SCAVO RESOURCE CORP.
Management Discussion and Analysis
For the Year Ended May 31, 2014

This discussion and analysis of financial position and results of operations ("MD&A") is prepared as at July 18, 2014 and should be read in conjunction with the audited financial statements for the years ended May 31, 2014 and 2013 of Scavo Resource Corp. (the "Company") with the related notes thereto. Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Description of Business

The Company was incorporated under the Business Corporations Act (British Columbia) on January 16, 2007 and began trading on the TSX Venture Exchange ("TSX-V") as Patriotstar Ventures Inc. ("Patriotstar"). Prior to December 11, 2009, the Company was a Capital Pool Company as defined in the TSX-V Policy 2.4. Effective December 11, 2009, the Company completed its "Qualifying Transaction" whereby it acquired all of the issued and outstanding shares in TinyMassive Technologies Corp. ("TMTC"), a BC Limited Company. As a result of completing the Qualifying Transaction, the Company was no longer a CPC and control of the Company passed to the shareholders of TMTC. Accordingly, the Qualifying Transaction was a reverse takeover ("RTO") acquisition of the Company by TMTC and was treated as a capital transaction by TMTC. Effective February 24, 2011, the Company changed its name to Pure Living Media Inc. On August 16, 2012, the Company changed its name to Scavo Resource Corp.

Overall Performance

During the year ended May 31, 2014, the Company issued 3,035,001 common shares pursuant to the exercise of warrants for total proceeds of $303,500.

During the year ended May 31, 2013, the Company completed the acquisition of the Purple Onion Claims in Northwest Territories, Canada. As consideration, the Company paid $70,000 and issued 300,000 common shares valued at $75,000. Pursuant to the agreement, the vendor will retain a net smelter royalty ("NSR") of 0.5%. The Company can purchase the NSR by expending $325,413 on exploration expenditures by September 19, 2013 and issuing an additional 100,000 common shares. The Company's former President is also the President and a director of the vendor, Coltstar Ventures Inc.

During the year ended May 31, 2013, the Company paid Aurora Geosciences Ltd. $84,544 to prepare a NI 43-101 compliant technical report on the property.

During the year ended May 31, 2013, the Company issued 1,960,000 common shares pursuant to the exercise of warrants for total proceeds of $196,000.

Future Plans and Outlook

Given current market conditions, the Company has significantly reduced overhead costs going forward. The Company is dependent on its ability to finance its operations through financing activities which may include issuances of additional debt or equity securities. These measures will enable the Company to maintain operations and, at the same time, maintain its management team.

During the year ended May 31, 2013, the Company acquired the Purple Onion Claims in Northwest Territories, Canada. The Company is now a junior exploration company.

Selected Annual Financial Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the consolidated financial statements.

	Year Ended May 31, 2014	Year Ended May 31, 2013	Year Ended May 31, 2012
Interest and other income	$ -	$ -	$ -
Loss for the year	(54,948)	(142,871)	(606,849)
Basic and diluted loss per common share	(0.00)	(0.01)	(0.13)
Total assets	504,039	270,513	155,992
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

Basis of preparation

The financial information for the years ended May 31, 2014, 2013 and 2012 have been prepared using accounting policies consistent with IFRS as issued by the IASB and Interpretations issued by the IFRIC.

Results of Operations

The Company recorded a loss of $54,948 for the year ended May 31, 2014 compared to a loss of $142,871 during the comparative year ended May 31, 2013. The decrease in loss of $87,923 from the prior comparative year was due mainly to decreases in administration fees (2014 - $Nil; 2013 - $12,250), management fees (2014 - $Nil; 2013 - $30,000), and professional fees (2014 - $23,751; 2013 - $62,368) These expense reductions were the result of management's plan to reduce overhead costs.

The Company recorded a loss of $142,871 for the year ended May 31, 2013 compared to a loss of $606,849 during the comparative year ended May 31, 2012. The decrease in loss of $463,978 from the prior comparative year was due mainly to decreases in administration fees (2013 - $12,250; 2012 - $28,000), management fees (2013 - $30,000; 2012 - $120,000), and loss on the sale of TBwaP (2013 - $Nil; 2012 - $343,983) These expense reductions were the result of the winding down of the Company's former subsidiary's operations in prior years.

Quarterly Information

	Three months Ended May 31, 2014	Three months Ended Feb 28, 2014	Three months Ended Nov 30, 2013	Three months Ended Aug 31, 2013
Total Assets	$ 504,039	$ 488,728	$ 268,026	$ 259,174
Working Capital	251,231	215,807	3,104	14,320
Net Loss for the period	(7,666)	(9,664)	(26,216)	(11,402)
Net Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	Three months Ended May 31, 2013	Three months Ended Feb 28, 2013	Three months Ended Nov 30, 2012	Three months Ended Aug 31, 2012
Total Assets	$ 270,513	$ 278,624	$ 283,620	$ 273,160
Working Capital	25,722	32,879	8,756	15,408
Net Loss for the period	(7,157)	(10,877)	(69,108)	(55,729)
Net Loss per share	(0.00)	(0.00)	(0.01)	(0.01)

Quarterly comparisons

During the three months ended May 31, 2014, the Company recorded a loss of $7,666, which was comparable to the loss of $9,664 incurred during the prior quarter. There were no significant changes. During the three months ended February 28, 2014, the Company recorded a loss of $9,664, which was comparable to the loss of $26,216 incurred during the prior quarter. There were no significant changes. During the three months ended November 30, 2013, the Company recorded a loss of $26,216, which was comparable to the loss of $11,402 incurred during the prior quarter. There were no significant changes. During the three months ended August 31, 2013, the Company recorded a loss of $11,402, which was comparable to the loss of $7,157 incurred during the prior quarter. During the three months ended May 31, 2013, the Company recorded a loss of $7,157, which was comparable to the loss of $10,877 incurred during the prior quarter. There were no significant changes. During the three months ended February 28, 2013, the Company recorded a loss of $10,877, which was a decrease of $58,231 from the previous quarter. The decrease was due to a decline in professional fees incurred from $55,088 to $5,853. During the three months ended November 30, 2012, the Company recorded a loss of $69,108, which was an increase of $13,379 from the previous quarter. There were no major differences between the two quarters. A loss of $55,729 was recorded during the quarter ended August 31, 2012. This was a decrease of $389,874 from the loss of $445,603 recorded in the prior quarter. The decrease was mostly due to the loss on sale of TBwaP of $343,983 incurred during the prior quarter.

Liquidity and capital resources

The Company commenced fiscal 2014 with working capital of $25,722 and cash of $25,718. As at May 31, 2014, the Company had working capital of $251,231 and cash of $249,513. Operating expenditures incurred during the year ended May 31, 2014 were primarily funded from the cash on hand at May 31, 2013, and from the exercise of 3,035,001 warrants for total proceeds of $303,500.

The Company will need to raise funds through debt or equity offerings in order to have sufficient working capital to sustain its operations for the 2015 fiscal year.

Related party transactions

During the year ended May 31, 2014, the Company entered into the following transactions with related parties:

(a) The Company paid or accrued management fees of $Nil (2013 - $15,000) and rent of $13,500 (2013 - $9,500) to Brugas Holdings Inc., a company controlled by the Chief Financial Officer and director of the Company.

(b) The Company paid or accrued management fees of $Nil (2013 - $15,000) and rent of $Nil (2013 - $1,849) to Raincoast Capital Inc., a company controlled by the former President and director of the Company.

(c) The Company paid or accrued administrative fees of $Nil (2013 - $12,250) to the Company's former corporate secretary.

During the year ended May 31, 2013, the Company acquired the Purple Onion Claims from a company with a common director.

As at May 31, 2014, $Nil (May 31, 2013 - $15,000) is owed to directors and companies controlled by directors of the Company.

Amounts due to related parties were due to officers and companies controlled by directors and officers, were unsecured, were non-interest bearing and had no specific terms of repayment.

Off Balance Sheet Arrangements

The Company has no off Balance Sheet arrangements.

Investor Relations

The Company has no investor relations agreements.

Commitments

The Company has no commitments.

Financial and capital risk management

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 the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, and accounts payable and accrued liabilities approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2014, the Company had cash balances of $249,513 (2013 - $25,718) and current liabilities of $221 (2013 - $15,247).

The Company has historically relied on equity and debt financings to satisfy its capital requirements and will continue to depend heavily upon equity capital and debt to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms.

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.

Foreign currency risk

The Company's functional currency is the Canadian dollar and the majority of its purchases are transacted in Canadian dollars. From time to time, the Company funds certain operations, exploration and administrative expenses in US$ on a cash call basis using US$ currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities. The Company relies mainly on equity issuances and loans from related parties to raise new capital. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of operating expenditures and monitors actual expenditures compared to the estimates in an effort to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to negotiate premium interest rates on savings accounts or to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated at any time without interest penalty. The Company will require additional financing in order to provide working capital to fund costs for the current year. These financing activities may include issuances of additional debt or equity securities.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

New standards not yet adopted

The Company is currently assessing whether or not the adoption of the following standards will have a material effect on the Company's future financial statements:

IFRS 9, "Financial Instruments"

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2018. Early adoption is permitted and the standard is required to be applied retrospectively.

IAS 32, "Financial Instruments: Presentation"

The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The amended standard is effective for annual periods beginning on or after January 1, 2014.

Events after the reporting period

None.

Outstanding Share Data

Securities issued during the year ended May 31, 2014: 3,035,001 common shares

As at July 18, 2014:

- Class	Common Shares
- Authorized	Unlimited, without par value
- Issued	16,727,236

Options and Warrants Outstanding:

As at July 18, 2014, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
12,500	$ 5.20	January 18, 2015
12,500	2.40	May 20, 2015
25,000		

As at July 18, 2014, the Company had no outstanding share purchase warrants.

Total number of shares in Escrow/Pooled as at July 18, 2014: Nil

Corporate governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three directors, all of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

Directors and Officers: (as at July 18, 2014):

Salvatore Giantomaso: President and Director
Bruno Gasbarro: Chief Financial Officer and Director
Arndt Roehlig: Director
Jurgen Wolf: Director

Company contact:
Bruno Gasbarro @ 604-936-2701

On behalf of the Board of Directors

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Bruno Gasbarro – July 18, 2014