# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTH PERIOD ENDED JULY 31, 2014

**September 29, 2014**

Management's discussion and analysis (MD&A) is current to September 29, 2014 and is management's assessment of the operations and the financial results together with future prospects of Lakeside Minerals Inc. ("Lakeside", "Corporation", or the "Company"). This MD&A should be read in conjunction with our unaudited interim condensed consolidated financial statements and related notes for the three and six month periods ended July 31, 2014 and 2013 and our audited consolidated financial statements and related notes for the years ending January 31, 2014 and 2013, prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Lakeside's future results as there are inherent difficulties in predicting future results. This MD&A includes, but is not limited to, forward looking statements regarding: the potential of the Company's properties to contain economic precious and base metal deposits; the Company's ability to meet its working capital needs for the twelve month period ending July 31, 2015; the plans, costs, timing and capital for future exploration and development of the Company's property interest in Quebec, including the cost and potential impact in complying with existing and proposed laws and regulations. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A.

## Description of Business

Lakeside Minerals Inc. and its subsidiary (together "Lakeside" or the "Company") are engaged in the acquisition, exploration and development of mineral resource properties in Canada. The Company is in the process of exploring and has not yet determined whether there are economically viable reserves on the properties it has staked or optioned. As such, there is uncertainty with respect to the Company's ability to continue as a going concern, dependent upon such events as financing, discovery of reserves, and market demand conditions.

As at September 29, 2014, the members of Company's Management and Board of Directors consisted of:

| | |
|---|---|
| Yannis Banks | President, CEO and Chairman |
| Marco Guidi | Chief Financial Officer |
| Adam Szweras | Secretary |
| Richard Cleath | Director |
| Peter Bilodeau | Director |
| Jeremy Goldman | Director |

The technical contents of this MD&A have been reviewed by Mr. Thomas Hart, P.Geo., a "Qualified Person" as defined in National Instrument 43-101, a consultant of the Company.

**Recent Developments**

The Company continues to actively seek strategic partners and financing to advance the Launay property. Management considers the property prospective for gold exploration. The Company intends to maintain the Launay property and regularly seeks and reviews properties of merit to add to its property portfolio.

1) On June 25, 2014, the Company completed the previously announced transactions with Unite Capital Corp. and Canada Pacific Capital Corp.

    **Canada Pacific Capital Transaction**

    Pursuant to the terms of the subscription agreement, dated March 12, 2014 between Lakeside and Canada Pacific Capital Corp. ("Canada Pacific"), Canada Pacific subscribed for 5,800,000 units of Lakeside at a price of $0.05 per Lakeside Unit, for aggregate consideration of $290,000 in cash. Each Lakeside Unit shall consists of one common share in the capital of Lakeside and one-half of one common share purchase warrant exercisable into Lakeside Shares at a price of $0.10 per Lakeside Share at any time prior the third anniversary of issuance.

    **Unite Capital Transaction**

    Unite Capital Corp., a capital pool company, listed in the TSX Venture Exchange, amalgamated with a wholly-owned subsidiary of Lakeside. Lakeside issued an aggregate of 2,599,753 Lakeside Shares and 1,299,877 warrants in exchange for the outstanding common shares of Unite. Each warrant will entitle the holder thereof to purchase one Lakeside share at a price of $0.10 per share for a period of three years from issuance. All of the outstanding stock options of Unite were cancelled on completion of the transaction. The Unite transaction was previously described in a press release dated April 23, 2014 and an Information Circular of Unite in respect of the shareholders' meeting of Unite held on June 16, 2014.

2) On June 18, 2014, the Company amended the terms to its Launay property agreement. The final payment of $45,000 which had been due on June 1st, 2014 has now been restructured as follows:

    -- $30,000 was paid by the issuance of a total of 600,000 shares at a price of $0.05

    - $15,000 was paid in cash on June 30, 2014

    - An additional $15,000 is payable on December 15, 2014

The December 15, 2014, payment will be the final property payment after which Lakeside will have no further obligations to the vendors under the agreement. All other terms of the agreement of the Launay property remain the same.

(4) On June 16, 2014, Lakeside shares, warrants and options were consolidated on the basis of four (4) pre-consolidated shares, warrants or options for each (1) post-consolidation share, warrant or option. Subsequent to quarter end, on June 16, 2014, the Company completed this consolidation. Earnings per share figures for all periods presented have been adjusted to reflect this share consolidation.

(5) To preserve financial resources, on August 8, 2013, the Company terminated the option agreement on the original 36 claims of the Disson property.

(6) As of June 11, 2013, the Company and vendors negotiated an amendment to the terms of the option agreement relating to 29 claims making up a portion of the Launay property. The cash payment of $25,000 payable on June 1, 2013 has been amended to $10,000 payable on June 1, 2013 (paid) and $15,000 payable on the earlier of the closing of any equity or convertible debt financing undertaken by the Company, or June 1, 2014 (paid). In addition, the vendors acknowledge that the work commitments have been fulfilled and the Company's obligation is therein fully discharged.

**Financing Developments**

1) On September 16, 2014, the Company closed the previously announced unsecured convertible debenture financing under SIDEX's program "Field Action 2014" for gross proceeds of $50,000. The Debenture will pay an annual interest rate of 12%, payable semi-annually in cash or common shares of the Company. The Debenture shall be convertible at a price of $0.05 per Share until September 16, 2015 and $0.10 per Share from September 17, 2015 until September 16, 2016. The Company will also issue 1,000,000 warrants at the closing. Each Warrant is exercisable into Shares at a price of $0.07 per Share, for a period of 2 years from the Closing Date. The Debenture will mature 2 years from the Closing Date. The Debenture may be repaid at any time by the Company, subject to providing 45 days notice, and is repayable at maturity in cash or Shares at the option of the Company. The Warrants issued will be subject to a four-month hold period from the date of issuance.

2) On June 23, 2014, the Company closed its shares for debt agreements previously announced as per below:

   (i) On March, 3, 2014, the Company entered into shares for debt agreements totaling $95,170, with arm's length and non-arm's length parties. Following the share consolidation a total of 217,303 Lakeside units for gross proceeds of $10,865 were issued to unrelated parties for settlement of debt, and 1,686,107 Lakeside shares for gross proceeds of $84,305 were issued to insiders and related parties for outstanding fees. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at $0.10. Details of the warrant valuation are described in Note 12.

   The 1,686,107 Lakeside shares issued to insiders and related parties are for settlements of outstanding fees to the following: $51,605 to the Foundation Opportunities Inc.("FOI"), and $32,700 to Cavalry Corporate Solutions Ltd.("Cavalry").

(ii) On March 12, 2014, the Company entered into shares for debt agreement in the amount of $77,884, with an arm's length party. Following the Share Consolidation a total of 1,557,676 Lakeside Shares and 778,838 Lakeside Warrants were issued to Forages M. Rouillier Drilling Inc, a Quebec-based underground and surface drilling company. Each warrant is exercisable for a period of 36 months at $0.10. Details of the warrant valuation are described in Note 12.

(iii) On March 31, 2014, the Company entered into shares for debt agreements totaling $15,641, with an arm's length party. Following the share consolidation a total of 312,820 Lakeside units for gross proceeds of $15,641 were issued for settlement of debt. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at $0.10. Details of the warrant valuation are described in Note 12.

(iv) On April 23, 2014, the Company entered into shares for debt agreement with an arm's length party. Following the Share Consolidation an additional 1,652,000 Lakeside Units for gross proceeds of $82,600 were issued to an unrelated party for settlement of debt. Each unit is comprised of one share and one half share purchase warrant exercisable for a period of 36 months at $0.10. Details of the warrant valuation are described in Note 12.

The total aggregate amount of debt settled for shares is $271,295 that resulted in the issuance of 3,739,799 Lakeside Units and 1,686,107 Lakeside Shares.

(2) On March 25, 2013, the Company entered into shares for debt agreements totalling $333,640 with arm's length and non-arm's length parties. A total of 5,865,734 (1,466,434 post consolidation) units, for gross proceeds of $293,287 were issued to unrelated parties for settlement of debt, and 807,053 (201,763 post consolidation) common shares for gross proceeds of $40,353 were issued to insiders and related parties for outstanding fees. Each unit, priced at $0.05 ($0.20 post consolidation), consists of one (1) share and one (1) share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of $0.10 ($0.40 post consolidation) per share for a period of five years from the closing date. The term of the warrant is subject to an acceleration right at the option of the Company, provided that the common shares of the Company trade at or above $0.40 ($1.60 post consolidation) for a full 20 consecutive trading days and the Company has provided warrant holders with 30 days prior written notice of the accelerated warrant exercise date.

**Exploration Highlights**

Lakeside Minerals Inc. is engaged, through Lakeside Minerals Corp., a wholly-owned subsidiary of the Company, in acquiring, exploring, and developing mineral properties. Currently the Company is focused on its Launay property and is also evaluating potential acquisitions including more advanced projects.

**Launay Property**

The Launay property is located 48 km NE of Rouyn-Noranda and 80 km NW of Val d'Or , in Launay, Privat, and Manneville townships, northwestern Quebec. Through staking, option and purchase agreements, the Company consolidated a large land package over the prospective Macamic deformation zone, a major deformation zone in the Abitibi subprovince. The primary Launay claim block comprised of 182 contiguous and semi-contiguous claims:

- 29 claims, 11.8 sq km, are under option agreement to the Company to acquire a 100% interest, subject to property payments, work commitments and subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 21 claims, 8.8 sq km, are 100% owned by the Company; these claims were purchased from Melkior Resources Inc. with Company shares: 15 of these claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000; the other six claims are subject to a 1% NSR with total buyback for $500,000.
- 13 claims, 5.3 sq km, (initially 35 claims, 16.0 sq km) are 100% owned by the Company; these claims were acquired from Les Explorations Carat Inc. with cash payments and Company shares; claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 11 claims, 4.5 sq km, are 100% owned by the Company; the claims were purchased from Jack Stoch Geoconsultant Services Ltd. with Company shares, subject to a two percent (2%) gross metal royalty ("GMR"); the Company has the option of first refusal to buy back a one percent (1%) GMR.
- 15 claims, 6.7 sq km, are 100% owned by the Company; these claims were purchased from 9219-8845 Québec Inc. with Company shares; claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- The balance of the claims were staked, and are 100% owned, by the Company.

The property claims covers a 17 km long trend of gold occurrences associated with the Macamic Deformation Zone ("MDZ") and associated splays or subsidiary faults. Mineralization in the occurrences is typical of a shear zone-related Archean lode-gold type. Several of the occurrences display historical high grade gold drill intersections, trench, and grab results.

The Trojan block, located in the northwest portion of the property, is the area where the majority of past exploration has been conducted. Of the initial 29 drill holes drilled in 1945, visible gold was reported in 13 holes with historical drilling cutting several narrow and metre-sized high grade gold intersections including 235.20 g/t Au over 0.15 m, 47.66 g/t Au over 0.09 m, and 40.80 g/t Au over 0.18 m.

In the summer and fall of 2012, the Company conducted an exploration program on the Trojan block consisting of line cutting, geological mapping, a humus geochemical survey, and ground magnetic, VLF-EM, and induced polarization/resistivity surveys. A follow-up diamond drill program consisting of thirteen holes totaling 3981 m was completed to test the Trojan zone, a series of northwest-trending, steeply southwest-dipping to subvertical auriferous zones associated with the Macamic deformation zone. Gold assay results from the first seven drill holes, LKTR-001 to LKTR-007were published in the Company press release dated Oct. 17, 2012 (http://www.lakesideminerals.com/pdfs/20130115-Lakeside-Minerals-Announces-Launay-Property-Drill-Results.pdf ). Results from the last six holes from this drill program are pending.

In 2013 and 2014, the Company primarily focused on interpreting the results of its 2012 program including the creation of detailed sections to understand the potential continuity and position of the various gold zones intersected during the 2012 drill program. This work will contribute to targeting future exploration at the Trojan zone.

The Freegold block, located approximately 7.5 km southeast of the Trojan zone, overlies a quartz vein which has been traced for 122 m, varying from 1.1 to 1.5 m in width. The shear that hosts the quartz vein has been interpreted by past workers to extend for up to 7 km between the Labreteche block to the east and the Privat block to the west. A 1995 humus survey outlined a greater than 5 km long

southeast-trending anomaly in an area underlain by sheared massive to pillowed basalts and ultramafic flows with strong carbonatization, fuchsite alteration, and pyrite mineralization. This block has not been drill tested.

Future work planned for the property consists of sampling to verify the results of the historical soil and humus sampling and prospecting in the Freegold block. The results of this work will be used to assist in the selection of areas for stripping, mapping and channel sampling.

**Disson Property**

Located 22 km northeast of La Sarre, northwestern Quebec, the Disson property consisted of 85 non-contiguous claims that covered a total area of 38.93 sq km. Of the 85 claims, 36 claims, 11.18 sq km, were under option agreement to 100% interest and 49 claims, 27.74 sq km, were 100% owned by the Company. Due to the Company's limited financial resources and to focus on the Launay project, on August 8, 2013 the Company terminated the option agreement on the original 36 claims of the Disson property. The Company does not intend to renew any of the other claims.

***Dufay Property***

The property was located 30 km west-southwest of Rouyn-Noranda, northwestern Quebec, covered 27.45 sq km and consisted of 53 contiguous claims. In order to concentrate on the advancement of its flagship Launay property, on January 30th, 2013, Management terminated the option agreement on the Dufay property.

***Kipawa Property***

The property is located 38 km east of the town of Témiscaming, northwestern Quebec, some 170 km south of city of Rouyn-Noranda. The property comprises 27 contiguous claims in one irregularly shaped block covering a total of 15.92 sq km. The property is under option agreement to acquire a 100% interest.

As of January 31, 2014, no additional work was planned for the Kipawa property and management does not intend to maintain the claims, and did not request transfer of title for the claims from the vendor.

**Overall Performance**

As at July 31, 2014, the Company had assets of $271,252 (January 31, 2014 - $84,712), liabilities of $252,748 (January 31, 2014 - $460,507) and shareholders' equity of $18,504 (January 31, 2014 - $(375,795) deficiency). During the six month period ended July 31, 2014, the Company incurred a loss of $220,246 (2013 - $49,619 income).

At July 31, 2014, the Company had a working capital of $167,282 (January 31, 2014 - $375,795 working capital deficiency) and cash of $205,849 (January 31, 2014 - $3,670).

The Company is a junior mineral exploration company that has assembled an experienced management team to engage in the acquisition, exploration and development of properties prospective for economic deposits. The Company's financial success will depend on the extent to which it can make discoveries of minerals on its staked or optioned properties and on the economic viability of such discoveries. The development of such properties may take years to complete and the resulting income, if any, is difficult to determine with any certainty. The Company lacks mineral resources and mineral reserves and to date has not produced any revenues. The economic viability of any mineral

discovery by the Company will be largely dependent upon factors beyond its control, such as the market value of the commodities produced. The Company remains cautious in case the economic factors that impact the mining industry deteriorate. These factors include uncertainty regarding the prices of commodities, and the availability of equity financing for the purposes of mineral exploration and development. The prices of commodities have been volatile in recent periods and financial markets have deteriorated to the point where it has become extremely difficult for companies, particularly junior exploration companies, to raise new capital. The Company's future performance is largely tied to the development of its mining properties and the overall financial markets. Financial markets are likely to continue to be volatile over the balance of calendar 2014, reflecting ongoing concerns about the global economy. Companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders. With continued market volatility expected, the Company's current strategy is to continue its exploration program at Launay on a cost-effective basis and to seek out other prospective business opportunities that may be financeable in the current market conditions. The Company believes that this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining momentum on key initiatives. These trends may limit the Company's ability to develop and/or further explore its mineral property interests and/or other property interests that it may acquire. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates into both short-term operating and longer-term strategic decisions.

**Selected Annual Information**

Summarized selected financial information with respect to Lakeside is as follows:

| | | Six month period ended July 31, 2014 | | Year ended January 31, 2014 | | Year ended January 31, 2013 | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Total expenses | $ | (279,354) | $ | (224,359) | $ | (2,018,710) | |
| | | | | | | | |
| Other income | | 59,108 | | 124,363 | | 335,975 | |
| | | | | | | | |
| Net loss | | (220,246) | | (99,996) | | (1,682,735) | |
| | | | | | | | |
| Loss per share | | (0.017) | | (0.003) | | (0.054) | |
| | | | | | | | |
| Total assets | | 271,252 | | 84,712 | | 282,114 | |
| Total liabilities | | 252,748 | | 460,507 | | 803,872 | |
| Shareholders' equity (deficiency) | $ | 18,504 | $ | (375,795) | $ | (521,758) | |

**Six month period ended July 31, 2014 compared to 2013**

The Company incurred a net loss of $220,246 or 0.017 per common share for the six months ended July 31, 2014, compared with a net loss of $49,619 or $0.005 per common share for the same period ended July 31, 2013. The difference is due primarily to a gain on settlement of debt of $87,820 in the comparable period compared to $54,259 in the current period, corporate acquisition costs of $43,658 (2013 - $nil) from the acquisition of Unite Capital Corp. during the current period as well as $45,000 (2013 - $nil) in cash payments and share issuances in relation to the Launay property during the current period.

Management, consulting fees and salaries totaled $112,769 during the six months ended July 31, 2014, and primarily consisted of services provided by FOI., for strategic advisory services, Cavalry and Branson Corporate Services for financial accounting, including CFO services and the President and CEO of the Company. The total expense also included a onetime payment of $40,000 made to a consultant. Management and consulting fees totaled $117,054 for the six months ended July 31, 2013, for the services provided by FOI, Cavalry and Branson. Management, consulting fees and salaries decreased between the two periods, due to re-negotiations of various consulting agreements due to the current economic condition of the Company.

Professional fees, consisting of legal and accounting fees, totaled $24,813 during the six months ended July 31, 2014, (2013 – $10,095). The amounts increased due to the corporate acquisition of Unite Capital Corp. and other various transactions during the period.

The Company incurred $25,104 (2013 - $16,929) in office and general expenses during the six months ended July 31, 2014, which consisted of primarily transfer agent fee's, insurance, travel and entertainment, rent and other miscellaneous costs. Office and general expenses increased due to various costs associated with the corporate acquisition of Unite Capital Corp. and other various transactions during the period.

The Company incurred share based payments for the six months ended July 31, 2014, of $nil (2013 – $4,747). Share based payments are booked based on the valuation of options using the Black-Scholes model. See note 13 of the unaudited interim condensed consolidated financial statements for the three and six month periods ended July 31, 2014 and 2013 for details.

Total exploration and evaluation costs in the six months ended July 31, 2014 was $73,010 (2013 - $24,532). The evaluation and exploration expenditures for the Company for the six months ended July 31, 2014 and 2013 were as follows:

| **Property:** | **July 31, 2014** | **July 31, 2013** |
|---|---|---|
| Launay | **$ 73,010** | $ 24,532 |
| | **$ 73,010** | $ 24,532 |

A breakdown of exploration and evaluation expenditures for the Company for the six months ended July 31, 2014 and 2013 were as follows:

2014

| | | **Dufay** | **Disson** | **Launay** | **Kipawa** |
|---|---|---|---|---|---|
| Acquisition costs | $ | - | - | 45,000 | - |
| Staking | $ | - | - | 28,010 | - |
| | $ | - | - | 73,010 | - |

2013

| | | **Dufay** | **Disson** | **Launay** | **Kipawa** |
|---|---|---|---|---|---|
| Acquisition costs | $ | - | - | 15,000 | - |
| Staking | | - | - | 9,532 | - |
| | $ | - | - | 24,532 | - |

A total of $429 interest was earned for the six months ended July 31, 2014 ($24 – 2013) which represents amounts earned on short-term investments and accrued interest on government receivables.

Management expects the level of losses to increase in future periods as development and exploration activities continue.

**Three month period ended July 31, 2014 compared to 2013**

The Company incurred a net loss of $147,453 or 0.009 per common share for the three months ended July 31, 2014, compared with a net loss of $61,701 or $0.006 per common share for the same period ended July 31, 2013. The difference is primarily due to corporate acquisition costs of $43,658 (2013 - $nil) from the acquisition of Unite Capital Corp. during the current period and $45,000 (2013 - $15,000) in cash payments and share issuances in relation to the Launay property during the current period offset by a gain on settlement of debt of $54,259 (2013 - $nil).

Management, consulting fees and salaries totaled $70,269 during the three months ended July 31, 2014, and primarily consisted of services provided by FOI, for strategic advisory services, Cavalry and Branson Corporate Services for financial accounting, including CFO services and the President and CEO of the Company. Management and consulting fees totaled $42,026 for the three months ended July 31, 2013, for the services provided by FOI., Cavalry and Branson. Management, consulting fees and salaries increased between the two periods due to a onetime payment paid to a consultant, offset by a decrease due to re-negotiations of various consulting agreements due to the current economic condition of the Company.

Professional fees, consisting of legal and accounting fees, totaled $17,755 during the three months ended July 31, 2014, (2013 – $4,711). The amounts increased due to the corporate acquisition of Unite Capital Corp. and other various transactions during the period.

The Company incurred $(2,980) (2013 - $11,358) in office and general expenses during the three months ended July 31, 2014, which consisted of primarily transfer agent fee's, insurance, travel and entertainment, rent and other miscellaneous costs. Office and general expenses were negative in the current period due to account reclassifications.

The Company incurred share based payments for the three months ended July 31, 2014, of $nil (2013 – $4,500). Share based payments are booked based on the valuation of options using the Black-Scholes model. See note 13 of the unaudited interim condensed consolidated financial statements for the three and six month periods ended July 31, 2014 and 2013 for details.

Total exploration and evaluation costs in the three months ended July 31, 2014 was $73,010 (2013 - $15,000). The evaluation and exploration expenditures for the Company for the three months ended July 31, 2014 and 2013 were as follows:

| Property: | | July 31, 2014 | | July 31, 2013 |
|---|---|---|---|---|
| Launay | $ | 73,010 | $ | 15,000 |
| | $ | 73,010 | $ | 15,000 |

A breakdown of exploration and evaluation expenditures for the Company for the three months ended July 31, 2014 and 2013 were as follows:

2014

| | | Dufay | Disson | Launay | Kipawa |
|---|---|---|---|---|---|
| Acquisition costs | $ | - | - | 45,000 | - |
| Staking/claim maintenance | $ | - | - | 28,010 | - |
| | $ | - | - | 73,010 | - |

2013

| | | Dufay | Disson | Launay | Kipawa |
|---|---|---|---|---|---|
| Acquisition costs | $ | - | - | 15,000 | - |
| | $ | - | - | 15,000 | - |

A total of $429 interest was earned for the three months ended July 31, 2014 ($24 – 2013) which represents amounts earned on short-term investments and accrued interest on government receivables.

Management expects the level of losses to increase in future periods as development and exploration activities continue.

**Year ended January 31, 2014 compared to 2013**

The Company incurred a net loss of $99,996 or 0.003 per common share for the year ended January 31, 2014, compared with a net loss of $1,682,735 or $0.054 per common share for the same period ended January 31, 2013.

Management, consulting fees and salaries totaled $157,053 during year ended January 31, 2014, and primarily consisted of services provided by FOI, for strategic advisory services, Cavalry for financial accounting, including CFO services and the President and CEO of the Company. Management and consulting fees totaled $314,376 for the year ended January 31, 2013, for the services provided by FOI, Cavalry, and the President and CEO. Management, consulting fees and salaries decreased between the two periods, due to re-negotiations of various consulting agreements due to the current economic condition of the Company.

Professional fees, consisting of legal and accounting fees, totaled $21,605 during the year ended January 31, 2014, ($65,443 – 2013). The decrease in professional fees is due to better cost management and lower overall activity given the overall market downturn.

The Company incurred $16,422 ($160,765 -2013) in office and general expenses during the year ended January 31, 2014, which consisted of primarily transfer agent fees, insurance, travel and entertainment, rent and other miscellaneous costs. The decrease in office and general expenses is due to better cost management and lower overall activity given the overall market downturn.

The Company incurred share based payments for the year ended January 31, 2014, of $4,747 ($6,387 – 2013) in relation to 740,000 options issued during the year ended January 31, 2014 and the vesting of options issued March 23, 2011. Share based payments are booked based on the valuation of options using the Black-Scholes model.

Total exploration and evaluation costs in the year ended January 31, 2014 was $24,532 ($1,471,739 – 2013). The evaluation and exploration expenditures for the Company for the year ended January 31, 2014 and 2013 were as follows:

| Property: | | January 31, 2014 | | January 31, 2013 |
|---|---|---|---|---|
| Dufay | $ | - | $ | 305,069 |
| Disson | | - | | 73,165 |
| Launay | | 24,532 | | 1,093,023 |
| Kipawa | | - | | 482 |
| | $ | 24,532 | $ | 1,471,739 |

A breakdown of exploration and evaluation expenditures for the Company for the year ended January 31, 2014 and 2013 were as follows:

2014

| | | Dufay | Disson | Launay | Kipawa |
|---|---|---|---|---|---|
| Acquisition costs | $ | - | - | 18,750 | - |
| Staking/claim maintenance | | - | - | 326 | - |
| Geological fieldwork | | - | - | 3,317 | - |
| Drilling | | - | - | 2,139 | - |
| | $ | - | - | 24,532 | - |

2013

| | | Dufay | Disson | Launay | Kipawa |
|---|---|---|---|---|---|
| Acquisition costs | $ | - | - | 118,000 | - |
| Claim staking | | 817 | 737 | 737 | 82 |
| Data compilation | | 14,850 | 4,800 | 4,800 | 400 |
| Equipment and supplies | | 6,174 | 4,896 | 45,496 | - |
| Line cutting | | 63,495 | 61,316 | 61,316 | - |
| Geological fieldwork | | 10,419 | 782 | 181,378 | - |
| Assays | | 21,840 | - | 107,704 | - |
| Ground survey | | 176,104 | - | 131,148 | - |
| Drilling | | - | - | 427,285 | - |
| Other | | 11,371 | 634 | 15,159 | - |
| | $ | 305,070 | 73,165 | 1,093,023 | 482 |

A total of $649 interest was earned for the year ended January 31, 2014 ($5,675 – 2013) which represents amounts earned on short-term investments and accrued interest on government receivables.

The Company financed its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issued common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium was recorded as a liability on the Company's statement of financial position at the time of subscription. This liability was reduced when renunciation occurred, associated with such flow-through share issuances, with $20,000 ($260,300 - 2013) premium recognized as income during the year ended January 31, 2014.

During the year ended January 31, 2014, the Company recognized a gain on settlement of debt through the issuance of shares of $87,820 (2013 - $nil). See note 10 of the audited consolidated financial statements for the year ended January 31, 2014 and 2013 for further details.

During the year ended January 31, 2014, the Company recognized a gain on forgiveness of debt of $15,894 (2013 - $nil).

Management expects the level of losses to increase in future periods as development and exploration activities ramp.

**Summary of Quarterly Results**

| | | Net income (loss) | Income (Loss) per share |
|---|---|---|---|
| **Q2** | **2015** | (147,453) | (0.009) |
| **Q1** | **2015** | (72,793) | (0.007) |
| **Q4** | **2014** | 14,126 | 0.000 |
| **Q3** | **2014** | (64,503) | (0.006) |
| **Q2** | **2014** | (61,701) | (0.006) |
| **Q1** | **2014** | 12,082 | 0.000 |
| **Q4** | **2013** | (533,751) | (0.080) |
| **Q3** | **2013** | (532,394) | (0.068) |
| **Q2** | **2013** | (506,932) | (0.066) |

**Liquidity and Financial Position**

As a junior exploration resource company, the Company has no regular cash flow from operations, and the level of operations is principally a function of availability of capital resources. To July 31, 2014, the principal source of funding has been through the completion of private placements for gross proceeds of $2,843,750. Going forward, the Company will have to continue to rely on equity or debt financings for its working capital. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest.

At July 31, 2014, total assets increased by $186,540 since prior fiscal year end to $271,252 consisting of $205,849 of cash, $58,403 of HST receivable and other receivables and $7,000 in prepaid expenses.

**Related Party Transactions and Key Management Compensation**

The Company and FOI entered into a financial advisory and consulting agreement on October 15, 2010. FOI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras, an officer of the Company, is a director and each of Yannis Banks, and officer and director of the Company, and Jeremy Goldman, a director of the Company, is an officer, director and shareholder. In consideration for services the Company agreed to pay a fee of $7,000 per month for a period of eighteen months that ended April 2012. The Company and FOI entered into a financial advisory and consulting agreement on April 14, 2012 and the Company agreed to pay a fee of $5,000 per month for a period of three months. This agreement was further replaced by an agreement in May 2012 where the Company agreed to pay $5,000 per month for a period of three months after which the contract continues on a month by month basis unless terminated by either party. For the six month period ended July 31, 2014, the Company was charged $30,000 by FOI (2013 - $30,000). At July 31, 2014 $39,689 (January 31, 2014 - $62,905) is included in long term debt (January 31, 2013 included in accounts payable and accrued liabilities) in relation to FOI.

The Company and Cavalry Corporate Solutions Ltd ("Cavalry") entered into a management services agreement on November 1, 2010. The management services agreement includes the services of the Company's Chief Financial Officer ("CFO"). Cavalry is an entity in which FFHC is the sole shareholder. In consideration for services the Company agreed to pay $4,000 for the first three month period and $5,000 per month until January 31, 2012. The agreement was amended to $7,500 per month thereafter. On May 1, 2013, the agreement was further amended to $5,000 per month. As of April 30, 2014, the agreement has been terminated. For the six month period ended July 31, 2014, the Company recorded $5,000 (2013 - $37,500) for management services provided by Cavalry. At July 31, 2014 $11,300 (January 31, 2014 - $41,740) is included in long term debt (January 31, 2013

included in accounts payable and accrued liabilities) in relation to Cavalry.

The Company and Branson Corporate Services ("Branson") entered into a management services agreement on which includes the services of the Company's Chief Financial Officer ("CFO"). Branson is an entity in which FOI owns 49% of the shares. In consideration for services the Company agreed $5,000 per month for services. For the six month period ended July 31, 2014, the Company recorded $27,500 (2013 - $nil) for management services provided by Branson. At July 31, 2014 $8,475 (January 31, 2014 - $nil) is included in accounts payable and accrued liabilities in relation to Branson.

During the six month period ended July 31, 2014, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras an officer of the Company is also a partner, provided $153,116 (2013 - $3,215) of legal services, which are included in professional fees and cost of share issuance in equity. Of this amount, $128,303 was related to the cost of share issuance in equity in relation to the Canada Pacific Capital Corp and Unite Capital Corp transactions. As at July 31, 2014, $54,809 (January 31, 2014 - $92,757) due to Fogler is included in accounts payable and accrued liabilities.

During the six month period ended July 31, 2014, $34,269 (2013 - $46,500) was paid to the former Chief Executive Officer. As at July 31, 2014, $nil (January 31, 2014 - $5,731) is included in accounts payable and accrued liabilities.

During the six month period ended July 31, 2014, $15,000 (2013 - $nil) was paid to the Chief Executive Officer. As at July 31, 2014, $nil (January 31, 2014 - $nil) is included in accounts payable and accrued liabilities.

On June 23, 2014, the Company issued 1,686,107 shares to insiders and related parties for settlements of outstanding fees as follows: $51,605 to the FOI, and $32,700 to Cavalry. No warrants were issued pursuant to settlements by insiders and related parties.

On March 26, 2013, the Company issued 807,053 shares to insiders and related parties for settlements of outstanding fees as follows: $20,353 to the Company's former CEO, $12,500 to FOI, and $7,500 to Cavalry Corporate Solutions. No warrants were issued pursuant to settlements by insiders and related parties.

**Disclosure of outstanding share data as of September 29, 2014**

| | **Authorized** | **Outstanding (1)** |
|---|---|---|
| Voting or Equity securities issued and outstanding | Unlimited Common Shares | 24,625,216 common shares |
| Securities convertible or exercisable into voting or equity | | a) Options to acquire up to 512,500 common shares<br>b) 8,607,940 warrants exercisable to acquire common shares of the Company |

**Off-Balance Sheet Arrangements**

As of July 31, 2014 and January 31, 2014 and 2013, the Company has no off balance sheet arrangements.

## Critical Accounting Estimates

### Significant accounting policies

### Mineral properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE").

### Share based payments

***Share based payment transactions***

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

***Equity settled transactions***

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

### Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. When there is a

loss, no potential shares are included in the computation as they are anti-dilutive.

**Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. The Company classified note receivable as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At July 31, 2014 and January 31, 2014 and 2013 the Company has not classified any financial assets as available for sale or held to maturity.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

**Financial liabilities**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's line of credit, accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At July 31, 2014 and January 31, 2014 and 2013 the Company has not classified any financial liabilities as FVTPL.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and short term deposits.

**Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is

considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Flow-through shares**

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation, when renunciation occurs, associated with such flow-through share issuances, with the premium recognized as income. The Company takes the initial recognition exemption on deferred taxes as it relates to flow-through shares.

**Fair value**

The carrying amount of cash and cash equivalents, other receivables, and accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. As at July 31, 2014 and January 31, 2014 and 2013, all financial instruments measured at fair value are considered level 1, consisting of cash and cash equivalents.

**Credit Risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and note receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with a reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and note receivable is minimal.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at July 31, 2014, the Company had a cash and cash equivalents balance of $205,849 (January 31, 2014 - $3,670) and current liabilities of $103,970 (January 31, 2014 - $460,507).

**Commodity Price Risk**

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of July 31, 2014, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

**Internal Control over Financial Reporting**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the six month period ended July 31, 2014 there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at July 31, 2014 covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**Cautionary Note Regarding Forward Looking Statements**

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Lakeside to fund the capital and operating expenses necessary to achieve the business objectives of Lakeside, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due

to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

**Management's Responsibility for Financial Information**

Management is responsible for all information contained in this report. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.

September 29, 2014

Yannis Banks
Chief Executive Officer