APRIL 29, 2016

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Weststar Resources Corp. (the "Company") and should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2015 and 2014, which is filed on the SEDAR website: www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF BUSINESS AND ACTIVITY

The Company was incorporated under the laws of the Province of British Columbia on October 27, 2004. The Company's common shares were listed for trading on the TSX Venture Exchange as a junior mineral exploration company on September 22, 2006. On February 10, 2015, the Company de-listed from the TSX Venture Exchange and began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "WER".

General and Financing

On June 9, 2014, the Company consolidated its common shares on a one new for two old share basis. All share and per share amounts have been revised to reflect the consolidation.

On September 18, 2014, the Company closed a non-brokered private placement and issued 8,140,000 units at a price of $0.05 per unit for gross proceeds of $407,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share. The units are subject to a four-month hold period. The Company paid finder's fees of $13,900 and other share issue costs of $2,907.

On July 22, 2015, the Company closed a non-brokered private placement and issued 6,460,000 units at a price of $0.05 per unit for gross proceeds of $323,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $161,500 of the proceeds to the common shares and $161,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $12,100 and other share issue costs of $992.

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of $0.05 per unit for gross proceeds of $509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

The Company allocated $254,500 of the proceeds to the common shares and $254,500 of the proceeds to the warrants based on the residual value method. The Company paid finder's fees of $30,800 and other share issue costs of $773.

Mineral Exploration and Evaluation

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company has not yet determined whether its property contains reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the property and upon future profitable production or proceeds from the disposition thereof.

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% in the Axe Property claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. At December 31, 2014, the Axe Property was written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner. At this time there are no active option agreements in place with exploration partners (see Exploration Project - Axe Property below). The Company believes the Axe Property is still a valuable exploration project and is in the process of seeking an exploration partner for the property.

Evaluation of Other Business Opportunities

During the year ended December 31, 2014, the Company began evaluating business opportunities outside of the mineral exploration sector, primarily within the Canadian medicinal marihuana and electronic cigarette/vapor sectors. To that end, the Company has engaged a consultant, Mr. Doug Macdonell, to assist the Company with evaluating potential targets with a view to identifying a suitable opportunity with the potential to generate value for shareholders.

Mr. Macdonell is a recognized expert in the field of cannabis and its cultivation, having trained RCMP officers and municipal police in Vancouver and Edmonton in this field for the purposes of law enforcement. In addition, Mr. Macdonell has given lectures on the topic to various government agencies including the Department of Justice in Canada and the United States Drug Enforcement Administration. He has also served as an expert witness in cannabis, its production and its distribution at all levels of the Canadian court system.

On July 21, 2015, the Company signed a letter of intent to purchase shares of North Road Ventures Inc. ("North Road"), a private British Columbia company, representing up to a 50% interest in North Road. North Road is in the process of submitting a Health Canada application for a license issued under the Medicinal Marihuana for Medical Purposes Regulations ("MMPR").

On April 28, 2016, the Company signed a definitive agreement to acquire a 50% interest in North Road by loaning North Road $600,000, paying $30,000 in cash or common shares of the Company, and issuing an aggregate 15,000,000 common shares of the Company over a series of milestones while obtaining the MMPR license as follows:

- Non-refundable payment of $30,000 on April 28, 2016 (paid);
- Issuance of 3,500,000 common shares of the Company immediately upon Exchange approval of the transaction for the purchase of 15% of North Road;
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving Security Clearance to and as defined in the MMPR application for the purchase of an additional 5% of North Road (cumulative 20%);
- Issuance of 2,000,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 5% of North

Road (cumulative 25%). The Company must also provide North Road with a $600,000 unsecured loan repayable from positive cash flows of North Road over a period of five years and bearing interest at the Bank of Canada Prime Rate; and

- Issuance of 7,500,000 common shares of the Company within 10 days of North Road receiving a Pre-License Inspection pursuant to the MMPR application for the purchase of an additional 25% of North Road (cumulative 50%).

The definitive agreement constitutes a change of business and is subject to approval by the Exchange. As of the date of this MD&A, the Company had not received approval from the Exchange.

Concurrently with the Business Change, the Company is proposing a name change to Liberty Leaf Holdings (symbol: LIB). The Company will continue to trade as "WER" until further notice.

During the year ended December 31, 2015, the Company advanced $107,500 to North Road in order to further the MMPR license application. The amount advanced was without interest. If North Road submitted a MMPR license application by June 30, 2016, based on the MMPR rules in place when the letter of intent with North Road was signed on July 21, 2015, the amount advanced would be forgiven. If the MMPR license application was not submitted by June 30, 2016, then the amount advanced would be repaid to the Company by July 20, 2016. All expenses directly or indirectly incurred by North Road in relation to preparing the MMPR license application would be forgiven. Subsequent to December 31, 2015, the MMPR application was submitted and the Company forgave repayment of the advance.

On October 6, 2015, the Company announced it had entered into a non-disclosure agreement with a Vancouver, British Columbia based private company focused on manufacturing, marketing and distributing a wide range of vaporizers, glass, grinders, pipes and other fine smoking accessories. The private company is revenue generating and has positive cash-flow. The Company believes that this opportunity coupled with the potential North Road opportunity could be synergistically beneficial. At this time, no further terms have been reached, nor has the Company entered into any letters of intent or definitive agreements with the private corporation. As the Company's discussions remain at a preliminary stage, there can be no assurance or guarantee that the Company will enter into a binding agreement with respect to the acquisition of such. The Company will provide further updates as they are available.

The Company cautions investors that: (i) the Company has not received approval from the Exchange for the agreement with North Road or the change of business to the medical marihuana and electronic cigarette/vapor field, nor can there be any assurance that approval will be received in the future; (ii) the Company clarifies and confirms that neither it, nor North Road, are licensed producers under the MMPR; (iii) the licensing requirements mandated by Health Canada are stringent and must be complied with before any license is granted by Health Canada under the MMPR, including a site inspection of facilities by Health Canada and other requirements, as further described on Health Canada's website at http://www.hc-sc.gc.ca/dhp-mps/marihuana/index-eng.php.

As of the date of this MD&A, and until any announcements indicating otherwise are made, the Company is, and will remain, a junior mineral exploration company.

EXPLORATION PROJECT – Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company acquired a 70% interest (originally 66%, but amended by mutual consent) in the Axe claims comprised of 119 units situated in the Similkameen Mining District, British Columbia. The Axe property is an advanced stage project with a known porphyry copper resource. As consideration for the property, the Company paid $5,000, issued 150,000 common shares at a fair value of $243,500 and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four additional claims. As consideration for the claims the Company paid $15,000. The claims are subject to a 2% net smelter royalty (“NSR”) and under the terms of the agreement the Company has the right to purchase the NSR in stages for up to $3,000,000.

On September 16, 2008 the Company completed an updated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”) compliant report prepared by John R. Kerr P.Eng, a Qualified Person on the previously drilled Axe Copper gold property which is located near Princeton, British Columbia.

On August 23, 2013, the Company and Bearclaw entered into a Letter of Intent ("LOI") to enter into an option agreement with Copper Mountain Mining Corp. ("Copper Mountain"). The option agreement was completed with an effective date of February 12, 2014. Under the terms of the option agreement, the Company and Bearclaw agreed to grant Copper Mountain an option to earn a 75% undivided interest in and to the Axe Property.

Copper Mountain could earn a 51% interest in the Axe Property by incurring $3,000,000 of expenditures in exploration activities on the Axe Property during a five-year period, with a minimum of $100,000 per year. Copper Mountain was to pay to the Company and Bearclaw (collectively, in proportion to their participating interests in the Axe Property, which are 70% for the Company and 30% for Bearclaw):

- $5,000 upon signing the LOI (received);
- $20,000 upon completion of the agreement (received);
- $30,000 on February 12, 2015 (not received);
- $50,000 on February 12, 2016;
- $100,000 on February 12, 2017;
- $150,000 on February 12, 2018; and
- $200,000 on February 12, 2019.

If Copper Mountain exercised the option, the Company, Bearclaw and Copper Mountain would enter into a formal joint venture agreement. Copper Mountain would be the initial operator holding a 51% participating interest, and the Company and Bearclaw, a 34.3% and 14.7% participating interest, respectively.

Upon exercise of the option, Copper Mountain would have the option to acquire an additional 24% undivided interest in the Axe Property (increasing its interest to 75%, absent other adjustments) by incurring an additional $6,000,000 in expenditures on the Axe Property in two stages of $3,000,000 per stage. In the event Copper Mountain exercised the second option and acquires an undivided 75% interest in the Axe Property, the Company and Bearclaw would have a 17.5% and 7.5% participating interest, respectively.

The $30,000 payment was not received subsequent and the property was deemed to be impaired for accounting purposes at December 31, 2014 and written down to $1. The impairment was a result of market conditions and the lack of an option agreement with an operating partner. The Company believes the Axe Property is still a valuable exploration project and is in the process of seeking an exploration partner for the property.

EXPLORATION PROJECT - East Miller Claims and Page Property

On September 25, 2013 (amended December 10, 2013), the Company entered into an agreement to acquire a 100% interest in 9 mineral claims in Quebec, Canada. On January 6, 2014, the Company issued 1,250,000 common shares (valued at $75,000) as consideration for the agreement and 125,000 common shares (valued at $7,500) as finders' fees.

On December 16, 2013, the Company entered into an agreement to acquire a 100% interest in the Page Property comprising 16 mineral claims in the Porcupine Mining Division of Ontario. On January 8, 2014, the Company issued 300,000 common shares (valued at $24,000) as consideration for the agreement.

On December 10, 2014, the Company sold its interests in the East Miller Claims and the Page Property to SJL in exchange for 3,000,000 common shares of SJL (valued at $30,000). The sale resulted in a loss of $76,760.

INVESTMENTS

Canada Coal Inc. ("CCK")

The Company received 500,000 common shares of CCK pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2010. The 500,000 common shares are subject to escrow and are released on a staged basis, with 10% released February 29, 2012, and 15% to be released every six months thereafter for a period of 36 months. As at January 1, 2014, the Company has 225,000 common shares of CCK.

During the year ended December 31, 2014, the Company sold 150,000 common shares of CCK for proceeds of $6,472, resulting in a realized gain of $6,472. As at December 31, 2014, the fair value of the remaining 75,000 common shares of CCK held was $750, and an unrealized loss of $1,500 was recorded in other comprehensive income (loss) for the year ended December 31, 2014.

During the year ended December 31, 2015, the Company sold 75,000 common shares of CCK for proceeds of $1,400, resulting in a realized gain of $1,400. The Company also realized a gain of $3,700 previously recorded in accumulated other comprehensive income (loss) during the year ended December 31, 2014 related to the common shares of CCK. At December 31, 2015, there were no shares of CCK held.

Saint Jean Carbon Inc. ("SJL")

The Company received 3,000,000 common shares of SJL, valued at $30,000, pursuant to the disposition of exploration and evaluation assets during the year ended December 31, 2014 (note 10).

At December 31, 2014, the fair value of the 3,000,000 common shares of SJL held was $60,000, and an unrealized gain of $30,000 was recorded in other comprehensive income (loss) during the year ended December 31, 2014.

During the year ended December 31, 2015, the Company sold the 3,000,000 common shares of SJL for proceeds of $47,695, resulting in a realized gain of $17,695. At December 31, 2015, there were no shares of SJL held.

RESULTS OF OPERATIONS

For the year ended December 31, 2015

During the year ended December 31, 2015, the Company reported a net loss of $689,154 compared to the year ended December 31, 2014 of $2,060,930. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $26,145 (2014 - $19,650) increased over the same period of the previous year due primarily to work required for the transition to the Exchange and the letter of intent with North Road;

- Consulting fees of $482,164 (2014 - $219,409) increased as additional consultants were engaged in late 2014 and continued working with the Company in 2015;

- Management fees of $126,000 (2014 - $126,000) were paid to the CEO and CFO and were at the same rates as 2014;

- Office and general expenses of $9.443 (2014 - $8,618) increased over the same period of the previous year due to the costs of re-establishing an office;

- Rent of $7,500 (2014 - $nil) increased as the Company opened an office in 2015;

- Share-based payments of $1,410 (2014- $79,695) decreased as more options were granted in 2014;

- Shareholder communications and investor relations of $24,303 (2014 - $6,829) increased due to more communications and shareholder engagement activity during 2015; and

- Transfer agent and filing fees of $26,943 (2014 - $30,260) were lower than the prior year. The composition of the 2015 amount included costs for the transition to the Exchange, while the 2014 costs were the result of more activity that required filings.

In addition to operating expenses, the Company reported the following:

- Realized gain on sale of available for sale investments of $19,095 (2014 - $6,472) was the result of CCK shares sold in 2014 and 2015, and SJL shares sold in 2015;

- Gain on settlement of debt of $nil (2014 - $84,296) relates to debt settlements below market value and write-offs of old debts in 2014;

- Loss on sale of exploration and evaluation assets of $nil (2014 - $76,760) relates to the difference between the fair value of shares in SJL received for the East Miller and Page properties and what the Company paid in acquisition costs; and

- Impairment of exploration and evaluation assets of $1,587,457 in 2014 relates to the Axe Property. There were no property impairments in 2015.

<u>For the three months ended December 31, 2015</u>

During the three months ended December 31, 2015, the Company reported a net loss of $239,252 compared to the three months ended December 31, 2014 of $1,736,347. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of $19,045 (2014 - $17,000) increased over the same period of the previous year due primarily to legal fees for the letter of intent with North Road and timing of invoices;

- Consulting fees of $177,667 (2014 - $77,700) increased as additional consultants were engaged in late 2014 and continued working with the Company in 2015;

- Management fees of $31,500 (2014 - $31,500) were paid to the CEO and CFO and were at the same rates as 2014;

- Office and general expenses of $2,176 (2014 - $2,224) decreased over the same period of the previous year due to timing of expenses;
- Rent of $2,250 (2014 - $nil) increased as the Company opened an office in 2015;
- Share-based payments of $nil (2014- $13,572) decreased as no options were granted in the fourth quarter 2015;
- Shareholder communications and investor relations of $2,117 (2014 - $1,503) were comparable from year to year; and
- Transfer agent and filing fees of $4,336 (2014 - $6,110) were lower due to timing of expenses.

In addition to operating expenses, the Company reported an impairment of exploration and evaluation assets on the Axe Property of $nil (2014 - $1,587,457). The Company also incurred gains on debt settlement in Q4 of $nil (2014 - $73,959) and a loss on the sale of exploration and evaluation assets (East Miller and Page Properties) of $nil (2014 - $76,760).

SUMMARY OF QUARTERLY FINANCIAL RESULTS ($000's except loss per share)

The following are the results for the eight most recent quarterly periods, starting with the quarter ended December 31, 2015:

For the Quarterly Periods ended:		**December 31, 2015**	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**
Total revenues	$	-	-	-	-
Net loss for the period		(239)	(171)	(111)	(168)
Net loss per common share, basic and diluted		(0.01)	(0.01)	(0.00)	(0.01)

For the Quarterly Periods ended:		**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**
Total revenues	$	-	-	-	-
Net loss for the period		(1,736)	(119)	(133)	(73)
Net loss per common share, basic and diluted		(0.08)	(0.01)	(0.01)	(0.00)

SELECTED ANNUAL INFORMATION

	December 31, 2015	**December 31, 2014**	**December 31, 2013**
Revenues	$ -	$ -	$ -
Net Loss	689,154	2,060,930	263,293
Basic and Diluted Loss per Share	0.02	0.10	0.01
Total Assets	303,502	274,492	1,596,959
Total Liabilities	104,210	147,741	317,159

LIQUIDITY AND CAPITAL RESOUCES

At December 31, 2015, the Company had cash of $168,451 and working capital of $90,249 as compared to December 31, 2014 when the Company had cash of $90,004 and working capital of $64,473.

To address working capital requirements for 2015, the Company has maintained cost control measures to minimize its general and administrative expenses where possible. The Company also raised gross proceeds of $323,000 by issuing 6,460,000 units on July 22, 2015 and $509,000 by issuing 10,180,000 units on October 26, 2015.

For fiscal 2016, the Company will need to pursue additional financing to pay general and administrative expenses and seek out additional opportunities to create shareholder value. Should the Exchange approve the Company's agreement with North Road, significant additional financing will be required. On April 4, 2016, the Company closed a non-brokered private placement and issued 3,770,000 units at a price of $0.05 per unit for gross proceeds of $188,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

<u>Capital transactions for the year ended December 31, 2015</u>

Share subscriptions receivable of $57,000 outstanding at December 31, 2014 were collected.

On July 22, 2015, the Company closed a non-brokered private placement and issued 6,460,000 units at a price of $0.05 per unit for gross proceeds of $323,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075. The Company allocated $161,500 of the proceeds to the common shares and $161,500 of the proceeds to the warrants based on the residual value method. The Company paid a finder's fees of $12,100 and other share issue costs of $992.

On October 26, 2015, the Company closed a non-brokered private placement and issued 10,180,000 units at a price of $0.05 per unit for gross proceeds of $509,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075.

<u>Capital transactions for the year ended December 31, 2014</u>

On January 6, 2014, the Company issued 1,375,000 common shares of the Company as payment and finder's fees for the East Miller Claims.

On January 8, 2014, the Company issued 300,000 common shares of the Company as payment for the Page Property.

On February 28, 2014, the Company issued 1,225,800 common shares of the Company in order to settle debts of $122,580 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $61,290.

On September 18, 2014, the Company closed the first tranche of a non-brokered private placement and issued 8,140,000 units at a price of $0.05 per unit for gross proceeds of $407,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share. The Company paid finder's fees of $13,900 and other share issue costs of $2,907.

On December 16, 2014, the Company closed the second tranche of a non-brokered private placement and issued 2,940,000 units at a price of $0.05 per unit for gross proceeds of $147,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each whole warrant is exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.075 per share. The Company paid finder's fees of $9,000 and other share issue costs of $955.

On December 23, 2014, the Company issued 236,944 common shares of the Company in order to settle debts of $19,777 with directors, officers, consultants and a company with common directors. The Company recognized a gain on debt settlement of $12,669.

During the year ended December 31, 2014, the Company received $101,250 on the exercise of 1,012,500 share options. The Company transferred $79,336 from the share-based payments reserve to share capital on the exercise of the options.

OUTSTANDING SHARES

The following table sets forth information concerning the outstanding securities of the Company:

	April 29, 2016	December 31, 2015	December 31, 2014
Common shares	51,326,990	47,556,990	30,916,990
Stock Options	2,255,000	2,112,500	2,012,500
Warrants	31,490,000	27,720,000	12,135,250
Fully Diluted Shares	85,071,990	77,389,490	45,064,740

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss for the years ended December:

	2015	2014
Short-term compensation	$ 138,500	$ 135,500

The amounts charged to the Company for the services provided have been determined by negotiation among the parties, and in certain cases, by signed agreements. These transactions were in the normal course of operations.

Of the $138,500 recorded as short-term compensation for the year ended December 31, 2015 (2014 - $135,500), $6,500 (2014 - $6,500) was recorded as accounting, legal and audit fees, $126,000 was recorded as management fees (2014 - $126,000) and $6,000 (2014 - $3,000) was recorded as shareholder communications and investor relations.

As at December 31, 2015, accounts payable and accrued liabilities included $24,132 (2014 - $44,000) due to companies controlled by directors and officers and former directors and officers, and an officer and director for services included above. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

On February 28, 2014, the Company issued 430,000 common shares of the Company in order to settle debts of $43,000 with directors and officers of the Company and 441,070 common shares of the Company in order to settle debts of $44,107 with a company with common directors and officers.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

COMMITMENTS

The Company entered into management services and consulting agreements with officers, directors and consultants expiring on various dates from August 1, 2015 to June 1, 2016 with a total monthly commitment of $16,000. All the management services and consulting agreements can be terminated with 90 days' notice.

FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash, receivables, share subscriptions receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
Level 3 – Input for assets or liabilities that are not based on observable market data.

The Company's financial assets and liabilities are measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified entirely based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's cash, receivables, share subscriptions receivable and accounts payable and accrued liabilities approximates the carrying amounts due to the short term nature of these instruments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates made in the preparation of these financial statements include the recoverability of the carrying value of exploration and evaluation assets, title of mineral property, accrued liabilities, assumptions for the determination of fair value of share-based payments, and for the recoverability of deferred tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in MI 52-109.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company's audited financial statements for the year ended December 31, 2015.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the property.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new property.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If an exploration program on the Company's property is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to mineral properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

The Company may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the property. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company’s business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The property in which the Company holds an interest is considered to be an early exploration stage property; however, no mineral reserve or mineral resource estimates have been prepared in respect of the property. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company’s exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company’s investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of properties, could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company’s results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompletion of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the financial statements of the Company for the year ended December 31, 2015.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current directors and officers of the Company are as follows:

William Rascan, President and Director
Joseph Meagher, CFO and Director
Keith Anderson, Director
Steven Feldman, Director

OUTLOOK

Subject to approval by the Exchange, the Company's primary focus for the foreseeable future will be transitioning to the medicinal marihuana sector and working with North Road to obtain an MMPR license.

OTHER REQUIREMENTS

Additional disclosure of the Company’s material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.