
ACME RESOURCES INC.

Management Discussion and Analysis

**For the Year Ended June 30, 2012
(Prepared October 4, 2012)**

INTRODUCTION

The following management discussion and analysis (MD&A) of the financial position of Acme Resources Inc. (“Company”) and its investment in Golden Harp Resources Inc. (GHR) and results of operations should be read in conjunction with the audited financial statements and accompanying notes for the year ended June 30, 2012. The audited annual financial statements together with the following management discussion and analysis are intended to provide readers with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance. All statements, other than those of historical fact, included in this MD&A, including without limitation, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance such statements will prove accurate and actual results and future events could differ materially from those anticipated in such statements.

DATE

This MD&A includes material occurring up to and including October 4, 2012.

FORWARD LOOKING STATEMENTS

This MD&A contains certain statements that may constitute “forward looking statements”. Forward looking statements include, but are not limited to, statements regarding future anticipated property acquisitions, the content, cost, timing and results of future anticipated exploration programs, the anticipated discovery and delineation of mineral resources/reserves, proposed business and financing plans (including private placements of equity securities), anticipated business trends and potential future operating revenues. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions or are those which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company’s inability to negotiate successfully for the acquisition of interests in mineral properties, the Company’s inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company’s inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company’s securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See “Risk Factors – Insufficient Financial Resources/Share Price Volatility”.

All of the Company’s public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company’s mineral properties.

DESCRIPTION OF BUSINESS

Acme Resources Inc. was incorporated in the Province of British Columbia. International KRL Resources Corp. was a reporting issuer in British Columbia and Alberta. As of the opening of trading on the TSX Venture Exchange on December 7, 2009, its change of name from “International KRL Resources Corp.” to “Acme Resources Inc.” was made effective and its shares trade on the TSX Venture Exchange under the symbol ARI. The Company is engaged in the acquisition, exploration and developing of mineral properties in British Columbia, Saskatchewan and the Yukon Territory. The Company is currently focusing on identifying exploration opportunities and joint ventures for its properties.

OVERALL PERFORMANCE

At this time, the Company does not own any operating mines and has no operating income/sales from mineral production. Funding for operations is raised primarily through public and private share offerings. Future operations and the Company's ability to meet mineral property option commitments are dependent on the Company's ability to raise sufficient funding through share offerings or operations to support current and future expenditures. At June 30, 2012, the Company had working capital of \$148,180.

Realization of the carrying value of mineral interests is dependent upon funding, the ability of the Company and third parties to bring mineral interests into profitable production, or recovery from sale.

The audited financial statements have been prepared on a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values may be required.

During the twelve month period ending June 30, 2012, the Company raised no capital from private placements. A cash amount of \$19,256 was spent on mineral interest acquisition and exploration expenditures. The Company also recorded a write down of its investment in Golden Harp Resources Inc. of \$649,127.

RESULTS OF OPERATIONS – MINERAL PROPERTIES

Net loss for the year was \$869,222 compared to a net loss of \$4,029,149 for the prior year, reflecting a net overall decrease in loss of \$3,159,927. The write down on the Company's investment in Golden Harp Resources Inc. of \$649,127 represented the majority of the Company's net loss. The Company made exploration expenditures of \$19,256 during the year.

Full details on exploration expenditures are disclosed in Note 9 accompanying the audited financial statements for the year ending June 30, 2012. See the mineral property update below, for further details of activities.

EXPLORATION EXPENDITURES

Investment in Golden Harp:

COPPER HILL PROPERTY, Ontario - Gold

GHR's Copper Hill property is located in the Shining Tree/Gowganda Area of Northern Ontario, and consists of 855 claim units or approximately 17,000 hectares covering 56 sq. miles in the prolific Abitibi Greenstone Belt. Exploration to date has identified five known gold zones and one copper zone. Numerous exploration targets are identified on the property, which warrant follow-up exploration work to be done.

Background on Golden Harp Resources Inc.

GHR was incorporated on May 3, 2006 as a subsidiary of Acme Resources Inc. for the purpose of "spinning -off" to the Company's shareholders its various mineral properties located in the Shining Tree Area in the Abitibi Greenstone Belt of Northeast Ontario.

The Return of Capital Shares were issued to Acme Resources Inc. in fiscal 2006, on May 31, 2006 when 10,000,000 GHR shares were issued to the Company in consideration of the transfer by the Company of the Copper Hill Claims at a deemed issue price of \$0.32 per share. During fiscal year 2008, GHR gained reporting issuer status and completed an initial public offering and listed its shares on the TSX Venture Exchange.

Exploration Activity on the Copper Hill Property

On June 1, 2009, GHR signed an agreement granting an option to Benton Resources Corp. ("Benton") to acquire 60% of GHR's interest in Block A of the Copper Hill Property. Block A represents 351 claim units of the 855 claim units, including the Cook, and the MC, Decker & Jude. In order to exercise the option, Benton had to pay the Company a total of \$75,000 cash, issue a total of 550,000 shares and expend a total of \$2,000,000 on exploration in phases before 36 months of the effective date of the agreement.

Benton also had the right to acquire an additional 10% in the Copper Hill Property, Block A, increasing their interest to 70% by incurring an additional \$1,000,000 exploration expenses over two years and making further cash payments of \$50,000. This option had to be exercised within 60 days of the 60% interest being earned.

On October 26, 2010, Mineral Mountain Resources Inc. assumed all obligations under the Benton Resources Inc. option agreement. Mineral Mountain Resources Ltd. has fulfilled all conditions and has met all terms to earn a 70% interest in Block A of the Company's Property at Shining Tree. The Company and Mineral Mountain formed a Joint Venture on the Block A property in the last quarter of the fiscal year.

During the first quarter of 2010, Benton continued an aggressive exploration program and began its second drill program on the Block A ground. The drill program was designed to follow up on the previously released high-grade results from the Cook Zone and to test the strike length of the MC Zone. The Cook Zone was subject to the first three holes. The remaining bulk of the drilling was focused on the MC Zone where exploration programs during the summer of 2009 identified a strike extensive coincident induced polarization chargeability response and soil geochemical anomaly up to 900 metres long where individual samples returned greater than 0.5 g/t gold with the highest value returning 5.11 g/t gold. This target occurs along strike to the north west of the MC Zone where diamond drilling in 2008 by Golden Harp intersected 3.6 g/t gold over 9.0m (including 14.29 g/t Au over 2.0m) from hole GH-019. A substantial drill program is planned to systematically test the new coincident soil and IP anomaly and the MC Zone. Prospecting and geological mapping programs continued concurrently.

Benton's exploration program also identified a new gold zone (the Crocker Zone) with assay results of up to 9.65 grams per tonne (g/t) gold (Au) from surface grab samples. A total of 20 samples were collected over a strike length of 340 metres (m) with values ranging from 0.012 g/t to 9.65 g/t Au. Five of the samples returned gold values of greater than 2.0 g/t Au (9.65, 9.50, 6.07, 2.27 and 2.24 g/t Au) while 9 samples returned values ranging from 0.15 to 0.81 g/t Au. This new zone is located approximately 300m north of the MC zone. Like the MC zone, the Crocker Zone is hosted within pyrite-rich green carbonate altered ultramafic volcanic rocks.

During the second quarter of 2010 Benton Resources issued the drill results from the Phase 2 drill program on the Block A option ground. A compilation of Phase 1 and Phase 2 results for holes GH09-01 to GH09-10 on the Cook Zone identified a bulk tonnage gold target which includes intercepts of 1.69 g/t gold over 37.6 metres from GH09-01, 2.05 g/t gold over 45.1 metres from GH09-02, 1.36 g/t gold over 15 metres from GH09-09 and 0.92 g/t gold over 27 metres in GH09-10. See NR, November 20, 2009 for further details.

In addition, drilling identified wide zones of highly anomalous gold mineralization from the MC zone as well as from several Induced Polarization (IP) and soil geochemical targets located between the Cook and MC zones.

The Phase Two drill program included; three holes (GH09-08 to GH09-10) which tested the Cook zone, three holes (GH09-21 to GH09-23) which tested the MC zone and 11 holes (GH09-11 to 20 and GH09-23) which tested various IP and soil geochemical exploration targets located between the Cook and MC zones.

Benton issued drill results from the Phase 3 drill program on Block A during the last quarter of fiscal 2010. The 12 hole, 2,852 meter drill program consisted of a series of stratigraphic fences designed to test a wide area of low grade gold mineralization and alteration associated with the MC and Crocker zones. This altered and mineralized stratigraphy is over 300 meters in width and is bounded by two north-northwest faults splaying off of the Hydro Creek fault. Previous drilling by Golden Harp Resources (GH drill holes) and by Benton (GH09 drill holes) have intersected significant intervals of gold mineralization including 0.90 g/t Au over 43.8 meters (GH-25), 0.62 g/t Au over 28.3 meters (GH-23), 4.5 g/t Au over 7.0 meters and 0.68 g/t Au over 20.5 meters (GH-19) and 0.43 g/t Au over 56 meters (GH09-22). The drilling program was cut short due to the spring breakup.

Mineral Mountain announced a 3,500 meter drill program at the Cook zone during the fiscal year ended June 30, 2011. The program was expanded to 10,000 meters during the current quarter. The drill program has been successful in expanding gold intersections to a depth of 300 m.

Highlights of the assays include:

- GH10-38 intersected 4.66 g/t Au over 14.0 m including 13.01 g/t Au over 4.0 m
- GH11-41 intersected 3.17 g/t Au over 15.0 m including 9.29 g/t over 4.05 m and 31.11 g/t Au over 1.05 m
- GH11-44 intersected 3.46 g/t Au over 13.25 m including 5.17 g/t over 6.9 m and 10.28 g/t Au over 1.0 m
- GH 11-53 intersected 67.5 m assaying 1.00 g/t Au including 13.5 m assaying 2.04 g/t

During the current fiscal year, on September 27, 2011, Mineral Mountain announced the results for an additional 6 diamond drill holes (GH11-55 to 59) at the Cook zone. Highlights of these results were:

- GH11-60 intersected 7.04 m assaying 4.284 g/t Au within a broader interval of 24.5 m assaying 2.444 g/t Au
- GH11-59, the deepest intersection in the Cook Zone to date at -400 m vertical, intersected 3 separate gold zones of 4.3 m grading 4.4 g/t Au, 3.0 m grading 2.7 g/t Au and 38.0 m grading 0.822 g/t Au.

During the current fiscal year, Mineral Mountain announced final assay results of an additional 5 diamond drill holes (GH11-61 to 65) from the on-going drill program at the Cook zone. Highlights of these holes included:

- GH11-65 intersected 4.5 m assaying 5.69 g/t Au within a broader interval of 16.5 m assaying 2.07 g/t Au between 151.5 m to 168.0 m
- GH11-64 supports the northwest plunge intersected 4.5 m grading 4.8 g/t Au, from 241.5 to 246 m down hole.

Mineral Mountain also announced the final results of a combined 64 hole reverse circulation (RC) drilling program and a 292 shovel pit sampling program covering both the Main Block and Block A. This RC sampling technique has proven to be highly effective in identifying and pinpointing the best gold zones within large gold systems. The program succeeded in identifying a very fertile N-S gold corridor located in the northern part of Block A that is up to 5 km long ranging from 200 to 600 m wide.

The technical information regarding the Benton Resources Corp. exploration results is extracted from press releases issued by Benton Resources Corp. and technical information regarding the Mineral Mountain Resources Ltd. exploration results is extracted from press releases issued by Mineral Mountain Resources Ltd. Although Golden Harp believes the information included in the press releases to be generally reliable, the data has not been independently verified and Golden Harp does not assume any liability for the accuracy or completeness of such information.

The Company entered into a separate option agreement with Mineral Mountain Resources Inc. on the Main Block ground in August, 2010. The Main Block Property covers two historic gold occurrences including the Golden Sylvia Gold Zone and the North Foley Lake Gold Zone and represents one of the largest prospective land packages in the Shining Tree Mining Camp including a total of 504 of the 855 claim units in the Company's claim block. On December 9, 2011, Mineral Mountain informed Golden Harp that it did not intend to proceed with the option on the Main Block.

NOR PROPERTY, Yukon - Copper/Gold/Uranium

The Nor IOCG (iron oxide-copper-gold) property is located on the east flank of the Richardson Mountains, about 65 km east of the Dempster Highway and 395 km north of Dawson City. The Nor Property consists of 448 mineral claims in the Dawson Mining District, Yukon Territory. A total of 396 claims were acquired through staking. The remaining 52 claims are held pursuant to an Option Agreement dated October 28, 2004. During fiscal 2009 the Company earned a 100% interest in the property. The Company paid \$207,500 cash and issued 66,667 shares.

A total of 402 claims are subject to a 2% NSR royalty. The Company has the right to purchase 50% of the NSR royalty retained by the Optionor for a purchase price of \$2,000,000 and the right of first refusal on the remaining 50%.

Exploration Activity on the Nor

The Company made only limited exploration activities on the Nor property during the fiscal year ended 2012, which were comprised primarily of consulting geologist fees. The Company is seeking a joint venture partner for the Nor property.

BEAR RIVER PROPERTY, BC - Gold

The Company's Bear River property is located in the Skeena Mining Division, BC, in the historic Stewart Gold Camp. After expiry of the Old John claim during the fiscal year ended May 31, 2010, the Company owns 100% interest in only one (and a fraction) mineral claims, covering an approximate area of 475 hectares (1,175 acres), with the one claim being subject to a 3.5% NSR.

Exploration Activity on the Bear River Property

The Company incurred no exploration expenditures on the Bear River property during the fiscal year. The Company is seeking a strategic partnership to accelerate the evaluation of the mineral potential of the Bear River property.

CARSWELL PROPERTY, Saskatchewan - Uranium

The Carswell uranium property is located in the uranium-rich Athabasca Basin. During October, 2004, the Company staked 1 claim, consisting of 5,990 acres in the Athabasca Basin area of Saskatchewan. The Company's claim, in the Cluff Lake Structure, also known as the Carswell Dome, is located on the west side by the mining licenses of the past producing Cluff Lake Mine. The claim covers 2,416 hectares (5,970 acres). ACME Resources Inc. (formerly - International KRL Resources Corp.) granted an option to ESO Uranium Corp. to acquire a 50% interest in the property in return for \$25,000 cash consideration, 200,000 shares and a \$100,000 work commitment (see Note 7 (c) in the 2009 annual audited financial statements). During the fiscal 2009, ESO Uranium Corp. met the terms of the option agreement and has a 50% interest in the property.

Pursuant to a Joint Venture Agreement dated July 24, 2008, the Company granted ESO Uranium Corp. a further 30% interest in the claim, resulting in the third party having a 80% undivided interest in the property, subject to the delivery of a bankable feasibility study. The Company will retain a carried interest until the feasibility study is delivered, at which time the Company will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% gross overriding royalty for all uranium mineral products and a 2% net smelter returns royalty for all other metals.

ESO Uranium Corp. will return all the Company's interest in any of the claims upon a decision by ESO Uranium Corp. to terminate work thereon. The 2008 Joint Venture Agreement remains in good standing.

SELECTED ANNUAL INFORMATION

| | June 30, 2012 (12 months) | June 30, 2011 (13 months) | May 31, 2010 (12 months) | May 31, 2009 (12 months) |
|---|------------------------------|------------------------------|-----------------------------|-----------------------------|
| Net income (loss) | (869,222) | (4,029,149) | (2,112,938) | (652,727) |
| Net income (loss) per share (basic and diluted) | (0.08) | (0.37) | (0.38) | (0.15) |
| Total assets | \$1,756,868 | 2,786,123 | 6,753,079 | 8,126,701 |

As the Company has no revenues, increased exploration activity and operations causes an increase in losses. Other losses can be caused by write-downs or write-offs of carrying value of impaired mineral assets.

RESULTS OF OPERATIONS

Net loss in the current year was \$869,222 compared to a net loss of \$4,029,149 for the prior year, reflecting a net decrease in the loss of \$3,159,927. Significant line item changes were as follows:

- The Company recorded a write-down of its investment in Golden Harp Resources of \$649,127 compared to \$13,042 the prior year.
- The Company's recorded share of the net loss in Golden Harp Resources was \$89,727 compared to \$203,265 the previous year.

SUMMARY OF QUARTERLY RESULTS

| | Jun 30, 2012 | Mar 31, 2012 | Dec 31, 2011 | Sept 30, 2011 | Jun 30, 2011 | Feb 28, 2011 | Nov 30, 2010 | Aug 31, 2010 |
|--|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Net income (loss) | (721,705) | (51,890) | (55,979) | (39,648) | (3,680,936) | (144,927) | (142,367) | (60,919) |
| Net income (loss) per share (Basic and diluted) | (0.067) | (0.005) | (0.005) | (0.004) | (0.335) | (0.013) | (0.013) | (0.006) |

Prepared in accordance with IFRS

The Company is an exploration company without revenues. During the fourth quarter of 2011 the impairment loss on the Nor property of \$3,566,420 increased losses disproportionately.

The operating results of junior exploration companies are capable of demonstrating wide variations from period to period. Other than

the descriptions regarding administrative costs already discussed, management of the Company does not believe that meaningful information about the Company's operations can be derived from an analysis of quarterly fluctuations in any more detail than presented herein.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's significant accounting policies are set out in Note 2 of the audited annual financial statements for the year ending June 30, 2012. All financial amounts are in Canadian dollars.

The audited annual financial statements have been prepared on a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations as disclosed in Note 1 of the year-end financial statements.

The Company changed its year end to June 30 (from May 31) during the fiscal year ended June 30, 2011.

LIQUIDITY

At June 30, 2012, the Company held cash and cash equivalents of \$165,826 compared to \$300,681 at the end of the previous fiscal year. Accounts receivable totaling \$3,513 were comprised of recoverable federal and provincial sales taxes. Accounts payable and accrued liabilities of \$25,650 are comprised of normal trade payables for ongoing operations.

The Company has sufficient cash to continue funding its current property maintenance and administrative costs. The Company will need to raise further funds should it decide to undertake future exploration programs and/or acquire additional exploration assets.

The Company periodically seeks additional financing through the issuance of equity. While the Company has been successful in raising capital in the past, there can be no assurance it will be able to do so in the future.

CAPITAL RESOURCES

Commitments

The Company is committed to aggregate premise lease payments of \$86,133 as follows:

- \$20,617 for fiscal 2013;
- \$20,689 for fiscal 2014;
- \$21,480 for fiscal 2015;
- \$21,551 for fiscal 2016 and
- \$1,796 for fiscal 2017.

In addition the Company is also committed to pay additional rent being comprised of its share of tax cost and operation costs.

As stated previously, the operating results of junior exploration companies are capable of demonstrating wide variations from period to period. The Company periodically seeks additional financing through the issuance of equity. While the Company has been successful in raising capital in the past, there can be no assurance it will be able to do so in the future.

OFF BALANCE SHEET ARRANGEMENTS:

The Company has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

For details of related party transactions, the reader is directed to Note 15 and comments included in the June 30, 2012 audited annual financial statements. Additional details are as follows:

Management fees totaling \$Nil (2011-\$Nil) were payable to directors and officers during the 2012 fiscal year. Acme Resources Inc. paid a company controlled by the President of the Company, Seamus Young, \$Nil (2010-\$10,000) per month for management and consulting services in relation to the evaluation, acquisition, maintenance and exploration of Acme Resources Inc.'s mineral properties and general office administration services including financing, liaison with professionals, continuous disclosure and general office functions (management fees), plus a per diem for supervision time spent at the properties \$3,000 (2011 - \$Nil). There were no unpaid and or accrued management fees for the year or prior year. The Company also owed \$Nil (2011 - \$Nil) to the president of the Company for expenses paid on behalf of the Company.

FOURTH QUARTER

| | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|---------------|---------------------|---------------|
| | June 30, 2012 | June 30, 2011 | June 30, 2012 | June 30, 2011 |
| | -\$- | -\$- | -\$- | -\$- |
| Amortization | 928 | 1,605 | \$3,713 | 5,217 |
| Management fees | 775 | 675 | \$3,425 | 3,175 |
| Office and miscellaneous | 9,790 | 10,672 | \$41,279 | 43,277 |
| Professional fees | 20,711 | 9,150 | \$36,121 | 43,827 |
| Salaries | 5,355 | 7,138 | \$21,418 | 27,276 |
| Stock-based compensation | - | - | - | 94,136 |
| Transfer agent and filing fees | 7,841 | 1,010 | \$23,817 | 15,695 |
| Travel and promotion | - | 1,364 | \$525 | 3,319 |
| Impairment loss on mineral properties | - | 3,566,420 | - | 3,566,420 |
| Loss from equity investment | 27,178 | 69,860 | \$89,797 | 203,265 |
| Write-down of investment in Golden Harp | 649,127 | 13,042 | \$649,127 | 13,042 |
| (Income) Loss from discontinued operations | - | - | - | 10,500 |
| | 721,705 | 3,680,936 | 869,222 | 4,029,149 |

For the three months ended June 30, 2012 compared to the four months ended June 30, 2011, operations resulted in a net loss from continuing operations of \$721,705 compared to \$3,680,936 in the fourth quarter of the previous financial year, resulting in a decrease in losses of \$2,959,231. The main reason for the loss was the impairment loss of \$3,566,420 in 2011 compared to an impairment loss of \$Nil in 2012 as well as the write-down of investment in Golden Harp of \$649,127 in 2012 fiscal quarter four. Loss from equity investment declined to \$27,178 from \$69,860 during the fourth quarter of the previous fiscal year.

SUBSEQUENT EVENTS

There have been no subsequent events since June 30, 2012.

PROPOSED TRANSACTIONS:

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the audited annual financial statements for the year ended June 30, 2012.

BASIS OF PRESENTATION:

The audited annual financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars. The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's

opinion, been properly prepared using careful judgment within reasonable limits of materiality. The significant accounting policies follow that of the annual audited financial statements for the year ended June 30, 2012.

RISKS AND UNCERTAINTIES:

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time:

- Limited business history of the Company, including lack of revenues and no assurance of profitability
- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

FINANCIAL INSTRUMENTS

The carrying value of cash, receivables and trade payables and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial assets that may be exposed to credit risk consist primarily of cash, which are placed with a major Canadian financial institution. None of the funds are invested in asset backed commercial paper type securities.

The Company's functional currency is the Canadian dollar and the Company does not operate in foreign jurisdictions, which could give rise to exposure to market risk from foreign currency rate changes.

ADDITIONAL INFORMATION:

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

DISCLOSURE BY VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE

An analysis of the material components of the Company's general and administrative expenses is disclosed in the audited annual financial statements for the year ended June 30, 2012 to which this MD&A relates.

OUTSTANDING SHARE CAPITAL

At October 4, 2012, the Company had the following number of securities outstanding:

| Securities | Number | Exercise Price | Expiry Date |
|--------------------------------------|------------|-----------------|-------------------------------------|
| Common shares issued and outstanding | 10,969,299 | N/A | N/A |
| Share purchase warrants | 6,486,667 | \$0.16 - \$1.50 | August 6, 2014 – May 12, 2015 |
| Share purchase options | 670,000 | \$0.22 - \$0.25 | January 14, 2015 – December 9, 2015 |
| Fully diluted share Capital | 18,125,966 | N/A | N/A |

ADDITIONAL INFORMATION

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.krl.net and by accessing the Company's news releases and filings on the SEDAR website: www.sedar.com

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com) No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.