SIGNAL EXPLORATION INC.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2013

INTRODUCTION:

Signal Exploration Inc. (the “Company”) was incorporated in the province of British Columbia on March 9, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties. On December 28, 2011 the Company completed an Initial Public Offering (“IPO”) and its shares commenced trading on the TSX-Venture Exchange (TSX-V) on January 9, 2012 under the symbol SNL. The Company is currently exploring for base metals on its Scotch Creek property in British Columbia.

The following management discussion and analysis (MD&A) of the financial position of the Company and results of operations for the quarter ended June 30, 2013 should be read in conjunction with the audited annual financial statements and accompanying notes for the year ended December 31, 2012. The unaudited interim financial statements for the quarter ended June 30, 2013 together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance.

This MD&A includes material occurring up to and including August 7, 2013.

FORWARD LOOKING STATEMENTS:

This MD&A may contain forward-looking statements including but not limited to comments regarding the timing and content of upcoming operation, exploration and business development plans. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Forward looking statements are usually identified by our use of certain terminology, including but not limited to “will”, “believes”, “may”, “expects”, “should”, “seeks”, “anticipates” or “intends” or by discussions of strategy or intentions.

Forward-looking statements used in this discussion are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove to be incorrect, our actual results may vary materially from those expected, estimated or projected. Forward-looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements.

BUSINESS OF THE COMPANY:

Overview

The Company's principal asset and project is its interest in the Scotch Creek Property, comprised of 8 map-staked mineral claims covering a total area of approximately 1,384.12 hectares (3,418.78 acres) located in the Kamloops Mining Division and in the Kamloops Land District in the Shuswap Highland of south-central British Columbia. The current expiry date of these claims is February 19, 2023. In the current fiscal year and for the foreseeable future, the Company intends to continue to focus its efforts on advancing the exploration and, if merited, the development of the Scotch Creek Property.

Summary of Projects

Scotch Creek property:

During the fiscal year ended December 31, 2010 the Company completed a geological mapping program. A total of 482 hectares (1,190 acres) were mapped at a scale of 1:5,000 across most of the property. A total of 42 samples of mineralization were taken. An estimated 100 hectares (247 acres) were prospected with varying degrees of intensity in numerous areas throughout the property. Prospecting was conducted as an adjunct to geological mapping in several areas in order to locate old workings, drill sites, mineralization, and outcrop. Standard prospecting methods were employed. A soil survey was conducted over a grid comprising a total of 22.95 km (14.0 miles) of survey line and 2.4 km (1.5 miles) of base line for a total of 25.35 km (15.5 miles). A total of 481 soil samples were taken.

During the year ended December 31, 2012 the Company completed an induced polarization survey. The induced polarization survey covered the same grid covered by the soil sampling survey described above. The induced polarization survey anomalies correlated with the anomalies of the soil sampling completed during the year ended December 31, 2010. Based on the results of the induced polarization and soil sampling four drill target have been identified. The Company intends to drill these targets once it has been able to raise the required funding for the drill program, estimated to be $750,000.

SUMMARY OF QUARTERLY RESULTS:

The following table sets out selected quarterly information for each of the Company's most recent eight completed quarters.

	Total Revenues $	Net loss $	Net loss per share (Basic and diluted) $
September 30, 2011	-	18,060	0.00
December 31, 2011	-	209,443	0.03
March 31, 2012	-	15,890	0.00
June 30, 2012	-	27,368	0.00
September 30, 2012	-	37,387	0.00
December 31, 2012	-	31,363	0.00
March 31, 2013	-	18,902	0.00
June 30, 2013	-	13,803	0.00

RESULTS OF OPERATIONS - FINANCIAL:

The Company is an exploration stage company and normally at this stage, without revenues. Net loss for the quarter ended June 30, 2013 was $13,803, compared with $27,368 for the quarter ended June 30, 2012. The decrease is the result of the reversal of the deferred income tax liability of $8,792 (2012: $Nil). General and administrative expenses relating to the operations of a public company did not change significantly from 2012. There were no significant changes to any individual expense items.

LIQUIDITY AND CAPITAL RESOURCES:

As at June 30, 2013 current assets were $137,610 consisting of $126,019 in cash and $11,591 in amount receivable. Current liabilities at June 30, 2012 were $8,106, consisting of accounts payable and accrued liabilities of $1,386 and amounts owing to related party of $6,720. As at June 30, 2012, the Company had working capital of $129,504 which management considers sufficient to continue operations for the 2013 fiscal year.

For the quarter ended June 30, 2013, net cash used in operating activities was $34,507.

There are no other known demands, commitments, events or uncertainties that would adversely affect the trends and expected fluctuations in the Company's liquidity. However, at this time, the Company does not own any operating mines and has no operating income/sales from mineral production. Funding for operations is raised primarily through equity financings. Realization of the carrying value of mineral interests is dependent upon funding, the ability of the Company and third parties to bring mineral interests into profitable production, or recovery from sale. In the longer term, in order to continue operations, the Company will need to raise additional capital through equity financings. There is no guarantee that financing will be available on terms acceptable to the Company, given the current climate in the financial markets and reduced availability of funding.

The Company has no debt obligations, other than short-term liabilities incurred in the normal monthly activities of exploration and administration. The Company has no long-term debt.

OFF BALANCE SHEET ARRANGEMENTS:

The Company has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

RELATED PARTY TRANSACTIONS:

During the quarter ended June 30, 2013 the Company incurred management fees of $12,000 to two companies controlled by two directors of the Company. At June 30, 2013, $6,720 was due to a company controlled by a director of the Company for unpaid management fees.

PROPOSED TRANSACTIONS:

The Company does not currently have any proposed transactions approved by the Board of Directors.

ACCOUNTING POLICIES:

Basis of presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on a historical cost basis, modified where applicable. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

Recent Accounting Pronouncement, Not Yet Adopted

A number of new standards and amendments to standards and interpretations are not yet effective for the quarter ended June 30, 2013. The Company has not early-adopted these new and revised standards and is currently assessing the impact that these standards will have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

RISKS AND UNCERTAINTIES:

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time:

- Limited business history of the Company, including lack of revenues and no assurance of profitability;
- Dependence on key management personnel;
- Reliance on availability and performance of independent contractors;
- Environmental issues;
- Federal and provincial political risk;
- Commodity price risk; and
- Financial markets.

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. 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 on forward-looking statements.

FINANCIAL INSTRUMENTS:

The carrying value of cash, amount receivable, accounts payable and amounts due to related parties their fair values due to the relatively short periods to maturity of these financial instruments.

Financial assets that may be exposed to credit risk consist primarily of cash, which is placed with a major Canadian financial institution.

The Company's functional currency is the Canadian dollar and the Company does not operate in foreign jurisdictions, which could give rise to exposure to market risk from foreign currency rate changes.

ADDITIONAL INFORMATION:

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

DISCLOSURE BY VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE:

An analysis of the material components of the Company's general and administrative expenses is disclosed in the unaudited interim financial statements for the quarter ended June 30, 2013 to which this MD&A relates. An analysis of the material components of the acquisition and deferred exploration costs of the Company's mineral property is disclosed in Note 3 to the audited annual financial statements for the year ended December 31, 2012.

SHARE CAPITAL:

At August 7, 2013, the Company had the following number of securities outstanding:

Securities	Number	Exercise Price	Expiry date
Common shares issued and outstanding	10,350,000		
Stock options	1,000,000	$0.15	October 30, 2016
Share purchase warrants	377,000	$0.15	December 27, 2014
Fully diluted share capital	11,727,000		