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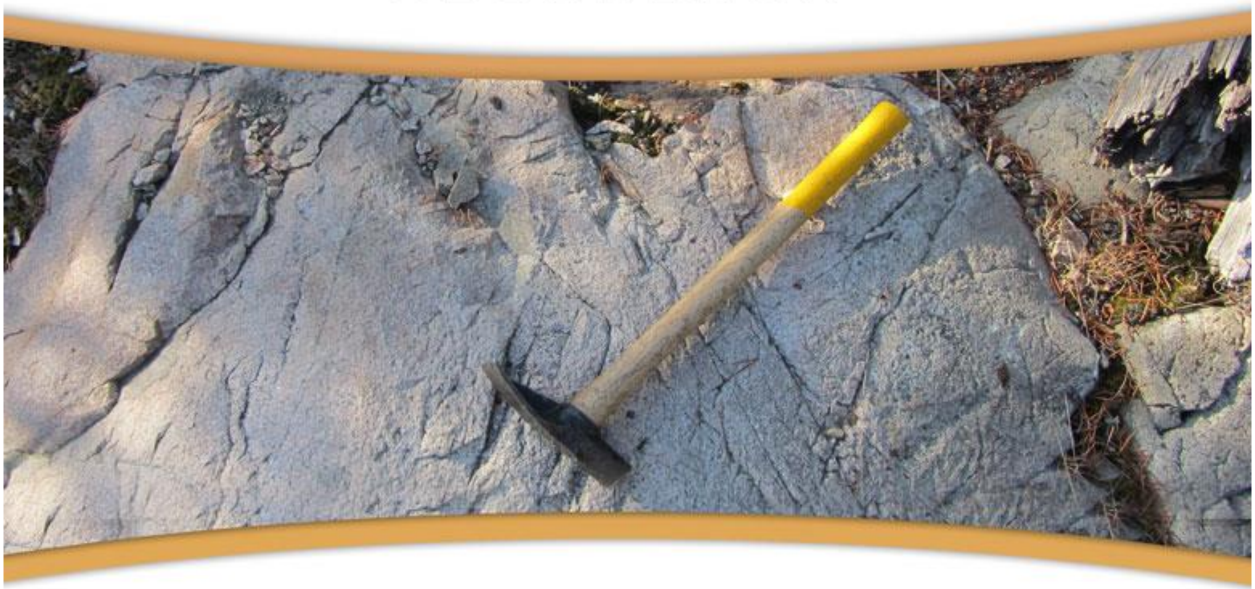

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KESSELRUN RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE THREE AND SIX MONTHS ENDED
JANUARY 31, 2015 & 2014

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") of Kesselrun Resources Ltd. (the "Company" or "Kesselrun"), has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of March 31, 2015, and should be read in conjunction with unaudited condensed interim financial statements for the six months period ended January 31, 2015, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in National Instrument 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at http://www.kesselrunresources.com.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of our exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

COMPANY OVERVIEW

Background

Kesselrun is a Canadian mineral exploration company based in Thunder Bay, Ontario. The Company's principal focus is its Bluffpoint property ("Bluffpoint"), covering 18,944 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario. The Company does not have any assets or mineral properties that are in production. The Company was incorporated on May 18, 2011, under the laws of British Columbia and was a capital pool company ("CPC") under the TSX Venture Exchange ("TSX-V") Policy 2.4. On July 18, 2012, the Company completed its qualifying transaction by entering into a property option agreement to acquire 100% interest in Bluffpoint property and changing its name to "Kesselrun Resources Ltd."

Significant events

Bluffpoint Property Option Agreement

On March 31, 2012, the Company entered into a property option agreement ("Option Agreement") with Michael Thompson by issuing 2,000,000 shares to earn the first option to acquire a 60% undivided interest in the Bluffpoint property. Michael Thompson subsequently assigned 2/3's of his interest in the Option Agreement to Caitlin Jeffs and Neil Pettigrew (collectively, the "Optionors"). On April 30, 2013, the Optionors and the Company agreed to amend the Option Agreement.

Pursuant to the amended Option Agreement, to earn a 100% interest in the Bluffpoint property, the Company was required to make an additional payment of $200,000 to Michael Thompson, Caitlin Jeffs and Neil Pettigrew and issue an additional 2,000,000 common shares on or before July 18, 2013. On September 4, 2013, the Company received an approval from TSX Venture Exchange to issue the shares and on September 23, 2013, the Company issued to the Optionors 2,000,000 common shares and paid $200,000 to acquire a 100% interest in and to the Bluffpoint property.

Please refer to the *Bluffpoint Property* section of this MD&A for complete details on acquisition of interest in the Bluffpoint property, including amendment, NSR, subsequent claims acquisition, and trenching program results.

Goldlund Project Option and Joint Venture Agreement

On December 13, 2013, the Company entered into an option agreement with Goldlund Resources Inc. ("Goldlund") to acquire a 10% interest in the Goldlund Project (the "Project") for $1,000,000 in exploration activities. Pursuant to the terms of this agreement, the Company retained the right to relinquish its interest in the Project in exchange for convertible debentures of Goldlund's parent company in the amount of $2,000,000. The Company exercised this right on July 31, 2014, when it delivered its written notice to the Vendor of the Project. The transaction was completed on August 15, 2014.

For further details of the Goldlund Project please refer to the *Goldlund Project Option and Joint Venture Agreement* section of this MD&A.

Annual General Meeting

Kesselrun's Annual General Meeting ("AGM") was held on December 23, 2014. At the AGM the shareholders of the Company fixed the number of directors of the Company at four and approved Michael Thompson, Caitlin Jeffs, John da Costa and Yanika Silina as the directors of the Company. Other proposed resolutions to approve the

Company's 10% rolling Stock Option Plan and appoint Dale Matheson Carr-Hilton LaBonte LLP as the auditors of the Company were also duly passed.

EXPLORATION PROJECTS

Bluffpoint Property

Option Agreement

On March 31, 2012, the Company entered into Property Option Agreement ("Option Agreement") to acquire up to a 100% interest in 56 mining claims covering 11,408 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario.

The original Option Agreement contained two options. The first option allowed the Company to acquire a 60% undivided interest in the Bluffpoint property (the "Bluffpoint") by issuing 4,000,000 common shares and paying the Optionor $200,000 within a two-year period. The second option allowed the Company to acquire a further 40% interest in the Property by making an additional payment of $200,000 and issuing 2,000,000 common shares.

On April 30, 2013, in a private transaction, Michael Thompson assigned 2/3's of his interest in the Option Agreement to Caitlin Jeffs and Neil Pettigrew (collectively referred to hereafter as the "Optionors").

On April 30, 2013, the Optionors and the Company agreed to amend the Option Agreement reducing the cash payment and share issuance requirements for the Company to earn a 100% interest in the Bluffpoint property. As per amended Option Agreement, the Company was granted an exclusive right to acquire 100% interest in Bluffpoint property by paying an additional $200,000 and issuing an additional 2,000,000 common shares to the Optionors. The Option was exercised on September 24, 2013, upon receiving an approval from TSX Venture Exchange.

The Property is subject to a net smelter returns royalty (the "NSR") payable to the Optionors equal to a 2.0% NSR, of which 1.0% may be purchased by the Company at any time for the payment of $1,000,000; leaving the Optionors with a final 1.0% NSR. If the Optionors decide to dispose of the remaining 1.0% NSR, the Company shall have the first right of refusal to acquire that remaining 1% NSR on the same terms and conditions that the Optionors propose to dispose of their NSR. If the Optionors propose to dispose of their NSR, the Optionors shall deliver to the Company written notice of the Optionors' intention to dispose of their NSR and the terms of the proposed disposition.

The Company shall have thirty days from receipt of such disposal notice to notify the Optionors in writing that the Company intends to exercise its option and acquire the Optionors' NSR. If the Company has duly exercised its option to acquire the NSR from the Optionors, the Company shall then have sixty days to deliver to the Optionors the full payment price for the NSR.

Subsequent Acquisition and Disposition of Claims

On August 22, 2012, the Company announced that it had staked 47 additional mining claims covering 11,104 hectares adjacent and contiguous to the original Bluffpoint property claims. These claims were staked in Michael Thompson's name. Certain of these additional staked claims fall within the area of interest provisions of the Property Option Agreement and, as such, have been added to the Bluffpoint property claims and are subject to the terms of the Option Agreement.

On July 31, 2014, the Company dropped 15 claims within the Bluffpoint property totalling 3,568 hectares as these claims presented least geological potential, reducing the total size of the Bluffpoint property to 18,944 hectares.

Based on the results of exploration and market conditions, the management of the Company determined the recoverable value of the Bluffpoint property at July 31, 2014 to be $685,367, which resulted in an impairment charge of $1,541,156.

Property Acquisition and Exploration Costs

Table 1. Property acquisition and exploration costs.

Bluffpoint Property									
	Acquisition Costs	**Assaying**	**Camp and Travel**	**Drilling**	**Geology**	**Geophysics**	**Vehicles and Equipment**	**Impairment**	**Total**
Balance at July 31, 2013	$292,170	$142,094	$206,779	$421,516	$620,727	$18,786	$180,525	$ -	$1,882,597
Additions during the year	300,000	542	15,193	-	22,416	-	5,775	(1,541,156)	(1,197,230)
Balance at July 31, 2014	592,170	142,636	221,972	421,516	643,143	18,786	186,300	(1,541,156)	685,367
Additions during the period	-	-	517	-	6,151	-	-	-	6,668
Balance at January 31, 2015	$592,170	$142,636	$222,489	$421,516	$649,294	$18,786	$186,300	$(1,541,156)	$692,035

Property Location and General Description

The Bluffpoint gold project is located close to the centre of the Kenora Mining Division of Northwestern Ontario, approximately 60 km north of Fort Frances, and 80 km southwest of Dryden. The Property is centred on UTM NAD8 3 Zone 15N 475,448.02 mE, 5,450,971.51 mN.

Exploration Activities

The Company did not engage in any exploration activities on the Bluffpoint property during the period covered by this MD&A.

During the summer and fall of 2013 the Company completed a limited prospecting, geological mapping and sampling program, which did not return significant results. The management will be using the information gathered from the program in planning the future exploraiton targeting.

2012-2013 Drilling

The drill program was designed to test several geological models of the Homestake zone (formerly 'Island Zone') developed utilizing historic results and results from the 2011 and 2012 surface exploration programs. The campaign resulted in 24 holes drilled for 3,466 metres. Widespread alteration including quartz, albite, chlorite, carbonate, hematite, magnetite and pyrite has been encountered throughout all holes drilled to date. The results have yielded 3D insight of the property and enabled the Company to have a strong working model to continue target evaluation.

Table 2. Bluffpoint Project - Significant 2012/2013 Drilling Results

Hole-ID	From (m)	To (m)	Length (m)*	Weighted Grade Au (g/t)
BFP-12-002	4.0	55.0	51.0	0.33
Including	4.0	15.7	11.7	0.44
Including	**44.0**	**55.0**	**11.0**	**0.90**
which includes	47.1	55.0	7.9	1.14
Including	124.0	150.0	26.0	0.36
which includes	**130.0**	**140.0**	**10.0**	**0.70**
and which includes	130.0	136.0	6.0	0.86
BFP-12-003	1.0	9.0	8.0	0.34
BFP-12-009	24.7	86.0	61.3	0.41
Including	**53.3**	**75.0**	**21.7**	**0.91**
which includes	62.7	77.0	14.3	1.24
and which includes	66.4	74.0	7.6	1.89
And	66.4	69.0	2.6	4.30
And	66.9	67.6	0.7	9.28
BFP-13-012	34.8	39.7	4.9	0.35
BFP-13-015	2.7	11.7	9.0	0.52
Including	5.7	8.7	3.0	1.14
BFP-13-016	53.2	56.5	3.3	1.34
Including	53.2	55.0	1.8	2.33
BFP-13-019	7.0	36.9	29.9	0.24
Including	26.0	36.9	10.9	0.51
which includes	26.0	33.0	7.0	0.65
BFP-13-022	13.0	20.0	7.0	0.70
Including	13.0	14.0	1.0	4.09

*****length refers to drilled length; true widths have not been determined

Goldlund Project Option and Joint Venture Agreement

On December 13, 2013, the Company entered into an option agreement with Goldlund Resources Inc. (the "Goldlund") to acquire a 10% non-diluting interest in the Goldlund Project (the "Project") located near the town of Sioux Lookout, Ontario. In order to exercise the option, Kesselrun was required to incur aggregate exploration expenditures on the Project totalling $1,000,000 by December 31, 2013.

The Company had fulfilled its $1,000,000 commitment on exploration expenditures and exercised its option to acquire the Option to 10% interest in the Goldlund Project, which was announced in the press release the Company issued on February 19, 2014. At July 31, 2014, the management of the Company determined the value of the property to be $1 and recorded an impairment charge of $999,999.

As per option agreement, any time after the exercise of the option and before December 31, 2015, the Company retained a right to transfer the interest back to Goldlund upon 15 days prior written notice in exchange for a senior unsecured convertible debenture (the "Debenture") of Goldlund's parent company ("Parentco") in the principal amount of $2,000,000.

On July 31, 2014, the Company notified Goldlund of its decision to exercise the right to relinquish the Company's interest in the Project. This transaction was completed on August 15, 2014, when Parentco issued to the Company the $2,000,000 senior unsecured convertible debenture.

The Debenture has a term of seven years expiring on August 15, 2021, and earns interest at a fixed rate of 10% per annum compounded annually. At the election of Parentco, up to 50% of the interest may be paid by the issuance of additional Convertible Debentures of Parentco. The Debenture is subject to certain restrictions on transfer, and a right of first refusal in favour of Parentco. Subject to certain exceptions, the Debenture is not redeemable prior to the third anniversary of the date of issuance, unless agreed to by the Company, after which it will be redeemable, in cash, at the option of Parentco at the principal amount including all accrued and unpaid interest.

On December 31, 2014, Parentco made its first interest payment on the Debenture by issuing to the Company senior unsecured convertible debenture totalling $38,000 and paid the remaining balance of $38,164 in cash.

Since Parentco is a private corporation, the fair value of the debentures cannot be reasonably estimated; therefore they are carried on the statement of financial position at $1.

Discontinued projects

On April 30, 2013, the Company entered into an assignment agreement through which, for the consideration of one dollar, the Company was assigned a 100% interest in the Esox, Higbee Extension and Mulcahy projects located in Northwestern Ontario in the vicinity of the Bluffpoint project.

During the year ended July 31, 2014, the Company decided not to proceed with exploration of these projects since the results of assays did not warrant further development of these claims. On July 31, 2014, the Company wrote-off deferred exploration costs of $32,522, $9,249 and $29,024, associated with Esox, Higbee Extension and Mulcahy projects, respectively.

COMMITMENTS

In order to keep the projects in good standing, the Company is required to complete certain annual exploration activities. The cost of these exploration activities is determined based on the size of the claims within any given project. The Company continuously monitors its current projects; should it decide that the exploration of certain claims within a project is not in Company's best interests at any given year, the Company retains the right to drop such claims.

QUALIFIED PERSON

Michael Thompson, P. Geo., President & CEO of Kesselrun, is the Qualified Person responsible for the Bluffpoint project as defined by National Instrument 43-101 and has approved the technical information contained herein.

SELECTED FINANCIAL INFORMATION

Table 3. Comparison of financial condition

	Six months ended January 31, 2015	Year ended July 31, 2014
Working capital	$230,856	$298,053
Current assets	$267,462	$316,022
Mineral property	$692,035	$685,368
Total liabilities	$36,606	$17,969
Share capital and share-based payment reserve	$4,529,930	$4,529,930
Deficit	$3,607,038	$3,546,509

RESULTS OF OPERATIONS

The Company reported losses of $60,529 and $71,748 for the six months ended January 31, 2015 and 2014, respectively.

During the six months ended January 31, 2015, the Company's operations were kept at a low level. The Company's most significant expenses were associated with the consulting fees for the corporate and business development services, which amounted to $42,000. The accounting and audit fees and the fees the Company paid or accrued for the administrative services amounted to $14,470 and $12,000, respectively. Legal expenses and regulatory filing fees accounted for $3,074 and $10,386, respectively, and were associated mainly with the termination of the Goldlund option agreement as well as AGM the Company held on December 23, 2014. In addition, the Company recorded $7,200 in project investigation costs associated in part with the analysis of the drill data from the exploration program on the Goldlund property and in part with evaluation work done on the new potential properties. These costs were offset by $38,164 in interest income the Company received from Tamaka Gold Corporation, the parent of Goldlund Resources Inc., on the Senior Unsecured Convertible Debenture of the Parent.

During the six months ended January 31, 2014, the Company incurred $52,011 in advertising, promotion, and public relation activities, which were associated with raising awareness regarding the Company's mineral projects. Legal expenses and public compliance costs, including filing and transfer agent fees, accounted for $22,000 and $11,836, respectively and were associated mainly with an option agreement for Goldlund Project as well as AGM we held on December 17, 2013. Consulting and administrative fees amounted to $57,000 and $15,000, respectively, and accounting and audit fees amounted to $14,720. These costs were offset by $109,921 that were recognized on the reversal of a portion of the flow-through premium recorded on the issuance of the flow-through shares. In addition, the Company recorded $11,421 in interest income on funds held in short term investment account.

Summary of Quarterly Results

Results for the most recent completed financial quarters are summarized in the table below:

Table 4. Summary of quarterly results

	January 31, 2015	**October 31, 2014**	**July 31, 2014**	**April 30, 2014**
Net Loss	$ (20,002)	$ (40,527)	$ (2,555,810)	$ (57,273)
Loss per Share	$ 0.00	$ 0.00	$ 0.10	$ 0.00
Exploration and Evaluation Assets	$ 692,035	$ 689,020	$ 685,368	$ 3,297,319
Total Assets	$ 959,498	$ 958,701	$ 1,001,390	$ 3,648,493
Working Capital	$ 230,856	$ 253,873	$ 298,053	$ 338,339

	January 31, 2014	**October 31, 2013**	**July 31, 2013**	**April 30, 2013**
Net Income (Loss)	$ 2,615	$ (74,363)	$ (214,740)	$ (121,082)
Loss per Share	$ 0.00	$ 0.00	$ 0.01	$ 0.01
Exploration and Evaluation Assets	$ 3,290,688	$ 2,290,688	$ 1,951,720	$ 1,739,165
Total Assets	$ 3,712,491	$ 3,827,759	$ 3,874,361	$ 4,000,509
Working Capital	$ 402,662	$ 1,399,876	$ 1,713,711	$ 2,015,570

Liquidity and Capital Resources

As at January 31, 2015, the Company had $257,592 (July 31, 2014 - $308,989) in cash, current assets of $267,462 (July 31, 2014 - $316,022), and current liabilities of $36,606 (July 31, 2014 - $17,969) with working capital of $230,856 (July 31, 2014 - $298,053). Amounts receivable consisted of GST receivable totalling $4,870 (July 31, 2014 - $2,033).

The Company has to rely upon the sale of equity securities, primarily through private placements for cash, for exploration and acquisitions of mineral claims, and general operating activities.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year.

Transactions with Related Parties

During the six months ended January 31, 2015, the Company paid or accrued $36,000 (2014 – $45,000) in accounting, bookkeeping, consulting and administrative fees to Da Costa Management Corp., a private company owned by the CFO of the Company.

During the six months ended January 31, 2015, the Company paid or accrued $14,911 (2014 – $1,038,968) in exploration and evaluation expenses associated with the work done on the Company's Bluffpoint property, project investigation costs associated with the work done on potential new properties, and in corporate communication costs to Fladgate Exploration Consulting Corporation ("Fladgate"). Fladgate is a full service geological consulting company with over 30 employees/contractors, which conducts all mineral exploration activities on behalf of the Company. Fladgate invoices the Company periodically when exploration is active at competitive industry standard rates. Fladgate is part owned by Michael Thompson and Caitlin Jeffs, each owning 33.33% of the company.

During the six months ended January 31, 2014, the Company incurred $30,000 in consulting fees with Sequoia Partners Inc., a private company owned by two former directors of Kesselrun. The Company did not have any expenses with Sequoia Partners Inc. during the six months ended January 31, 2015.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. At January 31, 2015 and July 31, 2014, $15,208 and $47 was due to related parties, respectively.

Outstanding Share Data

As at the date of this MD&A, the following securities were outstanding:

Table 5. Share Data

Type	Amount	Conditions
Common shares	24,835,750	Issued and outstanding
Stock options	160,000	Exercisable into 160,000 common shares at a price of $0.10 per share until December 7, 2016
Stock options	890,000	Exercisable into 890,000 common shares at a price of $0.10 per share until July 18, 2017
Stock options	250,000	Exercisable into 250,000 common shares at a price of $0.60 per share until December 5, 2017

Stock options	700,000	Exercisable into 700,000 common shares at a price of $0.05 per share until March 26, 2020
	26,835,750	Total shares outstanding (fully diluted)

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies adopted by the Company have been described in the notes to the audited financial statements for the year ended July 31, 2014.

New accounting standards and interpretations

On August 1, 2014, the Company adopted the amendments to IAS 32 "Financial Instruments: Presentation". These amendments address inconsistencies when applying the offsetting requirements, and are effective for annual periods beginning on or after January 1, 2014. Management of the Company believes that adoption of these standards did not have a material impact on the financial statements.

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

RISKS AND UNCERTAINTIES

Our exploration programs may not result in a commercial mining operation.

Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. Our mineral properties are without a known body of commercial ore and our proposed programs are an exploratory search for ore. We do not know whether our exploration programs will result in any commercial mining operation. If the exploration programs do not result in the discovery of commercial ore, we will be required to acquire additional properties and write-off all of our investments in our existing properties.

We may not have sufficient funds to complete further exploration programs.

We have limited financial resources, do not generate operating revenue and must finance our exploration activity by other means. We do not know whether additional funding will be available for further exploration of our projects or to fulfill our anticipated obligations under our existing property agreements. If we fail to obtain additional financing, we will have to delay or cancel further exploration of our properties, and we could lose all of our interest in our properties.

Factors beyond our control may determine whether any mineral deposits we discover are sufficiently economic to be developed into a mine.

The determination of whether our mineral deposits are economic is affected by numerous factors beyond our control. These factors include market fluctuations for precious metals; metallurgical recoveries associated with the mineralization; the proximity and capacity of natural resource markets and processing equipment; costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

We have no revenue from operations and no ongoing mining operations of any kind.

We are a mineral exploration company and have no revenues from operations and no ongoing mining operations of any kind. If our exploration programs successfully locate an economic ore body, we will be subject to additional risks associated with mining.

We will require additional funds to place the ore body into commercial production. Substantial expenditures will be required to establish ore reserves through drilling, develop metallurgical processes to extract the metals from the ore and construct the mining and processing facilities at any site chosen for mining. We do not know whether additional financing will be available at all or on acceptable terms. If additional financing is not available, we may have to postpone the development of, or sell, the property.

Mineral exploration is highly speculative and risky; any material changes to the estimated reserves may adversely affect the profitability of the property.

In making determinations about whether to proceed to the next stage of development, we must rely upon estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only. Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of the placing of a property into production and a property's return on capital.

Mineral exploration is hazardous. We could incur liability or damages as we conduct our business due to the dangers inherent in mineral exploration.

Mining operations often encounter unpredictable risks and hazards that add expense or cause delay. These include unusual or unexpected geological formations, changes in metallurgical processing requirements; power outages, labor disruptions, flooding, explosions, rock bursts, cave-ins, landslides and inability to obtain suitable or adequate machinery, equipment or labor. We may become subject to liabilities in connection with pollution, cave-ins or hazards against which we cannot insure or which we may elect not to insure. The payment of these liabilities could require the use of financial resources that would otherwise be spent on mining operations.

In the future we may be required to comply with government regulations affecting mineral exploration and exploitation, which could adversely affect our business, the results of our operations and our financial condition.

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labor standards, occupational health and mine safety, waste disposal, toxic substances, land use and environmental protection. In order to comply, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offence under such legislation.

Land reclamation requirements for our exploration properties may be burdensome.

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we must allocate financial resources that might otherwise be spent on further exploration programs.

We face industry competition in the acquisition of exploration properties and the recruitment and retention of qualified personnel.

We compete with other exploration companies, many of which have greater financial resources than us or are further along in their development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional mineral properties or personnel, we will not be able to grow at the rate we desire or at all.

Some of our directors and officers have conflicts of interest as a result of their involvement with other natural resource companies.

Some of our directors and officers are directors or officers of other natural resource or mining-related companies. These associations may give rise to conflicts of interest from time to time. In particular, our directors who also serve as directors of other companies in the same industry may be presented with business opportunities which are made available to such competing companies and not to us. As a result of these conflicts of interest, we may miss the opportunity to participate in certain transactions, which may have a material, adverse effect on our financial position.

Financial Instruments

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on Level 1 inputs of the fair value hierarchy.

The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments.

Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to ensure future benefits to stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. 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. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at the date of the filing of this MD&A, the Company does not have any debt that is subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions.

c) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

d) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. In order to maintain liquidity the Company plans to invest its cash at floating rates of interest in cash equivalents. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, restricted cash and reclamation bond as they are generally held with large financial institutions.

e) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

CONTINGENCIES

There are no contingent liabilities.

DIRECTORS AND OFFICERS

As of the date of this report, the Company has the following directors and officers:

Michael Thompson, P.Geo **-** *Director, President and Chief Executive Officer*
John da Costa – *Director and Chief Financial Officer*
Caitlin Jeffs, P.Geo – *Director*
Yanika Silina – *Director*

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com.