

**DECLAN RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Expressed in Canadian Dollars)

**Three Month Period Ended  
December 31, 2015**

**Report Date - January 12, 2016**

**DECLAN RESOURCES INC.**  
**Management's Discussion and Analysis**  
**Three Month Period Ended December 31, 2015**

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**Introduction**

Declan Resources Inc. ("Declan" or the "Company") is a public company incorporated on August 25, 2005, under the laws of British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta, and its common shares are listed and posted for trading on the TSX Venture Exchange under the trading symbol "LAN". The Company's offices are located at 302 - 1620 West 8<sup>th</sup> Avenue, Vancouver, BC, V6J 1V4.

The Company is a natural resource company engaged in the acquisition, exploration and development of resource properties in North America. The Company's in conjunction with its joint venture partner, Opal Energy Corp. ("Opal"), is currently focused on evaluating the potential of the Firebag River property to host economic quantities of silica sand to be used in the fracking process for shale gas exploration.

In accordance with Form 51-102F1, the following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and financial condition of Declan for the three month period ended December 31, 2015. The following discussion and analysis should be read in conjunction with the Company's condensed interim consolidated financial statements for the three month period ended December 31, 2015 and the audited consolidated financial statements for the years ended September 30, 2015 and 2014 which were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars.

**Overall Performance and Results of Operations**

**Three Month Period Ended December 31, 2015**

During the three month period ended December 31, 2015 (the "Current Period"), the Company reported income and comprehensive income of \$141,342 compared to a loss and comprehensive loss of \$333,653 for the three month period ended December 31, 2014 (the "Comparative Period"). Operating expenses for the Current Period were \$61,923, compared to \$333,715 for the Comparative Period which represented an overall decrease of \$271,792 or 81%. The major contributors to this change are:

- a) Exploration and evaluation expenditures were \$Nil for the Current Period compared to \$114,398 for the Comparative Period. The primary reasons for the decrease in expenditures are that Opal has sole responsibility under the Firebag River Option Agreement for completing \$300,000 in exploration work over the next two years, and the Company has not had sufficient funding available to it in order to perform additional work on its Saskatchewan mineral claims.
- b) Share-based compensation was \$Nil for the Current Period versus \$56,188 for the Comparative Period. The decrease is due to no stock options vesting in the Current Period.
- c) Investor relations and travel were \$3,137 for the Current Period compared to \$51,191 for the Comparative Period. The Comparative Period consisted of investor relations consulting fees and travel to Europe while management was trying to increase investor awareness of the Company. Due to the current state of equity markets for exploration stage companies, management has decided to discontinue these discretionary expenses and conserve its cash resources.

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**Overall Performance and Results of Operations** (continued)

- d) Management fees were \$15,000 for the Current Period compared to \$48,807 for the Comparative Period. The departure of the former Chief Executive Officer has resulted in a US\$10,000 per month savings to the Company.

**Summary of Quarterly Results**

The following table sets out selected unaudited financial information for the eight most recent quarters. The financial data has been prepared in accordance with IFRS.

<b>Three Months Ended</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>	<b>June 30, 2015</b>	<b>March 31, 2015</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Total Revenue	Nil	Nil	Nil	Nil
Loss from Operations	(61,923)	(112,024)	(202,543)	(713,872)
Income (Loss) and Comprehensive Income (Loss)	141,342	(764,504)	(770,872)	(666,797)
Basic and Diluted Earnings (Loss) per Share	0.00	(0.00)	(0.00)	(0.00)

<b>Three Months Ended</b>	<b>December 31, 2014</b>	<b>September 30, 2014</b>	<b>June 30, 2014</b>	<b>March 31, 2014</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Total Revenue	Nil	Nil	Nil	Nil
Loss from Operations	(333,715)	(329,215)	(843,126)	(695,416)
Income (Loss) and Comprehensive Income (Loss)	(333,653)	(736,600)	(3,327,007)	(695,299)
Basic and Diluted Earnings (Loss) per Share	(0.00)	(0.00)	(0.02)	(0.01)

*Note: There were no material variations in the results of the Company over the prior eight reporting periods with the exception of the following:*

- a) *During the quarter ended June 30, 2014, the Company recorded an impairment on its exploration and evaluation assets located in Sierra Leone. The property impairment of \$2,483,944 resulted in a 379% increase in loss and comprehensive loss over the preceding quarter.*
- b) *During the quarter ended December 31, 2015, the Company recorded gain on the revaluation of its investment in Opal common shares totaling \$194,000.*

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**Liquidity and Capital Resources**

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future.

The Company had a cash position of \$9,808 and a working capital deficit of \$652,159 as at December 31, 2015, compared to \$512 and 1,221,905, respectively, as at September 30, 2015. The improvement in the Company's working capital deficit was a direct result of the extension of notes payable from one to three years and the appreciation in the value of the Company's investment in Opal Energy Corp.

The Company has greatly reduced its near term cash requirements after completion of the Firebag option agreement with Opal Energy Corp. and with its decision not to proceed with exploration on other exploration projects.

Financing activities

During the three month period ended December 31, 2015, the Company received \$54,200 from the issuance of notes payable which bear interest at 10% per annum, payable quarterly, and mature in three years.

During the year ended September 30, 2015, the Company received \$374,204 from the issuance of notes payable which bear interest at 10% per annum, payable quarterly, and mature in one year. On October 15, 2015, the Company entered into amending agreements with the debtors to extend the maturity date of the notes to three years from the original issuance date of the respective notes.

The Company also successfully joint ventured its interest in the Firebag River property and received cash reimbursement of prior expenditures totaling \$156,527.

**Selected Annual Information**

The following table sets out selected financial information for the Company for each of the fiscal years ended September 30, 2015, 2014 and 2013. The selected financial information should only be read in conjunction with the Company's audited annual financial statements for the fiscal year ended September 30, 2015, including the notes thereto.

*Statement of Operations, Comprehensive Loss and Deficit Data:*

	<b>Year Ended September 30, 2015</b>	<b>Year Ended September 30, 2014</b>	<b>Year Ended September 30, 2013</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Revenue	Nil	Nil	Nil
Loss from operations	(1,362,154)	(2,654,873)	(4,283,377)
Loss and comprehensive loss for the year	(2,535,826)	(5,545,958)	(4,265,929)
Loss per share, basic and diluted	(0.01)	(0.04)	(0.04)

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**Selected Annual Information** (continued)

*Balance Sheet Data:*

	As at September 30, 2015	As at September 30, 2014	As at September 30, 2013
	(\$)	(\$)	(\$)
Current Assets	283,159	156,862	324,305
Total Assets	303,433	1,812,018	3,316,836
Current Liabilities	1,505,164	633,587	1,132,154
Long Term Debt	-	-	-
Shareholders' Deficiency	(1,201,631)	1,178,431	2,184,682

**Exploration Property Overview**

Firebag River Property, Alberta, Canada

On October 24, 2013, as amended on September 23, 2014 and November 26, 2015, the Company signed a property option agreement, with 877384 Alberta Ltd., to acquire a 100% interest in the Firebag River property located southwest of the Athabasca Basin in Alberta, Canada. The Company considers the property to be significantly prospective and underexplored. It is situated southwest of the Athabasca Basin and consists of six metallic and industrial minerals permits. It is west of Fission Uranium Patterson Lake South ("PLS") uranium occurrence, and about 30 km south of the southernmost mapped margin of the basin. It also lies adjacent to the east of the Athabasca Minerals silica sand project.

To acquire the property, the Company is required to make a cash payment of \$85,000 (paid), issue 5,000,000 common shares (issued) on or before November 5, 2015 and incur \$300,000 in exploration expenditures on the property on or before November 22, 2016. A total 738,750 common shares were issued as a finder's fee in connection with this acquisition. The Optionor retained a 2% net smelter royalty ("NSR") on metals and a 4% gross overriding royalty ("GORR") with respect to other, non-metallic commodities which are produced from the Firebag River property.

Surface rocks at the Firebag River property consist of a thin-sequence of mature, cretaceous-aged sandstones. At relatively shallow depths, Proterozoic aged rocks of the West Lloyd Domain are generally comprised of granitic gneisses with local pelitic gneiss units. Within this basement domain, the pelitic sequences are associated with uranium mineralization at such notable locations as Cluff Lake and Shea Creek. North of the Firebag River property a significant uranium deposit occurs at Dragon Lake along the Maybelle River Shear Zone. This deposit includes an intersection with 21% U3O8 across 5 meters and reported grades of up to 54.5% U3O8, according to the Alberta Geologic Survey ("AGS") website.

Historic exploration of the Firebag River property is limited; however, regional government and public geophysical survey data shows a complex pattern of magnetic lows and highs, truncated or offset in the northern part of the property by the Marguerite River Fault, a southwest orientated structure interpreted as a splay of the regionally significant Beatty River Fault Zone. The only documented exploration of the Firebag River property specific for uranium was conducted by E&B Explorations Ltd. in 1977. Exploration confirmed the presence of a southwest orientated fault zone, and a geochemical anomaly with 11 ppm cobalt in lake sediments atop this structure. A short distance northeast of the Firebag River property border, historic drill hole 16-1-100-3W4M intersected an approximately 1 meter interval of anomalous radioactivity within sands atop the basement unconformity from 38.7 to 39.6 meters depth.

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**Exploration Property Overview** (continued)

Firebag River Property, Alberta, Canada (continued)

The Company completed an initial review of the Firebag River property in November 2013. Silica sand samples were collected within 2 meters of surface from the exposed sandstones feature and were submitted for analysis to Loring Laboratories Ltd. of Calgary, Alta. The results of the program revealed samples that met or exceeded industry wide API standards over roundness, silica content and sphericity specifications.

The Firebag River property benefits from year round access and nearby train facilities at Fort McMurray, Alberta, a critical advantage due to its close proximity to the growing Western Canada Sedimentary Basin; host to large shale gas reserves in Northeastern BC.

On September 23, 2014, as amended on November 26, 2015, the Company entered into a property option amending agreement to modify the terms of the original agreement. The amendment allows for Opal Energy Corp. ("Opal") to earn up to a 70% interest in the property. The exploration work commitments will be changed from \$3,000,000 to \$300,000 over a two year period and will be made by Opal. The share issuances will remain the same and will be issued by the Company.

In addition, Opal will reimburse the option payments and exploration expenditures incurred to date, make cash payments of \$250,000, and issue 4,000,000 common shares over a two year period to the Company. As at September 30, 2015, the Company had received cash payments of \$206,527 and 2,000,000 common shares valued at \$280,000. A total of \$323,121 was recorded as a recovery of exploration and evaluation assets against the capitalized acquisition cost of Firebag River and the remaining amount of \$163,406 was recorded in the consolidated statement of loss and comprehensive loss as a recovery of exploration and evaluation assets.

This is the first agreement entered into in line with the Company's overall corporate strategy of monetizing, keeping partial ownership in and being able to participate in the upside of the partner's equity.

Other Properties

During the year ended September 30, 2014, the Company acquired properties in Saskatchewan by staking six claims at a cost of \$8,774. No work was performed on these claims during the three month period ended December 31, 2015 or the year ended September 30, 2015.

**Off Balance Sheet Arrangements**

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

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**Transactions with Related Parties**

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the three month periods ended December 31, 2015 and 2014:

Key Management Compensation

	<b>2015</b>	<b>2014</b>
	<b>(\$)</b>	<b>(\$)</b>
Management fees paid or accrued to a corporation controlled by David Miller, former Chief Executive Officer ("CEO") of the Company.	-	33,807
Interest expense paid or accrued to two corporations controlled by Wayne Tisdale, CEO of the Company.	3,501	-
Geological consulting fees paid or accrued to Tyson King, a director of the Company.	4,000	11,000
Professional fees paid or accrued to a corporation controlled by David Hughes, Chief Executive Officer ("CFO") of the Company.	1,000	-
Professional fees paid or accrued to Lesia Burianyk, former CFO of the Company.	-	13,500
Share-based compensation vested for the following individuals:		
• Wayne Tisdale, CEO of the Company		
• Lesia Burianyk, former CFO of the Company		
• Gordon King, a director of the Company		
• Michelle Gahagan, a director of the Company		
• James Newall, a former director of the Company		
• Hikmet Akin, a former director of the Company		
• Tyson King, a director of the Company	-	37,314
<b>Total</b>	<b>8,501</b>	<b>95,621</b>

- a) As at December 31, 2015, a total of \$128,634 (September 30, 2015 - \$128,634) was included in accounts payable and accrued liabilities owing to a corporation controlled by David Miller, former Chief Executive Officer ("CEO") of the Company, for management fees.
- b) As at December 31, 2015, a total of \$2,100 (September 30, 2015 - \$1,050) was included in accounts payable and accrued liabilities owing to a corporation controlled by David Hughes, Chief Financial Officer ("CFO") of the Company, for professional fees.
- c) As at December 31, 2015, a total of \$5,643 (September 30, 2015 - \$5,643) was included in accounts payable and accrued liabilities owing to a corporation controlled by James Newall, a former director of the Company, for geological consulting fees.
- d) As at December 31, 2015, a total of \$25,725 (September 30, 2015 - \$21,525) was included in accounts payable and accrued liabilities owing to Tyson King, a director of the Company, for geological consulting fees.

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**Transactions with Related Parties** (continued)

- e) As at December 31, 2015, a total of \$516,936 (September 30, 2015 - \$516,936) was included in accounts payable and accrued liabilities owing to two corporations controlled by Wayne Tisdale, CEO of the Company, for management fees and interest free loan advances.
- f) As at December 31, 2015, a total of \$2,157 (September 30, 2015 - \$2,157) was included in accounts payable and accrued liabilities owing to Hikmet Akin, a former director of the Company, for reimbursable expenses.
- g) As at December 31, 2015, a total of \$164,719 (September 30, 2015 - \$107,018) in notes payable was owing to two corporations controlled by Wayne Tisdale, CEO of the Company.

**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 Report Date, there were 177,095,209 common shares issued and outstanding.

Warrants

As at the Report Date, there were 29,076,578 share purchase warrants outstanding. The warrants are exercisable at \$0.11 until July 23, 2016.

Stock Options

As at the Report Date, there were 7,250,000 stock options outstanding as follows:

<b>Expiry Date</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Weighted Average Exercise Price</b>
September 29, 2016	300,000	200,000	0.07
September 11, 2017	950,000	950,000	0.16
October 7, 2018	5,000,000	5,000,000	0.09
November 22, 2018	1,000,000	1,000,000	0.09
	7,250,000	7,150,000	0.10

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**Subsequent Events**

There were no material events subsequent to the end of the period.

**Newly adopted accounting standards and interpretations**

During the three month period ended December 31, 2015, the Company adopted the following new and amended IFRS pronouncements:

New standards, amendments and interpretations to existing standards

The following standard was adopted during the period:

*IFRS 7, Financial Instruments – Disclosure*

Amended to require additional disclosures on transition from IAS 39 to IFRS 9.

The adoption of these new and revised standards did not have a material effect on these financial statements.

**Accounting Standards Issued But Not Yet Effective**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

New standards, amendments and interpretations to existing standards not yet effective

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2016 but are not yet effective:

*IFRS 11, Joint arrangements*

This standard was amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

*IAS 16, Property, plant and equipment and IAS 38, Intangible assets*

These standards were amended to prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets.

*IAS 27, Separate financial statements and IFRS 1, First-time adoption of IFRS*

IAS 27 was amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

IFRS 1 was amended to permit the use of the business combinations exemption for investments in subsidiaries accounted for using the equity method in the separate financial statements of the first-time adopter.

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**Accounting Standards Issued But Not Yet Effective** (continued)

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

*IFRS 9, Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

*IFRS 15, Revenue from Contracts with Customers*

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

The Company has not yet assessed the potential impact of the application of this standard, nor determined whether it will adopt the standard early.

**Financial Instruments and Risk Management**

*Financial 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 Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and notes payable.

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**Financial Instruments and Risk Management** (continued)

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as loans and receivables; and accounts payable and notes payable as other financial liabilities. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits, accounts payable approximate their book values because of the short-term nature of these instruments.

The carrying amounts of the notes payable approximate fair value as the interest rates were negotiated between the Company and an arm's length third party.

*Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at December 31, 2015. The Company does not believe it has a material exposure to credit risk.

*Liquidity risk*

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and loans payable. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through debt and equity transactions.

*Interest rate risk*

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest bearing assets or any variable interest bearing liabilities that are tied into market rates.

*Commodity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

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**Financial Instruments and Risk Management** (continued)

*Political uncertainty*

In conducting operations in other countries, the Company was subject to considerations and risks not typically associated with companies operating in North America. These included risks such as the political, economic and legal environments. Among other things, the Company's results may have been adversely affected by changes in the political and social conditions, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation. The Company currently operates primarily in Canada and thus is not exposed to any material political risk.

*Foreign exchange risk*

The Company is not exposed to any significant foreign currency risk

**Management of Capital**

The Company manages its common shares, stock options and share purchase warrants as capital. 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 development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets and debt securities to fund its activities. 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.

There have been no changes to the Company's approach to capital management during the three month period ended December 31, 2015.

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**Additional Information**

On July 10, 2015, David Miller resigned from the Board of Directors and from the position of President and Chief Executive Officer ("CEO") of the Company. Wayne Tisdale concurrently assumed the position of President and CEO. In addition, David Hughes was appointed the Chief Financial Officer ("CFO") of the Company following the resignation of Lesia Buriannyk on July 31, 2015.

At the Company's Annual General Meeting on December 17, 2015, the Company's shareholders elected Wayne Tisdale, Michelle Gahagan, Gordon King, Tyson King and Bryce Tisdale to the Board of Directors.

Additional information relating to the Company is available on the Company's website at [www.declanresources.com](http://www.declanresources.com) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**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 is 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 is 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](http://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.

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**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 exploration and evaluation assets 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 exploration and evaluation assets. 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 exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets 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.

**DECLAN RESOURCES INC.**  
**Management's Discussion and Analysis**  
**Three Month Period Ended December 31, 2015**

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**Corporate Information**

Directors:	Gordon King Michelle Gahagan Wayne Tisdale Tyson King Bryce Tisdale
Officers:	Wayne Tisdale, President and CEO David Hughes, CFO Leah Martin, Corporate Secretary
Auditor:	Davidson and Company LLP Chartered Professional Accountants Suite 1200 – 609 Granville Street Vancouver, BC, V7Y 1G6
Legal Counsel:	Macdonald Tuskey Suite 400 570 Granville Street Vancouver, BC, V6C 3P1
Transfer Agent:	Computershare Trust Company of Canada 2 <sup>nd</sup> Floor – 510 Burrard Street Vancouver, BC, V6C 3B9

**Contact Information**

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