

GAR LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND NINE MONTH PERIOD ENDED OCTOBER 31, 2015

The objective of this Management Discussion and Analysis Report ("MD&A") released by GAR Limited (the "Company" or "GAR") is to allow the reader to assess our operating results as well as our financial position for the three month periods ended October 31, 2015. This report is based on all available information up to December 29, 2015 and should be read in conjunction with the audited financial statements for the year ended January 31, 2015 and January 31, 2014, as well as the accompanying notes. Both the audited financial statements for the year ended January 31, 2015 and the audited financial statements for the year ended January 31, 2014 are prepared under International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all amounts are expressed in Canadian dollars.

The Company discloses, on a regular basis, additional information on its operations, which is recorded on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") in Canada at www.sedar.com.

Forward Looking Statement

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

The document may contain forward-looking statements that reflect management's current expectations with regards to future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ from expected results. Such factors include the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.

Nature of Activities and Continuation of Exploration Activities

Gar Limited was incorporated on February 20, 1987 under the Business Corporations Act (Ontario). Historically the Company has been in the business of acquiring, exploring and developing mineral properties in Canada. The current registered office of the Corporation is Box 122, 288 Kenogami Lane, Swastika, Ontario, P0K 1T0.

Overall Objective

The primary objective of the Company is to acquire, explore and if warranted, develop mineral properties and interests in copper, silver, and gold and other minerals exploration and development activities in Canada and Nicaragua, Central America.

Corporate Highlights

On December 29, 2014 the common shares of the Company (GAR Limited (GL) were approved for listing on the Canadian Stock Exchange (CSE).

The Company had not conducted any material business since the Ontario Securities Commission ("OSC"), the Alberta Securities Commission ("ASC") and the British Columbia Securities Commission ("BCSC") imposed a cease trade order on trading of the Company's common shares on June 24, 1998, October 2, 1998 and October 1, 1998 respectively for failure to file timely quarterly financial statements. The Company had been on a "care and maintenance" program until the Cease Trade Orders' were fully revoked and the ban from trading in the Company's common shares was lifted by the OSC on September 30, 2013, the ASC on October 2, 2013 and the BCSC on October 1, 2013.

In 2009, the Company acquires a 100% interest in a property located in the township of Grenfell. On February 28, 2014 the Company sold its 100% interest in a property in the township of Grenfell for a cash consideration of \$71,144. The property was sold to a family member of the President resulting in a gain of \$3,355.

On April 14, 2014, the Company signed an option agreement to acquire a mineral property containing 41 mining claims from 2158879 Ontario Limited (a private company) which are located in Burt, Gross and Flavelle Townships in the Larder Lake Mining Division of Ontario. These claims are known as The Lucky Irish Property. The Company can obtain a 100% interest in the property by making payments of 500,000 common shares over an eight year period totaling 4,000,000 common shares. The property is subject to a 3% net smelter return ("NSR"). The NSR is owned by the President of Gar Limited who also owns 79.8% interest in 2158879 Ontario Limited.

On October 24, 2014, Morgan Resources Corp. ("Morgan" or "Morgan Resources") (TSXN: MOR) executed an agreement to acquire a 51% interest in the Lucky Irish base metal and precious metal property. In order to earn this interest Morgan must spend \$2,500,000 in mining exploration expenditures on the Lucky Irish Property, make cash payments of \$750,000 (Paid \$100,000); and the issue of 1,400,000 common shares(issued 300,000) over a period of four years. The Company valued the shares received at \$36,000 which was a reflection of the market value on the date of the agreement (300,000 x \$0.12 = \$45,000). \$25,000 of the proceeds were used to reduce the cost base of the Lucky Irish property to Nil and the balance was recognized on the statement of operations as mineral properties option payments received.

On March 16, 2015 the Company issued a press release that it has incorporated a wholly owned subsidiary "Gar Limited S.A. which has applied for two concessions in Nicaragua, Central America. The first concession is an Antimony prospect. The second is a tungsten, molybdenum and gold prospect. Gar Limited is planning to commence exploration programs in the summer Of 2015. Gar Limited S.A. has established an office in Grenada, Nicaragua and has retained legal and accounting services there.

In May 2015, Gar Limited terminated the Lucky Irish Property option with Morgan Resources Corporation for failure to comply with the terms of the option agreement. Gar Limited recuperated its 100% ownership of the Lucky Irish Property.

Mineral Exploration Properties

In the event that the Company wishes to acquire an interest in another resource property, make a significant capital expenditure or enter into agreements with a third party requiring corporate expenditures, the Company will be required to raise addition capital. It is expected that any capital raised will be by equity financing, likely in the form of a private placement, as opposed to issuing other debt instruments or undertaking other forms of debt financing. The Company does not currently make use of any other financial instruments, and does not anticipate making use of any such instruments in the short term.

Trends

The Company is engaged in the business of preliminary or early stage mineral exploration and mine development. The Company holds no interest in producing or commercial deposits. The company does not have a source of revenue and is considered to be in the exploration stage. The trend of losses from operations, therefore, is expected to continue for the foreseeable future until a mineral resource property is acquired and brought into commercial production. As is the case with resource properties or other junior exploration companies, it is impossible to determine the likelihood or estimated time frame for the acquisition and production of a mineral resource property.

There are significant uncertainties regarding the price of copper, silver, gold and other minerals and the availability of equity financing for the purpose of exploration and development.

Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing and raising funds. Companies worldwide have been affected particularly negatively by these trends. As a result, The Company may have difficulties raising equity financing for purposes of cooper, silver, gold and other mineral exploration and development, particularly without excessively diluting the interest of existing shareholders. These trends may limit the ability of the Company to develop and/or further explore its current mineral exploration properties and any other property interests that may be acquired in the future.

Selected Annual Financial Information

The following selected financial data derived from the audited financial statements of the Company as at: **January 31, 2015, 2014 and 2013.**

Selected Annual Information

	<u>Years ended January 31</u>		<u>2013</u>
	<u>2015</u>	<u>2014</u>	
	\$	\$	\$
Revenue	-	-	-
Income (Loss)	(37,651)	254,175	(33,178)
Per share-basic and fully-diluted	0.00	12.63	(0.02)
Total assets	102,966	73,202	92,378

Results of Operations

For the Years ended January 31

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$
Bank charges and interest	536	138	86
Consulting fees	9,841	-	-
Management fees	60,000	46,000	22,200
Amortization	-	1,217	1,548
Occupancy costs	11,000	-	-
Office	3,524	3,408	124
Professional fees	23,196	32,235	7,673
Registrar and transfer agent fees	22,069	19,751	-
Travel	12,840	-	-
	<u>(143,006)</u>	<u>102,749</u>	<u>33,178</u>
NET LOSS BEFORE OTHER ITEMS	(143,006)	(102,749)	(33,178)
OTHER ITEMS			
Cost recoveries	-	63,822	-
Gains (losses) on disposal of assets	3,355	-	-
Bad debt recoveries	-	293,102	-
Mineral properties option payments received	111,000	-	-
EARNINGS (LOSS) BEFORE OTHER ITEMS	(28,651)	254,175	(38,178)
Write down of mineral properties	(9,000)	-	-
Income (Loss) and comprehensive Income (loss) for the year	<u>\$(37,651)</u>	<u>\$254,175</u>	<u>\$ (33,178)</u>

The Company's net (loss) totalled \$(37,651) for the year ended January 31, 2015 with basic and fully diluted net loss) per share of \$ (0.004). This compares with a net income for the twelve months ended January 31, 2014 of \$254,175 with a basic and fully diluted income per share of \$0.027. The increase of \$40,257 in operating expenses was principally because:

- The Company incurred a decrease in office, general and administration of \$116 for the twelve months ended January 31, 2015. This can be attributed to increased general corporate activities.
- The Company incurred an increase in management and consulting fees of \$23,841 for the twelve months ended January 31, 2015.
- The Company incurred an increase in registrar and transfer agent fees of \$2,318.
- The Company incurred a decrease in legal and audit fees of \$9,039 for the twelve months ended January 31, 2015.

The Company's net income totalled \$254,175 for the year ended January 31, 2014 with basic and fully diluted net income per share of \$ 0.12. This compares with a net income for the twelve months ended January 31, 2013 of \$33,178 with a basic and fully diluted income per share of \$(0.02). The decrease of \$287,353 was principally because:

- The Company recorded a gain of 293,102 on a gain on settlement of debt by the issuance of 500,000 common shares to a former officer of the Company and recorded cost recoveries of 63, 822 for the year ended January 31, 2014.
- The Company incurred an increase in office, general and administration of \$1,764 for the twelve months ended January 31, 2014. The increase can be attributed to increased general corporate activities.

- The Company incurred an increase in management and consulting fees of \$23,825 for the twelve months ended January 31, 2014. The increase can be attributed to increased general management activities in 2014.
- The Company incurred an increase in legal and audit fees of \$24,561 in listing and regulatory fees of \$19,752 and increase in for the twelve months ended January 31, 2014. This total increase of \$44,313 relates to the Company obtaining a Cease Trade Order lifted by the Ontario Securities Commission as well as the Alberta Securities Commission and the British Columbia Securities Commission.

The Company's net (loss) totalled \$(33,178) for the year ended January 31, 2013 with basic and fully diluted net loss) per share of \$ (0.02). This compares with a net loss for the twelve months ended January 31, 2012 of \$(28,172) with a basic and fully diluted (loss) per share of \$(0.02). The nominal increase of \$4,396 was principally because:

- The Company incurred an increase in office, general and administration of \$1,417 for the twelve months ended January 31, 2013. The increase can be attributed to increased general corporate activities.
- The Company incurred an increase in management and consulting fees of \$7,800 for the twelve months ended January 31, 2013.
- The Company incurred a decrease in legal and audit fees of \$4,827 for the twelve months ended January 31, 2013.

Selected Quarterly Information:

	Q3-16 (i)	Q2-16 (ii)	Q1-16 (iii)	Q4-15 (iv)	Q3-15 (v)	Q2-15 (vi)	Q1-15 (vii)	Q4-14 (viii)
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss) (\$)	(25,471)	(64,441)	(47,140)	45,231	(14,246)	(46,228)	(22,398)	315,515
Per share (\$)	(0.002)	0.004)	(0.004)	0.005	(0.02)	(0.005)	(0.024)	0.335

Narrative Analysis of Quarterly Results:

- (i) The loss for the third quarter of 2016 as compared to the same period in 2014 shows an increase in net loss of \$(11,225) is due primarily because: The Company incurred an increase in transfer agents' fees \$2,529, and office general and administration \$590.
- (ii) The loss for the second quarter of 2016 as compared to the same period in 2014 shows an increase in the loss for the period of \$20,213 which is due primarily to increases in legal and audit fees of \$4,413, advertising and promotion of \$9,075 and office rent of \$2,000. Transfer agents' and regulatory fees decreased by \$1,283. In addition the company incurred a loss on sale of temporary investments of \$10,427 and an unrealized write down of temporary investments of \$9,000.
- (iii) The loss for the first quarter of 2016 as compared to the same period in 2012 shows an increase in the loss for the period of \$24,742 which is due primarily to increases increase in legal and audit fees of \$850, consulting fees \$3,650. Management and consulting fees decreased by \$3,400 for the three month period ended April 30, 2015 as compared to the three months ended April 30, 2014.
- (iv) The Income for the fourth quarter of 2015 as compared to 2014 shows a decrease of \$269,294 and is primarily due to a decrease in management and consulting fees of \$6,500, an increase in legal and audit fees of \$5,007 and an increase in Travel and accommodation of \$12,840. In addition, the Company entered into an option agreement on October 24, 2014 and received a cash payment of \$100,000 and 300,000 common shares valued at \$36,000. \$25,000 of the proceeds were used to reduce the cost basis of the Lucky Irish Property to nil and the balance of \$111,000 which was recognize in the statement of income in the fourth quarter of 2015. In the fourth quarter of 2014 the Company recorded a gain of \$293,102 on a gain on settlement of debt by the issuance of 500,000 common shares to a previous officer of the Company and recorded cost recoveries of \$63, 822 for the year ended January 31, 2014. There were no cost recoveries in 2015.

- (v) The loss for the third quarter of 2015 as compared to 2014 shows a decrease of \$33,054 and is due to an increase in management and consulting fees of \$4,300 for the three months ended October 31, 2014 as compared to the three months ended October 31, 2013 and incurred a decrease in regulatory and transfer agent's fees of \$ (12,407) and legal and audit of \$(13,689) for the three months ended October 31, 2014 as compared to the three months ended October 31, 2013. In addition the Company incurred \$3,000 for office rent which were not incurred in 2013 as a result of an overall decrease in corporate activities.
- (vi) The loss for the second quarter of 2015 as compared to 2014 shows an increase \$40,740 and is due to an increase in management and consulting fees of \$12,000 for the three months ended July 31, 2014 as compared to the three months ended July 31, 2013 and incurred an increase in regulatory and transfer agent's fees of \$4,708 for the three months ended July 31, 2014 as compared to the three months ended January 31, 2013. In addition the Company incurred expenses of \$2,792 for automobile operating costs, \$8,514 for general exploration expenditures, \$5,696 for legal and audit fees and \$6,000 for office rent none of which were incurred in 2013 as a result of an overall increase in corporate activities.
- (vii) The loss for the first quarter of 2015 as compared to 2014 shows an increase of \$14,846 and is due to an increase in management and consulting fees of \$11,500; an increase in regulatory and transfer agent's fees of \$3,010. The increase can be attributed directly to cost incurred to having the cease trade order lifted.
- (viii) The income for the fourth quarter of 2014 as compared to 2013 shows an increase of \$314,515 in net income primarily due to a gain on settlement of debt of \$293,102 and cost recoveries of \$63,922 offset by increases of increases in listing and regulatory fees of \$6,063, legal and audit fees of \$12,493 and management fees of \$21,525 .

Results of Operations: Three Month Period Ended October 31, 2015 as compared to October 31, 2014:

	<u>2015</u>	<u>2014</u>
	\$	\$
Advertising & promotion	168	(4,134)
Automobile	1,471	(84)
Consulting fees	948	2,776
General exploration expenditures	-	198
Management fees	15,000	15,000
Legal and audit	-	-
Office rent	3,000	3,000
Transfer agent fees	3,811	1,282
Travel & accommodation	225	-
Office general & administration	<u>848</u>	<u>258</u>
Net Income (Loss) before other items	(25,471)	(18,448)
Short term marketable securities losses	-	
Unrealized gain(loss) on marketable securities	<u>-</u>	<u>4,500</u>
Net Income (Loss) and comprehensive Income (loss) for the period	<u>\$ (25,471)</u>	<u>\$ (14,246)</u>

The Company's net loss of \$(25,471) for the three months ended October 30, 2015 with a basic and fully diluted income per share of \$(0.002) compares with a net income for the three months ended October 30, 2014 of \$(14,246) with a fully diluted income per share of \$(0.005). The increase in the net loss of \$11,225 was principally because there was a unrealized (loss) on short term securities in 2014. In addition the Company incurred an increase in transfer agents' fees \$2,529, and office general and administration \$590.

Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

Future cash requirements will depend primarily on the extent of future expenditures on the Company's exploration programs. The cost and duration of future exploration programs will depend on the results of current exploration programs and therefore, the Company is not able to forecast future cash requirements. The Company will require additional financing to fund its operations and complete exploration programs in the fiscal 2016 year and future years.

As at **October 31, 2015**, the Company had working capital deficiency of \$93,221 and cash and cash equivalents of \$5,029. This compares to a working capital deficit of \$35,332 and cash of \$54,679 as **at January 31, 2015**.

Risks and Uncertainties

The Company is in the exploration stage and has not yet determined whether its mineral resource properties contain reserves that are economically recoverable. In addition, the Company has a working capital of \$90,238 continued operations of the Company and the recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to finance its operations and to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

The Company is subject to numerous risk factors that may affect its business prospects in the future. These risks include, but are not limited to, the Company's access to additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licenses', the inherently risky nature of the Company's activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company's reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company's dependence upon employees and consultants and fluctuations in mineral prices.

Basis of preparation and going concern

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The accounting policies which are disclosed in **Note 3** to ***the annual audited financial statements for the year ended January 31, 2015*** have been applied consistently to all periods presented.

Future accounting policies

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- IFRS 7 '*Financial Instruments, Disclosures*' - effective for annual periods beginning on or after January 1, 2013, IFRS 7 has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements.
- IFRS 9 '*Financial Instruments: Classification and Measurement*' - effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

Accounting estimates and critical judgments

The preparation of financial statements requires management to make estimates, assumptions and judgements about future events. These estimates and judgements are constantly challenged. They are based on past experience and other factors, particularly, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management, and may not equal estimated results.

The following paragraphs describes the most critical management estimates and assumptions in the recognition of assets, liabilities and expenses and the most critical management judgement's in applying accounting policies:

Impairment of assets

An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value. Management reviews on a regular basis the impairment assessment of its Mineral property interests without a recovery test as disclosed in the Company's 2013 Annual Financial Statements.

Share based payments

The estimation of share-based payment costs require the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share price, the probable life of options, the time of exercise of those options and expected extinguishments. The valuation model used by the Company is Black-Scholes.

Income taxes and deferred taxes

The Company is subject to taxes from different tax jurisdictions. It maintains allowances for uncertain tax positions that, in its opinion, appropriately reflect the risks related to the tax positions related to the tax positions subject to discussions, audits, differences of opinion and appeals with the tax authorities or that are otherwise uncertain. These allowances are determined using best estimates of the amounts payable based on a qualitative assessment of all relevant information. These allowances are reassessed at the end of each financial reporting period to determine if the amount is sufficient. However, audits by the tax authorities could subsequently result in an additional liability.

Related Party Transactions

During the three month periods ended **OCTOBER 31, 2015 and 2014**, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

- a) Paid or accrued management fees of \$9,000; (2014 - \$ 9,000) to the president of the Company John Rapski.
- b) Paid or accrued management fees of \$6,000; (2014 - \$ 6,000) to the Chief Financial Officer of the Company Wm. Andrew Campbell.
- c) Paid or accrued occupancy costs space of \$3,000 (2014 – \$3,000) to a relative of the President, Eileen Rapski.

As at **October 31, 2015 and January 31, 2014**, due to related parties includes the following:

	<u>July 30,</u> <u>2015</u>	<u>January 31,</u> <u>2015</u>
Amounts due to the Chief Financial Officer and director, Wm. Andrew Campbell that are unsecured, non-interest bearing and have no fixed terms of repayment.	\$ 36,756	\$ 20,375
Amounts due to the President and a company controlled by the president and director, John Rapski and a person related to Mr. Rapski that are unsecured, non-interest bearing and have no fix terms of repayment.	<u>52,847</u>	<u>11,888</u>
	<u>\$ 89,603</u>	<u>\$ 32,263</u>

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

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as **of December 29, 2015**.

Segmented Information

The Company's one reportable operating segment is the acquisition and exploration of mineral resource properties. All assets and operations are in Canada.

Additional Disclosure for Venture Issuers without Significant Revenue

The following table sets forth a breakdown of material components of capitalized exploration and development costs:

	<u>Lucky Irish</u>	<u>Afton Clement & Scholes Township.</u>	<u>Grenfell Township</u>	<u>Total</u>
Acquisition costs				
Balance, January 31, 2014	\$ -	\$ -	\$ 1	\$ 1
Expenditures for the year:				
Option cost	25,000			25,000
Staking, camp supplies accommodation & claims renewals		12,000		12,000
Cost recoveries/ option payment receipts	(25,000)			(25,000)
Write down of mineral properties Balance, January 31, 2015 and October 31, 2015			(1)	(1)
	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>

Disclosure of Outstanding Share Data

At **October 31, 2015**, the Company had 11,198,630 (January 31, 2015 – 9,378,630) common shares issued and outstanding and 6,580,000 (January 31, 2015 -6,580,000) warrants outstanding. Each warrant entitles the holder to acquire one common share at a price per share of \$0.075 until December 15, 2015

Subsequent Events

There are no subsequent events to report up to and including December 13, 2015, the date the Board of Directors approved these financial statements.