ARBITRAGE EXPLORATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

This Management's Discussion and Analysis ("MD&A) is prepared as August 13, 2015 and has been prepared in accordance with International Financial Reporting Standards ("IFRS). All amounts are in Canadian dollars.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's director's follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Caution Regarding Forward Looking Statements

This document contains forward looking statements, such as statements regarding future sales opportunities in various global regions and financing initiatives that are based on current expectations of management. These statements involve uncertainties and risks, including Arbitrage Exploration Inc. ("Arbitrage" or "the Company") ability to obtain and/or access additional financing with acceptable terms, and delays in anticipated product sales. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements.

The preparation of Management's Discussion and Analysis (MD&A) may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the accounting policies, outlined in the Significant Accounting Policies section of its consolidated financial statements, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Overview

The following MD&A for the three months and six months ended June 30, 2015 and June 30, 2014 has been prepared to help investors understand the financial performance of Arbitrage in the broader context of the Company's strategic direction, the risk and opportunities as understood by management, and the key metrics that are relevant to the Company's performance. The Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

All amounts are expressed in Canadian dollars (CAD) unless otherwise noted.

Additional information about Arbitrage Exploration Inc. ("the Company" or "Arbitrage"), this document, and the related quarterly financial statements can be viewed, and are available on SEDAR at www.sedar.com.

The Company's Common Shares are listed and traded on the Canadian Securities Exchange ("CSE") under the symbol AEA.

The Company is seeking investment opportunities.

Results of Operations

During the three ands six months ending June 30, 2015, the Company responded to the Canadian Stock Exchange (the "CSE"), the TSX Venture and the Ontario Securities Commission to various questions regarding the name change and financing and change of listing. The Company was approved for listing on the CSE on May 27, 2015

Revenue

The Company did not earn any revenue during the three and six months ended June 30, 2015.

Expenses for the three months ended June 30, 2015

	June 30, 2015	June 30, 2014
Administrative expenses	$17,012	$(1,496)
Professional fees	$3,272	$10,725
Listing fees	$16,887	$1,250
Forgiveness of accounts payable	$-	$-

Administration expenses increased by $18,508 due to the increase in activity of the Company and certain write offs in the quarter ending June 30, 2014. Professional fees decreased by $3,272 due to the decrease of activity following the successful listing on the CSE. Listing fees increased by $15,637 due to the successful transition to the CSE.

Expenses for the six months ended June 30, 2015

	June 30, 2015	June 30, 2014
Administrative expenses	$45,954	$10,677
Professional fees	$6,298	$10,725
Listing fees	$19,986	$4,866
Forgiveness of accounts payable	$(78,000)	$-

Administration expenses increased by $35,277 due to the increase in activity of the Company and certain write offs in the six months ending June 30, 2014. Professional fees decreased by $4,427 due to the decrease of activity following the successful listing on the CSE. Listing fees increased by $15,120 due to the successful transition to the CSE. Forgiveness of accounts payable increased by $78,000 due to one time negotiated forgiveness by debtors.

Quarterly Financial Information (unaudited)

	2015 Q2 IFRS Reporting	2015 Q1 IFRS Reporting	2014 Q4 IFRS Reporting	2014 Q3 IFRS Reporting
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net Income (loss)	$ (37,264)	$ 42,839	$ (44,755)	$ (21,776)
(c) Net Income (loss) per share (Basic & Fully Diluted)	$ 0.003	$ 0.004	$ 0.00	$ 0.000

	2014 Q2 IFRS Reporting	2014 Q1 IFRS Reporting	2013 Q4 IFRS Reporting	2013 Q3 IFRS Reporting
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net Income (loss)	$ (10,596)	$ (15,905)	$ (206,947)	$ 232,615
(c) Net Income (loss) per share (Basic & Fully Diluted)	$ 0.000	$ (0.002)	$ (0.002)	$ 0.009

Liquidity and Capital Resources

As at June 30, 2015 there was cash of $47,266 compared to cash of $6,102 as at December 31, 2014. The Company's June 30, 2015 short-term obligations consist of accounts payable of $10,526 (December 31, 2014 - $117,267) and HST payable of $2,154 (December 31, 2014 - $868) and Due to related party of $225 (December 31, 2014 – nil). The Company had long-term debt of $46,308 as of June 30, 2015 (December 31, 2014 - $nil).

In May 2015, the Company completed a private placement of 1,600,000 shares at a price of $0.10 per share for aggregate proceeds of $80,000. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per a common share for a period of 24 months from the date of issuance.

In June 2015, the Company completed a private placement of 315,000 units at a price of $0.10 per unit for aggregate proceeds of $15,750. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per a common share for a period of 24 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $4,315 and issued 15,750 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.10 for a period of 24 months from the date of issuance.

The Company's working capital at June 30, 2015 was a surplus of $34,361 compared to a deficiency of $109,144 at December 31, 2014. It is clearly not sufficient for the general operations of the Company. The Company has been successful in accessing the equity market in the past and while there is no guarantee that this will be continue to be available, management has no reason to expect that this capability will diminish in the near term.

Outstanding Share Data

Shares, warrants and options outstanding are:

(a) Shares - As at June 30, 2015 the Company had 13,072,312 common shares outstanding. During the three months ending June 30, 2015 the Company issued 1,915,000 common shares raising $95,750.

(b) Warrants – As at December 31, 2014 there were 1,930,750 warrants outstanding. During the three months ending June 30, 2015 the Company issued 1,930,750 warrants entitling the holder thereof to acquire one common share at a price of $0.10 per common share for a period of 24 months.

(c) Stock Options - The Company has established a stock option plan (the "Plan") to encourage ownership of the Company by its key officers, directors, employees and consultants. The maximum number of common shares which can be issued under the Plan at any time is a maximum of 10% of the issued and outstanding shares of the company. As at December 31, 2014 there are no options outstanding.

Related Party Transactions

The following related party transactions occurred and were reflected in the financial statements during the year ended June 30, 2015 and 2014 as follows:

		June 30, 2015		June 30, 2014
Management fees and consulting fees expense:				
Management fees were charged by officers for corporate administrative and financial management services	$	-	$	9,000
Professional fees expense:				
Legal fees were charged by an officer for legal and corporate secretarial services	$	2,772	$	-
Rent fees expense:				
Rent fees (office premises) were charged by an officer	$	-	$	3,000

a) Included in accounts payable and accrued liabilities are management and consulting fees of $Nil (December 31, 2014 - $39,000) to companies controlled by certain directors and officers in common with the Company and legal fees of $500 (December 31, 2014 -

$40,981) due to a company controlled by a director in common with the Company.

b) Key Management compensation was incurred of $Nil (June 30, 2014 - $9,000).

c) In March 2015, the Company has negotiated with certain directors for the forgiveness of accounts payable due to them. The outstanding indebtedness of the Company was reduced in the amount of $78,000.

d) As at June 30, 2015, amounts due to related parties consist of $225 to company controlled by officers and directors of the Company.

Future accounting pronouncements

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement ("IAS 39") for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss.
IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 will be effective as at January 1, 2018. The Company is in the process of assessing the impact of this pronouncement. The extent of impact has not yet been determined.

IFRS 15 was issued by IASB in May 2014 and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of analyzing IFRS 15 and determining the effect on its financial statements as a result of adopting this standard.

IAS 24, Related Party Disclosures ("IAS 24") The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company is in the process of assessing the impact of this pronouncement.

Management's evaluation of disclosure controls

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the

Company’s disclosure controls and procedures as at June 30, 2015 and have concluded that these controls and procedures are effective.

Internal Control over Financial Reporting:

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at June 30, 2015.

Risks and Uncertainties

The Company’s business of exploring and developing mineral properties is highly uncertain and risky by its very nature. In addition, the ability to raise funding in the future to maintain the Company’s exploration and development activities is dependant on financial markets, which often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently mineable deposit is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which can not be controlled by management. As a result, the Company’s future business, operations, and financial condition could differ materially from the forward-looking information contained in this MD&A’s and described in the Forward-Looking Statements section below.

Signed
“*Alex Falconer*”
Chief Financial Officer
August 13, 2015