves at the Kainantu Mine.

On December 2, 2014, the Company and K92 signed a termsheet for a US$15,000,000 Senior Secured Gold Loan Facility (the "Facility") with Auramet International LLC ("Auramet").

Under the term sheet, the US$15,000,000 would be used to restart the Kainantu mine project in the Eastern Highland province of Papua New Guinea and will be repayable to Auramet by monthly delivery of gold from September 2015, through the maturity date in December 2016. There is no penalty for early repayment. The number of gold ounces to be delivered to Auramet to repay the facility will be set upon signing the final facility agreement and will be based on the spot price of gold, less an agreed discount. In addition, Auramet will receive one million share purchase warrants with a 65-cent strike price and a three-year term, as well as structuring and drawdown fees totaling 3 per cent of the facility amount.

As at February 28, 2015, the acquisition of K92 by the Company has not been completed.

HIGHLIGHTS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2015 AND SUBSEQUENT PERIOD UP TO EFFECTIVE DATE OF THIS MD&A

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On December 18, 2014, the Company issued 160,000 common shares as a bonus to a third party lender who loaned $400,000 to K92 to fund K92's on-going costs in relation to its acquisition of BKL and its subsequent acquisition by the Company.

During the six months ended February 28, 2015, the Company received $1,178,913 in share subscriptions that would result in the issuance of 2,356,826 subscription receipts (the "Subscription Receipts"). Fund received of $1,178,913 is classified as restricted cash. Pursuant to the terms of the subscription agreements, the Company loaned 100% of the gross proceeds of the financing to K92 to fund K92's operations in PNG following the completion of the acquisition of BLK on March 5, 2015 until the completion of the Proposed Transaction (Note 10). The rights triggered by the Subscription Receipts are dependent on the closing of the Proposed Transaction. Each Subscription receipt entitles the holder to automatically receive:

(i) one (1) common share of the Resulting Issuer, if within 60 days following closing of the Proposed Transaction the Company has receipted a prospectus qualifying such common share for resale (the "Conversion Conditions"); or

(ii) 1.1 common shares if the Conversion Conditions are not satisfied within 60 days following closing of the Proposed Transaction (such common shares to be issued within five days following the earliest of (A) request for delivery by the Subscription Receipt holder, (B) subsequent satisfaction of the Conversion Conditions, or (C) four months following the closing of the Proposed Transaction; or

(iii) should the Proposed Transaction fail to close on or before June 30, 2015 (or such later date as the Company and each Subscription Receipt holder may agree), a pro-rata share of (A) the loans made to K92, and (B) the remaining balance of the gross proceeds of the Private Placement (if any) which has not then been loaned by the Company to K92 will be returned to the subscription receipt held and that the Company shall have no further liability to the Subscription Receipt holders.

MINERAL PROPERTY EXPLORATIONS

The Company is investigating, evaluating and conducting exploration activities in Canada. The Company has an option to acquire a 100% interest in several claim groups covering approximately 5,099 hectares called the Adams Plateau Property located approximately 75 kilometres northeast of Kamloops in south-central British Columbia.

In order to keep the Adams Plateau property option agreement in good standing, the Company needs to incur a minimum of $85,678 of additional exploration expenditures by June 30, 2015 (accumulated exploration costs of $195,305 are net of $19,017 of BC METC).

a) Adams Plateau Property, BC, Canada – Operations update:

The Adams Plateau Property is an amalgamation of several historic claim groups located approximately 75 kilometres northeast of Kamloops that have been intermittently explored for both volcanogenic massive sulfide (VMS) and vein type base and precious metal deposits since the early 1900's. The Property consists of a staircase shaped block of ground (5,099 hectares / roughly 12 kilometres in length and four kilometres in width) covering parts of the east shore and most of the upland area to the east of Adams Lake that is accessible either by logging roads from the community of Scotch Creek or by boat from the community of Sqwaam Bay on the west side of Adams Lake. The Property covers strike extensions of the Eagle Bay Formation volcanic rocks which host several former producing, high precious metal content volcanogenic massive sulfide ("VMS") occurrences located west of Adams Lake. Preliminary exploration work completed during 2010 defined four main target areas referred to as the Beca / South West Extension area, the AXL-A2 area, the WAD Extension area and the Elsie – Lucky Coon area.

During the year ended August 31, 2011, the Company incurred $77,871 of costs relating to a phase 1 exploration program consisting primarily of soil geochemical surveys in the Beca / Southwest Extension area. The objective of this exploration work was to assess potential extensions of the stratigraphic horizons that host VMS mineralization identified at the Beca area. Two areas of elevated lead and zinc values were identified between one and two kilometers along strike from the Beca area and confirmed that the strike extensions of the rock units that host the Beca area are prospective for the discovery of VMS type mineralization. However, it is important to note that the topography of the Southwest Extension area is steep and that the apparent thickness of the stratigraphic units which host VMS mineralization may be exaggerated due to downslope dispersal of mineralization contained within narrower stratigraphic units.

During the year ended August 31, 2012, the Company incurred $17,461 of costs for exploration work on the Beca – Southwest Extension area and for work in the Elsie – Lucky Coon area as part of the $220,000 phase 1 exploration program. Results of the exploration work undertaken in the Beca / Southwest Extension area are considered encouraging. Although the actual width of the stratigraphic units that host the elevated lead and zinc values have not yet been determined it is highly probable that these units are at least several tens of meters in thickness. The observed thicknesses of the favourable stratigraphic horizons are consistent with the thicknesses of similar stratigraphic horizons observed at the AXL-A2 area (located approximately five kilometers to the east of SW Zone 2) and it can be concluded that the western part of the Adams Plateau Property has potential to host significant VMS type occurrences.

The Elsie – Lucky Coon Target area is located in the north eastern part of the Adams Plateau Property and was the focus of extensive previous exploration work in the 1970's and early 1980's. Petrographic and analytical work on samples collected from the Beca / Southwest Extension area and from the Elsie – Luck Coon area is in progress to confirm geological similarities with the high precious metal content VMS type occurrences located to the west of Adams Lake.

During the year ended August 31, 2013, an additional $9,047 in geological work was completed in the Elsie – Lucky Coon area. The location of several historic drill holes and trenches were verified and additional samples were collected from known VMS type mineral occurrences.

There was no exploration work done in the six months ended February 28, 2015 and the year ended August 31, 2014.

LOANS PAYABLE

During the year ended August 31, 2014, the Company entered into three loan agreements to borrow $14,500 from each lender. In addition, on September 22, 2014, the Company entered into a loan agreement to borrow $25,000 from one of the three lenders, a company partially owned by two directors of the Company. The loans are unsecured, bear interest of 8% per annum and are due and payable on June 30, 2015. Out of $68,500 of loan advances received, $39,500 was borrowed from a company partially owned and controlled by two directors of the Company. As at February 28, 2015, the total accrued interest payable to the three lenders is $4,092.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly results for the last eight quarters:

	28 Feb 2015 (i)(iii)	**30 Nov 2014 (i)**	**31 Aug 2014 (i)(ii)**	**31 May 2014 (i)**	**28 Feb 2014 (i)**	**30 Nov 2013 (i)**	**31 Aug 2013 (i)(ii)**	**31 May 2013 (i)**
Expenses	$104,283	$20,534	$38,518	$18,863	$19,431	$23,210	$35,966	$23,945
Loss for the period	$102,608	$20,534	$38,518	$18,863	$19,431	$23,210	$35,966	$23,945
Weighted average shares outstanding in 1'000s	13,347	13,219	13,219	13,219	13,219	13,219	13,219	13,219
Loss per common share	$0.01	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Mineral property expenditures (recovery)	-	-	-	-	-	-	(2,714)	-

(i) The Company's operating losses are due to mineral exploration activities and general and administrative costs, such as management, consulting, legal, accounting and audit incurred during the process of managing the Company's operations and to ensure regulatory compliance and can fluctuate from quarter to quarter based on such factors as recommended exploration costs and cash resource management.

(ii) Net loss for the quarters ended August 31, 2013 and August 31, 2014 are higher due to incurring annual audit fees.

(iii) Net loss for the quarter ended February 28, 2015 is mainly due to incurring non-cash share-based payment to third party lender.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following table summarizes maximum number of common shares outstanding as at February 28, 2015 and as of the date of this MD&A if all outstanding options and warrants were converted to common shares:

	As of the date of this MD&A	February 28, 2015
Common shares	13,379,334	13,379,334
Warrants to purchase common shares	7,350,000	7,350,000
Options to purchase common shares	800,000	800,000
	21,529,334	21,529,334

RESULTS OF OPERATIONS

Six months ended February 28, 2015 ("2015") compared with six months ended February 28, 2014 ("2014")

The loss for the six months ended February 28, 2015 was $131,642, compared with $42,641 for the six months ended February 28, 2014. The $89,001 increase in loss in the current period is mainly due to an increase in filing and transfer agent fees and share-based payment. Detailed discussion of the major differences is as follows:

- Audit and accounting fees of $23,425 were incurred in 2015 as compared to $17,550 in 2014. The increase is mainly due to incurring review fees for the two quarters ended November 30, 2014 and February 28, 2015. No similar costs were incurred in 2014;

- Filing and transfer agent fees of $14,171 were incurred in 2015 as compared to $9,535 in 2014. The increase of $4,636 was due to higher fees paid in 2015 for review of additional materials submitted to TSX-V and news release announcements in relation to the proposed acquisition of K92; and

- Share-based payment of $80,000 was incurred in 2015 in relation to the bonus shares issued to a third party lender who loaned $400,000 to K92. No similar costs were incurred in 2014.

Three months ended February 28, 2015 ("Q2 2015") compared with three months ended February 28, 2014 ("Q2 2014")

The loss for the three months ended February 28, 2015 was $102,608, compared with $19,431 for the three months ended February 28, 2014. The $83,177 increase in loss in the current quarter is mainly due to an increase in share-based payment. Detailed discussion of the major difference is as follows:

- Audit and accounting fees of $10,425 were incurred in 2015 as compared to $4,500 in 2014. The increase is mainly due to incurring review fees for the three months ended February 28, 2015. No similar costs were incurred in 2014; and

- Share-based payment of $80,000 was incurred in Q2 2015 in relation to the bonus shares issued to a third party lender who loaned $400,000 to K92. No similar costs were incurred in Q2 2014.

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements or the exercise of warrants and stock options or through debt. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's common shares, restricting access to some institutional investors. The Company's growth and success is dependent on additional external sources of financing which may not be available on acceptable terms.

Working Capital

As of February 28, 2015, the Company's working deficit was $145,837, compared with a $94,195 working capital deficit as of August 31, 2014. The increase in working deficit is due to spending $131,642 on operating expenses. The receipt of $1,178,913 in gross proceeds from a subscription receipt financing was restricted cash loaned to K92 subsequent to February 28, 2015 reporting period.

Cash

On February 28, 2015, the Company had $1,656 of cash, compared with $21,651 of cash on August 31, 2014. The $19,995 decrease in cash position is due to paying for general and administrative costs and maintenance of current non-cash working capital. The receipt of $1,178,913 in gross proceeds from a subscription receipt financing was restricted cash loaned to K92 subsequent to February 28, 2015 reporting period.

Cash Used in Operating Activities

Cash used in the operating activities during the period ended February 28, 2015 was $44,995. Cash was used mostly on audit and accounting, filing and transfer agent fees, office and administration and rent, as well as on paying off accounts payable. Cash used in operating activities during the period ended February 28, 2014 was $13,735. Cash was mostly spent on audit and accounting, filing and transfer agent fees, office and administration and rent.

Cash Used in Investing Activities

There were no investing activities during the periods ended February 28, 2015 and 2014.

Cash Generated by Financing Activities

During the period ended February 28, 2015, the Company received $25,000 of loan. There were no financing activities during the period ended February 28, 2014.

Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs more funds to finance its exploration and development programs and ongoing operating costs. As at February 28, 2015, the Company had a working deficit of $145,837, all proceeds received from share subscriptions were restricted cash loaned to K92 subsequent to February 28, 2015 reporting period. Given that the Company has insufficient working capital to fund its explorations and operations, the Company therefore has made efforts to conserve cash by deferring payments on the Adams Plateau option agreement and certain operating expenses. The Company has re-negotiated the terms of the Adams Plateau option agreement to defer all payments and exploration expenditures as follows:

	Option Payments	Share Issuances	Exploration Expenditures*
On execution of the option agreement (paid)	$ 15,000	-	$ -
On or before December 31, 2010**	-	-	100,000
On or before June 30, 2015	-	-	200,000
On or before December 31, 2015	85,000	100,000	250,000
On or before December 31, 2016	100,000	150,000	350,000
Total	$ 200,000	250,000	$ 900,000

* Not cumulative

** Achieved

The Company does not plan to incur any significant exploration costs until a sufficient equity financing is completed. The Company plans to complete a private placement of up to $20,000,000 to complete and fund the proposed acquisition of K92. More details can be found in Proposed Acquisition section of this MD&A.

GOING CONCERN

The Company's condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

At February 28, 2015, the Company had not achieved profitable operations and had an accumulated deficit of $1,064,106 since inception. In addition, the Company currently has insufficient cash to fund $85,678 of exploration expenditures by June 30, 2015 to maintain its option to the Adams Plateau Property. These conditions are material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent its ability to obtain the necessary financing to develop its mineral property interest and to meet its corporate overhead needs, keep its property in good standing and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Should the Company not be able to continue as a going concern, realization values may be substantially different from carrying values as recorded in these financial statements. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of companies owned and controlled by executive officers and directors, as follows:

	Relationship	Nature of Transactions
CDM Capital Corp.	Owned and controlled by two directors of the Company	Accounting, Office and Administration, Rent and Loans Payable
ArkOrion Enterprises Inc.	Owned and controlled by the CFO of the Company	Accounting

Total compensation paid to CDM Capital Corp. during the current period was $14,000 (2014 - $21,000) and to ArkOrion Enterprises Inc. was $Nil (2014 - $7,500). Details of related party transactions and compensation of key management personnel are as follows:

(a) During the six months ended February 28, 2015, the Company paid or accrued $6,000 (2014 - $9,000) for accounting fees to CDM Capital Corp.

(b) During the six months ended February 28, 2015, the Company paid or accrued $Nil (2014 - $7,500) for accounting and CFO services to ArkOrion Enterprises Inc.

(c) During the six months ended February 28, 2015, the Company paid or accrued $4,000 (2014 - $6,000) for office and administration fees to CDM Capital Corp.

(d) During the six months ended February 28, 2015, the Company paid or accrued $4,000 (2014 - $6,000) for office rent to CDM Capital Corp.

(e) On September 22, 2014, the Company received a $25,000 loan (2014 - $Nil) from CDM Capital Corp. The loan is unsecured, bears interest of 8% per annum and is due and payable on March 31, 2015. As at February 28, 2015, a total of $1,955 of interest is owing to CDM Capital Corp.

(f) As at February 28, 2015, there are $7,560 (August 31, 2014 - $17,783) of fees owing to the CDM Capital Corp. and $18,375 (August 31, 2014 - $18,375) of fees owing to ArkOrion Enterprises Inc., which are included in accounts payable and accrued liabilities. The amount owing is interest free, unsecured, current, and without fixed terms of repayment.

PLAN OF OPERATIONS AND FUNDING

The Company's plan of significant operations for the next twelve months is as follows:

- to finance general and administrative costs of running operations and regulatory compliance estimated at $50,000;

- to complete the proposed acquisition of K92, including the completion of the private placement of a minimum of $20 million expected to consist of the issuance of 40,000,000 common shares at a price of $0.50 per common share; and

- in the event that the proposed acquisition of K92 is not completed, the Company intends to either incur $85,678 of additional exploration expenditures on the Adam's Plateau property by June 30, 2015 or negotiate an extension of required exploration expenditures with the optionor.

As of the date of this MD&A, the Company does not have adequate working capital on hand to fund operations for the next twelve months. The Company has raised $25,000 in debt financing during the period ended February 28, 2015 and is planning to raise additional funds for operations via equity or debt financing.

FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

Cash, restricted cash and accounts receivable	Loans and receivables
Accounts payable and accrued liabilities and share subscriptions received	Financial liabilities measured at amortized cost

The classification of the financial instruments as well as their carrying values is shown in the table below:

Loans and receivables	$	1,184,126
Other financial liabilities	$	1,329,963

The fair value of cash and cash equivalents, accounts receivable, tax receivable and accounts payables and accrued liabilities and loans payable approximates their carrying value due to their short-term maturity.

The Company is exposed to various types of market risks including credit risk and liquidity risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Credit Risk – Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily

of cash and accounts receivable. The credit risk is minimized by placing cash with major Canadian financial institutions. The Company does not invest in asset–backed commercial papers.

(ii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants. The Company's cash is held in business accounts which are available on demand for the Company's programs and are not invested in any asset backed deposits or investments.

OTHER RISK AND UNCERTAINTIES

In additional to the risks related to the Company's financial instruments, the Company is exposed to potential loss from various other risks including exploration and development risk and environmental risk.

The exploration and development of mineral properties are highly speculative activities and are subject to significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors including management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfil the Company's obligations under any applicable agreements. Other risks and uncertainties include:

Competitive industry

Mining industry is intensely competitive and the company will compete with other companies that have far greater resources.

Exploration risks

Mineral exploration is highly speculative in nature. The Company's exploration project involves many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of mineral resources or mineral reserves.

Fluctuating metal and share prices

Factors beyond the control of the Company may affect the marketability of precious any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

In recent years, the securities markets in the United States and Canada have experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploratory and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Ability to continue as a going concern

The audited financial statements of the Company for the year ended August 31, 2014 were prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. As noted in the "Liquidity and Capital Resources" section, there are number of conditions that raise doubt about the Company's ability to continue as a going concern in the longer term.

The ability of the Company to continue as a going concern is dependent upon the existence of economically recoverable mineral reserves and the ability to raise adequate financing from lenders, shareholders and other investors to support such business activities. It is anticipated that the Company will rely on the equity markets in the upcoming fiscal year to meet its financing needs, including funding future exploration activity.

Given the current economic environment, there can be no assurance that such financing will be available to the Company on acceptable terms, or at all. Failure to continue as a going concern would require the Company's assets and liabilities to be presented on a liquidation basis, which would differ materially from the going concern basis.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its resource properties to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares and share purchase warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being resource properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements not yet applied:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for future accounting periods. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 – *Financial Instruments: Classification and Measurement* - IFRS 9 addresses classification and measurement of financial assets and liabilities, inducing impairment of financial assets, and hedge accounting. Under this standard, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The accounting model for financial liabilities is largely unchanged from IAS 39 except for the presentation of the impact of own credit risk on financial liabilities designated at fair value through profit or loss. The new general hedge accounting principles under IFRS 9 are aimed to align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however it is expected to provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more

judgment to assess the effectiveness of a hedging relationship. IFRS 9 is mandatorily effective for annual periods beginning on or after January 1, 2018. The Company is in process of evaluating the impact of IFRS 9 on the Company's financial statements.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

ADDITIONAL INFORMATION

For further detail, see the Company's interim financial statements for the period ended February 28, 2015 and the audited financial statements for the year ended August 31, 2014. Additional information about the Company can also be found on www.sedar.com.

CORPORATE DIRECTORY

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Exchange - TSX-V

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Darren Devine (Director)
Darryl Cardey (Director)
Adam Kniec (Chief Financial Officer)

Members of the Audit Committee
Darryl Cardey (Chair)
Darren Devine
Brian Lueck

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