WATERFRONT CAPITAL CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2014

Contact Information:

Waterfront Capital Corporation
2489 Bellevue Avenue
West Vancouver, BC
V7V 1E1
Phone: (604) 922-2030
Fax: (604) 922-2037
Contact Person: Mr. Clive Shallow

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's interim discussion and analysis ("MD&A"), prepared as of February 23, 2015. This MD&A should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2014 and the accompanying notes, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties and other factors of which are beyond the reasonable control of the Company. Such statements are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward looking information. With respect to forward looking statements and information contained herein, we have made numerous assumptions including among other things, assumptions about economics and competition surrounding the services provided by the Company, anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward looking statement or information herein will prove to be accurate. Forward looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information. Factors that could cause actual results to differ materially from those in forward looking statements include such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward looking statements or information. Any forward looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of Business

The Company offers a range of financial and communications services to companies in various industry sectors. The Company often serves as a company's strategic partner through the entire corporate "life-cycle", providing independent expertise and business advisory services in connection with venture capital markets, investor relations, initial public offerings and secondary financings, mergers and acquisitions, public market administration, as well as, media and marketing advice. The Company's management has extensive financing and operating experience and assists promising companies that require infusions of capital, management and restructuring to realize the value of their underlying business. The Company and its wholly owned subsidiary, Waterfront Strategic Capital Corporation ("Waterfront Strategic"), offer Business Advisory and Capital Markets services to numerous leading growth companies. The Company's Business Advisory platform offers a range of products and services designed to increase its clients' exposure and visibility within a network of more than 900 Investment Advisors in Canada's leading independent and bank-owned investment dealers. Waterfront Strategic offers Capital Markets services by helping raise funds for its corporate clients from accredited retail, institutional and family wealth management clients in Canada and abroad. Waterfront Strategic is registered as an Exempt Market Dealer in the Provinces of British Columbia, Alberta, Manitoba and Ontario in accordance with National Instrument 31-103 Registration Requirements and Exemptions ("NI 31-103"). Exempt Market Dealers may act as a dealer or underwriter for any securities which are prospectus exempt, and as a dealer for investment funds which are either prospectus qualified or prospectus exempt provided these funds are sold to clients who qualify as exempt purchasers.

The Company trades on the TSX Venture Exchange under the symbol WFG.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the year ended December 31, 2014 and for the subsequent period to the report date hereof:

- On January 27, 2015, the Company announced that its wholly owned subsidiary, Waterfront Strategic Capital Corporation ("Waterfront Strategic"), had been engaged by First Global Data Limited ("First Global") to assist with First Global's recently announced offering of a minimum of $3 million and a maximum of $8 million 10% Convertible Debentures (the "Offering"). For addition information and details regarding First Global (TSX-V: FGD) and the Offering, see First Global's news release dated January 27, 2015.

- On January 19, 2015, the Company announced that, in accordance with the terms of the Company's stock option plan, the Company had granted 206,000 incentive stock options to certain directors, officers, employees and consultants, at an exercise price of $0.12 per share for a term of 5 years.

- On January 6, 2015, the Company announced that its wholly owned subsidiary, Waterfront Strategic Capital Corporation ("Waterfront Strategic") had received regulatory approval for registration as an Exempt Market Dealer ("EMD") in the Provinces of British Columbia, Alberta and Ontario, effective January 5, 2015 (Manitoba effective January 15, 2015). An exempt market dealer may act as a dealer or underwriter for any securities which are prospectus exempt, and as a dealer for investment funds which are either prospectus qualified or prospectus exempt, provided these funds are sold to clients who qualify as exempt purchasers.

- On December 22, 2014, further to the Company's news release of October 20, 2014, the Company announced that it had completed a non-brokered private placement (the "Private Placement") and had raised $206,204 by the issuance of 2,062,040 units (the "Units") at $0.10 per Unit. Each Unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.20. In connection with this Private Placement, finders' fees in the amount of $7,500 were paid. All of the securities issued pursuant to the Private Placement are subject to a hold period expiring on April 20, 2015.

- On December 11, 2014, the Company announced that it has entered into an agreement, subject to any required regulatory approvals, to provide capital markets and advisory services to Xylitol Canada Inc. ("Xylitol Canada") of Davenport, Ontario (XYL-V www.xylitolcanada.com). Xylitol Canada markets xylitol and xylitol-based products. Xylitol is an all-natural sweetener which is marketed globally, including Canada and the United States, and is accepted by the American Food and Drug Administration, the World Health Organization and the American Dental Association.

- On December 4, 2014, the Company announced that George Rubin of North Vancouver, BC had been engaged by the Company as a Corporate Strategy Advisor. Mr. Rubin was co-founder, Vice President and subsequently President & CEO of Day4 Energy Inc., a Burnaby, BC based producer of solar panels. He was instrumental in developing Day4's strategic vision and directly responsible for execution of the corporate development plan, including growing company operations from research and development start-up in 2001, with a total staff of 5, through to 265 employees, annual sales of more than $165 million and an annualized sales run rate of over $230 million in under 10 years. Mr. Rubin, a Chartered Financial Analyst with 5 years of corporate finance experience with two leading independent Canadian investment firms prior to joining Day4, was directly responsible for securing in excess of $135 million in capital for Day4, including a $100 million dollar Initial Public Offering of the company's shares on the Toronto Stock Exchange in December 2007.

- On November 19, 2014, the Company announced that it has entered into an agreement to provide capital markets and advisory services to Loyalist Group Limited ("Loyalist") of Toronto, Ontario (LOY-V www.loyalistgroup.com). Loyalist is an educational organization that is in the business of providing a multitude of educational services with an emphasis on teaching English as a Second Language, Professional Development and College Transfer Programs. Loyalist provides academic instruction-in-class – primarily to students for whom English is not a first language. Programs are offered in a series of steps from basic to advanced, which include internship (co-op) opportunities and private counselling for greater and more focused improvement. Loyalist owns and operates schools offering programs in Victoria, Vancouver, Burnaby, Surrey, Chilliwack, Abbotsford, Toronto and Halifax.

- On November 18, 2014, the Company announced that it has entered into an agreement to provide capital markets and business advisory services to First Global Data Limited ("First Global") of Toronto, Ontario (Trading symbol: TSX-V: FGD www.firstglobaldata.com). First Global is an international payments company whose services are designed primarily for the under-banked markets. Its primary services include money transfers (remittances), mobile and online payments, and mobile and online banking. First Global's network spans 97 countries, with the expansion to 112 countries expected by the end of 2014 and more than 54,000 distribution and payout locations globally.

- On November 17, 2014, the Company announced that Ryan Atkins of Calgary, Alberta, had been engaged by the Company as a Corporate Strategy Advisor. Mr. Atkins is currently the Chief Financial Officer and Senior Legal Counsel for Holmes Communities, the land development subsidiary of the Mike Holmes Group of companies. He has over 20 years of international accounting, finance and legal experience in both Canada and the United States. Previously, Mr. Atkins was a founder and the Vice President - Finance, Chief Financial Officer and General Counsel of CASA Energy Services Corp., a private Calgary-based oilfield services company. He was also Chief Financial Officer and General Counsel of Albi Homes, a private Calgary-based luxury homebuilder, and a consultant to Amden Investments Ltd., a Calgary-based real estate development company.

- On November 12, 2014, the Company announced that, effective January 1, 2015, Claude Oberson of Oberson Capital Advisory Services of Lutry, Switzerland, has been engaged by the Company as Corporate Strategy Advisor-Europe. Mr. Oberson was Managing Director for BMO Capital Markets in Geneva and Zurich, Switzerland, from 2001 to 2011. Prior to that he was head of Continental European sales for Midland Walwyn Capital from 1991 to 2001 (including the period when Merrill Lynch took over the firm in 1997). From 1978 to 1993, he was with RBC Capital Markets in Lausanne, Switzerland, as Vice-President Sales.

- On October 20, 2014, the Company announced that, subject to regulatory approval, it intended to proceed with a non-brokered private placement to raise up to $300,000 by the issuance of 3,000,000 non-flow through units (the "Units") at $0.10 per Unit. Each Unit will consist of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.20. With respect to this private placement, the Company may pay finders' fees in the amount of 10% (payable in cash or Units), based on the sale of the Units purchased by subscribers introduced to the Company by such finders.

- On October 1, 2014, the Company announced that, in accordance with the terms of the Company's stock option plan, the Company had granted 210,000 incentive stock options to certain directors, officers, employees and consultants, at an exercise price of $0.10 per share for a term of 5 years.

- On September 18, 2014, the Company announced that it has entered into an agreement, subject to regulatory approval, to provide retail capital markets and advisory services to CriticalControl Solutions Corp. CriticalControl Solutions Corp. ("CriticalControl") is a data management technology solutions company which provides a North American integrated product offering of software, outsourced services and optimized business processes in two market segments: Energy Services (Oil & Gas industry) and Service Bureau Services (Government, Healthcare & Financial industries).

- On September 12, 2014, the Company announced that Robin Phinney, P.Eng., of Okotoks, Alberta had been engaged by the Company as a mining and resource industry consultant. Mr. Phinney has more than 30 years' experience in all aspects of mine development and operation throughout North America. From 2007 until 2014, Mr. Phinney was the founder and CEO of Karnalyte Resources Inc. (KRN-T), which is developing an environmentally-friendly solution mining process to extract a carnallite-sylvite mineral deposit in Wynard, SK for high-grade potash and magnesium-oxide production. Mr. Phinney helped raise nearly $130 million in private and public equity to take the project to its current construction ready stage, with approved environmental impact statement and all construction permits. Mr. Phinney will be providing due diligence for Waterfront Capital's resource clients, as well as assisting us in developing all aspects of our business advisory practice, with a focus on the Alberta and Saskatchewan resource areas.

- On September 5, 2014, the Company announced that it had closed tranche 2 (the final tranche) of its non-brokered private placement (the "Private Placement"). Under tranche 2, the Company has raised $150,000 by the issuance of 1,500,000 units (the "Units") at $0.10 per Unit, which closing was facilitated through a gypsy swap as referred to in the Company's news release of August 22, 2014. Each Unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.20. In connection with the Private Placement, Douglas Mason, the Chief Executive Officer and a director of the Company, announces that on August 28, 2014 he acquired, direct or indirect, ownership of 1,500,000 Units of the Company at a price of $0.10 per Unit. As a result, Douglas Mason now has, direct or indirect, ownership of 2,016,556 common shares of the Company representing approximately 15.39% of the issued and outstanding common shares of the Company. In addition, Mr. Mason holds stock options to purchase an additional 275,000 common shares of the Company and also holds warrants for the purchase of an additional 2,050,000 common shares of the Company. If these stock options and warrants were exercised in full, Mr. Mason would own, directly or indirectly, 4,341,556 common shares of the Company representing approximately 28.14% of the Company's then issued and outstanding common shares, assuming no other shares of the Company are issued. Douglas Mason acquired the Units for investment purposes and he may increase or decrease his ownership position in the future.

- On August 22, 2014, the Company announced that a director and officer of the Company had sold 1,500,000 shares on August 22, 2014, and subsequently will be subscribing for 1,500,000 units in the non-brokered private placement financing announced in the Company's news release dated June 17, 2014.

- On August 8, 2014, the Company announced that it had closed tranche 1 of its non-brokered private placement (the "Private Placement") and raised $60,000 by the issuance of 600,000 units (the "Units") at $0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.20. The Company intends to use the proceeds from the Private Placement for financing and expanding its business and capital markets advisory services and for general working capital purposes.

- On July 3, 2014, shareholder approval was received at the Company's annual general and special meeting for the creation a class of preferred shares (the "Preferred Shares") to facilitate the Debenture financing referred to herein (see January 17, 2014 item below and see Note 6 of the September 30, 2014 unaudited financial statements for additional details).

- On April 10, 2014, the Company announced that it had completed a non-brokered private placement (the "Private Placement") and raised $110,000 by the issuance of 1,100,000 units (the "Units") at $0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.20. In connection with this Private Placement, finders' fees in the amount of $5,000 were paid.

- On January 20, 2014, the Company announced that it had completed a non-brokered private placement (the "Private Placement") and a convertible debenture financing (the "Debenture Financing") in which the Company raised an aggregate of $625,000. In connection with the Private Placement, the Company raised $25,000 by the issuance of 250,000 units (the "Units") at $0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.20. With regard to the Debenture Financing, the Company raised $600,000 through the issuance of one Debenture to Resource Income Partners Limited Partnership, part of the Sprott Group of Companies. The Debenture pays an interest rate of 12% per annum and is convertible into common shares at $0.25 per share. The Debenture is also convertible into preferred shares (at the same conversion rate of $0.25 per share) and such preferred shares will have a cumulative dividend of 12% per annum. At the Company's Annual General and

Special Meeting held on July 3, 2014, the shareholders approved the issuance of a class of Preferred Shares and once the issuance of the Preferred Shares has been accepted by the TSX Venture Exchange, the Debenture shall automatically convert into Preferred Shares. As well, the Preferred Shares automatically convert into common shares at a conversion price of $0.25 per share where the Company's common shares trade at a price not less than $0.50 per share for 20 consecutive trading days.

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three and twelve months ended December 31, 2014, compared with the three and twelve months ended December 31, 2013. The Management's Discussion and Analysis should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the year ended December 31, 2014.

For the three month period ended December 31, 2014:

Net income for the period

The Company had a net loss for the three month period ended December 31, 2014 of $214,690 (2013 - $37,689). The net increase of $177,001 in the net loss for the three month period ended compared to net income for the three month period ended December 31, 2013 was primarily due to an increase in revenue of $57,803 and offset by an increase in general and administrative expenses of $178,257 and other items of $56,547.

Revenue

During the three month period ended December 31, 2014 the Company reported revenue of $103,724 compared to $45,921 in the three month period ended December 31, 2013. The increase of $57,803 in revenue is due to a change from administrative services to advisory services provided to its clients.

Other Items

During the three month period ended December 31, 2014 the Company reported a loss in other items of $68,061 compared to $11,514 in the three month period ended December 31, 2013. Item that caused the net change in other items is noted in the following:

- Write-down of accounts receivable of $46,480 (2013 - $nil) $26,500 due to a doubtful account and $19,980 due to a debt settlement.
- Unrealized loss on investments of $2,896 (2013 - gain $11,514) changed by $8,618 due to market values of securities held. The Company holds certain securities in related parties.
- Loss on disposition of assets of $18,685 ($2013 - $nil) was due to the sale of furniture, equipment and computer equipment.

Operating Expenses

General and administrative expenses of $250,353 (2013 - $72,096) are primarily comprised of consulting, management, administrative, professional fees, transfer agent fees and filing fees, and general office expenses. The net increase was $178,257 when compared to the three month period ended December 31, 2013. Items that caused the net increase are noted in the following:

In comparison to the three month period ended December 31, 2013:

- Consulting fees of $136,985 (2013 - $40,500) increased by $96,485 mainly due to the change the type of service provided, The Company is now providing advisory business services, which resulted in an increase in consulting fees for services rendered in such capacities.

- Depreciation of $2,715 (2013 - $3,871) decreased by $1,156. Depreciation decreases each quarter are due to reduced unamortized carrying values as property and equipment are depreciated at annual rates using the declining balance method.
- Interest expense of $10 (2013 - $nil) remained fairly consistent with the prior period.
- Office and miscellaneous of $20,115 (2013 - $2,228) increased by $17,887. The increase is due to supplies used in providing advisory business services.
- Professional fees of $35,380 (2013 - $9,484) increased by $25,896. The increase was due to an increase in general legal fees and legal fees in relation to the exempted market dealer (EMD) registration and increased legal service.
- Regulatory and transfer agent fees of $4,440 (2013 - $4,090) remained fairly consistent with the prior period.
- Rent of $8,583 (2013 - $1,500) increased by $7,083. The increase was due to the new lease arrangement effective January 1, 2014 for office space required in providing advisory business services.
- Share-based payments of $nil (2013 - $8,423) decreased by $8,423 due to the timing of the option issuances in each period when and if such options are available.
- Travel of $16,562 (2013 - $nil) increased by $16,562 was due to the promotion of the advisory business in multiple cities in Canada.
- Wages and benefits of $25,563 (2013 - $2,000) increased by $23,563 due to an increase in staff in relation to expanding the advisory business.

For the twelve month period ended December 31, 2014:

Net income for the period

The Company had a net loss for the twelve month period ended December 31, 2014, of $939,296 (2013 - $6,548). The net increase of $932,748 in the net loss for the twelve month period ended compared to net income for the twelve month period ended December 31, 2013 was primarily due to an increase in revenue of $49,313, offset by an increase in general and administrative expenses of $913,703 and a change of other items of $68,358.

Revenue

During the twelve month period ended December 31, 2014, the Company reported revenue of $273,134 compared to $223,821 in the twelve month period ended December 31, 2013. The increase of $49,313 in revenue is due to a change from administrative services to advisory services provided to its clients.

Other Items

During the twelve month period ended December 31, 2014, the Company reported a loss in other items of $92,555 compared to $24,197 in the twelve month period ended December 31, 2013. Item that caused the net change in other items is noted in the following:

- Write-down of accounts receivable of 69,460 (2013 - $nil) $26,500 due to a doubtful account and $42,960 due to a debt settlement.
- Unrealized loss on investments of $4,410 (2013 - $24,197) decreased by $19,787 due to market values of securities held. The Company holds certain securities in related parties.
- Loss on disposition of assets of $18,685 ($2013 - $nil) was due to the sale of furniture, equipment and computer equipment.

Operating Expenses

General and administrative expenses of $1,119,875 (2013 - $206,172) are primarily comprised of consulting, management, administrative, professional fees, transfer agent fees and filing fees, and general office expenses. The net increase was $913,703 when compared to the twelve month period ended December 31, 2013. Items that caused the net increase are noted in the following:

In comparison to the twelve month period ended December 31, 2013:

- Consulting fees of $615,915 (2013 - $78,000) increased by $537,915 mainly due to the change the type of service provided, The Company is now providing advisory business services, which resulted in an increase in consulting fees for services rendered in such capacities.
- Depreciation of $10,861 (2013 - $15,484) decreased by $4,623. Depreciation decreases each quarter are due to reduced unamortized carrying values as property and equipment are depreciated at annual rates using the declining balance method.
- Interest expense of $57,987 (2013 - $nil) increased by $57,987 mainly due to the $600,000 debenture issued on January 17, 2014.
- Office and miscellaneous of $50,588 (2013 - $4,338) increased by $46,250. The increase is due to supplies used in providing advisory business services.
- Professional fees of $158,442 (2013 - $58,040) increased by $100,402. The increase was due to an increase in general legal fees and legal fees in relation to the exempted market dealer (EMD) registration and increased legal service.
- Regulatory and transfer agent fees of $37,366 (2013 - $18,791) increased by $18,575 due to the increased filing fees in relation to the exempted market dealer (EMD) registration.
- Rent of $34,309 (2013 - $6,000) increased by $28,309. The increase was due to the new lease arrangement effective January 1, 2014 for office space required in providing advisory business services.
- Share-based payments of $33,419 (2013 - $14,819) increased by $18,600 due to the timing of the option issuances in each period when and if such options are available.
- Travel of $54,288 (2013 - $nil) increased by $54,288 was due to the promotion of the advisory business in multiple cities in Canada.
- Wages and benefits of $66,700 (2013 - $10,700) increased by $56,000 due to an increase in staff in relation to expanding the advisory business.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

PROPOSED TRANSACTIONS

The Company does not have any current proposed asset or business acquisition of dispositions; however, the Company continues to seek new business opportunities to raise capital.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results of the Company for the eight most recently completed financial quarters ended December 31, 2014:

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Total assets	$ 379,997	$ 380,594	$ 382,051	$ 470,235
Working capital	339,828	327,414	325,492	422,816
Shareholders' equity	339,828	355,814	(168,722)	(64,800)
Total Revenue	103,724	45,096	67,549	56,765
Operating expenses	250,353	276,902	265,332	327,288
Net income (loss) and comprehensive income (loss)	(214,690)	(233,620)	(221,663)	(269,323)
Basic income (loss) per share	(0.02)	(0.02)	(0.02)	(0.03)
Diluted income (loss) per share	(0.02)	(0.02)	(0.02)	(0.03)

	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Total assets	$ 136,825	$ 160,620	$ 131,267	$ 154,047
Working capital	59,458	84,853	62,306	55,945
Shareholders' equity	96,004	125,270	106,594	104,104
Total Revenue	45,921	59,100	59,100	59,700
Operating expenses	72,096	45,201	44,152	44,723
Net income (loss) and comprehensive income (loss)	(37,689)	18,263	1,991	10,887
Basic income (loss) per share	(0.00)	0.00	0.00	0.00
Diluted income (loss) per share	(0.00)	0.00	0.00	0.00

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Revenues	273,134	223,821	333,016
Operating income (loss)	(846,741)	17,649	39,517
Net income (loss) and comprehensive income (loss)	(939,296)	(6,548)	(313,782)
Impairment charges	-	-	(315,759)
Basic earnings (loss) per share	0.08	0.00	(0.03)
Diluted earnings (loss) per share	0.08	0.00	(0.03)
Total assets	379,997	136,825	130,356

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares, warrants and debenture financing. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company anticipates spending some of its capital resources on exploring new business opportunities during the year in expanding its business services to potentially include the distributions of exempt market securities, and in connection therewith, proceeded with an application to the British Columbia Securities Commission for registration as an "Exempt Market Dealer" in accordance with National Instrument 31-103 Registration Requirements and Exemptions ("NI 31-103") and was and was approved on January 5, 2015. Currently, general and administrative expenses amount to approximately $90,000 per month (which includes consulting agreements totaling $40,000 per month), however, the expansion to its business advisory services (and to potentially include the distributions of exempt market securities) will cause the general and administrative expenses to increase substantially.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's activities to date; the continued participation of the Company's larger investors; and financial market conditions. To expand its current business operations and opportunities, on January 20, 2014, April 10, 2014, August 8, 2014, September 5, 2014, and December 22, 2014 the Company announced the completion of five non-brokered private placements, and raised $551,200 in non-brokered private placements (the "Private Placements") and a $600,000 convertible debenture financing (the "Debenture Financing") in which the Company raised an aggregate of $1,151,200. In connection with the Private Placements, the Company issued 5,512,040 units (the "Units") at $0.10 per Unit. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.20. With regard to the Debenture Financing, the Company raised $600,000 through the issuance of one Debenture to Resource Income Partners Limited Partnership, part of the Sprott Group of Companies, which Debenture converted on September 16, 2014 into 2,400,000 Preferred Shares. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at December 31, 2014, the Company had working capital of $339,828 compared to a working capital of $59,458 as at December 31, 2013. As at December 31, 2014, 2014, the Company had cash of $219,763 compared to cash of $15,746 as at December 31, 2013.

Net cash used in operating activities for the year ended December 31, 2014, 2014 was $941,687 compared to net cash - of $12,879 used in operating activities for the same period in 2013.

Net cash provided by financing activities for the year ended December 31, 2014 was $1,138,704 compared to $nil for the same period in 2013 including $600,000 (2013 - $nil) from proceeds on issuance of debentures, $551,204 (2013 - $nil) from proceeds on issuance of shares and share issue costs of $12,500 (2013 - $nil).

TRANSACTIONS WITH RELATED PARTIES

(a) Included in accounts receivable at December 31, 2014 is $15,855 (December 31, 2013 - $63,761) due from companies controlled by directors and/or companies with certain directors in common as follows:

Name of Company	Directors/Officers	2014	2013
Black Panther Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	-	35,370
Grignan Holdings Ltd.	Rick Peterson	40	40
International Bethlehem Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	-	3,150
Rainy Mountain Royalty Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski	6,300	6,300
Waterfront Capital Land Corp.	Douglas L. Mason	-	1
Waterfront Communications Inc.	Valerie J. Samson (and formerly; Douglas L. Mason, Bruce E. Morley, and Sead Hamzagic)	9,515	-
White Tiger Mining Corp.	Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski (all former directors in common)	-	18,900
		$ 15,855	$ 63,761

(b) Included in prepaid expenses at December 31, 2014 is $20,000 (December 31, 2013 - $10,000) as a deposit paid to Waterfront Communications Inc., a company with certain former directors in common, to cover shared employee payroll and office costs.

(c) Included in accounts payable at December 31, 2014 is $12,803 (December 31, 2013 - $525) due to companies controlled by directors and/or with certain directors in common as follows:

Name of Company/Director	Directors/Officers	2014	2013
Gorand Enterprises Inc.	Andrzej Kowalski	$ 525	$ 525
Waterfront Communications Inc.	Valerie J. Samson (and formerly; Douglas L. Mason, Bruce E. Morley, and Sead Hamzagic)	12,278	-
		$ 12,803	$ 525

(d) During the year ended December 31, 2014, the Company received corporate and administrative service revenue of $nil (2013 - $209,480) from companies controlled by directors and/or companies with certain directors in common, namely, Douglas L. Mason, Bruce E. Morley, Sead Hamzagic and Andrzej Kowalski.

(e) During the year ended December 31, 2014, the Company reimbursed Waterfront Communications Inc. (a company with certain former directors in common) on a cost basis, to cover shared administrative payroll costs in the amount of $66,700 (2013 - $10,700) and shared expenses in the amount of $33,569 (2013 - $8,838).

(f) During the year ended December 31, 2014, the Company paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors, and/or companies with common directors:

Name of Company	Directors/Officers	2014	2013
Bruce E. Morley Law Corporation (legal services)	Bruce E. Morley	60,000	35,000
Criterion Capital Corporation (consulting fees)	Douglas L. Mason	60,000	35,000
Sead Hamzagic, Inc. (consulting fees)	Sead Hamzagic	60,000	26,000
Gorand Enterprises Inc. (director's fee)	Andrzej Kowalski	2,000	2,000
Grignan Holdings Ltd. (consulting fees)	Rick Peterson	240,000	-
Steven Low (consulting fees)	Steven Low	40,000	-
VJS Consulting Corp. (consulting fees)	Valerie Samson	30,000	-
Beachfront Enterprises Limited Partnership (rent)	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason	36,371	-
Waterfront Communications Inc. (sublet rent)	Valerie J. Samson (and formerly; Douglas L. Mason, Bruce E. Morley, and Sead Hamzagic)	-	6,000

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

COMMITMENTS AND CONTINGENCIES

The Company has entered into three 5-year term renewable agreements with companies controlled by three directors of the Company for the provision of consulting and/or legal services at a cost of $5,000 per month ($60,000 per annum) each. If any of such agreements are terminated without cause, or if there is a change in control of the Company, the Company is required to pay an amount equal to five times the annual fees payable there under.

The Company has entered into three agreements with certain directors/officers for services rendered in such capacities. If such agreements are terminated without consent of the director/officer or the director/officer resigns within 120 days following a change in control, the Company must pay $100,000 to such director/officer and allow any unvested stock options to vest.

CAPITAL MANAGEMENT

The Company manages its common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

To fund future operating activities the Company may need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2014. The Company is not subject to externally imposed capital requirements.

The Company expects its current capital resources will be sufficient to carry its corporate and administrative services and operations through its current operating period.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and short-term investments as fair value through profit or loss; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

The carrying values of accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's measurement of fair value of financial instruments as at December 31, 2014 and 2013 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2014				
Cash	$ 219,763	$ 219,763	$ -	$ -
Investments	$ 18,781	$ 18,781	$ -	$ -
December 31, 2013				
Cash	$ 15,746	$ 15,746	$ -	$ -
Investments	$ 9,044	$ 9,044	$ -	$ -

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, short-term investments, and accounts receivable.

The Company's credit risk is primarily attributable to cash and short-term investments. Management believes that the credit risk concentration with respect to cash and short-term investments is remote as it maintains accounts with highly-rated financial institutions.

Credit risk with respect to other receivables is considered to be moderate due to the balance being outstanding from related parties. Credit risk with respect to trade accounts receivable has been assessed as low from management, as the Company has strong working relationships with the parties involved.

The credit risk associated with cash is minimized substantially by ensuring that these financial assets are placed with a major financial institution with strong investment-grade ratings by a primary ratings agency.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

		2014		2013
Bank accounts	$	219,763	$	15,746
Investments		18,781		9,044
Trade accounts receivable		112,161		65,056
	$	350,705	$	89,846

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2014, the Company had accounts payable and accrued liabilities of $40,173 (December 31, 2013 - $40,821). Based on the current funds held as at December 31, 2014, the Company has sufficient working capital to cover its current liabilities.

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

	December 31, 2014, 2014					
Due Date		Accounts Payable and Accrued Liabilities		Due to Related Parties		Total
0 – 90 days	$	27,370	$	12,803	$	40,173

	December 31, 2013					
Due Date		Accounts Payable and Accrued Liabilities		Due to Related Parties		Total
0 – 90 days	$	40,296	$	525	$	40,821

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents consist of cash held in bank accounts. Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Given the balance of the cash and equivalents, any fluctuations in the interest rate would lead to an immaterial change in the statements of comprehensive loss.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its marketable securities, as they are carried at fair values based on quoted market prices, and investments, as they are carried at fair values based on quoted market prices.

SEGMENTED INFORMATION

The Company currently operates its business in one operating segment in Canada

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

OUTSTANDING SHARE DATA as of February 23, 2015:

a) Authorized:
unlimited number of common shares without par value
unlimited number of preferred shares without par value

b) Issued and outstanding:
15,166,106 common shares with a stated value of $7,935,638
2,400,000 preferred shares with a stated value of $610,997

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
200,000	$ 0.10	November 1, 2016
75,000	$ 0.10	July 24, 2017
675,000	$ 0.10	February 15, 2018
150,000	$ 0.10	June 4, 2019
210,000	$ 0.10	September 30, 2019
206,000	$ 0.10	January 19, 2020
1,516,000		
1,516,000		Exercisable

d) Outstanding warrants:

Number of Warrants	Exercise Price	Expiry Date
250,000	$ 0.20	January 17, 2016
1,100,000	$ 0.20	April 9, 2016
600,000	$ 0.20	August 7, 2016
1,500,000	$ 0.20	August 28, 2016
2,062,040	$ 0.20	December 19, 2016
5,512,040		

e) Shares in escrow or pooling agreements: nil

OFFICERS AND DIRECTORS

Douglas L. Mason, CEO and Director (Chairman)
Rick Peterson, President and Director
Sead Hamzagic, CFO and Director
Bruce E. Morley, Director
Valerie Samson, Director
Andrzej Kowalski, Director