OTTERBURN RESOURCES CORP.
Management Discussion and Analysis ("MD&A")
for the year ended August 31, 2014

The following discussion and analysis of the financial position and results of operations of Otterburn Resources Corp. ("the Company") for the year ended August 31, 2014 should be read in conjunction with the Company's audited financial statements and related notes 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 October 9, 2014. All figures are presented in Canadian dollars, unless otherwise indicated.

THE COMPANY

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.

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. The summary of accumulated costs is as follows:

a) Acquisition Costs

Accumulated acquisition costs as of August 31, 2014 and 2013 are as follows:

Adams Plateau Property, BC, Canada		August 31, 2014		August 31, 2013
Acquisition costs	$	15,000	$	15,000

No additional acquisition costs have been incurred during the years ended August 31, 2014 and 2013.

b) Exploration and Evaluation Costs

Details of the cumulative exploration expenditures as of August 31, 2014 and 2013 and the years then ended are as follows:

Adams Plateau Property, BC, Canada		2014		2013
Mineral exploration costs:				
Equipment rental	$	-	$	2,502
Geological		-		6,545
Total mineral exploration costs - expensed		-		9,047
BC METC *		-		(2,714)
Net mineral exploration costs - expensed		-		6,333
Cumulative balance – beginning of year		195,305		188,972
Cumulative balance – end of year	$	195,305	$	195,305

*The Company's exploration and evaluation costs incurred in British Columbia are eligible for a British Columbia Mining Exploration Tax Credit ("BC METC"). The Company estimated that the BC METC for the exploration and evaluation costs incurred during the year ended August 31, 2013 to be $2,714 which has been received in the year ended August 31, 2014.

c) Adams Plateau Property, BC, Canada - Details of the option agreement:

By option agreement dated April 1, 2010, and amended on June 8, 2010, June 1, 2012 and October 31, 2013, 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 by making cash payments, issuing common shares and incurring exploration costs 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 December 31, 2014	-	-	200,000
On or before December 31, 2015	85,000	100,000	250,000
On or before December 31, 2016	100,000	100,000	350,000
Total	$ 200,000	200,000	$ 900,000

* Not cumulative
** Achieved

The Adam's Plateau Property is subject to a 2% net smelter return royalty ("NSR royalty"). The Company can purchase one-half of the NSR royalty, being 1%, for $1,000,000.

In order to keep the Adams Plateau property option agreement in good standing, the Company needs to incur $85,678 of additional exploration expenditures by December 31, 2014 (accumulated exploration costs of $195,305 are net of $19,017 of BC METC).

d) **Adams Plateau Property** – 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 Phase 1 exploration program consisting primarily of soil geochemical surveys in the Beca / Southwest Area. The objectives of the exploration work in the Beca / Southwest Area work were to assess potential extensions of the stratigraphic horizons that host VMS mineralization identified at the Beca Prospect. Two areas of elevated lead and zinc values were identified between one and two kilometers along strike from the Beca Prospect and confirmed that the strike extensions of the rock units that host the Beca Prospect are prospective for the discovery of VMS type mineralization. However, it is important to note that the topography of the Southwest Target 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 Area and for work in the Elsie – Lucky Coon Area related to $220,000 Phase 1 exploration program.

Results of the work in the Beca / Southwest Target 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 Target 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 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, totalling $43,500. The loans are unsecured, bear simple interest of 8% per annum and are due and payable on March 31, 2015. Out of $43,500 of loan advances received, $14,500 was borrowed from a company partially owned and controlled by two directors of the Company. As at August 31, 2014, the total accrued interest payable to the three lenders is $1,496.

PROPOSED ACQUISITION

On August 25, 2014, the Company signed a Share Exchange Agreement ("SEA") 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 outstanding shares of K92 in exchange for common shares of the Company on the basis of one K92 share for one common share of the Company. Assuming completion of this share exchange, K92 will become a wholly-owned subsidiary of the Company. The completion of the transaction is, amongst other matters, conditional upon the completion of the acquisition by a wholly-owned subsidiary of K92 acquiring 100% of the issued shares of Barrick Kainantu Limited which owns 100% of the rights and interests in 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"), as set out below.

K92 owns all the outstanding shares of K92 Holdings (PNG) Limited ("K92PNG"). K92PNG is party to a Share Sale Agreement dated June 11, 2014 ("BLK Purchase Agreement") whereby K92PNG has agreed to acquire all the outstanding shares of Barrick (Kainantu) Limited ("BKL") from Barrick. BLK is being purchased from Barrick by K92PNG for a purchase price of US $62 million comprising 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 booked to the Kainantu Mine.

The completion of the transaction will be subject to the satisfaction of certain conditions prior to closing, including the following:

- Completion of the acquisition by K92PNG of BLK;
- Completion of a minimum $10,000,000 private placement, through the issuance of 20,000,000 common shares of the Company a price of $0.50 per share;
- Receipt of all necessary shareholder and regulatory approvals including TSX Venture Exchange acceptance;
- Completion of a satisfactory NI43-101 compliant independent technical report on the Kainantu Mine; and
- Receipt of acceptable corporate and title opinions on K92, K92PNG, BLK and BLK's assets in Papua New Guinea.

As at August 31, 2014, the transaction has not been completed. The transactions are anticipated to complete on or about November 30, 2014

SUMMARY OF QUARTERLY RESULTS

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

	31 Aug 2014 (i)	**31 May 2014 (i)**	**28 Feb 2014 (i)**	**30 Nov 2013 (i)**	**31 Aug 2013 (i)**	**31 May 2013 (i)**	**28 Feb 2013 (i)**	**30 Nov 2012 (i)(ii)**
Expenses	$35,518	$18,863	$19,431	$23,210	$35,966	$23,945	$32,019	$45,310
Loss for the period	$35,518	$18,863	$19,431	$23,210	$35,966	$23,945	$32,019	$45,310
Weighted average shares outstanding in 1'000s	13,219	13,219	13,219	13,219	13,219	13,219	13,085	12,951
Loss per common share	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Mineral property expenditures (recovery)	-	-	-	-	(2,714)	-	-	$9,047

(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. Net loss for the quarters represents normal level of business activity.

(ii) Net loss for the quarter ended November 30, 2012 is higher due to incurring exploration costs.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following table summarizes the maximum number of common shares outstanding as at August 31, 2014 and as of the date of this MD&A if all outstanding stock options and common share purchase warrants were converted to common shares:

	As of the date of this MD&A	May 31, 2014
Common shares	13,219,334	13,219,334
Warrants to purchase common shares	7,350,000	7,350,000
Options to purchase common shares	900,000	900,000
	21,469,334	21,469,334

Escrow Shares

Pursuant to an escrow agreement dated October 1, 2010, 3,850,001 common shares and 2,000,000 common share purchase warrants were placed in escrow. 10% of the escrowed common shares (385,000 common shares) and warrants (200,000 common share purchase warrants) were released from escrow upon completion of the IPO on January 5, 2011, and 15% of the common shares (577,500 common shares) and common share purchase warrants (300,000 common share purchase warrants) are released from escrow every 6 months thereafter. As at August 31, 2014, all the common shares and common share purchase warrants were released from escrow.

SELECTED ANNUAL INFORMATION

	2014	2013	2012
	$	$	$
Revenue	Nil	Nil	Nil
Net Loss for the year	100,022	137,240	181,119
Net Loss per common share, basic and diluted	0.01	0.01	0.01
Weighted Average number of common shares outstanding	13,219,334	13,119,476	12,951,334
Statement of Financial Position Data			
Working capital (deficit)	(94,195)	5,827	102,867
Total assets	37,918	57,640	137,967

RESULTS OF OPERATIONS

Quarter ended August 31, 2014 ("Q4 2014") compared with the quarter ended August 31, 2013 ("Q4 2013").

The loss for the quarter ended August 31, 2014 was $38,518 compared to $35,966 during the quarter ended August 31, 2013. The increase in the Q4 2014 net loss versus Q4 2013 is mainly due to an increase in filing and transfer agent fees and a decrease in exploration and evaluation cost recovery, offset by a decrease in audit and accounting fees. Significant variances are explained as follows:

- Audit and accounting fees decreased from $27,000 in Q4 2013 to $24,500 in Q4 2014.

- During Q4 2013, exploration and evaluation recovery of $2,714 was recorded for the estimated BC METC for the exploration and evaluation costs incurred during the year ended August 31, 2013. There were no exploration and evaluation costs incurred during Q4 2014; and

- Filing and transfer agent fees of $1,419 were incurred in Q4 2013 to maintain records of the Company's shares and to maintain listing on the TSX-V, as compared to $3,324 in Q4 2014. The increase of $1,905 was due to higher fees paid in the current quarter for review of additional materials submitted to TSX-V.

Year ended August 31, 2014 ("2014") compared with the year ended August 31, 2013 ("2013").

The loss for the year ended August 31, 2014 was $100,022 compared to $137,240 during the year ended August 31, 2013. The $37,218 decrease in loss in current year is mainly due to decrease in audit and accounting fees, exploration and evaluation costs, filing and transfer agent fees, and insurance expense. Significant variances are explained as follows:

- Audit and accounting costs in the amount of $47,350 were incurred in accounting for business transactions in 2014, as compared with $69,840 incurred in 2013. The decrease in audit and accounting fees was due to changes in compensation for the Company's Chief Financial Officer effective December 1, 2013 in efforts to preserve cash;

- Exploration and evaluation costs of $6,333 were incurred during the year ended August 31, 2013 for geological work completed in the Elsie – Lucky Coon area of the Adam Plateau project. No exploration and evaluation work was completed in 2014;

- Filing and transfer agent fees of $15,016 were incurred during 2014 to maintain records of the Company's shares and to maintain listing on the TSX-V, as compared with $21,818 in 2013. The decrease was due to higher fees paid in 2013 in relation to a proposed acquisition that was not pursued; and

- Insurance expense of $7,963 was incurred during 2014 compared with $11,993 in 2013. The decrease was due to lower director and officers' insurance premiums charged in 2014 as compared with 2013.

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, the exercise of common share purchase warrants and stock options. 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 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 August 31, 2014, the Company had a working capital deficit of $94,195, compared with a $5,827 working capital as of August 31, 2013. The $100,022 decrease in working capital is mainly due to incurring general and administrative expenses paid of $98,526. Most of the general and administrative expenses were spent on audit and accounting, filing and transfer agent, office and administration, and office rent fees during the year ended August 31, 2014.

Cash

On August 31, 2014, the Company had $21,651 of cash, compared with $32,297 of cash on August 31, 2013. The $10,646 decrease in cash position is due spending $54,146 of cash on general and administrative costs and maintenance of current non-cash working capital, which was offset by receiving $43,500 of cash from loans received.

Cash Used in Operating Activities

Cash used in the operating activities during the year ended August 31, 2014 was $56,860, compared with $112,246 of cash used in operating activities during the comparative year ended August 31, 2013. Cash spent on operating activities during 2014 was $55,386 less than during the comparative year. The decrease in cash used in operating activities is due to spending $38,714 less cash on operating costs and spending $16,672 less cash on maintenance of non-cash current working capital. Cash spent on operating activities during the current year was mostly spent on audit, accounting, filing and transfer agent, insurance, office and administration, and office rent.

Cash Used in Investing Activities

Cash received from investing activities during the year ended August 31, 2014 was $2,714, compared with $295 in the year ended August 31, 2013. The cash received in both years were from BC METC for exploration and evaluation expenditures incurred during the years ended August 31, 2013 and 2012.

Cash Generated by Financing Activities

During the year ended August 31, 2014, the Company received $43,500 in loans from three lenders. During the year ended August 31, 2013, 268,000 Agent's options as compensation under the Company's initial public offering, were exercised to acquire 268,000 common shares of the Company at a price of $0.15 per common share for cash proceeds of $40,200.

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 on-going operating costs. As at August 31, 2014, the Company has a working capital deficiency of $94,195 and therefore has made efforts to conserve cash by deferring payments on the Adams Plateau option agreement and certain operating expenses. 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 $10,000,000 to complete and fund the proposed acquisition of K92.

GOING CONCERN

The recoverability of amounts shown as mineral property interests is dependent upon the conversion of mineral resources to economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties.

These Company's 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 August 31, 2014, the Company had not achieved profitable operations, had a working capital deficiency of $94,195 and had an accumulated deficit of $932,464 since inception. In addition, the Company currently has insufficient cash to meet its obligation to incur $85,678 in exploration expenditures by December 31, 2014 in respect of its Adams Plateau mineral property interest. 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. The Company's 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.

SUBSEQUENT EVENT

On September 22, 2014, the Company entered into a loan agreement to borrow $25,000 from a company partially owned by two directors of the Company. This loan is unsecured, bears simple interest of a rate of 8% per annum and is due and payable on March 31, 2015.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties and key management personnel consist of companies owned by the executive officer 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 year was $42,000 (2013 - $42,000) and total compensation paid or accrued as payable to ArkOrion Enterprises Inc. was $7,500 (2013 - $30,000). Details of related party transactions and compensation of key management personnel are as follows:

(a) During the year ended August 31, 2014, the Company paid $18,000 (2013 - $18,000) for accounting fees to CDM Capital Corp.

(b) During the year ended August 31, 2014, the Company paid or accrued $7,500 (2013 - $30,000) for accounting and CFO services to ArkOrion Enterprises Inc.

(c) During the year ended August 31, 2014, the Company paid $12,000 (2013 - $12,000) for office and administration fees to CDM Capital Corp.

(d) During the year ended August 31, 2014, the Company paid $12,000 (2013 - $12,000) for office rent to CDM Capital Corp.

(e) On March 24, 2014, the Company received $14,500 (2013 - $Nil) of loans 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 August 31, 2014, a total of $508 of interest is owing to CDM Capital Corp.

(f) As at August 31, 2014, there are $17,783 (August 31, 2013 - $Nil) of fees owing to the CDM Capital Corp. and $18,375 (August 31, 2013 - $10,500) 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 up to 20,000,000 shares at $0.50 per 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

December 31, 2014 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 $43,500 in debt financing during the year ended August 31, 2014 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, accounts receivable, and tax credit receivable	Loans and receivables
Accounts payable and accrued liabilities and loans payable	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	$	27,812
Other financial liabilities	$	84,572

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 potential loss from various risks including commodity price risk, exploration and development risk, environmental risk, credit risk, liquidity risk and interest rate risk. These risks are described in more details in Risk and Uncertainties section of this MD&A.

RISK AND UNCERTAINTIES

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: 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 fulfill 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 projects involve 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.

The following are risks related to the Company's financial instruments:

(i) Credit Risk – Credit risk is the risk that one party to a financial instrument will fail to fulfill 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 will try to ensure 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. The Company has been able to raise funds from short term loans from related parties to fund its operations.

(iii) Interest Rate Risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a

loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments.

(iv) Commodity Price Risk - The Company's future success is linked to the price of minerals, because the value of mineral resources is tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

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

The nature and the impact of each standard are described below:

IFRS 10 Consolidated Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. There was no impact on the Company's financial statements upon adoption of this standard on September 1, 2013.

IFRS 13 Fair Value Measurement ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. There was no impact on the Company's financial statements upon adoption of this standard on September 1, 2013.

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 ("IFRS 9") partially replaces 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 on or after January 1, 2018.

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 audited financial statements for the year ended August 31, 2014. Additional information about the Company can also be found on www.sedar.com.

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Darryl Cardey (Director)
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