

ACREX VENTURES LTD.

(“Company”)

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

Three Months and Year ended December 31, 2013

DATED April 4, 2014

This document constitutes Management’s Discussion and Analysis (“MD&A”) of the financial and operational results of Acrex Ventures Ltd. (“Acrex” or the “Company”) for the three months and year ended December 31, 2013. This MD&A supplements, but does not form part of, the consolidated financial statements of the Company, and should be read in conjunction with the audited consolidated financial statements for the fiscal years ended December 31, 2013 and 2012. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. The year ended December 31, 2013 is hereinafter called the “Fiscal Year” and the quarter ended December 31, 2013 is hereinafter called the “Quarter”.

On January 1, 2011, the Company adopted International Financial Reporting Standards (“IFRS”). Prior to the transition, the Company prepared its interim and annual financial statements in accordance with Canadian Generally Accepted Accounting Principles. The audited consolidated financial statements prepared as at the year ended December 31, 2012 were prepared in accordance with IFRS. The Company’s interim financial statements for the Quarter were also prepared in compliance with International Accounting Standard 34.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, other than statements of historical fact, constitute “forward-looking information” within the meaning of Canadian securities legislation, and the United States Private Securities Litigation Reform Act of 1995. “Forward-looking information” includes, but is not limited to, statements with respect to potential mineralization and geological merits of the company’s properties, as well as the Company’s future plans, objectives, business strategy, budgets, projected costs, financial results, and requirements for additional capital. In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects”, “contemplates”, “budget”, “possible”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “believes”, or variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risk factors include, among others: changes in future prices of precious metals; currency fluctuations; inherent risks involved in the exploration and development of mineral properties; uncertainties involved in interpreting drill results and other exploration data; potential for delays in exploration activities; geology, grade and continuity of mineral deposits; possibility that future exploration results may not be consistent with the Company’s current expectations; accidents, labor disputes and other risks associated with the mining industry; delays in obtaining governmental approvals; uncertainties relating to the availability and costs of financing required in the future; and competition and loss of key employees. Other risks and uncertainties are discussed throughout this MD&A and, in particular, in the section below entitled “Risks and Uncertainties”.

In making the statements in this MD&A containing forward-looking information, the Company has applied several material assumptions, including but not limited to, assumptions regarding the ability of the Company to obtain, on reasonable terms, the necessary financing to complete the exploration and development of its property

(c) Net loss (gain)								
- total	111,136	58,842	231,149	380,776	187,398	190,062	83,529	67,449
- per share undiluted	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
- per share diluted*								

*As the effect of any dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

The comprehensive loss of \$111,136 for the Quarter is higher than for the previous quarter because between December 31, 2012 and December 31, 2013 the book value of the Company's marketable securities declined by \$488,748. This was the result of the Company selling previously held securities at a loss of \$76,340 and recognizing a non-cash loss of \$375,599 due to a decline in the value of the securities still held. These non-recurring losses were required to be included in the calculation of the Company's comprehensive loss for the Fiscal Year and \$26,600 was booked in the Quarter while in the previous quarter an unrealized gain was recorded.

The Company's loss before other items figures were quite consistent quarter by quarter in 2013. The differences in the figures between the various other quarters have been due only to the amount of activity by the Company in each quarter.

3. Liquidity

At the end of the Fiscal Year – December 31, 2013 - the Company had cash on hand of \$317,200 (2012 - \$657,559) and net working capital of \$415,267 (2012 - \$1,210,886). At the close of business March 27, 2014 the Company had cash on hand of approximately \$225,000. The Company has no financial commitments other than to pay its monthly general and administrative expenses.

4. Transactions with Related Parties

The related party transactions in 2013 were:

- (a) The Company paid \$10,000 per month - total \$120,000 (2012 - \$112,000) to a company which is wholly owned by the President Mr. Malcolm Powell – in payment for Mr. Powell's management of the Company. With the same company the Company incurred equipment rental charges of \$19,514 (2012 - \$18,948).
- (b) The Company paid Jason Powell \$84,000 (2012 - \$64,437) for management, investor relations and other services.
- (c) Carl Jonsson, a director of the Company, is a principal in Tupper Jonsson & Yeadon, the law firm which acts as the Company's Solicitors – and accordingly receives a benefit from the fees paid to the law firm for services rendered – which are rendered almost exclusively by Mr. Jonsson. For the Fiscal Year the legal fees were \$13,275 (2012 - \$24,770).

\$36,000 of the amounts paid to Messrs. Malcolm and Jason Powell and other administrative costs was recovered from billings of another company with partially common directors for services rendered to the other company. Of the \$36,000, \$9,000 is unpaid at the date of this document.

5. Other MD & A Requirements

- (a) Additional information relating to the Company – including the quarterly financial statements and MD&A's for the fiscal year ended December 31, 2013 - have been filed on SEDAR and are available at www.sedar.com. Information about the Company may also be seen on its website at www.acrexventures.com.

(b) As the Company has not had any revenue from operations in its last two financial years the following additional information is provided:

(A) The Company did not incur any exploration or property development costs during the last two completed fiscal years.

(B) General and administration expenses.

Breakdown of general and administration expenses for fiscal years ending December 31, 2013 and December 31, 2012:

	2012 - \$	2013 - \$
Management fees	112,000	120,000
Investor relations	64,105	69,002
Promotion and travel	27,620	25,307
Consulting	4,480	11,000
Office and general	25,878	20,690
Accounting and audit	37,100	30,750
Legal fees and disbursements	24,770	13,275
Advertising	5,178	808
Rent	16,242	20,158
Transfer agent fees	7,401	7,765
Filing fees	12,150	13,986
Totals:	336,924	332,741

(c) Outstanding share data – as at December 31, 2013:

(i) The Company has 40,760,447 common shares issued. The shares are all voting shares and rank equally with each other.

(ii) The Company has 1,585,000 share purchase options outstanding entitling the purchase of:

- 410,000 shares exercisable at \$0.10 per share before July 19, 2015
- 675,000 shares exercisable at \$0.10 per share before August 9, 2016
- 400,000 shares exercisable at \$0.10 per share before August 30, 2017
- 100,000 shares exercisable at \$0.10 per share before February 4, 2018

(iii) The Company has no share purchase warrants outstanding.

8. **Financial and Other Instruments**

The Company's financial instruments consist of cash and cash equivalents, marketable securities and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

9. **Controls**

(a) Evaluation of disclosure controls and procedures

Public companies are required to perform an evaluation of disclosure controls and procedures annually and to disclose management's conclusions about the effectiveness of these disclosure controls and procedures in its

annual Management's Discussion and Analysis. The Company has established, and is maintaining, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is disclosed in annual filings, interim filings or other reports, and is recorded, processed, summarized and reported within the time periods specified as required by securities regulations.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2012 and, given the size of the Company and the involvement at all levels of the Chief Executive Officer, and the Chief Financial Officer, believes that they are sufficient to provide reasonable assurance that the Company's disclosures are compliant with securities regulations.

(b) Internal controls over financial reporting

As at December 31, 2012 management of the Company is responsible for evaluating the design of internal control over financial reporting. The Chief Executive Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with IFRS as of December 31, 2011, have not identified any changes to the Company's internal control over financial reporting in the latest reporting period that would materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

10. Change in Accounting Policies including Initial Adoption and Recent Accounting Pronouncements Not Yet Adopted

New accounting standards issued but not yet effective - Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective January 1, 2013

IFRS 10 Consolidated Financial Statements - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 Joint Arrangements - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 Disclosure of Interests in Other Entities - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 Fair Value Measurement - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards

requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Amendments to IAS 1 *Presentation of Financial Statements* - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 *Inventories*, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on January 1, 2013. The Company does not expect a significant impact on its consolidated financial statements from these new standards.

New accounting standards effective January 1, 2015

IFRS 9 *Financial Instruments* - 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 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 the 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, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, 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 is effective for annual periods beginning on or after January 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

11. **Risks and Uncertainties**

Resources exploration is a speculative business and involves a high degree of risk which even a combination of professional evaluation and management experience may not eliminate. There is no certainty that expenditures made by the Company on the exploration of properties will result in discoveries of commercial quantities of minerals. Significant expenditures are required to locate and estimate reserves, and further the development of a property. Capital expenditures to bring a property to commercial production are also significant. There is no

assurance that the Company will be able to arrange sufficient financing to bring a property 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 or Aboriginals to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

12. **Environmental Risk Disclosure**

Conducting mineral exploration activities give rise to a risk that environmental damage could be done - which, for the Company, would be principally:

- (a) inadvertently causing a fire - which could become a forest fire - in the area of the exploration activities; and
- (b) fuel or chemicals - or equipment containing fuel or chemicals - could spill or fall into a stream which could result in downstream damage to fish or fish habitat.

The Company, in engaging contractors to carry out exploration activities on its behalf, requires that the contractors commit to using industry-best practices to ensure that the work that they perform on behalf of the Company does not result in any environmental damage, and that they are equipped, in case environmental damage should occur, to immediately eliminate the risk or mitigate the damage. Nevertheless, as the work being done is under the control of independent contractors and not under full or constant supervision by representatives of the Company, activities could be undertaken by the contractors or their employees which would be considered environmentally hazardous or which could cause environmental damage.

The Company, through reports from its independent contractors and geologists that it has periodically on the site of work being done by the Company, is satisfied that the Company and the contractors engaged in the past have not caused any material environmental damage and that if the contractors have caused any non-material environmental damage it has been remediated promptly and effectively.

To the best of the knowledge of the Company's Management and Directors the Company is not subject to any potential existing environmental liabilities. The Company has therefore not set up in its financial statements any reserve against potential liability for environmental damage.