

# Prominex Resource Corp.

## Management Discussion and Analysis

Form 51-102F1

For the three months ended July 31, 2014 and 2013

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*The Management Discussion and Analysis (“MD&A”) is an overview of the activities of Prominex Resource Corp. (“Prominex” or the “Company”) for the three months ending July 31, 2014 and 2013. This MD&A should be read in conjunction with the Company’s unaudited condensed interim financial statements for the three months ended July 31, 2014 and 2013, and the notes attached thereto. The effective date of this MD&A is September 17, 2014. This MD&A and the unaudited condensed interim financial statements and comparative information have been prepared in Canadian dollars, and in accordance with international Financial Reporting Standards (“IFRS”), applicable to the preparation of interim financial statement for publicly accountable enterprises in Canada, including International Accounting Standards 34 Interim Financial Reporting (“IAS 34”). Additional information related to the Company is available for viewing on the Company’s website [www.prominex.ca](http://www.prominex.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).*

*The following MD&A is management’s assessment of the Company’s operations and financial results, together with future prospect sand includes certain statements that may be deemed “forward-looking statements”. All information, other than historical facts included herein, including without limitation data regarding potential mineralization, exploration results and plans and objectives of the Company, is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and future events and actual results could differ materially from those anticipated in the forward-looking information.*

*It is the Company’s policy that forward-looking statements are based on the Company’s beliefs and assumptions and on information available at the time these assumptions are made. The forward looking statements contained herein are as of September 17, 2014 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations for our ability to raise capital and meet our obligations.*

*Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in “Risks and Uncertainties” below. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.*

*The MD&A has been prepared in accordance with the provisions of National Instrument 51.102, Section 5 and Form 51-102F1 and has been approved by the Company’s Board of Directors.*

### **DESCRIPTION OF BUSINESS**

Prominex is a mineral exploration company engaged in acquiring, exploring, and developing mineral properties within Canada. The Company’s properties are located on the island of Newfoundland in the province of Newfoundland and Labrador, Canada.

Prominex is evaluating three projects within a base metal rich area of central Newfoundland, home to formerly producing world-class base metal deposits at Buchans and the currently producing Duck Pond zinc-copper mine

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owned and operated by Teck Corporation. Prominex is exploring primarily for zinc-lead-copper-silver-gold mineral resources within its properties with the objective of identifying commercially exploitable mineralization.

The Company's properties are currently at an "exploration stage." The Company has no producing properties, no operating income, or cash flow. To date, the Company is dependent on the equities market to finance all of its activities and it will continue to rely on this source of funding for its exploration expenditures and to meet its ongoing working capital requirements. The common shares of the Company are listed on the TSX Venture Exchange (the "Exchange") under the symbol "PXR". The Company's head office is in Vancouver, BC, Canada. The Company also maintains an exploration office and core storage facilities in Buchans, NL.

Prominex's business is managed by the directors and officers and augmented by independent financial, geological and mining professionals retained to advise the Company on its exploration programs and business.

### OVERALL PERFORMANCE

The Company's continuation as a going concern is dependent on its ability to raise sufficient and appropriate equity financing to fund and complete the development of its mineral properties and attainment of future profitable operations. While the Company has been successful in the past in financing its activities there can be no assurances it will be successful in the future. The recoverability of exploration costs is dependent upon the ability of the Company to obtain financing to fund and complete the development of such reserves or through the sale of the licenses.

At present, Prominex holds interests in three mineral projects located in central Newfoundland. The Company's mineral properties are in good standing. The Company's mineral properties are in good standing. To date, Prominex has expended \$2,001,274 in exploration and acquisition costs on these projects. However, going forward the size, scope, and objective(s) of the exploration activity is dependent upon access to additional funds and subject to the objective of limiting shareholder dilution, among other factors.

Since 2008, Prominex's ability to finance has been significantly affected by overall market conditions and by base metal price trends, especially zinc, as its mineral resource inventory value is comprised of 50% zinc, with lead, copper, silver, and gold. Zinc commodity market prices declined dramatically from January 2007 when zinc traded at \$2.10. Zinc traded down to a low of \$0.47 in March of 2009 and now trades at US\$1.02/lb. The price drop from its high in 2007 to its low in 2009 has been attributed to problems in world credit markets, which consequently resulted in a slowing world economy, and the reduction in demand for zinc end products.

### MINERAL PROPERTIES

At present, Prominex holds interests in three mineral projects located in central Newfoundland, Tulks Hill (51%) and is the joint venture operator, Reid Lot 50 (Lake Bond), both of which are host to historical base metal resources identified by earlier explorers. On December 2, 2013, the Company acquired mining licenses for exploration of the Gullbridge area located in central Newfoundland. As at July 31, 2014, the Company has not yet completed any work related to this property. At the present time Prominex is seeking funding to further its exploration efforts.

**TULKS HILL PROJECT**

On December 15, 2005, the Company entered into an option agreement to acquire a 51% interest in a property known as Tulks Hill located in central Newfoundland. In November 2007, the Company earned an undivided 51% interest in the property by completing the requirements under the option agreement. Prominex is operator of the joint venture with Buchans Mineral Corporation. (TSX:V-BMC) formerly Royal Roads Inc. (TSX:V – RRO)

In July 2008, the Company received a National Instrument (NI) 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) compliant technical report on the Tulks Hill property (the “Tulks Hill Property”). The Tulks Hill Property is subject to net smelter return royalty ranging from 2.0% to 2.25% on certain of the claims.

The following summary is from the NI 43-101 technical report on the Tulks Hill Property, Newfoundland and Labrador, Canada, prepared for the Tulks Hill joint venture between Prominex (operator) and Buchans Mineral Corporation (formerly Buchans River Limited). Prepared by Mr. Hrayr Agnerian, M.Sc. (Applied), P. Geo. of Scott Wilson RPA on July 22, 2008:

*“The T3 Lens of the Tulks Hill deposit contains some 431,000 tonnes of Indicated mineral resources at an average grade of 0.89% Cu, 3.97% Zn, 1.61% Pb, 35.09 g/t Ag and 1.17 g/t Au. The 1.1% CuEq cut-off grade is based on a minimum 2 m horizontal thickness of mineralization. The drilling by Prominex at Tulks Hill has confirmed the earlier results by Asarco Inc.”*

*“There is good potential for the discovery of additional Cu-Zn-Pb-Ag-Au mineralization northeast, southwest, and southeast of the T3 Lens and at other targets within Mineral License 10212M. These targets have geological and geophysical characteristics that are similar to the T3 Lens.”*

**T3 Lens – Mineral Resources above the Adit**

Zone	Category	Tonnes	Grade				
			C% Cu	% Zn	% Pb	g/t Ag	g/t Au
2	Indicated	290,000	0.91	5.03	2.00	38.81	1.24
3	Indicated	30,000	0.52	2.67	1.53	61.52	0.59
<b>Total</b>	<b>Indicated</b>	<b>320,000</b>	<b>0.87</b>	<b>4.81</b>	<b>1.96</b>	<b>40.94</b>	<b>1.18</b>

**Mineral Resources below the Adit and Elsewhere**

Zone	Category	Tonnes	Grade				
			% Cu	% Zn	% Pb	g/t Ag	g/t Au
1	Indicated	4,000	0.79	1.09	0.41	26.19	0.31
2	Indicated	44,000	0.76	1.77	0.56	19.53	2.76
3	Indicated	5,000	0.52	2.46	1.39	57.95	0.66
4	Indicated	58,000	1.12	1.42	0.60	15.09	0.06
<b>Total</b>	<b>Indicated</b>	<b>111,000</b>	<b>0.94</b>	<b>1.55</b>	<b>0.60</b>	<b>18.24</b>	<b>1.15</b>

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### REID LOT 50 (LAKE BOND)

On December 28, 2006, the Company entered into an option agreement with Reid Newfoundland Company Limited (the "Reid Option Agreement") to acquire a 100% interest (the "Option") in a property known as Reid Lot 50 (the "Reid Property") located in central Newfoundland. The Company has completed the terms of the option agreement with Reid Newfoundland Company Ltd. and has earned a 100% interest in the property. The property is subject to a net smelter return royalty of 2.0%, of which the Company can purchase 1.0% for \$1,000,000.

On May 1, 2014, the Department of Natural Resources in St. John's, NL accepted the Company's assessment report for exploration completed on the Reid Lot 50 project. The project is in good standing until December 31, 2018 and thereafter requires expenditures of \$10,888 on an annual basis.

### GULLBRIDGE CLAIM GROUP

The Company acquired 41 claims through staking in the Gullbridge area of central Newfoundland. The claim group is located 12 km north east of the Reid Lot 50 property; they are 100% owned by Prominex and to date the Company has not completed any exploration on these claims. The claims require an exploration expenditure of \$10,000 by January 1, 2015.

#### Exploration and Evaluation Assets

The Company's exploration and evaluation assets are all located in Newfoundland and Labrador, Canada. The Company has investigated title to all of its exploration and evaluation assets and all of its properties are in good standing.

A summary of exploration and evaluation assets as at July 31, 2014 and April 30, 2014 is as follows:

There were no transactions during the three-month period ended July 31, 2014.

	<u>Gullbridge Claims</u>	<u>Tulks Hill</u>	<u>Lake Bond</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>April 30, 2013</b>	-	1,782,326	138,693	1,921,019
Assays	-	-	3,640	3,640
Casual labour	-	1,100	7,934	9,034
Consulting fees	-	10,400	20,169	30,569
Field expenses	-	370	14,060	14,430
Other	-	-	5,069	5,069
Property fees	2,520	21,715	7,000	31,235
Travel	-	901	2,411	3,312
Recovery of expenses	-	(17,034)	-	(17,034)
<b>April 30, 2014</b>	<b>2,520</b>	<b>1,799,778</b>	<b>198,976</b>	<b>2,001,274</b>
	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>July 31, 2014</b>	<b>2,520</b>	<b>1,799,778</b>	<b>198,976</b>	<b>2,001,274</b>

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### QUALIFIED PERSON

Mr. Hrayr Agnerian P.Geo. of Agnerian Consulting Ltd. is a Qualified Person as set out in the definitions of National Instrument 43-101 (NI 43-101) by reason of his education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience and is independent of the Issuer applying the test set out in Section 1.4 of NI 43-101. Mr. Agnerian is the author of the report titled "Technical Report on the Tulks Hill Cu-Zn Property, Newfoundland" prepared for Tulks Hill Joint Venture between Prominex Resources Corp. (The Operator) and Buchans River Ltd., (TSX:V-BUV), now Buchans Mineral Corporation (TSX:V-BMC) and dated July 22, 2008. The report is available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the company website ([www.prominex.ca](http://www.prominex.ca)).

### Results of Operations

The financial information contained in this MD&A for the unaudited condensed interim financial statements for the three months ending July 31, 2014 and 2013 has been prepared in accordance with the Company's IFRS accounting policies. The review of results of operations should be read in conjunction with the unaudited condensed interim financial statements of for the three months ending July 31, 2014 and 2013.

### July 31, 2014 Compared to July 31, 2013

The Company's projects are at the exploration stage, and it has generated no revenue from operations to date. The Company capitalizes all exploration and evaluation costs. For the three months ended July 31, 2014, the Company capitalized exploration and evaluation costs of \$Nil. The net amounts capitalized to each project were as follows: Tulks Hill - \$Nil (2013 \$3,155 and Lake Bond \$Nil (2013 -\$5,376)

The Company had a net loss for the three months ended July 31, 2014 of \$43,175 (\$0.001) per share compared to a net loss for the quarter ended July 31, 2013 \$57,138, or (\$0.001) per share. The loss for the quarter ending July 31, 2014 is comparable to same quarter of 2013. Stock compensation costs of \$Nil were incurred during the quarter ending July 31, 2014 (2013 -\$1,564).

### EXPENSES

Expenses for the three months ended July 31, 2014 and 2013 are as follow:

	For the Three Months Ended July 31	
	2014	2013
	\$	\$
<b>REVENUE:</b>		
Interest revenue	-	-
<b>EXPENSES:</b>		
Accounting fees	5,000	-
Automobile expenses	218	-
Bank charges and interest	150	6
Consulting wages and benefits	31,500	39,000
Legal fees	589	624
Marketing	67	82
Meals and entertainment	84	180
Office	-	7,016
Regulatory fees	-	1,123

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	For the Three Months Ended July 31	
	2014	2013
	\$	\$
Rent	3,895	3,864
Salaries and benefits	-	186
Shareholder information	1,532	1,547
Share-based payments	-	1,564
Training	-	35
Transfer agent and shareholder	140	1,911
	43,175	57,138
<b>Net loss and total comprehensive loss</b>	<b>(43,175)</b>	<b>(57,138)</b>
Weighted average number of shares outstanding, basic and diluted	83,690,890	83,690,890
Loss per share, basic and diluted	(0.001)	(0.001)

### SUMMARY OF QUARTERLY RESULTS

The following is selected quarterly information for each of the past eight quarters

	Revenue	Expenses	Net Income (loss)	Net Income (loss) per
	(\$)	(\$)	After Tax (\$)	Share Basic and Diluted
31/07/2014	Nil	43,175	(43,175)	(0.001)
30/04/2014	Nil	42,599	(42,599)	(0.001)
31/01/2014	Nil	78,495	146,296	(0.0017)
31/10/2013	Nil	99,570	(99,570)	(0.001)
31/07/2013	Nil	57,138	(57,138)	(0.001)
30/04/2013	1	153,220	(153,219)	(0.003)
31/01/2013	Nil	24,164	(24,164)	(0.0004)
31/10/2012	Nil	23,043	(23,043)	(0.0004)

### FINANCIAL CONDITION, CAPITAL RESOURCES, AND LIQUIDITY

The Company is in the exploration stage and is in the process of exploring and evaluation of mineral property assets in Canada, and has not yet determined whether these properties contain economic reserves. While these financial statements have been prepared based on accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business, several adverse conditions could cast doubt upon the validity of this assumption.

The Company's cash balance at July 31, 2014 was \$482 compared to \$133,431 for the quarter ended July 31, 2013. The Company has negative working capital of \$775,796 at July 31, 2014 (April 30, 2014 - \$732,621).

Although Prominex has access to sufficient working capital to meet listing obligations it does not have sufficient funds to continue significant exploration of its properties. The Company will require additional funding to further exploration activities on its mineral properties. Property exploration commitments on existing properties are minimal over for the next four years.

The Company has been successful in the past in obtaining financing from the placement of equity, however there can be no assurance that it will obtain adequate financing in the future or that the terms of such financing will be favourable.

### **RISKS AND UNCERTAINTIES**

The Company's continuation as a going concern is dependent on its ability to raise sufficient and appropriate equity financing to fund and complete the development of its mineral properties and attainment of future profitable operations. While the Company has been successful in the past in financing its activities there can be no assurances it will be successful in the future.

Companies involved in the mineral exploration industry face many risk factors. While it is not possible to eliminate all the factors inherent in the mineral exploration business, the Company, through ongoing assessment, strives to mitigate these risks to ensure the protection of its assets.

### **EXPLORATION AND DEVELOPMENT RISK**

Mineral exploration and development involves a high degree of risk and few properties will become producing mines. There is no assurance that any mineral resources identified and defined will be mined commercially. The Company attempts to mitigate these risks by conducting exploration programs and studies using qualified contractors and personnel who will make professional recommendations based upon the findings of these studies.

### **RISK IN RESOURCE/RESERVE CALCULATIONS AND ESTIMATION OF METAL RECOVERIES**

There is a degree of uncertainty attributable to the calculation of mineral resources and mineral reserves and corresponding grades and all mineral resources and mineral reserves and grades should be treated as estimates only.

### **FINANCING RISK**

The Company has limited financial resources and relies upon the issuance of share capital to raise funds. The Company's management is aware that the availability of equity funds at favourable terms is not certain, so the financial requirements of the Company's operations are reviewed at least quarterly to allow for timely changes in capital deployment. The Company has been successful in the past in obtaining financing from the placement of equity, however there can be no assurance that it will obtain adequate financing in the future or that the terms of such financing will be favourable.

### **POLITICAL AND LEGISLATIVE RISK**

The Company's properties are located in Canada in the province of Newfoundland and Labrador. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected, to varying degrees, by changes in federal or provincial legislation and regulations and the effects of any changes cannot be accurately predicted. The Company identifies changes and

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potential changes in environmental legislation, provincial laws and regulations, and 'best practices guidelines' as sources of potential risk in this regard.

**BUSINESS CYCLE RISK**

General market conditions and the price of precious and base metals will have an impact on the Company's ability to access financing in the future to continue the exploration of its properties and further the Company's long-term plan. Changes in cyclical market direction may have a positive or negative affect the Company. Changes in general market conditions are beyond the control of the Company.

**OUTSTANDING SHARE DATA**

The share capital of the Company consist of an unlimited number of common shares , without nominal or par value of which 83,690,890 are issued and outstanding as of the date of this MDA.

The change in warrants during the three-month periods ended July 31, 2014 and 2013 is as follows:

	2014		2013	
	Number	Weighted Average Exercise Price (\$)	Number	Weighted Average Exercise Price (\$)
Outstanding, beginning of period	21,370,000	0.05	21,370,000	0.05
Issued	-	-	-	-
Cancelled	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	<b>21,370,000</b>	<b>0.05</b>	<b>21,370,000</b>	<b>0.05</b>

The following table provides detailed information about share purchase warrants outstanding as at July 31, 2014:

Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
21,370,000	0.05	April 12, 2015	0.69

During the year ended April 30, 2014, the Company modified the terms of the common share purchase warrants by extending the exercise period by one year. Currently, each warrant expiring on April 9, 2015 entitles the holder to purchase one common share of the Company at a price of \$0.05. The modification has been treated as a cancellation of the original warrants and an issuance of the new warrants.

The weighted average fair value of the private placement warrants modified during the year ended April 30, 2014 was \$143,938. The fair value of these share warrants was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

- Expected dividend yield ..... -
- Expected stock price volatility..... 264%
- Risk-free interest rate..... 0.96%
- Expected warrant life in years (as at July 31, 2014) .... 0.74



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### Share Purchase Payments

The Company has adopted a formal stock option plan, which follows the TSX Venture Exchange (TSX-V) policy under which it is authorized to grant options to directors and employees to acquire up to 10% of issued and outstanding common stock. Under the plan, the exercise price of each option equals the discounted market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years and options issued are subject to a vesting provision whereby 25% become exercisable every three months over a period of 12 months.

Share-based payments for the options granted by the Company were amortized over the vesting period, of which \$Nil was recognized in the three months ended July 31, 2014 (July 31, 2013, \$1,564.)

The Company did not issue any share purchase options during the three months ended July 31, 2014 and 2013.

The following table summarizes information about stock options outstanding at July 31, 2014:

Exercise Price \$	Options Outstanding and Exercisable	Options Not Vested	Remaining Contractual Life (in years)
0.10	3,700,000	Nil	1.47
0.10	1,200,000	Nil	2.94
	<b>4,900,000</b>	<b>Nil</b>	

### RELATED PARTY TRANSACTIONS

The Company's related parties consist of executive officers and directors, the spouse of an executive officer, and companies controlled by executive officers and directors.

During the three months ended July 31, 2014, the Company paid or accrued the following amounts to related parties:

- \$3,864 in head office rent to an officer and director (July 31, 2013 - \$3,864), which was charged to statement of loss and comprehensive for the period
- \$31,500 in consulting fees to key management personnel (July 31, 2013 - \$31,500).

Included in accounts payable and accrued liabilities are amounts owing to (from) related parties of \$544,374 (April 30, 2014 - \$507,563) as follows:

	As at July 31, 2014 (\$)	As at April 30, 2014 (Audited) (\$)
Former directors and director controlled company	123,314	123,314
CEO and president	371,300	328,972
Director	(3,969)	1,548
Former directors	53,729	53,729
<b>Total</b>	<b>544,374</b>	<b>507,563</b>

These transactions incurred in the normal course of operations, have been recorded at their exchange amounts, being the amounts agreed to by the related parties.

#### **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

#### **PROPOSED TRANSACTIONS**

The Company has no proposed transactions.

#### **CHANGES TO ACCOUNTING POLICIES**

- A number of standards and amendments were issued effective for accounting periods beginning on or after May 1, 2014. Effective May 1, 2014, the Company adopted the following IFRS standard and/or amendment:
- IAS 32 (Amendment) '*Financial Instruments: Presentation*' is effective for annual periods beginning on or after January 1, 2014 that establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.

The adoption of the above standard did not have a significant impact on the Company's condensed interim financial statements.

#### **ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

- At the date of authorization of these condensed interim financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and/or interpretations which are not yet effective during the three month period ended July 31, 2014:
- IFRS 9 '*Financial Instruments: Classification and Measurement*' is a new financial instruments standard effective for annual periods beginning on or after January 1, 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

The Company has not early adopted these standards, amendments, and/or interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

#### **FUTURE FUNDING**

The Company has historically financed its activities principally by sale of equity securities and while it has been successful in the past, there can be no assurances it will be successful in the future. The recoverability of exploration costs is dependent upon the ability of the Company to obtain financing to fund and complete the development of such reserves or through the sale of the licenses.

## **INVESTOR AWARENESS**

The Company does not have an investor awareness program. Currently, the president provides shareholder communication. The Company will continue some investor awareness initiatives including investor conference participation, print, radio, and web media advertising of the Company and its prospective properties. The Company maintains a summary of corporate and technical information on its website and provides links to regulatory, government, and other sources of information.

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

In contrast to the certificate under Multilateral Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* (MI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

## **CONTRACTUAL OBLIGATIONS**

The Company has no contractual obligations.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The Board of Directors carries out its responsibility for the financial statements primarily through the audit committee, which comprises independent, non-executive directors who meet periodically with management and independent auditors to review financial reporting and internal control matters.

## **OUTLOOK**

### **Financing**

At the present time Prominex is seeking funding to its exploration and development efforts. The Company is not currently conducting exploration on any of its projects in central Newfoundland. The Company's Tulks Hill requires an annual mining lease payment of \$5,827.60; 49% of which is paid for by our joint venture partner Buchans Mineral Corporation (now 100% owned by Minco PLC (AIM – MIO). The Reid Lot 50 (Lake Bond) project is in good standing until December 31, 2018. The Company has yet to complete any exploration on the Gullbridge claims.

The Company plans to conduct exploration at Tulks Hill, Reid Lot 50 and the Gullbridge claims in 2014, however the size, scope, and objective(s) of the exploration activity is dependent upon access to additional funds and subject to the objective of limiting shareholder dilution.

## Exploration Objectives

### *Tulks Hill*

Prominex's continuing exploration objective is focused on increasing the NI 43-101 base and precious metal resources within our Tulks Hill property.

On May 3, 2013, Prominex announced that its application for a Mining Lease for a portion of the Tulks Hill property located in central Newfoundland. The mining lease was issued by the Department of Natural Resources in St. John's, Newfoundland and Labrador on January 29, 2014. The mining lease is 72.5 ha in size and covers the Tulks Hill volcanogenic massive sulphide (VMS) deposit, including National Instrument 43-101 (NI 43-101) compliant mineral resources.

### **Reid Lot 50**

Prominex's continuing exploration objective is focused on the continued evaluation of the base metal resources identified by earlier explorers. The resources are not National Instrument 43-101 (NI 43-101) compliant. Subject to suitable financing, the Company plans a 2,000 m diamond drill program for the winter 2014 exploration program.

### **Gullbridge Claims**

The Company acquired 41 claims through staking in the Gullbridge area of central Newfoundland. The claim group is located 12 kms north east of the Reid Lot 50 property; they are 100% owned by Prominex and to date the Company has not completed any exploration on these claims. The claims require an exploration expenditure of \$10,000 by January 1, 2015. Prominex Subject to suitable financing, the Company plans to complete an evaluation of past exploration efforts on the Gullbridge claims.

## **SUBSEQUENT EVENTS**

The following subsequent event occurred during the period from the three months ended July 31, 2014 to the date the Management Discussion and Analysis were available to be issued on September 17, 2014.

Vancouver, BC---August 29, 2014 - Prominex Resource Corp. (the "Company" or "Prominex") TSX:V-PXR), announces that it intends to consolidate its issued and outstanding common shares on the basis of six (6) pre-consolidated shares for one post-consolidated share. Prominex will not change its corporate name or CUSIP number in conjunction with the consolidation. The consolidation remains subject to the approval of the shareholders of the Company and the TSX Venture Exchange.

Management believes the consolidation is necessary in order to provide the Company with a share capital structure that will better attract additional equity financing.

Prominex will seek the approval of the consolidation of the common shares at the Annual General and Special Meeting of the shareholders to be held on 10:00 AM on November 14, 2014 at Salon A - 2<sup>nd</sup> Floor, 1010 Howe Street Vancouver, BC. As of the date, hereof Prominex has 83,690,890 common shares issued and outstanding. After giving effect to the proposed consolidation, the Company will have 13,948,481 common shares issued and outstanding. No fractional post-consolidated shares will be issued and all fractional shares resulting from the consolidation will be rounded down to the nearest whole number and no cash consideration will be paid in respect

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## Management Discussion and Analysis

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For the three months ended July 31, 2014 and 2013

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of fraction shares. The outstanding 4,900,000 Stock Options and 21,370,000 Warrants will also be adjusted by the consolidation ratio and the respective exercise prices of outstanding stock options and warrants will be adjusted accordingly.

Prominex has cancelled the non-brokered private placement of 6,000,000 Units at \$0.05 per unit as announced on April 3, 2014.

### **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MDA is available upon request from the Company and is available for viewing on the Company website at [www.prominex.ca](http://www.prominex.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **ADDITIONAL INFORMATION**

Additional information related to the Company is available for viewing on the Company's website [www.prominex.ca](http://www.prominex.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).