

JASPER MINING CORPORATION
Management's Discussion and Analysis (Form 51-102F1)
December 31, 2014

The following management's discussion and analysis (the "MD&A") of financial results of Jasper Mining Corporation ("Jasper" or the "Corporation") for the years ended December 31, 2014 and 2013 should be read in conjunction with the audited financial statements as at December 31, 2014 and 2013 and related notes thereto. Certain statements included in this discussion constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements expressed or implied by such forward-looking statements to differ significantly from the Corporation's expectations. Such factors include general economic and business conditions, which among other things, affect demand for the Corporation's services; industry capacity; the ability of the Corporation to implement its business strategy; and changes in, or the failure to comply with government regulations, especially health, safety and environmental law, regulations and guidelines. The financial data presented has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency in the financial statements and in this MD&A is in Canadian dollars, unless otherwise stated.

The date of this Management's Discussion and Analysis ("MD&A") is April 29th, 2015.

Special Note Regarding Non-IFRS Measures – This MD&A includes references to financial measures commonly used in the mining industry. The Corporation uses these measures to evaluate its performance and feels that their inclusion enables the Corporation and current and potential investors to compare the financial measures against other companies in the mining industry. The term "funds from (used in) operations", defined as the net loss for the period adjusted for non-cash items in the statement of loss, before the change in non-cash working capital, should not be considered an alternative to, or more meaningful than, cash flow from operating activities or net loss as determined in accordance with IFRS as an indicator of performance. The Corporation's determination of funds from (used in) operations may not be comparable to that reported by other companies. The reconciliation between net loss and funds from (used in) operations can be found in the Statements of Cash Flows included in the financial statements noted above.

OVERVIEW

Jasper Mining Corporation was incorporated on November 28, 1994 in the Province of Alberta. The Corporation is in the exploration stage and is engaged in the exploration for and development of base and precious metals in Canada.

The carrying value of mineral properties reported in the Corporation's financial statements represents costs incurred to date, net of abandonments and impairments, and does not necessarily reflect present or future values. The ability of the Corporation to continue as a going concern and the recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete their development and upon future profitable operations. The financial statements have been prepared on a going concern basis, which assumes the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The financial statements do not include any adjustments that would be necessary should the Corporation be unable to raise sufficient capital and consequently be unable to continue as a going concern.

OPERATING UPDATE

The management of Jasper is following its plan to reduce costs as well as reduce the number of properties the Corporation intends to maintain. The current plan includes the following:

Jasper anticipates difficulty in raising operating and drilling money in the mining business for the foreseeable future and as a consequence, Jasper is exploring the possibility of acquiring producing oil and gas properties which management feels would result in immediate cash flow for Jasper. Jasper's management has extensive experience in the oil and gas business in Canada.

- 1) During the three months ended June 30, 2014, Jasper sold the Irony properties to a third party, for cash proceeds of \$100,000 plus a net smelter return.
- 2) Jasper continues to explore the lead zinc silver and gold potential of its Ruth Vermont/Vowell Creek properties.
- 3) Jasper's Isintok property (copper, molybdenum, gold, silver, tungsten) is being marketed with the intention of finding a joint venture partner to carry on the exploration. The Isintok property has shown the potential for large tonnage.
- 4) The Corporation completed a private placement for cash proceeds of \$65,000.

PORTFOLIO OF EXPLORATION PROPERTIES AND ACTIVITY REPORT

Lead Zinc Gold Silver - (Pb Zn Ag Au)

Vowell Creek - The Vowell Creek property is comprised of 12,750.20 hectares ("ha") (31,481 acres) located approximately 35 kilometers south of Golden, British Columbia. Previous programs on the property were undertaken to evaluate potential for a Lead-Zinc Silver sedimentary exhalative type deposit. Vowell Creek also has gold and graphite potential. Jasper has decided not to maintain some of the claims that don't show potential resulting in an impairment of \$21,930 being recorded on the property in fiscal 2014.

Copper Molybdenum Porphyry - (Cu Mo Ag Au W)

Isintok - As reported in previous MD&A's, Jasper has been provided a Letter Report by AMC Mining Consultants (Canada) Ltd. ("AMC") on the Isintok Property. The block model prepared by AMC indicates a possible mineralized deposit of 50 to 110 million tonnes of 0.2 to 0.3 percent copper equivalent average grade (Letter Report - Page 22, Paragraph 10). See Jasper's website (www.jaspermining.com) for the full report. During 2011, \$36,073 was expended on this property. No further expenditures have been incurred to date.

McFarlane - The property is located immediately east of Kootenay Lake in British Columbia and is beside the Lydy property. Extensive soil sampling was completed during 2005 along the existing road network. As a result of preliminary soil results, the available ground between the initial McFarlane property and the Lydy property was acquired.

In addition, a geophysical airborne survey was flown over the property in the early fall of 2008, comprised of magnetic, radiometric and electromagnetic. The final interpreted data has been received and the results are encouraging.

An extensive diamond drill program has been carried out on the McFarlane property in the

vicinity of two high grade molybdenum bearing veins. It would appear the veins have high grade (up to 5%) molybdenum (News Release October 20, 2008). Jasper has drilled 93 holes on the McFarlane property. The veins continue over a 900 meter length from southwest bearing northeast and appear to be about 400 metres wide. The deposit is open at depth with documented high grade molybdenum at 345 meters from the drill hole, being 260 meters subsurface. Several thousand assays have been carried out on the drill cores. An IP survey has been conducted over the high grade veins on the McFarlane property. All of the assay data has now been returned on Jasper's McFarlane property and is presently being interpreted. During 2012, the decision was made to write off the expenditures of \$3,044,695 on this property. No further expenditures have been incurred to date.

Lead Zinc Silver (Pb Zn Ag)

Irony - The Irony property was sold for \$100,000 and the retention of a net smelter interest.

RESULTS OF OPERATIONS

Three months ended December 31

During the three months ended December 31, 2014, the Corporation incurred net income of \$58,307 compared to a net income of \$6,724 during the comparative 2013 period. The majority of the change can be attributed to the following components:

- A \$40,000 decrease in general and administrative expenses due to \$30,000 decrease in accounting and auditing fees, \$8,000 decrease in share-based compensation, \$2,000 decrease in meals and entertainment, \$1,000 increase in property taxes, and \$1,000 decrease in regulatory and filing fees.
- A \$21,930 impairment of mineral properties was recorded during the three months ended December 31, 2014 versus a \$5,212 impairment in December 2013. During the three months ended December 31, 2013 an amount was netted against the reversal of the \$100,000 impairment on the Irony property with no reversal being recorded in 2014
- A \$4,000 decrease in deferred tax recovery.
- A \$14,000 increase on a gain on a settlement of liabilities.

Year ended December 31

During the year ended December 31, 2014, the Corporation incurred a net loss of \$158,517 compared to a net loss of \$88,592 during the comparative 2013 period. The majority of the increase in the loss can be attributed to the following components:

- A \$57,000 decrease in general and administrative expenses due to \$23,000 decrease in accounting and auditing fees, \$32,000 decrease in share-based compensation \$2,000 decrease in bank charges, \$1,000 decrease in office expenses, \$3,000 decrease in meals and entertainment, \$1,000 increase in property taxes, and \$3,000 increase in regulatory and filing fees.
- A \$21,930 impairment of mineral properties was recorded during the year ended December 31, 2014 versus a \$5,212 impairment in December 2013. During the year ended December 31, 2013 the \$100,000 impairment on the Irony property that had been recorded in 2012 was reversed as it was sold in 2014 for proceeds of the same amount.
- A \$14,000 decrease in deferred income tax reduction.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2014, the Corporation had a working capital deficit of \$310,290 compared to a working capital deficit of \$356,139 at December 31, 2013. The decrease in working capital deficit is a result of the receipt of an insurance claim on the leased vehicle and settlement of the capital lease by transferring the vehicle in settlement of liabilities, an equity financing for proceeds of \$65,000, \$4,000 of share issue costs, \$100,000 proceeds from the sale of the Irony properties, \$8,000 of capital expenditures on mineral properties, \$6,000 of mineral deposits being redeemed with the balance of the funds being utilized for operating activities.

Junior mining companies like Jasper face significant difficulties in raising money to fund their ongoing operations during this continued period of economic downturn. The Corporation continues to pursue alternate arrangements either from equity or debt financings, joint ventures or asset rationalizations to provide the funding required to continue its exploration activities and fund its overhead expenditures.

FINANCING ACTIVITIES

During the year ended December 31, 2014, the Corporation authorized and issued the following equity instruments:

| | Number | Amount (\$) |
|--------------------|------------------|---------------|
| Common share units | 1,300,000 | 65,000 |
| Share issue costs | - | (4,155) |
| | <u>1,300,000</u> | <u>60,845</u> |

In October 2014, the Corporation completed a private placement for a total of 1,300,000 units at \$0.05 per unit for gross proceeds of \$65,000. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.10 per share for up to two years from the closing date. At the time of the private placement, the fair value of the warrants was estimated to be \$21,983 with the \$43,017 balance of proceeds ascribed to common shares.

EXPLORATION AND EVALUATION ASSETS AND OTHER CAPITAL SPENDING

During the year ended December 31, 2014, the Corporation incurred \$8,108 of cash expenditures on exploration and evaluation assets.

| <u>Property</u> | <u>Type of Expenditure</u> | <u>Amount</u> |
|-----------------|----------------------------|---------------|
| Vowel Creek | Acquisition | \$8,108 |

As at December 31, 2014, the Corporation completed an impairment review on its E&E assets and determined there was an impairment of \$21,930 (2013 - \$5,212). Under IAS 36, the recoverable amount is defined as the higher of an asset's "fair value less cost to sell" and its "value-in-use." As the Corporations' mining properties are considered early stage exploration minerals properties without defined resources, the Corporation does not have the relevant data to determine the property's recovery value under either accounting method. Taking into account present market conditions, management's decisions to suspend further explorations activities and to look for outside parties for potential sale and/or joint venture, the Corporation's best estimate for recoverable value is \$187,087, which represents the expenditures incurred to acquire and retain title to the Corporation's prospects.

During 2014, the Corporation sold the Irony claims to a third party for cash consideration of \$100,000. The costs for Irony were written off in prior periods; therefore, the carrying value was nil. This sale determined the recoverable amount to be \$100,000 resulting in the reversal of impairment of \$100,000 during the year ended December 31, 2013.

INCOME TAX

A deferred income tax reduction of \$nil (2013 - \$14,380) was recorded for the year ended December 31, 2014.

As at December 31, 2014, the Corporation has approximately \$3.6 million (2013 - \$3.5 million) in non-capital losses and a tax basis of approximately \$2.9 million (2013 - \$3.1 million) available for deduction against future taxable income. The non-capital losses expire between 2015 and 2032. The deferred income tax assets have not been recognized as their recovery is uncertain.

RELATED PARTY BALANCES AND TRANSACTIONS

The Corporation had the following related party transactions in the normal course of operations and measured at the exchange amount:

- a) Amounts due from/to related parties consist of amounts due from shareholders, officers and directors of the Corporation and companies controlled or significantly influenced by shareholders and officers of the Corporation. The amounts are non-interest bearing, unsecured and have no fixed terms of repayment.
- b) During the year ended December 31, 2014, \$21,000 (December 31, 2013 - \$21,000) was charged for rent by a company owned by the President of the Corporation. Included in trade and other payables at December 31, 2014 is \$49,393 (December 31, 2013 - \$25,725) due to this company.
- c) During the year ended December 31, 2014, \$nil (December 31, 2013 - \$20,000) was advanced by the President of the Corporation. At December 31, 2014, there is \$21,279 (December 31, 2013 - \$18,636) in accounts payable for expense advances from the President of the Corporation.
- d) During the year ended December 31, 2014, \$21,000 (December 31, 2013 - \$21,000) was charged by a company owned by the President of the Corporation for administrative services. Included in trade and other payables at December 31, 2014 is \$37,775 (December 31, 2013 - \$38,393) due to this company.

DECOMMISSIONING OBLIGATIONS

At December 31, 2014, the Corporation did not estimate costs relating to future site restoration and abandonment to be in excess of recorded property deposits. The Corporation has made no provision for decommissioning obligations or potential environmental liabilities on the basis that any such liability would not have a material effect on the December 31, 2014 or December 31, 2013 financial statements. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate. Mineral property deposits totaling \$50,004 (December 31, 2013 - \$56,342) have been paid to the Government of British Columbia and are refundable upon reclamation of areas impacted by mining exploration activities.

SHARE CAPITAL

Common shares

The Corporation commenced 2014 with 74,303,753 shares outstanding. On July 16, 2014, the Corporation effected an 8 to 1 consolidation of its shares, which resulted in 9,287,976 common share outstanding as at September 30, 2014. Subsequent to September 30, 2014, the Corporation, pursuant to a private placement, issued 1,300,000 common shares resulting in 10,587,976 common shares as at the year ended December 31, 2014 and as at the date of this MD&A.

Warrants

At the beginning of 2014, the Corporation had 739,286 warrants outstanding. During the period ended September 30, 2014, 125,000 warrants (pre consolidation) expired unexercised and

537,500 warrants were consolidated on an 8 to 1 basis resulting in 76,786 outstanding as at September 30, 2014. Subsequent to September 30, 2014, 31,250 expired unexercised and 650,000 warrants were issued as a result of a private placement resulting in the warrants outstanding of 695,536 as at December 31, 2014 and as at the date of this MD&A.

Stock options

The Corporation had 4,600,000 stock options outstanding at the beginning of 2014. During the period ended September 30, 2014, the options were consolidated on an 8 to 1 basis and 46,250 expired resulting in 528,750 options at the year ended December 31, 2014 and to the date of this MD&A.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Rent

The Corporation had a rental commitment as at December 31, 2014 of \$21,000 per year on office premises which expires on May 31, 2016.

Work Credits

The Corporation's work on the Ruth/Vowell Creek, Lydy, Proximal, Isintok, Erie Creek and other properties has been credited towards the assessment requirement by the Province of British Columbia which puts the claims, leases and grants of the Corporation in good standing for a number of years.

THE YEAR AHEAD

The Corporation is working on raising funds to carry out work on its Isintok, Erie Creek and Vowell Creek properties. Jasper is also exploring the possibility of acquiring some producing oil and gas properties.

SELECTED QUARTERLY INFORMATION

| \$ | 2014 | | | |
|---------------------------|-------------|--------------|-----------|-----------|
| | December 31 | September 30 | June 30 | March 31 |
| Mineral properties | 187,087 | 208,610 | 205,716 | 300,909 |
| Total assets | 419,332 | 414,532 | 427,783 | 519,244 |
| Working capital (deficit) | (310,290) | (348,178) | (315,507) | (380,270) |
| Shareholders' equity | 61,161 | 55,663 | 86,093 | 119,175 |
| Net loss | (58,307) | (27,470) | (41,014) | (31,726) |
| Net loss per share | (0.01) | (0.00) | (0.01) | (0.00) |

| \$ | 2013 | | | |
|-----------------------------|-------------|--------------|-----------|-----------|
| | December 31 | September 30 | June 30 | March 31 |
| Mineral properties | 300,909 | 197,510 | 189,561 | 184,753 |
| Total assets | 532,448 | 430,123 | 423,658 | 428,325 |
| Working capital (deficit) | (356,139) | (281,351) | (304,403) | (276,865) |
| Shareholders' equity | 142,968 | 121,963 | 89,330 | 113,979 |
| Net income (loss) | 6,724 | (56,686) | (24,649) | (13,981) |
| Net income (loss) per share | 0.00 | (0.01) | (0.00) | (0.00) |

BUSINESS AND OPERATIONAL RISKS

The Corporation is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Corporation's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the fact that the Corporation's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.

Being a junior exploration mining company, the Corporation's ability to raise the necessary financings for future exploration depends to a large degree on commodity price trends, general investor sentiment for companies in the mining exploration sector and the Corporation's ability to confirm the existence of sought after minerals in sufficient quantities and quality on its exploration lands. Management of the Corporation is of the view that these risks faced by the Corporation are no greater than the risks encountered by its peers.

Valuation of mineral properties

The Corporation records its interest in mineral claims and properties at cost whereby all direct and indirect costs of acquiring, exploring for and developing mining properties are capitalized as separate areas of interest. When the areas of interest are brought into production, the costs will be amortized using the unit-of-production method based on estimated proved reserves. Where a property shows no promise from prior exploration results and is dormant, the claims may be allowed to lapse, and would be written down to a nominal value where an interest in claims remained. Management will also determine if an exploration property is impaired, and whether the carrying value of such property should be written down and whether exploration costs incurred should be charged against earnings rather than being capitalized each financial reporting period.

Income taxes

The Corporation records deferred tax assets and liabilities to account for the expected future tax consequences of events that have been recorded in its financial statements and its tax returns. These amounts are estimates and the actual tax consequences may differ from the estimates due to changing tax rates and regimes, as well as changing estimates of cash flows and capital expenditures in current and future periods. A valuation allowance is recorded to the extent that there is uncertainty regarding utilization of future tax assets.

Share-based compensation

Share-based compensation expense is recorded in the statement of loss for all options granted based on the estimated fair value at the time of the grant and recognized as expense over the vesting period of the option. The fair value of options is estimated using the Black-Scholes option-pricing model based on estimates and assumptions for expected life of the options, expected volatility, expected forfeitures, risk-free interest rate and dividend yield.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments include cash, mineral property security deposits, other receivables, due from/to related parties, investments, trade and other payables, and long term debt. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity. The Corporation is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy is as follows:

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

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Corporation's activities. The Corporation has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This presents information about the Corporation's exposure to each of the above risks and the Corporation's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein:

a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's policy is to ensure that its investments are liquid.

The Corporation's other receivables relates primarily to Goods and Services Tax input tax credits. Accordingly, the Corporation views credit risk on accounts receivable as minimal and has subsequently collected the outstanding amount.

b) Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Corporation's reputation.

The Corporation prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Corporation raises funds through private equity placements. The Corporation's liquidity position has weakened since the beginning of the year due to the cost of ongoing exploration and corporate activities exceeding funds raised during the period. Current market conditions resulting from the global credit crisis have created unfavourable terms for equity financings required for many junior mineral exploration companies, including the Corporation. As a result, the Corporation is currently evaluating alternatives to raise additional capital to improve liquidity.

As at December 31, 2014, the Corporation's financial liabilities were comprised of trade and other payables and due to related parties which have a maturity of less than one year and long term debt.

c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Corporation is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are

impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Corporation's transactions are denominated in Canadian dollars, the Corporation is not exposed to foreign currency exchange risk at this time.

ii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Corporation has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate risk primarily through its variable interest rate on its cash and mineral property security term deposits. For the year ended December 31, 2014 and 2013, if interest rates had been 1% higher with all other variables held constant, the change in the net loss for the periods would have been insignificant

The Corporation did not have any interest rate contracts outstanding at December 31, 2014 or December 31, 2013.

CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Corporation monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Corporation considers its capital structure to include working capital and shareholders' equity. The Corporation monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust the capital structure, the Corporation may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Corporation's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Corporation is not subject to externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the year ended December 31, 2014.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The President and Chief Financial Officer of the Corporation are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Financial Officer have assessed the design of internal controls over financial reporting and during this process have identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the limited number of staff at the Corporation, it is not possible to achieve complete segregation of duties; and
- Due to the size of the Corporation and the limited number of staff, the Corporation does not have the technical accounting expertise and knowledge to address all complex and non-routine accounting transactions that may arise.

These weaknesses in the Corporation's internal controls over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the Board of Directors work to mitigate the risk of material misstatement in financial reporting. In addition, when complex accounting and technical issues arise during preparation of the quarterly financial statements outside consulting expertise is engaged. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

In the process of applying the Corporation's accounting policies, management has made the following judgments, apart from those involving estimates, which may have the most significant

effect on the amounts recognized in the financial statements.

i) Impairment indicators and calculation of impairment:

At each reporting date, the Corporation assesses whether or not there are circumstances that indicate a possibility that the carrying values of exploration and evaluation assets and property and equipment are not recoverable, or are impaired. Such circumstances include incidents of physical damage, deterioration of commodity prices, changes in the regulatory environment, or a reduction in estimates of proved and probable reserves. When management judges that circumstances clearly indicate impairment, exploration and evaluation assets & property and equipment are tested for impairment by comparing the carrying values to their recoverable amounts. The recoverable amounts of cash generating units ("CGUs") are determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions, including the discount rate applied. At the end of each financial reporting period, the Corporation assesses whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. An impairment loss recognized in prior periods would be reversed if there has been a change in the estimate used to determine the recoverable amount since the last impairment loss was recognized. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

ii) Cash generating units

A cash generating unit ("CGU") is defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The Corporation allocates costs to a CGU based on geographic location, shared infrastructure, and common geological and geophysical characteristics.

iii) Income taxes:

The Corporation recognizes deferred income tax assets to the extent that it is probable that taxable profit will be available to allow the benefit of that deferred income tax asset to be utilized. Assessing the recoverability of deferred income tax assets requires the Corporation to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the deferred income tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Corporation operates could limit the ability of the Corporation to obtain tax deductions in future periods.

iv) Going concern:

As described in Note 1 in the audited financial statements for the year ended and as at December 31, 2014 and 2013, management uses its judgment in determining whether the Corporation is able to continue as a going concern.

v) Exploration and evaluation expenditures:

The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future

events or circumstances. Estimates and assumptions made may change if new information becomes available.

vi) Property & equipment, depreciation and exploration & evaluation assets

Estimated useful lives and residual values of tangible equipment are reviewed annually. Estimated resources are reviewed each reporting period. Resource estimates are dependent on numerous variables. Changes in these variables could have a significant impact on the test for impairment. The carrying values of property & equipment and exploration & evaluation assets are reviewed for impairment where there has been a trigger event (that is, an event which may have resulted in impairment) by assessing the recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use which is determined by the present value of future cash flows. The calculation of estimated future cash flows is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

vii) Share based compensation

In accounting for the fair value of stock options and warrants, the Corporation makes assumptions regarding share price volatility, risk free rate, forfeiture rate, and expected life in order to determine the amount of associated expense to recognize.

NEW ACCOUNTING PRONOUCEMENTS

The following new policies have been adopted effective January 1, 2014

IAS 32 *Financial Instruments: Presentation* was amended in May 2012 for offsetting financial assets and financial liabilities to provide additional guidance to consider when determining if the arrangement meets the criteria for legally enforceable right of offset and intent to settle net. These amendments were effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when applied with corresponding amendment to disclosure requirements in IFRS 7. The amendments to IFRS 7 include disclosure requirements on the right of offset of financial instruments or those that are subject to master netting agreements.

IAS 36 *Impairment of Assets* was amended in May 2013 to provide more guidance on the requirement to disclose the recoverable amount of impaired assets where the measurement of recoverable amount is based on fair value less costs to sell which would include disclosure on the discount rate when a present value technique is used. This amendment was effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 *Levies* was released in May 2013 to provide guidance on the accounting for levies. IFRIC 21 indicates that entities are required to recognize a liability for a levy when the activity that triggers the payment of the levy, as defined by the legislation, occurs. The liability would be recognized progressively if the obligating event occurs over a period of time once the minimum threshold to trigger the level is reached. This guidance was effective for annual periods beginning on or after January 1, 2014. Early adoption is permitted.

There has been no impact on the financial statements as a result of the adoption of these standards.

Future pronouncements

IFRS 9 Financial Instruments was originally issued in November 2009 then amended in October 2010 and in 2013. IFRS 9 is being released in three phases: 1) Accounting for financial assets and liabilities; 2) Impairment of financial assets; and 3) Hedge accounting. The first phase was released in November 2009 reducing the number of categories and measurement options for financial assets. Entities are required to select the measurement method based on both the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. Requirements for financial liabilities were released in October 2010. The amendments in 2013 include the temporary removal of the mandatory effective date for years beginning January 1, 2015 and the release of the third phase on hedge accounting. The effective date has been updated to annual periods beginning January 1, 2018. Hedge accounting remains optional. The new guidance is intended to improve the disclosure on risk management and provide more options of when to apply hedge accounting.

IFRS 11 Joint Arrangements was amended in May 2014 to include guidance on how to account for an acquisition of a joint interest that constitutes a business under IFRS 3 Business combinations. This amendment is effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 15 Revenue, which was issued in May 2014, replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other revenue related interpretations. This standard requires revenue recognition upon the transfer of goods or services when control is transferred to the purchaser and additional disclosure. This standard is effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted.

FORWARD LOOKING STATEMENTS

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements, which are based on the Corporation's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Corporation's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. The Corporation is a mineral exploration Corporation and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other

things, the speculative nature of mineral exploration and development activities, the Corporation's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the Corporation's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for, among other things, capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Corporation is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Corporation's Chief Executive Officer and Chief Financial Officer have concluded, based on his evaluation as of December 31, 2014, that the Corporation's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Corporation, is made known to them by others within the entity. It should be noted that while the Corporation's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance and that they are effective, he does not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

LIST OF DIRECTORS AS OF DECEMBER 31, 2014

Gordon F. Dixon, Q.C.
Jean-Pierre Pelletier
M. Blake Willard
Alex Attie

LIST OF OFFICERS AS OF DECEMBER 31, 2014

Gordon F. Dixon, Q.C. – President, Secretary, CEO and Interim CFO
Dena Dixon - Assistant Treasurer
Susan Lawrence – Assistant Secretary