Vatic Ventures Corp.

Management's Discussion & Analysis

For the three months ended May 31, 2014

July 29, 2014

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Vatic Ventures Corp. (the "Company") and should be read in conjunction with the unaudited interim financial statements for the three months ended May 31, 2014 and the Company's audited financial statements for the year ended February 28, 2014, of which are filed on the SEDAR website: www.sedar.com.

The Company prepares its consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF THE COMPANY'S BUSINESS

The Company was incorporated on October 30, 2007 and was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). Until January 26, 2011, the principal business of the Company was the identification and evaluation of assets of a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities (as that term is defined in Policy 2.4).

On May 17, 2010 and further amended on January 13, 2011, the Company announced that it entered into an option agreement to acquire an undivided 100% interest in a property consisting of 14 claims, covering 7,176 hectares in the southwest of Merritt, British Columbia (see Mineral Interests). On January 26, 2011, the Exchange accepted the filing of the Company's Qualifying Transaction. As a result, the Company is listed on the Exchange as a Tier 2 mining exploration issuer and the common shares resumed trading on the Exchange on January 27, 2011 under the TSX-V symbol "VCV".

The Company is engaged in exploration and development of mineral properties, focusing on projects in British Columbia, Canada. At this time, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through public and private share offerings. Future operations and the Company's ability to meet its mineral interest commitments are dependent on the Company's ability to raise sufficient funds through share offerings, debt, or operations to support current and future expenditures.

On June 20, 2012, the Company incorporated two wholly owned subsidiaries VV Mining Exploration Services Mexico S. DE. R. I. and VV Mining Mexico S. DE R. I. C. V. to carry out the exploration of the La Silla West claims in the State of Sinaloa, Mexico. As at May 31, 2014, the two subsidiaries were inactive.

The Company expects to use its available working capital to finance exploration and development on the properties, and for general working capital, including complementary acquisitions. The Company's immediate short-term objectives are to:

(a) complete the recommended work program on the mineral properties; and

(b) acquire and evaluate additional complementary mineral properties to expand the Company's portfolio.

The Company's long-term objectives will be to:

(a) determine if an economic mineral deposit exists on the acquired mineral properties;

(b) find one or more economic mineral deposits and bring them to commercial production; and

(c) deliver a return on capitalization to shareholders.

OVERALL PERFORMANCE

During the year ended February 28, 2013, the Company obtained loans from 3 arms-length parties, Quarry Bay, Jacques Martel and Coventry Partners Inc. As at February 28, 2014, the loans payable consisted of a $61,455 loan from Coventry Partners Inc. ("Coventry"), and a $37,300 loan from Jacques Martel. The Company also accrued $18,637 interest on the loans for an aggregate balance of $117,392. All the loans are unsecured, due on demand and bear an annual interest rate of 12%.

During the year ended February 28, 2014, the Company paid $32,500 to Coventry, at which time Coventry forgave the outstanding interest of $3,717. The Company also paid $56,000 to Quarry.

As at May 31, 2014, the loans payable consisted of a $61,455 loan disclosed above from Quarry and a $37,300 loan from Jacques Martel. The Company also accrued $22,098 interest on the loans for an aggregate balance of $120,853. All the loans are unsecured, due on demand and bear an annual interest rate of 12%.

MINERAL INTERESTS

Brookmere Property, British Columbia, Canada

On May 17, 2010 and further amended on January 14, 2011, the Company entered into a mineral property option agreement (the "Agreement") with Eastland Management Ltd. ("Eastland"). Pursuant to the terms of the Agreement, the Company has the option to acquire a 100% undivided interest in 14 claims (the "Brookmere Property") located southwest of Merritt, British Columbia, Canada.

On July 25, 2011, the Company completed Phase one exploration program at the Brookmere Property. The program consisted of mapping and sampling of the northern part of the about 7,000 ha large property. During this phase, 11 stream sediment samples, 31 rock samples and 517 soil samples were taken and submitted to ACME Laboratories in Vancouver, BC. The samples were taken in the northeast and middle part of the property as previously identified as the most interesting areas. The results of the samples are encouraging with multiple anomalous gold assays.

On January 18, 2012, the Company had located a linear 900 meter long by 25 to 50 meter wide multi-element anomaly as a result of its 2011 exploration program on its Brookmere property. The anomaly was highlighted by gold and silver, along with pathfinder elements antimony and selenium. The rock and soil samples were taken and submitted to ACME Laboratories in Vancouver BC.

On February 13, 2013, and further announced on July 10, 2013, the Company entered into an option agreement with Quadro Resources Corp. ("Quadro"). The Company granted an exclusive right and option to Quadro to acquire, subject to the terms and conditions of this option agreement, a 51% interest in the property subject to a 1.5% Net Smelter Return royalty in favor of the Underlying Vendor.

Pursuant to the terms of the agreement, Quadro has to complete the following within the time limit as follows:

- $110,000 of exploration expenditures by March 31, 2015;
- a further $250,000 of exploration expenditures by March 31, 2016; and
- a further $500,000 of exploration expenditures by March 31, 2017.

As at February 28, 2014, the Company dropped 8 of the 14 claims that comprise the Brookmere Property, and the Company recorded $230,000 as an impairment charge to write-off part of the property.

Mr. Mike M. Magrum (P.Eng), is the independent qualified person for this project.

La Silla West Property, Sinaloa, Mexico

The Company entered into an initial mineral property option agreement with K.J. Gold Canada Ltd. ("K.J. Gold") and its wholly owned Mexican subsidiary on April 6, 2011. The agreement ("Option Agreement") was finalized on November 30, 2011 and approved by the Exchange on December 13, 2011. Pursuant to the agreement, the Company was to acquire an undivided 100% interest in and to certain mineral claims known as the La Silla West property (the "La Silla West Property") located in Sinaloa, Mexico. The property encompasses a total of approximately 29,000 hectares.

As at February 28, 2013, the Company questioned the viability of the La Silla West property and recorded $445,837 as an impairment charge to write-off the property.

On November 19, 2013 and amended on June 7, 2014, the option agreement for La Silla West Property was terminated. In consideration of termination, the Company had to pay directly to K.J. Gold a total sum of $32,000 in the following three installments:

- Cash payments of $12,000 by November 11, 2013 (paid);
- Cash payments of $20,000 (paid $16,000) by June 7, 2014;

La Silla Property, Sinaloa, Mexico

On April 16, 2012, the Company entered into an agreement with Minera Meridian Minerals S.R.L. de C.V. ("Minera Meridian"). Pursuant to the agreement, the Company was to acquire an undivided 100% interest in and to certain mineral claims known as the La Silla claim located in Sinaloa, Mexico. The property encompasses a total of approximately 14,427 hectares.

As at February 28, 2013, the Company questioned the viability of the La Silla property and recorded $504,432 as an impairment charge to write-off the property.

On June 28, 2013, the Company terminated its option agreement with Minera Meridian Minerales S.R.L. de C.V. dated April 14, 2012 whereby the Company was to acquire the right to earn a 100% undivided interest in La Silla claims located in Sinaloa, Mexico. The Company has no further mining properties in Mexico.

<u>RESULTS OF OPERATIONS</u>

The Company had a net loss of $99,463 for the three months ended May 31, 2014 (2013 - $86,656). The Company's expenses related to business development, professional fees for accounting and legal, amortization, transfer agent and filing fees and general administration fees. Such expenses consisted of:

Business development of $15,301 (2013 - $625), consulting fees of $952 (2013 - $1,000), professional fees of $7,391 (2013 - $11,142), management fees of $40,500 (2013 - $44,250), office and general expenses of $3,385 (2013 - $8,183), rent of $2,700 (2013 - $2,700), salaries and wages of $1,170 (2013 - $3,212), settlement of option agreement of $14,100 (2013 - $Nil), transfer agent and filing fees of $181 (2013 - $9,396), and travel of $10,022 (2013 - $Nil).

During the three months ended May 31, 2014, the Company also had interest expenses of $3,461 (2013 - $5,831) on loan payable.

The expenses of the Company have increased as the Company's exploration expenditures and operational activities increased over the same period of previous year.

Business development expenses of $15,301 (2013 - $625), consist of expenses relating to activities promoting the Company and its projects and investigating new and potential projects for the Company, such as news dissemination, investors and media relations, as well as meals and entertainment expenses. There is an increase in business development expenses over the same period of previous year due to the reimbursed meal and entertainment expenses for the Company's director.

Consulting fees of $952 (2013 - $1,000), relates to fees paid to consultants of the Company for consultation on the Company's current and prospective projects. The decrease from the same period last year is attributed to the decrease in activities associated with the operations of the Company and its projects.

Professional fees of $7,391 (2013 - $11,142) relates to legal and accounting expenses in connection with reporting and compliance for the operations of the Company. Professional fees decreased over the same period of the previous year as less legal and accounting services were required for the current period and an overall decrease in the operations of the Company.

Rent of $2,700 (2013 - $2,700) were paid for the Company's occupancy.

Management fees of $40,500 (2013 - $44,250), relates to fees paid to officers of the Company for management of the Company's operations and projects (see Transactions with Related Parties).

Settlement of option agreement of $14,100 (2013 - $Nil) were paid to K.J. Gold Canada Ltd. in consideration of termination of the option agreement.

Salaries and wages decreased to $1,170 (2013 - $3,212). The decrease from the same period of last year is attributed to the shared services cost from Oracle Energy Corp. and Adera Minerals, and an overall decrease in the operations of the Company.

Transfer agent and filing fees of $181 (2013 - $9,396) relates to expenditures in connection with share capital activities of the Company.

The Company recorded interest expenses of $3,461 (2013 - $5,831) on loans payable.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The Company's quarterly operating results for the period from August 31, 2012 to May 31, 2014 are summarized as follows:

	August 31, 2012	November 30, 2012	February 28, 2013	May 31, 2013	August 31, 2013	November 30, 2013	February 28, 2014	May 31, 2014
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net income(loss)	(323,205)	(160,511)	(1,116,841)	(86,595)	(104,014)	(368,019)	(168,436)	(99,463)
Basic and diluted net loss per share	(0.14)	(0.07)	(0.48)	(0.00)	(0.03)	(0.07)	(0.04)	(0.01)

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects. Variations in losses during quarters were due to the higher business development fees, management fees, and professional fees that were incurred or that are payables. Also as the Company attends to the mineral projects, office and administrative expenses also increase to support the operation of these projects.

Major variations between the quarter ended November 30, 2012 and August 31, 2012 were primarily due to the decrease of business development by $66,709, decrease of professional fee of $3,233, and decrease of share-based payment of $92,899.

Major variations between the quarter ended February 28, 2013 and November 30, 2012 were primarily due to the write-down of exploration and evaluation assets of $950,269 during the quarter ended February 28, 2013.

Major variations between the quarter ended May 31, 2013 and February 28, 2013 were primarily due to the write-down of exploration and evaluation assets of $950,269 during the quarter ended February 28, 2013.

Major variations between the quarter ended August 31, 2013 and May 31, 2013 were primarily due to the financing costs of $4,988, the increased office expenses of $3,171, and the increased consulting fees of $4,185 during the quarter ended August 31, 2013.

Major variations between the quarter ended November 30, 2013 and August 31, 2013 were primarily due to the mineral property impairment charge of $230,000, and increased consulting fees of $24,067, increased management fees of $17,250 during the quarter ended November 30, 2013.

Major variations between the quarter ended February 28, 2014 and November 30, 2013 were primarily due to the mineral property impairment charge of $230,000 during the quarter ended November 30, 2013.

Major variations between the quarter ended May 31, 2014 and February 28, 2014 were primarily due to the increase of business development of $15,301, increase of travel of $10,022, decrease of professional fee of $7,391, decrease of consulting fees of 952, and increase of settlement of option agreement of $14,100.

LIQUIDITY AND CAPITAL RESOURCES

As of May 31, 2014, the Company had a net working capital deficiency of $560,518 (February 28, 2014 - $537,355) and cash of $173 (February 28, 2014 - $4,139). The Company anticipates that given its current cash position it will have to raise funds for the coming periods to support exploration expenditures on its acquisition of property interests and for operating expenditures.

Three months ended May 31, 2014 and 2013

Cash balances decreased by $3,966 during the three months ended May 31, 2014 and decreased by $47,682 during the three months ended May 31, 2013. Below are detailed discussions related to the Company's cash flows.

Operating Activities

During the three months ended May 31, 2014, cash used in operating activities was $83,427 compared to cash used in operating activities of $55,812 during the three months ended May 31, 2013. The difference is primarily attributed to the consulting, advertising and promotion, and travel expenses that have not been recorded in previous periods.

Financing Activities

Cash provided by financing activities during the three months ended May 31, 2014 was $79,461, compared with cash provided by financing activities of $8,130 during the three months ended May 31, 2013. The cash provided by financing activities for the three months ended May 31, 2014 is primarily attributable to $76,000 subscription received for a private placement.

As of May 31, 2014, the Company had a shareholders' equity deficiency balance of $362,102 (May 31, 2013 – $43,131). The capital to date was from proceeds of the issuance of common shares. The Company did not have any revenues during the three months ended May 31, 2014. Until the Company's property interests generate profits sufficient to maintain operations, the ability of the Company to meet financial liabilities and commitments is primarily dependent upon the continued issuance of equity to new or existing shareholders.

On September 23, 2013, the Company completed a share consolidation in which one (1) post-consolidated common share replaced eight (8) pre-consolidated common shares. All information relating to basic and diluted loss per share, the weighted average number of common shares outstanding, the issued and outstanding common shares, common shares issued, share options, warrants, and commitments to exploration and evaluation assets (Financial Statement Note 5) have been adjusted retroactively to reflect the impact of the share consolidation in these consolidated financial statements.

On October 22, 2013, the Company closed the first tranche of a non-brokered private placement of 4,808,334 units at a price of $0.06 per unit for total proceeds of $288,500. Each unit will be issued as a non flow-through unit consisting of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 36 months following the closing date.

A finder's fee of $8,700 in cash and 145,000 agents' warrants with a fair value of $12,587 in connection with the private placement closed on October 22, 2013. The fair value of the warrants was calculated using a risk free rate of 1.35%, and expected life of 3 years, a volatility of 232% and an expected dividend rate of 0.00%.

On January 21, 2014, the Company closed the second tranche of a non-brokered private placement of 416,666 units at a price of $0.06 per unit for total proceeds of $25,000. Each unit will be issued as a non flow-through unit consisting of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 36 months following the closing date.

A finder's fee of $1,500 in cash and 25,000 agents' warrants with a fair value of $2,405 in connection with the private placement closed on January 21, 2014. The fair value of the warrants was calculated using a risk free rate of 1.24%, and expected life of 3 years, a volatility of 226% and an expected dividend rate of 0.00%.

On February 28, 2014, the Company closed the first tranche of a non-brokered private placement of 733,332 units at a price of $0.06 per unit for total proceeds of $44,000. Each unit will be issued as a non flow-through unit consisting of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 36 months following the closing date.

A finder's fee of $2,400 in cash and 40,000 agents' warrants with a value of $2,555 in connection with the private placement closed on February 25, 2014. The fair value of the warrants was calculated using a risk free rate of 1.18%, and expected life of 3 years, a volatility of 192% and an expected dividend rate of 0.00%.

During the three months ended May 31, 2014, the Company received $76,000 for the non flow-through shares to be subsequently issued, and paid $10,500 as prepaid Finder's fees.

At May 31, 2014, there were 9,315,799 issued and fully paid common shares.

Authorized:			
Unlimited common shares, without par value			
	Number of shares		Share capital
Balance, February 28, 2013	3,357,467	$	2,511,696
Private placements	5,958,332	$	357,500
Share issuance costs - cash			(12,600)
Fair value of finders' warrants granted			(17,547)
Balance, February 28, 2014 and May 31, 2014	9,315,799	$	2,839,049

OUTSTANDING SHARES

As of the date of this report, the Company had the following outstanding (after giving retroactive effect to the 8-for-1 share consolidation effective September 23, 2013):

- 9,315,799 common shares
- 91,250 share options
- 6,562,996 warrants

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at May 31, 2014 or as of the date of this report.

TRANSACTIONS WITH RELATED PARTIES

The amounts due to related parties are amounts due to the officer and director of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Due to related parties		May 31, 2014		February 28, 2014
President and CEO	$	59,425	$	33,959
CFO		63,270		55,570
Corporate secretary		10,400		10,400
Total	$	133,095	$	99,929

During the three months ended May 31, 2014 and 2013, the Company paid management fees to its officers as follows:

		Three months ended		
		May 31, 2014		May 31, 2013
President and CEO	$	24,000	$	24,000
CFO		12,000		18,000
Corporate secretary		4,500		2,250
	$	40,500	$	44,250

The Company has a contract with the Company's secretary, CFO and CEO for management services. The CEO's monthly fee was $8,000 for the period from January 2012; the CFO's monthly fee was $3,000 for the period from August 2012 to December 2012, and increased to $6,000 from January 2013, and decreased to $4,000 from January 2014; and the secretary's monthly fee was $1,500 for the period from March 10, 2013. The Company may at any time after the Initial Term (one year), terminate this Agreement by giving one month written notice.

PROPOSED TRANSACTIONS

The Company had no proposed transactions.

CRITICAL ACCOUNTING ESTIMATES

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

1) Estimated Useful Lives of Assets

The estimation of the useful lives of assets has been based on historical and industry experience. Adjustments to useful life are made when considered necessary.

2) Share-Based Payments

Equity-settled share-based awards are recognized as an expense based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of an option valuation model – Black-Scholes, which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period. Using different input estimates or models produces different option values, which would result in the recognition of a higher or lower expense.

For a detailed summary of the Company's significant accounting policies, the reader is directed to Note 3 of the Notes to the consolidated audited financial statements for the three months ended May 31, 2014 available on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Limited Operating History

The Company is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company was incorporated on October 30, 2007 and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Property.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.
Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to the Property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

As the Company holds an option to acquire the properties, subject to the NSR and it and may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the properties. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The properties in which the Company holds an interest is considered to be an early exploration stage property, however no mineral reserve or mineral resource estimates have been prepared in respect of the properties. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the properties could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Dividends

To date, the Company has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company's earnings, financial requirements and other conditions.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the

Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompletion of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANICAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITAL ADOPTION

New Accounting Standards Adopted

The Company has adopted these accounting standards effective March 1, 2013. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

- IFRS 7 Financial Instruments Disclosures
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Involvement with Other Entities
- IFRS 13 Fair Value Measurement

Accounting standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting years beginning after January 1, 2014 or later years. None of these are expected to have a significant effect on the financial statements:

IFRS 9 Financial Instruments (2010)

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from International Accounting Standards ("IAS") 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at FVTPL; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

Applicable to annual periods beginning on or after January 1, 2018.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Applicable to annual periods beginning on or after March 1, 2014.

Annual Improvements 2010-2012 Cycle

Makes amendments to the following standards:

- IFRS 2 — Amends the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition"
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed

Applicable to annual periods beginning on or after July 1, 2014.

FINANCIAL AND OTHER INSTRUMENTS

The IFRS requires disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. 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 Company's financial assets and liabilities consist of cash and cash equivalents, amounts receivable, due to related parties, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the

Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

The Company's financial instruments include:

- Cash and cash equivalents is classified as FVTPL.
- Accounts receivables are classified as loans and receivables.
- Accounts payable and accrued liabilities have been classified as other financial liabilities.
- Amounts due to related parties are classified as other financial liabilities.
- Loan payable is classified as other financial liabilities.

Transaction costs related to financial instruments other than at FVTPL are capitalized as part of the cost of the financial instrument.

The Company does not use any derivative or hedging instruments.

Fair Values

The following table outlines the Company's financial assets and liabilities measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified in their entirely based on the lowest level of input that is significant to the fair measurement.

As at May 31, 2014 and February 28, 2014, the Company's financial instruments measured at fair value are as follows:

	As at May 31, 2014			
Assets	Level 1	Level 2	Level 3	Total
Cash	$ 173	$ -	$ -	$ 173
Total	$ 173	$ -	$ -	$ 173

	As at February 28, 2014			
Assets	Level 1	Level 2	Level 3	Total
Cash	$ 4,139	$ -	$ -	$ 4,139
Total	$ 4,139	$ -	$ -	$ 4,139

OTHER MATTERS

Legal proceedings

The Company is not aware of any legal proceedings.

Contingent liabilities

At the date of report, management was unaware of any outstanding contingent liability relating to the Company's activities.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the financial statements of the Company for the three months ended May 31, 2014.

OFFICERS AND DIRECTORS

Current Directors and officers of the Company are as follows:

Nasim Tyab, President, CEO and Director
Mike Magrum, COO
Barry Coughlan, Director
Matt Mikulic, Director
Tom Wilson, CFO
Loren Currie, Corporate Secretary

OUTLOOK

The Company's primary focus for the foreseeable future will be on reviewing its financial position, continuing exploration and development activities on its mineral properties.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.