FORM 51-102F1

MANAGEMENT'S DISCUSSION & ANALYSIS
DECLAN RESOURCES INC.
(THE "COMPANY")

May 28, 2013

The following management's discussion & analysis ("MD&A") provides a review of activities, results of operations and financial condition of the Company for the six months ended March 31, 2013 in comparison with those for the six months ended March 31, 2012. The condensed unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements and, as a result, do not contain all disclosure required under IFRS for annual financial statements. The following management discussion and analysis should be read in conjunction with the Company's annual audited financial statements for the years ended September 30, 2012 and September 30, 2011. All amounts, unless otherwise indicated, are expressed in Canadian dollars.

Forward-Looking Statements

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and are subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Management's Responsibility for Financial Statements

The Company's management is responsible for the presentation and preparation of interim financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

Overview

The Company is a public company incorporated, on August 25, 2005, under the laws of British Columbia. The Company changed its name from Kokanee Minerals Inc. to Declan Resources Inc. on April 6, 2012. The Company is a reporting issuer in British Columbia and its common shares are listed and posted for trading on the TSX Venture Exchange under the trading symbol "LAN". The Company's offices recently moved and are now located at 302 – 1620 West 8th Avenue, Vancouver, B.C., V6J 1V4.

The Company is a natural resource company engaged in the acquisition and exploration and development of resource properties with its primary focus on the development of its mineral property interests in Sierra Leone, while it continues to evaluate new business opportunities.

Sierra Leone Property

The Company received TSX Venture Exchange approval for Declan's acquisition of 100% of the issued common shares of Talos Minerals Ltd. ("Talos") through the exchange of one common share of Declan for each one common share of Talos which is issued and outstanding. Talos is a closely held private B.C. corporation. Talos currently has 24,470,002 issued and outstanding common shares. Talos' principal assets are three mineral exploration licenses in the Kono and Bo districts of Sierra Leone. Talos' exploration licenses are held by its two 85% owned Sierra Leone subsidiaries, Greenstone Minerals (SL) Limited ("Greenstone") and Revonah Resources (SL) Limited ("Revonah"). The remaining 15% of Greenstone and Revonah is held equally by Mr. Jamal Shallop and Mr. Craig McLean, both residents of Sierra Leone.

The Talos license area in the Nimini Hills greenstone formation is in the Kono District in Eastern Sierra Leone. Its Western boundary is contiguous with Polo Resources' Komahun gold discovery which was purchased from AXMIN in December 2011. The Komahan discovery is the second most advanced gold project in Sierra Leone and Polo is currently undertaking a 28,500m resource delineation drill program. This Talos license is 54 sq km and is approximately 200km east of Freetown, the capital of Sierra Leone. Talos completed an initial geochemical sampling program on this license in 2012 and a VTEM (airborne versatile time domain electromagnetic and aeromagnetic geophysical survey) in January 2012. A technical report prepared in accordance with National Instrument 43-101 has been completed on the Nimini Hills property. The Company commenced a 4,000m wireline core drilling program in October 2012 and simultaneously initiated a multi-method ground IP geophysical survey (Gradient IP, HIRIP pole-dipole) in November 2012.

The other Talos exploration licenses are in the southern extension of the Kangari Hills in the Bo District in Central Sierra Leone. Their Northern boundary is contiguous with Cluff Gold's Baomahan gold project which is in the mine construction phase and is the largest and most advanced gold project in Sierra Leone. The two licenses are 144 sq km and 186sq km and are located approximately 120km east of Freetown. The Kangari Hills licenses include the Southern end of the Sula Mountains greenstone formation and there is extensive artisanal activity in the area.

The Company issued 24,470,002 common shares in a share for share exchange with Talos. The Company now owns 100% of Talos.

Morogoro area of Tanzania:

The Company entered into an option agreement, subsequently amended, with AFGF (Tanzania) Limited (the "Optionor") dated May 2, 2011 for an 80% interest in the MEG South Property located in the Morogoro area of east central Tanzania. The agreement was approved by the TSX-V in October 2011.

During fiscal 2012, the Company paid $500,000 and issued 1,200,000 common shares valued at $264,000.

As of September 30, 2012, management decided to discontinue exploration on the property to concentrate its effort in Sierra Leone. The Company recorded a write-off of $764,000.

Handeni area of Tanzania:

The Company entered into an option agreement with AFGF (Tanzania) Limited (the "Optionor") dated May 2, 2011 for an 80% interest in the Handeni North 500 Property located in the Handeni area of east Tanzania. The agreement was approved by the TSX-V in October 2011.

During fiscal 2012, the Company paid $500,000 and issued 1,500,000 common shares valued at $330,000.

The Company terminated the Handeni agreement on October 7, 2012, and wrote off $830,000 as at the year ended September 30, 2012.

On March 7, 2012, the Company terminated its Tanzanian exploration consultant, Mr. Laurence Stephenson and his companies AFGF (Tanzania) Ltd. ("AFGF") and Kokanee Placer Ltd. ("Placer") (collectively called the "Stephenson Group") for cause.

Financing activities:

In the six months ended March 31, 2013, the Company had no financing activity.

In the six months ended March 31, 2012, the Company issued 50,000,000 units for total proceeds of $7,500,000. Each unit consisted of one common share of the Company and one share purchase warrant having a one year term for purchasing of one further common share at exercise price of $0.30 per share. Finder's fees paid totaled $517,707.

Risks and Uncertainties

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in resource properties and the attainment of profitable operations are dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.

b) The most likely source of future funds for further acquisitions and exploration programs undertaken by the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company which are likely to result in substantial dilution to the holdings of existing shareholders.

c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

d) The prices of metals greatly affect the value of and the potential value of its properties. This, in turn greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.

e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.

f) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.

g) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by such undetected defects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward looking statement. The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are, or were conducted.

Overall Performance and Results of Operations

During the six months ended March 31, 2013, the Company incurred a net loss of $2,573,010 from operations compared to a net loss of $782,510 for the six months ended March 31, 2012. Operating expenses for the six months ended March 31, 2013 were $2,593,215 compared to $793,095 for the six months ended March 31, 2012.

Resource property exploration was $1,933,724 for the six months ended March 31, 2013 compared to $296,701 for the six months ended March 31, 2012 which is due to increased exploration activity in Sierra Leone.

These expenses are itemized in the Condensed Interim Consolidated Statement of Comprehensive Loss in the Company's unaudited Financial Statements for the six months ended March 31, 2013 and 2012.

Selected Annual Information

The following table sets out selected annual financial information for the financial years ended 2012, 2011 and 2010. The financial data has been prepared in accordance with IFRS:

Years Ended	**September 30, 2012**	**September 30, 2011**	**September 30, 2010**
Total Revenue	$ Nil	$ Nil	$ Nil
Loss before other items - per share(1)	($2,147,779) ($0.02)	($1,962,864) ($0.07)	($1,028,318) ($0.06)
Loss and comprehensive loss - per share(1)	($3,511,691) ($0.04)	($2,882,028) ($0.10)	($1,138,412) ($0.07)
Total Assets	$6,460,968	$335,566	$362,178
Total Long Term Financial Liabilities	$Nil	$Nil	$Nil
Cash Dividends Declared - per common share	$ Nil	$ Nil	$ Nil

Note:
1. Fully diluted earnings (loss) per share was not calculated as the effect was anti-dilutive.

Operating Expenses

Six months ended March 31, 2013 compared to the six months ended March 31, 2012

Operating expenses for the six months ended March 31, 2013 were $2,593,215 compared to $793,095 for the six months ended March 31, 2012. The major contributors to this change are:

1. Resource property exploration increased to $1,933,724 (2012 - $296,701). The increase is due to increased activity for the exploration work in Sierra Leone.

2. Interest expense decreased to $Nil (2012 - $35,268) due to a short term loan advanced in August 2011 and repaid in the prior quarter.

3. Management fees decreased to $60,176 (2012 - $130,325) as the Company was undergoing management changes in the prior period.

4. Professional fees decreased to $154,091 (2012 - $192,048) due to audit costs and IFRS transition in the prior period.

5. Travel increased to $196,751 (2012 - $95,732) due to management travel to Sierra Leone in the current period.

6. Share-based compensation increased to $114,542 (2012 - $Nil). The increase is due to stock options issued in the current period.

The Company's assets decreased to $4,099,276 as at March 31, 2013 compared to $6,350,971 as at March 31, 2012. This decrease resulted from cash used in operations during the current period.

Summary of Quarterly Results

The following table sets out selected unaudited financial information for the eight most recently completed quarters:

Three Months Ended	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Total Revenue	$Nil	$Nil	$Nil	$Nil
Operating loss - per share[(1)]	($2,593,215) ($0.02)	($1,078,760) ($0.01)	($1,144,729) ($0.01)	($209,955) ($0.00)
Loss and comprehensive loss - per share[(1)]	($2,573,010) ($0.02)	($1,069,858) ($0.01)	($2,520,687) ($0.03)	($208,494) ($0.00)

Three Months Ended	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Total Revenue	$Nil	$Nil	$Nil	$Nil
Loss before other items - per share[(1)]	($251,305) ($0.00)	($541,790) ($0.007)	($31,027) ($0.001)	($305,425) ($0.010)
Loss and comprehensive loss - per share[(1)]	($249,268) ($0.00)	($533,242) ($0.007)	($950,191) ($0.034)	($305,425) ($0.010)

Note:
1. Fully diluted earnings (loss) per share was not calculated as the effect was anti-dilutive.

Liquidity and Capital Resources

The Company's cash position was $1,246,910 as at March 31, 2013, compared to $4,717,170 as at March 31, 2012. The Company had working capital of $780,857 as at March 31, 2013 compared to a working capital of $4,402,761 as at March 31, 2012. The decrease in the Company's cash position and working capital was a direct result of operating activities.

Off Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements or transactions.

Transactions with Related Parties

The following were transactions with related parties during the six months ended March 31, 2013:

1. Paid or accrued management fees of $30,000 (2012 - $69,800) to Carsonby Enterprises Inc., a Company controlled by Michelle Gahagan a director of the Company.

2. Paid or accrued accounting fees of $42,000 (2012 - $26,800) to J W Jardine & Company Ltd. a Company controlled by John Jardine, former CFO of the Company.

3. Paid or accrued consulting fees of $84,000 (2012 - $Nil) to McLean CA&CP a Company controlled by Craig McLean, a director of the Company.

4. Paid or accrued management fees of $30,176 (2012 - $Nil) to Tyson King, a director of Talos Minerals Ltd.

As at March 31, 2013 accounts payable and accrued liabilities included $400,000 (2012 - $87,615) owing to directors and companies controlled by a common director for fees. The amounts owing are unsecured, non-interest bearing and have no fixed repayment terms.

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

Proposed Transactions

The Company does not have any current proposed asset or business acquisitions or dispositions; however, the Company continues to seek new business opportunities and to raise capital.

Subsequent Events

There were no subsequent events.

New standards, Interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective, and have not been applied in preparing this interim financial statement. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these

standards might have on its financial statements.

The Company intends to adopt IFRS 10, IFRS 11 and IFRS 12, including the amendments issued in June 2012, in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 10 and IFRS 11 to have a material impact on the financial statements. The Company expects that adoption of IFRS 12 will increase the current level of disclosure of interests in other entities.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements.

ii) defines the principle of control, and establishes control as the basis for consolidation

iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee

iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation-Special Purpose Entities.

Joint Ventures

IFRS 11 Joint Arrangements establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

Disclosure of involvement with other entities

IFRS 12 Disclosure of Involvement with Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effect of those interests on its financial position, financial performance and cash flows.

Fair value measurement

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less cost to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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.

Financial instruments

IFRS 9 Financial Instruments was issued in November 2009 and 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, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2015. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Shares Issued and Outstanding:

As at the effective date of this MD&A there were 108,353,676 common shares issued and outstanding.

Warrants:

As at the effective date of this MD&A, the Company had 7,296,308 share purchase warrants outstanding.

Stock options:

As at the effective date of this MD&A, the Company had 6,950,000 stock options outstanding of which 2,316,667 were fully vested and exercisable.

Additional Information

Additional information relating to the Company is available under the Company's profile on SEDAR, located on the internet at www.sedar.com.

Directors and Officers

The Company's directors and officers as at the effective date of this MD&A are:

Directors:

Michelle Gahagan
Garry Clark
Michael Curtis
Craig McLean
Wayne Tisdale
Gordon King
Jamal Shallop, Director of subsidiaries, Greenstone Resources SL and Revonah Resources SL
Tyson King, Director of subsidiary, Talos Minerals Ltd.

Officers:

Wayne Tisdale, President & CEO
John Parker, CFO
Leah Martin, Corporate Secretary