CANADIAN OREBODIES

Management's Discussion and Analysis

of the Financial Condition and Results of Operations

Year ended January 31, 2014

May 28, 2014

The following discussion of financial performance and condition should be read in conjunction with the audited financial statements of Canadian Orebodies Inc. (the "Company") for the year ended January 31, 2014 and the year ended January 31, 2013 and the notes thereto, that have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated. This report which is dated May 28, 2014 has been approved by the Board of Directors and the Company's other public filings can be reviewed on the SEDAR website. (www.sedar.com).

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. Also refer to the ***Risks and uncertainties*** section of this MD&A.

Corporate Information

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (of Alberta) on January 28, 2008. On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts carried in the financial statements for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of such properties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Company Highlights

Farley Lake Mine Project Option

On November 12, 2013, the Company executed an option agreement with Carlisle Goldfields Ltd. (TSX:CGJ) ("Carlisle") pursuant to which the Company was granted the option to acquire a 10% non-diluting interest in the mining claims and mining leases comprising the Farley Lake Mine Project located near the town of Lynn Lake, Manitoba, in which Carlisle held a 100% interest.

In order to acquire its interest in the property, the Company was required to incur aggregate exploration expenditures on the property of $800,000 by December 31, 2013 (completed). Upon the Company acquiring its interest, the parties entered into a joint venture agreement pursuant to which Carlisle shall incur all further expenditures on the property until it reaches commercial production. After the commencement of commercial production, the Company and Carlisle will be obligated to contribute funds to approved programs and budgets of the joint venture in proportion to their respective participating interests.

At any time prior to April 30, 2016, the Company shall be entitled to transfer such interest back to Carlisle upon 15 days prior written notice (the "Put Right") in exchange for the issuance to the Company of Carlisle shares with an aggregate value of $800,000, with each Carlisle share being valued at the greater of $0.10 per Carlisle share and the volume weighted average trading price of the Carlisle shares traded on the TSX for the twenty (20) days where transactions have been recorded on those shares immediately preceding the date of the Back-In Notice or Put Notice (the "Reference Price"). Further, at any time after December 31, 2014 and on or prior to April 30, 2016, Carlisle shall have the right (the "Back-In Right") to require that the Company transfer such interest back to Carlisle upon 15 days prior written notice to the Company, in exchange for the issuance to the Company of Carlisle Shares with an aggregate value of $800,000, with each Carlisle share being valued at the Reference Price, provided that if: (a) the Reference Price of Carlisle's shares for purposes of such issuance is less than the minimum price permissible by the TSX; or (b) such issuance would result in the issuance to the Company of a number of Carlisle Shares that would be equal to 10% or more of the outstanding Carlisle Shares, Carlisle shall not be permitted to exercise the Back-In Right.

Overall Performance

As at January 31, 2014, the Company had assets of $17,700,621 and a net equity position of $17,429,555. This compares with assets of $18,450,797 and a net equity position of $17,773,928 at January 31, 2013.

Review of Operations

Recent Activity

On May 22, 2013, the Company granted incentive stock options to Directors, Officers and consultants of the Company in the aggregate amount of 3,125,000 under the terms of the incentive stock option plan of the Company. The options are exercisable at a price of $0.10 per share for a period of five years and are subject to a four month hold period from the date of the issuance thereof.

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On April 28, 2014, the Company exercised its Put Right (as previously described) to transfer its 10% interest back to Carlisle in exchange for 8,000,000 common shares in Carlisle. The Carlisle shares were received on May 1, 2014 with an aggregate value of $400,000, and are subject to a four month hold expiring on September 2, 2014. The Put Right was exercised to give the Company additional financial flexibility, while still enabling the Company to benefit from any further advancement of the Farley Lake Project through its shareholding in Carlisle.

On April 28, 2014, the Company granted incentive stock options to Directors, Officers and consultants of the Company in the aggregate amount of 4,925,000 under the terms of the incentive stock option plan of the Company. The options are exercisable at a price of $0.05 per share for a period of five years and are subject to a four month hold period from the date of the issuance thereof.

Portfolio of Properties

Exploration Expenditures by Property

During the year ended January 31, 2014 the Company incurred a total of $1,125,457 in exploration expenditures across all of its projects, and took write-offs totalling $14,352 relating to the decision to let two claims that were part of the Lithium and Rare Metals Project lapse.

The majority of exploration expenditures during the year ended January 31, 2014 were incurred on the Farley Lake Project, as the Company was required to complete expenditures totalling $800,000 in order to earn its 10% non-diluting interest. The expenditures covered the majority of an in-fill drilling campaign that was managed and operated by Carlisle Goldfields Ltd. The goal of the program was to upgrade the existing inferred resources.

The Company incurred $177,452 in expenditures for the Belcher Islands Iron Project, which included preliminary mineralogical and metallurgical work, and transportation expenses to remove fuel and equipment from the site. Due to the challenging environment in the iron market, the Company does not plan to spend any significant additional funds on the Belcher Islands Iron Project until conditions improve. The Company has completed sufficient exploration expenditures to keep the claims in good standing for a number of years.

The Company spent $105,829 on the Trump and Hawkins projects during the year ended January 31, 2014. At the Trump Project, the Company gathered additional geophysical data to improve the drill-hole targets for future exploration. At the Hawkins Project, the Company sampled historical drill core to perform ICP analysis and a trace element geochemistry study.

For the Lithium and Rare Metals Project, the Company spent $58,365 to fulfill its option requirements and subsequently purchase the remaining 20% of the Zig Zag Property. All the Lithium and Rare Metals properties are now 100%-owned by the Company. The Company wrote-off $14,352 due to the decision to let the Greenbush and Niemi property claims lapse, and also recovered $16,189 in previously incurred exploration costs.

A complete breakdown of the exploration expenditures by project and category is provided below:

Property	**Belcher Islands Iron**		**Farley Lake**		**Lithium & Rare Metals**		**Trump & Hawkins**		**Total**	
Year ended	**31-Jan-2014**	**31-Jan-2013**	**31-Jan-2014**	**31-Jan-2013**	**31-Jan-2014**	**31-Jan-2013**	**31-Jan-2014**	**31-Jan-2013**	**31-Jan-2014**	**31-Jan-2013**
Balance, beginning of year	**$ 14,024,555**	**$ 5,563,895**	**$ -**	**$ -**	**$ 1,233,548**	**$ 1,191,791**	**$ 639,655**	**$ 630,955**	**$ 15,897,758**	**$ 7,386,641**
Acquisition & Staking Costs	17,712	4,011,919	-	-	58,365	23,238	-	8,700	76,077	4,043,857
Assays & Sampling	27,698	219,361	120,642	-	-	96	14,360	-	162,700	219,457
Camp Costs & Equipment	11,384	502,139	17,064	-	-	-	-	-	28,448	502,139
Consulting	-	56,451	-	-	-	983	3,440	-	3,440	57,434
Drilling	-	2,574,396	464,733	-	-	-	-	-	464,733	2,574,396
Geology	11,989	403,080	169,564	-	-	16,076	33,197	-	214,750	419,156
Geophysical	-	-	-	-	-	-	42,092	-	42,092	-
Recovery of Costs	-	-	-	-	(16,189)	-	-	-	(16,189)	-
Salaries & Labour	6,408	183,331	6,237	-	-	-	-	-	12,645	183,331
Transportation	102,261	509,983	21,760	-	-	1,365	12,740	-	136,761	511,347
Write-offs	-	-	-	-	(14,352)	-	-	-	(14,352)	-
Total for period	**177,452**	**8,460,660**	**800,000**	**-**	**27,824**	**41,757**	**105,829**	**8,700**	**1,111,105**	**8,511,117**
Balance, end of year	**$ 14,202,007**	**$ 14,024,555**	**$ 800,000**	**$ -**	**$ 1,261,372**	**$ 1,233,548**	**$ 745,484**	**$ 639,655**	**$ 17,008,863**	**$ 15,897,758**

Belcher Islands Iron

The Company has a 100% interest in the Belcher Islands Iron Project ("Belcher Project"), which covers 29,439 hectares located on the Belcher Islands in Nunavut, Canada. The project consists of over 7,623 hectares of Inuit Owned Land and 29 claims covering 21,816 hectares of Municipal Land. A significant amount of exploration work, including numerous widely-spaced diamond drill holes, was carried out on the property during the 1950's by Belcher Mining Corporation Ltd. Over the past 3 years the Company has drilled 97 holes on a number of target areas within the Belcher Project. The Company's 2011 exploration program culminated in a NI 43-101 Resource Estimate prepared by George Wahl of GH Wahl & Associates Consulting, which was effective February 6, 2012. The Belcher Project is host to the Haig Inlet Deposit which has an indicated resource of 230 million tonnes at 35.17% Fe and an additional inferred resource of 289 million tonnes at 35.47% Fe.

The Haig Inlet Deposit is a Lake Superior Type iron formation, is Paleoproterozoic (1,880 Ga) and is located at the western edge of the Superior Province. This iron formation is thought to have been deposited under similar conditions and timing as the Sokoman Formation which hosts the Labrador Trough iron deposits. Many of the stratigraphic sub-units of the Sokoman can be correlated to similar units in the Kipalu Formation which hosts the Haig Inlet deposit. The Kipalu Iron Formation hosts the Haig Inlet Iron mineralization and is overlain by a sequence of flood basalts. The iron formation is comprised of granular cherts and banded red cherts suggesting an alternating sequence of near shore environment with deposition above and below the wave base and a deeper and quieter marine environment. Lake Superior Type deposits mineralized predominantly with hematite have been successfully mined and concentrated at mining operations in the Labrador Trough since 1954.

Farley Lake Project

The Company held a 10% non-diluting interest in the Farley Lake Mine Project ("Farley Lake Project") operated and 90% owned by Carlisle Goldfields Ltd. (TSX:CGJ) ("Carlisle"). The Company earned the interest by incurring aggregate exploration expenditures on the property of $800,000 by December 31, 2013. Carlisle shall now incur all further expenditures on the property until it reaches commercial production. After the commencement of commercial production, the Company and Carlisle will be obligated to contribute funds to approved programs and budgets of the joint venture in proportion to their respective participating interests.

At any time prior to April 30, 2016, the Company shall be entitled to transfer such interest back to Carlisle upon 15 days prior written notice (the "Put Right") in exchange for the issuance to the Company of Carlisle shares with an aggregate value of $800,000, with each Carlisle share being valued at the greater of $0.10 per Carlisle share and the volume weighted average trading price of the Carlisle shares traded on the TSX for the twenty (20) days where transactions have been recorded on those shares immediately preceding the date of the Back-In Notice or Put Notice (the "Reference Price"). Further, at any time after December 31, 2014 and on or prior to April 30, 2016, Carlisle shall have the right (the "Back-In Right") to require that the Company transfer such interest back to Carlisle upon 15 days prior written notice to the Company, in exchange for the issuance to the Company of Carlisle Shares with an aggregate value of $800,000, with each Carlisle share being valued at the Reference Price, provided that if: (a) the Reference Price of Carlisle's shares for purposes of such issuance is less than the minimum price permissible by the TSX; or (b) such issuance would result in the issuance to the Company of a number of Carlisle Shares that would be equal to 10% or more of the outstanding Carlisle Shares, Carlisle shall not be permitted to exercise the Back-In Right.

Geologically, the Farley Lake Project is situated in the north belt of the Lynn Lake greenstone belt, within the Churchill Structural Province of the Canadian Shield. The north belt is a north-facing homocline and consists of rhyolites, overlain by andesite and basalt, sedimentary rocks, and an upper basaltic unit. The Farley Lake Project is hosted in a Precambrian sedimentary iron formation. The iron formation in the area is 6 km long by 600 m wide and is predominantly composed of an oxide facies iron formation that is intercalated with clastic sediments. Mineralization is in discordant sulphide lenses within silicified, chloritized, and sulphidized oxide facies iron formation. The Farley Lake Deposit is thought to be an epigenetic iron-formation hosted gold deposit.

For more information on the Farley Lake Mine Project, including the 43-101 Technical Report authored by P & E Mining Consultants Inc., please visit Carlisle's filings on SEDAR or www.carlislegold.com.

On April 28, 2014, the Company exercised its Put Right and transferred its 10% interest back to Carlisle in exchange for 8,000,000 common shares of Carlisle. On May 1, 2014 the Company received the Carlisle shares valued at $400,000.

Lithium and Rare Metals

The Company has 5 Lithium and Rare Metals properties (the "Lithium Project") which in total consist of 286 claim units comprising 4,576 hectares, all of which are 100%-owned. The ZigZag and Dempster properties are located near Crescent Lake, Ontario, and together cover 145 claim units consisting of 2,320 hectares. The Falcon, Despard, and Outer ZigZag properties are located near Falcon Lake, Ontario, and cover 125 claim units consisting of 2,000 hectares. The Vegan property is located near Barbara Lake, Ontario, and covers 16 claim units consisting of 256 hectares.

The Lithium Project is located within the northeastern region of the Wabigoon Sub-Province of the Achaean Superior Province, along a 130 kilometre long boundary zone with the English River Sub-Province. The boundary is marked by a major, anastomosing east-west trending suture and hosts numerous pegmatite dykes which have intruded amphibolite facies meta-volcanic rocks of the Wabigoon Sub-Province and occasionally meta-wackes of the English River Sub-Province. The east-west trending Caribou Lake-O'Sullivan Greenstone Belt underlying the Lithium Project is composed of the older Marshall Lake Group and the younger Toronto Lake Group, which are sandwiched by the Robinson Lake Batholith to the south and the English River Sub-Province to the north. The Summit Lake Batholith, a tonalitic to quartz-dioritic intrusive complex, has intruded the northeastern portion of the belt and is thought to be the parent magma to the Crescent Lake and Falcon Lake Group Pegmatite Dykes.

Trump Property

The Trump Property consists of 96 claim units comprising 1,536 hectares in the James Bay Lowlands near McFaulds Lake, Ontario. The Company holds an 80% interest through a joint venture agreement with Rainy Mountain Royalty Corp ("Rainy Mountain"). The property is located 28 km south east of the Norton nickel-copper-cobalt-PGE deposit, held by Rainy Mountain and approximately 128 km south west of the Noront Resources Ltd. Eagle Nest nickel-PGE deposit.

Data collected during airborne magnetic surveys flown in 2008 was reinterpreted using additional information uncovered by other discoveries in the "Ring of Fire" area. The resulting conclusions show that the Trump Property features a complex magnetic environment that could represent a volcanogenic environment with the potential of hosting VMS deposits and possibly magmatic sulphides. As a result, eight separate electromagnetic conductor targets that are interpreted to represent conductive sulphide zones have been outlined on the property. These occur along a magnetic feature that is interpreted to be a folded ultramafic complex which is a favourable environment for nickel-copper, or volcanogenic massive sulphide deposits.

Hawkins Property

The Hawkins Property, located 120 km South of Hearst, Ontario, consists of 111 claim units covering a total area of 1,776 hectares. The property is host to the historic Shenango Gold Mine. The Shenango prospect was in production during 1936, 1937 and 1945. Two shafts were sunk to 52 and 125 feet and an adit was driven 90 feet while following auriferous quartz veins cutting mafic metavolcanics. In the mid-1980's Falconbridge Exploration Ltd. carried out an extensive shallow drilling program and defined a low-grade auriferous felsic horizon with values of 1 to 4 grams per ton gold over 4 to 30 meter widths along a minimum strike length of 3 to 4 kilometers. No thorough drilling was carried out to evaluate these felsic volcaniclastic units at depth or to the west.

McFaulds Lake 'Ring of Fire' Royalty and Equity Interests

In May 2010, the Company entered into an agreement with Noble Mineral Exploration Inc. ("NOB", formally Ring of Fire Resources Inc. and Hawk Uranium Inc.) by which the Company sold its interest in eight 100% owned northern properties (the "Northern Properties") and seven 50% owned southern properties (the "Southern Properties"). The agreement entitles the Company to a 10% NPI royalty on the Northern Properties and a 10% NPI royalty on the portion of the Southern Properties acquired by NOB, which would be converted to a 0.15% NSR royalty if NOB's interest in the Southern Properties is reduced to less than 10% and therefore converted to a NSR royalty. As consideration for the sale, the Company received 5,000,000 common shares of NOB and 4,000,000 warrants of NOB to purchase shares at a price of $0.15 for four years. NOB subsequently sold the Northern Properties and Southern Properties to Macdonald Mines Exploration Ltd. ("BMK").

Summary of Quarterly Results

($)	Nov. 1, 2013 to Jan. 31, 2014	Aug. 1, 2013 to Oct. 31, 2013	May 1, 2013 to Jul. 31, 2013	Feb. 1, 2013 to Apr. 30, 2013
Total revenues	-	-	-	-
Net loss before other comprehensive loss	81,011	(121,817)	(348,165)	(146,104)
Net loss and comprehensive net loss per share – basic and fully diluted	0.00	(0.00)	(0.00)	(0.00)
Total assets	17,700,621	17,870,413	17,999,807	18,267,107
Long-term debt	Nil	Nil	Nil	Nil
Shareholders' equity	17,429,555	17,348,544	17,480,361	17,697,276
Cash dividends declared per common share	Nil	Nil	Nil	Nil

($)	Nov. 1, 2012 to Jan. 31, 2013	Aug. 1, 2012 to Oct. 31, 2012	May 1, 2012 to Jul. 31, 2012	Feb. 1, 2012 to Apr. 30, 2012
Total revenues	-	-	-	-
Net loss before other comprehensive loss	(23,507)	(183,131)	(135,796)	(642,328)
Net loss and comprehensive net loss per share – basic and fully diluted	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	18,450,797	14,854,538	14,271,440	9,819,478
Long-term debt	Nil	Nil	Nil	Nil
Shareholders' equity	17,773,928	14,037,613	13,362,672	9,503,638
Cash dividends declared per common share	Nil	Nil	Nil	Nil

Results of Operations

For the year ended January 31, 2014, the Company incurred a loss of $535,075 compared to $984,762 for the prior year for a decrease of $449,687. The large decrease was due to an overall reduction in expenditures as part of an effort by the Company to minimize costs and conserve capital during the past year.

In addition, the Company had other comprehensive loss comprised of an unrealized loss of $25,000 compared to a loss of $350,000 for the comparative period with respect to marketable securities held on hand.

Results of Operations for the year ended January 31, 2014 as compared to the year ended January 31, 2013

For the year ended January 31, 2014, the Company expensed $97,205 in professional and consulting fees as compared to $255,034 in the corresponding period of the preceding year for a decrease of $157,829. The decrease is primarily due to legal and audit costs incurred during the period ended January 31, 2013 with respect to a proposed re-organization of the Company which was deferred as a result of deteriorating conditions in the marketplace. Also contributing to the decrease was the Chief Financial Officer being recognized as an employee effective March 1, 2013, as opposed to as a consultant previously.

For the year ended January 31, 2014, the Company incurred $358,407 (2013 - $324,391) for management and administrative expenses with respect to payroll. The increase in expenses was due to the Chief Financial Officer being recognized as an employee effective March 1, 2013.

Office and administrative expenses were $91,920 for the period (2013 - $92,705) for a net decrease of $785.

Shareholder information expense for the year ended January 31, 2014 was $79,375 (2013 - $195,841) for a decrease of $116,466.

For the year ended January 31, 2014, the Company earned interest on its cash investments aggregating $10,212 (2013 - $22,743).

In accordance with IFRS reporting, an investment loss of $25,200 (2013 – loss of $146,400) is recognized in operations and is the difference between the fair value of the 4,000,000 Noble Mineral Exploration Inc. warrants at January 31, 2014 and January 31, 2013.

Deferred premium on flow through benefits is the amortized portion of the premium paid from flow-through shares which is in excess of the market value of the share at the time of issuance. The amount recognized as income is based on a pro-rated basis of the corresponding eligible expenditures that have been incurred with respect to the renunciation of expenses to the subscribers of the flow-through shares. During the year ended January 31, 2014, $318,600 (2013 - $438,650) was recognized as income.

In addition, an unrealized loss of $25,000 (2013 - loss of $350,000) with respect to marketable securities was recognized in other comprehensive income.

Objectives and Milestones

The objectives of the Company are to (i) enhance its geological knowledge of its Haig Inlet Iron Project and its Lithium/Rare Metals Properties (ii) develop targets on the properties for future sampling and drilling programs; and (iii) target, review and, if desirable, acquire and develop additional mineral assets in order to augment and strengthen its current mineral property portfolio.

In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history or location of the properties, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental issues; land title; competition; and, the potential failure of the Company to generate adequate funding for any such acquisitions. See the ***Risks and Uncertainties*** section of this MD&A.

Liquidity and Capital Resources

As at January 31, 2014, the Company had working capital of $420,692 (January 31, 2013 – $1,876,170). See ***Risks and Uncertainties – Liquidity Risk***. The working capital at January 31, 2014 and at January 31, 2013 includes $233,035 due to a related party that accrues no interest and has no fixed term of repayment.

During the year ended January 31, 2014, the Company received $nil (2013 - $23,191) from the exercise of share purchase warrants (2013 – 199,258 warrants exercised at between $0.09 to $0.18 per share).

The Company estimates that its corporate and general costs to maintain the requirements of a listed company for the next twelve months will total approximately $500,000. The Company currently has sufficient working capital to fund its corporate and general costs, however the Company does not currently have sufficient resources to repay the related party loan. The Company will have to monetize its interest in one or more of its properties or raise additional capital in the next year to continue operations.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future from the end of the reporting period. The Company believes it has sufficient working capital to meet its short-term obligations over the next twelve months. In order to meet its medium to long-term working capital obligations, the Company will require and is actively seeking further financing to ensure that those obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the Company's financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the interim financial statements.

The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. If the Company's exploration programs are successful, additional funds will be required to develop the Company's properties and, if successful, to place them in commercial production. The only sources of future funds available to the Company are further offerings of either debt or equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

Capital Management

In managing its capital, the Company's primary objective is to ensure the entity can continue as a going concern as well as to provide optimal returns to its shareholders, in the long term. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative returns on capital criteria for management due to the nature of the industry, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be equity, which is comprised of share capital, reserves and accumulated deficit, which at January 31, 2014 totaled $17,429,555 (January 31, 2013 - $17,773,928).

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

1. attempting to maintain a liquidity cushion in order to address any potential disruptions or industry downturns;
2. minimizing discretionary disbursements;
3. reducing or eliminating exploration expenditures that are of limited strategic value; and
4. exploring alternative sources of liquidity.

As such, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the Company's relative size, is reasonable.

There were no changes in the Company's approach to capital management during the year ended January 31, 2014. The Company is not subject to externally imposed capital requirements.

Critical Accounting Policies and Estimates

Mineral Properties and Deferred Exploration Expenditures

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Share-based Compensation

The share option plan allows the Company’s employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Related-party Transactions

During the year ended January 31, 2014, a total of 3,075,000 (2013 – 1,500,000) share options were granted to directors and officers of the Company.

During the year ended January 31, 2014, the Company incurred exploration costs aggregating $15,164 (2013 - $1,388,784) to Cyr Drilling International Inc., a drilling company controlled by Gordon Cyr, a director of the Board. These services were incurred in the normal course of operations for the Company's exploration program at the Belcher Islands Iron Project. All services were made on terms equivalent to those that prevail with arm's length transactions.

As at January 31, 2014, the Company has a loan from 695202 Ontario Limited, a corporation controlled by a relative of Gordon McKinnon, the Chief Executive Officer and a director of the Board, in the amount of $233,035 (2013 - $233,035) and is due on demand as at January 31, 2014. The loan is interest free, unsecured and no repayment terms exist.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Off-balance Sheet Transactions

During the year ended January 31, 2014, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

Dividends

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Risks and Uncertainties

Credit Risk

The Company deposits cash with financial institutions it believes to be creditworthy. In some circumstances, cash balances at these financial institutions may exceed the federally guaranteed amount. The Company’s current credit risk is primarily attributable to cash and HST recoverable. Cash is held with a reputable, Tier A Canadian chartered bank and as such, management believes the risk of loss to be minimal. HST recoverable is due from the federal government of Canada. Management believes that the credit risk with respect to financial instruments included in HST recoverable is minimal and remote.

Liquidity Risk

The Company’s ability to remain liquid over the long term depends on its ability to obtain financing necessary to complete exploration and development of its mineral properties and their future profitable production or, alternatively, upon the Corporation’s ability to dispose of its interest on an advantageous basis.

As mentioned previously in this MD&A, as at January 31, 2014, the Company had a working capital of $420,692 (January 31, 2013 – $1,876,170). The Company is seeking additional capital to increase its liquidity over the medium to long term. All of the Company’s accounts payable and accrual liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. As such, the Company believes that its liquidity risk is minimal.

Market Risk

Currency Risk

The Company has no foreign currency denominated assets or liabilities. Major purchases are transacted in Canadian dollars and therefore the Company has no material foreign currency exposure at January 31, 2014.

Interest Rate Risk

The Company has cash and cash equivalents balances and no interest-bearing debt. Interest rate risk is remote.

Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of financial instruments of the Company. Except for marketable securities, the Company's other financial instruments (cash, HST recoverable, accounts payable and accrued liabilities and due to a related party) are not subject to price risk.

Commodity Price Risk

The Company is exposed to price risk with respect to iron and other commodity prices, such prices impacting the future economic feasibility of its exploration properties. The Company closely monitors iron and other commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period.

The Company's marketable securities are sensitive to a plus or minus 50% change in Canadian equity prices which would affect comprehensive income (loss) by approximately $87,900.

Fair Value

The Company has designated its cash as held-for-trading. HST recoverable is classified for accounting purposes as loans and receivables, which are measure at amortized costs which equals fair value. Marketable securities are valued at the bid price as at January 31, 2014. Accounts payable and accrued liabilities and amounts due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equal fair value. Fair values of accounts receivable, marketable securities, accounts payable and accrued liabilities and amounts due to a related party are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements.

As at January 31, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Additional Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company’s properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company’s ability to obtain financing.

Environmental and Permitting

All aspects of the Company’s operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company’s operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company’s ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Political Risk

All of the Company’s properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada, which the Company believes to be low. The Company’s mineral exploration activities could be affected in varying degrees by future political instability and or government regulation relating to foreign investment and the mining business. Although not expected, operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company may not always own 100% of the mineral concessions. Similarly, any non-compliance with or non-satisfaction of the terms of the Option by the Company could affect its ability to exercise the Option and earn its interest in the mining concessions and assets relating to properties.

Mining concessions may not include surface rights and there can be no assurance that the Company will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations. The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company operations and financial performance.

Disclosure of Outstanding Share Information

The following table sets forth information concerning the outstanding securities of the Company as at May 28, 2014:

Common Shares of no par value	**Number**
Shares	163,420,290
Warrants (including finder's unit warrants)	5,570,000
Options	13,300,000

Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework that has been used is the COSO framework. There were no changes in the Company's ICFR that occurred that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Additional Information

Additional information relating to the Company is available on the Internet at the SEDAR website located at www.sedar.com or the Company's website located at www.canadianorebodies.com.