



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

## **INTRODUCTION**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Toro Resources Corp. (the "Company") as prepared at April 21, 2015, constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended March 31, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 Continuous Disclosure Obligations.

This discussion should be read in conjunction with the Company's condensed interim consolidated financial statements for the nine months ended March 31, 2015 and the audited consolidated financial statements for the year ended June 30, 2014 together with the notes thereto. In the opinion of management all adjustments considered necessary for a fair presentation have been included.

Statements in this report that are not historically based fact are forward looking statements involving known and unknown risks and uncertainties which could cause actual results to vary considerably from these statements. Readers are cautioned not to place undue reliance on forward-looking statements. All amounts following are expressed in Canadian dollars unless otherwise stated.

## **OVERVIEW AND OVERALL PERFORMANCE**

The Company was incorporated under the provincial laws of British Columbia, Canada, on June 30, 2005. The Company's common shares are listed on the Toronto Venture Exchange ("TSX") under the symbol "TRK". Additional information regarding the Company and its activities is available on SEDAR at [www.sedar.com](http://www.sedar.com), and also on the Company's web site at [www.tororesources.com](http://www.tororesources.com), or by requesting further information from the Company's head office located in Kelowna, British Columbia, Canada.

The Company is in the business of acquiring mineral properties for exploration to determine whether these properties contain economically recoverable ore reserves. The recoverability of any amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing by way of joint venture, equity financing, option agreements or by other means required to complete the development of the properties and upon future profitable production. To date, the Company is considered to be in the exploration stage and has yet to earn revenues.

### **Taxco Property**

During the year ended June 30, 2014, the Company entered into a preliminary agreement to acquire under an option agreement the Taxco property from 1002679 B.C. Ltd. The 915 hectare property is located 125 km southwest of Vanderhoof, 175 km southwest of Prince George, and approximately 150 km west of Quesnel, British Columbia. The Company commissioned an updated 43:101 report on the property in June of 2014 which has been accounted for as an acquisition cost.

The Property is subject to a royalty in favor of 1002679 B.C. Ltd. equal to a 3% Net Smelter Royalty (NSR), one half of which may be purchased for a cash payment of \$250,000. A non-refundable cash payment of \$2,500 and issuance of 50,000 shares or cash payment of \$5,000 is due upon regulatory approval. Under the terms of the agreement, Toro will hold 100% beneficial interest in the Taxco property by making cash payments, issuing shares and carrying out exploration work as per the following anniversary dates:

End of Year	Cash Payment	Shares Issued	Expenditures
1	\$ 10,000	100,000	\$ 50,000
2	20,000	150,000	100,000
3	50,000	200,000	250,000
	\$ 80,000	450,000	\$ 400,000

### **Morgan Peak Property**

Located in Arizona, USA, the Morgan Creek Property is situated in the Tonto National Forest accessible directly from highway 60 in Gila County, a short distance from the historic mining community of Globe-Miami. The property, which has had an active exploration history dating back to the 1950's, is comprised of 101 unpatented mineral claims covering a total of 2,020 acres.

On February 1, 2010, the Company entered into a definitive mineral property agreement with MinQuest respecting the option to acquire a 100% interest in the Morgan Peak Property subject to a 3% Net Smelter Royalty (the "Morgan Peak Option Agreement"). On March 9, 2010, the Company incorporated a wholly owned subsidiary, Toro Resources Inc. ("TRI") a company incorporated in Nevada, for the purpose of holding its mineral property interests located in the USA. The Company then transferred all of its right, title and interest in and to the Morgan Peak Option Agreement to TRI. In order to earn the 100% interest, TRC is required to issue an aggregate of 3,000,000 shares of common stock and TRI is required to make cash payments to MinQuest totaling US\$1,000,000, and incur an aggregate of US\$4,300,000 in exploration expenditures over an eight year period through to February 2018.

On June 6, 2012, the Company negotiated an amendment to the original agreement whereby the deadline for the 2012-2013 exploration expenditures of \$450,000 was extended by one year to February 1, 2014 resulting in a required total of \$950,000 in exploration expenditures in the 2013-2014 period. The Company is also required to make annual cash payments over eight years totaling US\$665,000 to another party, through to December 2017. In December of 2013, due to unfavorable market conditions the Company negotiated a further amendment to the original agreement whereby all annual payments will fall due on the first of February and exploration expenditure commitments have been restructured so that the Company is obligated to make expenditures of \$450,000 in the 2014-2015 year. All requisite exploration expenditures have effectively been pushed forward by two years from the original agreement. Further to this, the Company has a standing agreement with the vendors to delay payments and work commitments until July 1, 2014.

On July 11, 2013, the Company entered into a letter of intent (the "Letter Agreement") whereby PBar Land and Minerals, LLC, ("PBar") upon completion of a formal option agreement (the "Option"), has the right to earn up to a 51% interest in the Morgan Peak copper project ("Morgan Peak"). PBar is private mineral exploration company located in Phoenix, Arizona. The option agreement was amended on March 18, 2014 whereby PBar remitted a us\$16,000 non-refundable deposit. Subsequent to the year ended June 30, 2014, the agreement been terminated as the terms could not be met by PBar.

As at June 30, 2014 the Company wrote down the Morgan Peak property to \$Nil and recorded a loss of \$985,356 in the year. On August 8<sup>th</sup>, 2014, the Company officially relinquished the Morgan Peak property. During the month of September, 2014, reclamation of the site was conducted to the satisfaction of the USFS at a cost of US\$3,627. A performance bond held by the USFS was returned to the Company in December, 2014.

## FINANCIAL RESULTS FOR THE NINE MONTHS ENDED MARCH 31, 2015

As at March 31, 2015, the Company had cash and cash equivalents of \$48,146 and working capital of \$47,547 (2014 - cash \$36,739, working capital deficiency \$421,045). During the nine months ended March 31, 2015, the Company incurred a net loss of \$185,053 (2014 - \$211,022).

The accrued liabilities at March 31, 2015 were \$552,439 (March 31, 2014 - \$320,280) for consulting fees owing to officers and companies controlled by officers and for legal fees accrued. In an agreement reached in March, 2015, these creditors have agreed to postpone the repayment of this debt for a period of one year or until such time as the Company undertakes a financing and debt settlement arrangements in accordance with the policies of the Exchange.

Total G&A expenses of \$165,275 for the nine months ended March 31, 2015 showed a decrease over the comparative period ended March 31, 2014 (\$205,250). The decrease was due primarily to the recording of share based compensation expense of \$21,016 and travel of \$6,273 in the prior year with no comparable expense recognized in the current period. Professional fees were \$8,650 for audit fees in the current period whereas the previous years' fees included expenditures as a result of the Company entering into a Letter of Intent with PBar Minerals PLC (\$28,500). Expenditures on the Morgan Peak reclamation were \$4,354, paid in the second quarter, 2015.

Management continues to evaluate its' financing alternatives and to explore alternative sources of financing in the form of debt, equity or a combination thereof in what has proven to be very challenging equity markets for the resource sector in general and the junior exploration companies in particular. Management will continue to monitor spending and assess results on an ongoing basis and appropriate changes will be implemented where appropriate.

## SUMMARY OF QUARTERLY RESULTS

Quarter Ended	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total assets	\$ 66,270	\$ 74,068	\$ 84,587	\$ 106,538
Working capital (deficiency)	47,547	(553,352)	(533,587)	(463,911)
Net loss for the period	(50,836)	(64,059)	(69,676)	(1,017,412)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.04)

Quarter Ended	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Total Assets	\$ 1,077,947	\$ 1,084,148	\$ 1,100,768	\$ 1,104,032
Working capital (deficiency)	(421,054)	(363,729)	(289,964)	(214,267)
Net loss for the period	(58,265)	(77,344)	(74,578)	(107,379)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

## SELECTED ANNUAL INFORMATION

The Company has had the following history of annual net and comprehensive losses:  
June 30, 2014 (\$1,227,599), June 30, 2013 (\$252,430), 2012 (\$221,445), 2011 (\$370,316), 2010 (\$240,360), 2009 (\$211,360).

The accumulated deficit recorded as at June 30, 2014 is (\$2,855,824) (\$1,375,795 at June 30, 2013).

For the year ended June 30,	2014	2013	2012	2011
Net loss and comprehensive loss	\$ (1,227,599)	\$ (252,430)	\$(221,445)	\$(370,316)
Total assets	106,538	1,104,032	1,075,709	1,221,873
Total liabilities	513,645	304,556	94,328	79,047
Shareholders equity (deficiency)	(407,107)	799,476	981,381	1,142,826
Basic and diluted loss per share	(\$0.05)	(\$0.01)	(\$0.01)	(\$0.02)

## RELATED PARTY TRANSACTIONS

Compensation costs for related parties for the nine months ended March 31, 2015 and 2014 are:

	March 31, 2015	March 31, 2014
Wages and consulting fees accrued	\$ 135,000	\$ 135,000
Share-based payments for options granted	-	13,510
	\$ 135,000	\$ 148,510

Included in accrued liabilities at March 31, 2015 is \$506,280 (March 31, 2014 – \$320,280) for consulting and management fees owing to officers and companies controlled by officers. Also included in accounts payable is \$819 for rent owing to a company with related directors and executives. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## OUTSTANDING SHARE DATA

No shares were issued during the six months ended March 31, 2015. As at April 21, 2015 the Company had 24,198,636 common shares issued and outstanding.

During the nine months ended March 31, 2015, there were 1,800,000 incentive stock options outstanding with an exercise price of \$0.10 which expires on February 11, 2016.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company has no significant contractual obligations or commitments with any parties respecting executive compensation, consulting arrangements, rental premises or other general matters. The company no longer has any obligations due on the Morgan Peak property as previously disclosed in the condensed interim consolidated financial statements for the nine months ended March 31, 2015 under note 3 -*Exploration and Evaluation Assets*.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company is engaged in the acquisition, exploration and development of mineral properties and has yet to determine whether its properties contain mineral resources that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets, including acquisition costs and related exploration and evaluation costs, are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. The Company expects to rely upon equity financing and/or joint venturing project development as primary sources of funding. The Company's ability to continue as a going concern is dependent upon successful completion of additional financing and upon its ability to attain profitable operations. The interim consolidated financial statements for the six months ended December 31, 2014 do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of consolidated financial statements in conformity with IAS 3 requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Accounts that require significant estimates as the basis for determining the stated amounts include exploration and evaluation assets and share-based compensation. The assessment of any impairment of exploration and evaluation assets is based on the estimated recovery of future exploitation or sale where the activities have not reached a stage which permits a reasonable assessment of existence of reserves. Share-based compensation expense is calculated using Black-Scholes valuation model which requires significant judgment as to considerations such as stock option lives and stock volatility.

## **SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Company's significant accounting policies is included in Note 3 of the audited consolidated financial statements for the year ended June 30, 2014.

## **NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

On July 24, 2014 the IASB issued IFRS 9 - Financial Instruments. This is the final version of the Standard and supersedes all previous versions. The Standard has a mandatory effective date for annual periods beginning on or after January 1, 2018, with earlier application permitted. This standard introduces new requirements for the impairment of financial assets measured at amortized cost and classification and measurement of financial instruments. The Company will be analyzing the possible impacts of these amendments on its future consolidated financial statements.