# FAR RESOURCES LTD.
# FORM 51-102F1
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# YEAR ENDED MARCH 31, 2014

**This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at July 28, 2014 and should be read in conjunction with the audited financial statements for the year ended March 31, 2014 of Far Resources Ltd. ("Far" or the "Company") with the related notes thereto. Those audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").**

**Readers may also want to refer to the March 31, 2013 audited financial statements and the accompanying notes. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.**

**Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.**

## Disclaimer

Except for statements of historical facts relating to the Company, this MD&A contains "forward-looking statements" within the meaning of applicable securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws.

Forward-looking statements may include, but are not limited to, statements with respect to the future price of metals, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of future exploration programs, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of transactions and future listings and regulatory approvals. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information in this MD&A includes, among other things, disclosure regarding: the Company's mineral properties as well as its future outlook, statements with respect to the success of exploration activities, permitting time lines, costs and expenditure requirements for additional capital, regulatory approvals, as well as the information under the headings "Overall Performance", "Liquidity" and "Capital Resources".

In making the forward looking statements in this MD&A, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the timing, costs and results of the Company's recommended exploration programs on its Tchentlo Lake property are consistent with the Company's current expectations; that the Company receives regulatory and governmental approvals and permits for its properties on a timely basis; that the Company is able to obtain financing for its properties on reasonable terms and on a timely basis; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that engineering and exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances or adverse weather conditions; that any environmental and other proceedings or disputes are satisfactorily resolved.

**However, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, actual results of current and proposed exploration activities; actual results of reclamation activities; future metal prices; accidents, labor disputes, adverse weather conditions, unanticipated geological formations and other risks of the mining industry; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities, as well as those factors discussed in the section entitled "Risks and Uncertainties " in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.**

## 1.1 Date

This MD&A is dated as of July 28, 2014.

## 1.2 Overall Performance

On December 8, 2011 the Company completed its initial public offering (the "IPO") by issuing 4,000,000 common shares at $0.15 per share for gross proceeds of $600,000. Since then, the Company has been traded on the Canadian Stock Exchange ("CSE") under the stock symbol FAT. The Company is focused on acquiring, exploring and developing resource properties.

### Tchentlo Lake Property, British Columbia

The Tchentlo Lake Property encompasses six mineral tenures totaling 2,508 hectares in two separate claim blocks expiring on July 30, 2015. The North Block consists of three contiguous mineral tenures (1,196 hectares) and the South Block consists of three contiguous mineral tenures (1,312 hectares). The Tchentlo Lake Property is 100% owned by the Company and was staked at a total cost of $28,260. As of March 31, 2014, the Company had incurred geological and consulting fees of $77,878 on the Tchentlo Lake Property.

The Tchentlo Lake Property is an early stage gold/copper exploration prospect. The Company plans to carry out Stage 1 and, if warranted, Stage 2 of the recommended exploration program. Stage 1 consists of widely spaced grid soil geochemical surveys on the North Block and a combined verification and grid-based soil geochemical survey on the South Block designed to confirm previous gold-in-soil anomalies identified by Placer Dome and determine if the anomalous zone continues to the southeast. The estimated cost of Stage 1 is $60,000. If Stage 1 confirms the presence of elevated gold, arsenic and antimony values in soils or identifies any significant copper anomalies, a follow up Stage 2 program of fill-in soil sampling and trenching would be warranted at an estimated cost of $220,000.

Additional information on the Tchentlo Lake Property can be obtained from the technical report of C. Von Einsiedel, P.Geo., dated effective July 30, 2011 and entitled "Review of Technical Information and Proposed Exploration Program for the Tchentlo Lake Property" (the "Tchentlo Lake Report") prepared in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The full text of the Tchentlo Lake Hill Report may be accessed on the SEDAR website at www.sedar.com.

There is no known body of ore of commercial grade or tonnage on the Tchentlo Lake Property. If the Company's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. There are no assurances that the Company will continue to be successful in raising additional funds or that other forms of equity capital or debt financing will be available to the Company in the future on satisfactory terms or at all. Any additional equity financing may be on terms that are dilutive, or potentially dilutive, to the Company's shareholders and debt financing, if available, may involve restrictive covenants with respect to the Company's ability to pay dividends, raise additional capital or execute various other financial and operational plans. See Item 1.5, "Liquidity", Item 1.6 "Capital Resources" and Item 1.13 "Other MD&A Requirements – Risks and Uncertainties".

**Silver Switchback Property, British Columbia**

On August 20, 2012, the Company announced that it has entered into an option agreement to purchase a 100% interest, subject to a 3% net smelter return royalty, in the Silver Switchback property located southwest of Smithers in central British Columbia (the "Silver Switchback Property"). The Silver Switchback Property is being acquired under terms of an option agreement with Robert F. Weicker and Multiple Metals Resources Ltd., a private B.C. company (together the "Optionors").

Pursuant to the agreement, the Company is required to:

i) pay cash of $255,000 over a period of four years, of which $32,500 has been paid;
ii) issue 1,000,000 common shares of the Company over a period of four years, of which 400,000 shares have been issued; and
iii) incur exploration expenses of $200,000 over a period of two years ($162,604 incurred).

The Company is also responsible for keeping the Property in good standing and, if terminating the option, will return the Property to the Optionors with a minimum of 12 months assessment work. The Optionors will retain a 3.0% net smelter return royalty, of which the Company may reduce to 1% at anytime for $2,000,000 based on $500,000 per 0.5% segment.

Subsequent to March 31, 2014, the Company decided to terminate the option agreement. The Company wrote-off all associated costs of $239,801 during the year-ended March 31, 2014.

**Winston Property, New Mexico**

On November 5, 2013, the company entered into a binding, arm's length letter of intent (the "LOI") to acquire an initial 50% interest in Winston Property, consisting of up to 217 unpatented and 2 patented mineral claims located in New Mexico, U.S.A. from Redline Minerals Inc. ("Redline").

Under the LOI, the Company has the option to acquire an initial 50% interest upon completion of the following:

a) Payment of a non-refundable deposit of $10,000 (paid) upon signing of the LOI;
b) Payment of $25,000 (paid) upon completion of a satisfactory site visit and due diligence review;
c) Payment of $15,000 (paid) upon execution of a definitive agreement;
d) Payment of $320,000 over 4 years for $80,000 per year ($17,500 paid subsequent to year-end);

e) Issuance of 2,500,000 common shares of the Company over 4 years for 500,000 shares per year , with the first tranche due on closing; and
f) Incurring exploration expenditures totalling $1,000,000 over a period of 4 years, of which $200,000 is to be spent in the first year.

Upon acquiring the initial 50% interest, the Company will have a further option, to acquire up to an additional 30% interest, in increments of 10% per annum, by completing the following:

a) Payment of $240,000 over 3 years for $80,000 per year;
b) Issuance of 1,500,000 common shares of the Company over 3 years for 500,000 shares per year; and
c) Incurring exploration expenditures totaling $1,500,000 over a period of 3 years for $500,000 per year.

The LOI is subject to a number of conditions precedents including the completion of an initial site visit and due diligence review by the Company, the completion of an equity financing by the Company and the receipt of applicable regulatory approvals.

## 1.3 Selected Annual Information

The following table sets forth selected financial information for the Company expressed in Canadian dollars for the three most recently completed financial years and should be read in conjunction with the Company's financial statements and related notes for such periods.

| | For the Fiscal Year ended March 31, 2014 | For the Fiscal Year ended March 31, 2013 | For the Fiscal Year ended March 31, 2012 |
|---|---|---|---|
| Revenue | $ - | $ - | $ - |
| Expenses | $ 581,539 | $ 231,685 | $ 364,681 |
| Total comprehensive loss | $ 581,539 | $ 191,685 | $ 364,681 |
| Loss per share – basic and diluted | $ (0.03) | $ (0.01) | $ (0.02) |
| Working capital (deficiency) | $ (158,204) | $ 237,016 | $ 626,933 |
| Exploration and evaluation assets | $ 156,138 | $ 276,716 | $ 47,473 |
| Total assets | $ 180,115 | $ 573,607 | $ 772,897 |
| Total long-term financial liabilities | $ - | $ - | $ - |
| Deficit | $ (1,640,426) | $ (1,099,484) | $ (912,231) |
| Weighted average number of shares outstanding | 18,647,215 | 18,525,023 | 14,620,274 |

## 1.4 Summary of Quarterly Results

A summary of selected financial information for the eight most completed quarters is set out below and should be read in conjunction with the Company's financial statements and related notes for such periods.

| | Three Months Ended March 31, 2014 | Three Months Ended December 31, 2013 | Three Months Ended September 30, 2013 | Three Months Ended June 30, 2013 |
|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - |
| Expenses | $ 311,756 | $ 96,566 | $ 69,775 | $ 103,442 |
| Total comprehensive loss | $ 311,756 | $ 96,566 | $ 69,775 | $ 103,442 |
| Loss per share – basic and diluted (1) | $ (0.02) | $ (0.00) | $ (0.00) | $ (0.01) |
| Total assets | $ 180,115 | $ 398,911 | $ 483,740 | $ 507,007 |
| Total liabilities | $ 182,181 | $ 89,221 | $ 102,471 | $ 73,963 |
| Total equity (deficit) | $ (2,066) | $ 309,690 | $ 381,269 | $ 433,044 |
| Weighted average number of common shares outstanding | 18,725,023 | 18,725,023 | 18,615,133 | 18,525,023 |

| | Three Months Ended March 31, 2013 | Three Months Ended December 31, 2012 | Three Months Ended September 30, 2012 | Three Months Ended June 30, 2012 |
|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - |
| Expenses | $ 62,684 | $ 63,300 | $ 61,846 | $ 43,855 |
| Total comprehensive loss | $ 62,684 | $ 41,454 | $ 56,291 | $ 31,256 |
| Loss per share – basic and diluted (1) | $ (0.01) | $ (0.00) | $ (0.00) | $ (0.00) |
| Total assets | $ 573,607 | $ 634,607 | $ 716,726 | $ 734,799 |
| Total liabilities | $ 59,875 | $ 61,202 | $ 101,867 | $ 91,649 |
| Total equity | $ 513,732 | $ 573,405 | $ 614,859 | $ 643,150 |
| Weighted average number of common shares outstanding | 18,606,667 | 18,606,667 | 18,480,580 | 18,406,667 |

(1) Based on the weighted average number of shares outstanding during the period.

**For the three month period ended March 31, 2014**

The Company earned no revenue and had a comprehensive loss of $311,756 (2013 - $62,684).

Total expenses were $311,756 (2013 – $62,684), comprised of the following significant items:

- Write-off of exploration and evaluation assets of $239,801 (2013 - $Nil) as the Company terminated the option agreement on Silver Switchback property.
- Professional fees of $31,373 (2013 - $22,475) increased as a result of the increase in accounting and legal services.
- Management fees of $21,000 (2013 - $11,500) increased as a result of the increase in compensation for director and CEO of the Company (refer to section 1.8).

**For the year ended March 31, 2014:**

The Company earned no revenue and had a comprehensive loss of $581,539 (2013 - $191,685). The increase in comprehensive loss is mainly due to write-off of exploration and evaluation assets of $239,801 (2013 - $Nil) as the Company terminated the option agreement on Silver Switchback property.

The Company recognized other income of $Nil (2013 - $40,000) as the Company incurred eligible flow-through expenditures.

Total expenses were $581,539 (2013 - $231,685), comprised of the following significant items:

- Write-off of exploration and evaluation assets of $239,801 (2013 - $Nil) as the Company terminated the option agreement on Silver Switchback property.
- Professional fees of $97,893 (2013 - $78,871) were higher in the current year as a result of increased transactions and activities related to accounting and legal services.
- Management fees of $82,500 (2013 - $52,000) increased as a result of the increase in compensation for director and CEO of the Company (refer to section 1.8).
- Consulting fees of $17,000 (2013 - $18,000) were comparable to fees incurred in the prior year.
- Rent of $16,500 (2013 - $30,000) decreased as a result of the lower rental rate in the new rental agreement the Company entered into in the current year.
- Investor relations of $29,505 (2013 - $11,805) increased as a result of the increase in investor relations services the Company contracted during the current year.
- Share-based payments of $47,741 (2013 - $3,011) increased as a result of 450,000 (2013 – 200,000) stock options granted during the current year.

As at March 31, 2014, the Company had total assets of $180,115 consisting of cash of $19,116, GST/HST receivable of $2,861, prepaid expenses of $2,000 and exploration and evaluation assets of $156,138.

The total liabilities of the Company as of March 31, 2014 were $182,181, which consisted of accounts payable and accrued liabilities and short-term loan payable.

## 1.5 Liquidity

The Company has not generated any revenue from operations and to date has relied entirely upon the sale, by way of private placement, of Common Shares and Seed Units to carry on its business. See Item 1.6 "Capital Resources" below.

The Company's financial statements have been prepared on a going concern basis and assume 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.

| | | March 31, 2014 | | March 31, 2013 |
|---|---|---|---|---|
| Working capital (deficiency) | $ | (158,204) | $ | 237,016 |
| Deficit | $ | (1,640,426) | $ | (1,099,484) |

Net cash used in operating activities for the year ending March 31, 2014 was $178,783 compared to of $255,709 during the year ending March 31, 2013 and consists primarily of the operating loss adjusted for other income and changes in non-cash working capital items.

Net cash used in investing activities for the year ending March 31, 2014 was $82,664 compared to of $201,243 during the year ending March 31, 2013, which mainly consists of exploration and evaluation expenditures.

As of March 31, 2014, the Company had a working capital deficit of $158,204 comprised of current assets of $23,977 and current liabilities of $182,181.

The Company will need to obtain additional debt/equity financing in order to carry out its proposed exploration programs on its properties and satisfy its business and properties commitments for the ensuing year.

## 1.6 Capital Resources

On January 7, 2014, the Company received $37,000 of non-interest bearing demand loan with no fixed term from a director of the Company.

### Contractual Obligations

Other than miscellaneous stock option and consulting agreements, the Company does not presently have any other material contractual obligations. See Item 1.8 "Transactions with Related Parties".

As at March 31, 2014, the Company had no long-term debt and no agreements with respect to borrowings had been entered into by the Company.

## 1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

## 1.8 Transactions with Related Parties

During the year ended March 31, 2014 the Company paid or accrued a total of $60,000 in management fees to Keith C. Anderson in his capacity as the President and Chief Executive Officer of the Company.

During the same year, the Company paid or accrued a total of $12,000 in management fees to Leon F. Anderson, a director and former Secretary of the Company, $10,500 in management fees to Lindsay Bottomer, a director of the Company and $58,050 in accounting fees to Davidson & Company LLP. Cyrus Driver, the Chief Financial Officer and a director of the Company, is a partner of Davidson & Company LLP. The Company also granted 250,000 of stock options with a total fair value of $24,987 to Derek Huston, a director of the Company.

A summary of the remuneration paid or accrued to the Company's directors and executive officers during the year ended March 31, 2014 and 2013 is set out below.

Transactions with related parties and key management personnel are as follows:

| | Nature of transactions | March 31, 2014 | March 31, 2013 |
|---|---|---|---|
| **Key management personnel:** | | | |
| Directors | Management | $ 22,500 | $ 10,000 |
| CEO | Management | 60,000 | 42,000 |
| A Director | Share-based payments | 24,987 | - |
| | | $ 107,487 | $ 52,000 |
| **Related party:** | | | |
| A firm of which the CFO is a partner | Professional | $ 58,050 | $ 50,750 |

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

| | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|
| Due to a firm of which the CFO of the Company is a partner | $ 70,122 | $ 21,855 |
| Due to directors of the Company | 14,000 | 14,000 |
| | $ 84,122 | $ 35,855 |

During the year ended March 31, 2014, the Company received $37,000 (2013 - $Nil) of non-interest bearing demand loan with no fixed term from Keith C. Anderson, CEO of the Company.

## 1.9 Proposed Transactions

Save as disclosed herein, there are no asset or business acquisitions or dispositions currently being proposed by the directors or senior management of the Company that will have a material effect on the financial condition, results of operations or cash flows of the Company.

## 1.10 New Accounting Standards and Amendments to Existing Standards

### New and amended standards adopted by the Company

The following new and amended standards have become effective for the Company's March 31, 2014 reporting period. Adoption of these standards did not result in a significant impact on the Company's financial statements.

- Amendments to IAS 1*, Presentation of Financial statements*, effective for annual periods beginning on or after July 1, 2012.

- New standard IFRS 10, *Consolidated Financial Statements*: effective for annual periods beginning on or after January 1, 2013.
- New standard IFRS 11, *Joint Arrangements*: effective for annual periods beginning on or after January 1, 2013.
- New standard IFRS 12, *Disclosure of Interests in Other Entities*: effective for annual periods beginning on or after January 1, 2013.
- New standard IFRS 13, *Fair Value Measurement*: effective for annual periods beginning on or after January 1, 2013.
- Reissued IAS 27, *Separate Financial statements*, effective for annual periods beginning on or after January 1, 2013.
- Reissued IAS 28, *Investment in Associates and Joint Ventures*, effective for annual periods beginning on or after January 1, 2013.
- Amendments to IFRS 7, *Financial Instruments: Disclosures – Offsetting of Financial Assets and Liabilities,* effective for annual periods beginning on or after January 1, 2013*.*

### New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's March 31, 2014 reporting period:

- New standard IFRS 9, *Financial Instruments*, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: 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 and loss. This standard is effective for years beginning on or after January 1, 2018.
- Amendments to IAS 32, *Financial Instruments*: *Presentation*, provide clarification on the application of offsetting rules. This standard is effective for years beginning on or after January 1, 2014. The amendments are expected to have minimal impact on the Company's financial statements.
- Amendments to IAS 36, *Impairment of Assets,* clarify the recoverable amount disclosures for non-financial assets, including additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount was based on fair value less costs of disposal. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted except an entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13. The

amendments are expected to have minimal impact on the Company's financial statements.

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosures of Interests in Other Entities* and IAS 27, *Separate Financial Statements*. The amendments provide for the definition of an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity. The amendments also deal with the disclosures required and preparation of separate financial statements of an investment entity. These amended standards are effective for annual periods beginning or after January 1, 2014. The amendments are expected to have minimal impact on the Company's financial statements.

The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

## 1.11 Financial and Other Instruments

### Capital and Financial Risk Management

***Capital management***

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue Common Shares through private placements. The Company is not exposed to any externally imposed capital requirements.

The Company's overall strategy remains unchanged from fiscal year 2013.

***Fair value***

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, receivables, short-term loan payable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

### Financial risk factors

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

***Credit risk***

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions.

***Liquidity risk***

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2014, the Company had a cash balance of $19,116 (2013 – $243,563) to settle current liabilities of $182,181 (2013 – $59,875). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

***Market risk***

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company's cash and cash equivalents do not have significant exposure to interest. As of March 31, 2014 and 2013, the Company did not have any investments.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at March 31, 2014 and 2013, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

(c) 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 gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Save and except as aforesaid, there were no significant changes in the Company's accounting policies during the year ended March 31, 2014.

## 1.12 Other MD&A Requirements

### Disclosure of Outstanding Security Data

As at July 28, 2014, the following shares and options were issued and outstanding:

| | Issued & Outstanding | Authorized |
|---|---|---|
| **Share capital** | | |
| - Common | 18,806,667 | unlimited |
| - Preferred | Nil | unlimited |
| | | |
| **Options** | 1,550,000 | |
| | | |
| **Agent's warrants** | Nil | |

Except as disclosed above, there are no options, warrants or other rights to acquire common shares of the Company outstanding.

**Subsequent Event**

Subsequent to March 31, 2014, the Company entered into an option agreement with Alchemist Mining Inc. ("Alchemist"), whereby Alchemist may acquire up to 80% undivided interest in the Company's Tchentlo Lake Property (the "Property").

Under the terms of the agreement, Alchemist can earn 51% interest in the Property by:

a) paying $60,500 to the Company over a period of three years;

b) issuing 500,000 common shares of Alchemist to the Company over a period of two years; and

c) incurring $280,000 of expenditures in exploration activities on the Property over a period of three years.

Upon acquisition of the undivided 51% interest in the Property, Alchemist can choose to exercise the following options:

i) form a joint venture with the Company, wherein Alchemist holding a 51% Participating Interest and the Company holding a 49% Participating Interest; and

ii) acquire an additional 29% interest in the Property, increasing its interest to 80% (the "Bump-Up Right") by:

    a) paying $75,000 to the Company over a period of five years;

    b) issuing 500,000 common shares of Alchemist to the Company over a period of five years; and

    c) incurring an additional $575,000 in expenditures on the Property over another two year period.

    In the event Alchemist exercises the Bump-Up Right, a joint venture will be formed with Alchemist holding 80% Participating Interest and the Company holding 20% Participating Interest in the Property.

The agreement is subject to regulatory approval. All share issuances pursuant to the agreement will be subject to a four-month and one day statutory hold period.

**Changes in Directors and Management**

During the year ended March 31, 2014, Allen Morishita resigned from the board of directors and Derek Huston was appointed as an independent director of the Company.

**Additional Disclosure for Junior Issuers**

The Company requires additional funds to cover the estimated general and administrative expenses. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. See "Risks and Uncertainties" below.

***Risks and Uncertainties***

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development.

Exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit. The Company has generated losses to date and anticipates that it will have sufficient financial resources to undertake its planned exploration programs for the ensuing year, it will require additional funds to further explore its properties. There is no assurance such additional funding will be available to the Company on commercially reasonable terms or at all. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects. The Company's mineral resource properties have not been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company may become subject to liability for hazards against which it is not insured. The mining industry is highly competitive in all its phases and the Company competes with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. Additional risks include the current lack of any market for the Company's securities and the present intention of the Company not to pay dividends. Certain of the Company's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest. Finally, the Company has no history of earnings, and there is no assurance that any of its current or future mineral properties will generate earnings, operate profitably or provide a return on investment in the future. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

For a more detailed discussion of the risk factors affecting the Company and its exploration activities, please refer to the Prospectus which can be assessed on the SEDAR website at **www.sedar.com**.

***Internal Control over Financial Reporting Procedures***

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the statements made in this MD&A and the Company's financial statements for the year ended March 31, 2014 (together the "**Interim Filings**").

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at **www.sedar.com**.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.