Spirit Bear Capital Corp.
(A Capital Pool Company)

Management Discussion & Analysis

For the six months ended July 31, 2013

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This Management Discussion and Analysis ("**MD&A**") of financial position and results of operation are as at July 31, 2013 and should be read in conjunction with the unaudited condensed interim financial statements (the "**Financial Statements**") for the three and six months ended July 31, 2013 and related notes. The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information can be found at the website www.sedar.com.

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results. Such forward looking statements in the MD&A are only made as of September 25, 2013. See additional discussion under "Risks and Uncertainties" section.

CORPORATE PROFILE AND OVERALL PERFORMANCE

Spirit Bear Capital Corp. (the "**Company**") was incorporated under the Business Corporations Act (British Columbia) on November 8, 2011. On May 14, 2012, the Company successfully completed its Initial Public Offering ("**IPO**") and commenced trading its stock on the TSX Venture Exchange ("**TSX-V**") under the symbol SBG.P. The Company is classified as a Capital Pool Company ("**CPC**") as defined in the TSX-V Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities ("**Qualifying Transaction**").

The Company's head office, principal address and registered and records office is located at 300-576 Seymour Street, Vancouver, British Columbia, Canada, V6B 3K1.

As at July 31, 2013, the Company had a cash and cash equivalents position of $250,984 and a surplus working capital position of $251,010. See "Liquidity and Capital Resources".

RESULTS OF OPERATIONS

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are expressed in Canadian ("CDN") dollars unless otherwise indicated. All information contained in this MD&A is current as of September 25, 2013 unless otherwise stated.

As at July 31, 2013, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses. See the summary of results, below:

Selected Financial Data

	Three months ended July 31, 2013	Three months ended July 31, 2012	Six months ended July 31, 2013	Six months ended July 31, 2012
	$	**$**	**$**	**$**
Interest income	675	377	1,284	377
General and administrative expenses	(9,906)	(49,296)	(11,625)	(55,424)
Net and comprehensive loss	(9,231)	(48,919)	(10,341)	(55,047)
Basic and diluted loss per share	(0.00)	(0.02)	(0.00)	(0.02)
Working capital	251,010	269,185	251,010	269,185
Total assets	254,571	272,292	254,571	272,292
Total shareholders' equity	251,010	269,185	251,010	269,185

Net and comprehensive loss

At July 31, 2013, the Company had not yet achieved profitable operations and has accumulated losses of $79,211 (January 31, 2013 - $68,870) since inception. These losses resulted in a net loss per share (basic and diluted) for the six month ended July 31, 2013 of $0.00 (July 31, 2012 - $0.02).

Results of Operations

The operating and administrative expenses for the six months ended July 31, 2013 totalled $11,625 (July 31, 2013 - $55,424). The major expenses were professional fees of $464 (July 31, 2012 - $8,084), regulatory and shareholders' service of $10,193 (July 31, 2012 - $5,110) and share-based compensation of $Nil (July 31, 2012 - $42,150).

The table below details the changes in major expenditures for the six months ended July 31, 2013 as compared to the corresponding six months ended July 31, 2012.

Expenses	**Increase / Decrease in Expenses**	**Explanation for Change**
Professional fees	Decrease of $7,620	Decrease due to recovery of professional fees.
Regulatory and shareholders' service	Increase of $5,083	Increase due to filing fees with the security commissions in Alberta, British Columbia and Ontario after IPO.
Share-based compensation	Decrease of $42,150	Decrease due to no stock options granted to directors and officers during the period compared to 500,000 granted during last year.

The table below details the changes in major expenditures for the three months ended July 31, 2013 as compared to the corresponding three months ended July 31, 2012.

Expenses	**Increase / Decrease in Expenses**	**Explanation for Change**
Regulatory and shareholders' service	Increase of $1,752	Increase due to filing fees with the security commissions in Alberta, British Columbia and Ontario after IPO.
Share-based compensation	Decrease of $42,150	Decrease due to no stock options granted to directors and officers during the period compared to 500,000 granted during last year.

Summary of quarterly results for the last consecutive 8 quarters

Historical quarterly financial information derived from the Company's eight most recently completed quarters is as follows:

	Quarters Ended			
	July 31, 2013	**April 30, 2013**	**January 31, 2013**	**October 31, 2012**
	$	$	$	$
Net and Comprehensive Income (Loss)	(11,625)	(1,110)	(6,339)	(1,495)
Basic and Diluted Income (Loss) Per Share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted Average Shares	3,000,000	3,000,000	3,000,000	3,000,000
	July 31, 2012	**April 30, 2012**	**January 31, 2012**	**October 31, 2011**
	$	$	$	$
Net and Comprehensive Income (Loss)	(48,919)	(6,128)	(5,989)	-
Basic and Diluted Income (Loss) Per Share	(0.04)	-	-	-
Weighted Average Shares	1,302,198	-	-	-

Basic and diluted loss per share and weighted average shares calculation does not include 2,000,012 escrowed shares as they are contingently returnable.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity.

As at July 31, 2013, the Company's liquidity and capital resources are as follows:

	July 31, 2013	January 31, 2013
	$	$
Cash and cash equivalents	250,984	269,050
Total current assets	254,571	269,315
Accounts payable and accrued liabilities	3,561	7,964
Working capital	251,010	261,351

As at July 31, 2013, the Company had cash and cash equivalents of $250,984 and working capital of $251,010 as compared to cash and cash equivalents of $269,050 and working capital of $261,351 at January 31, 2013. On May 14, 2012, the Company completed its initial public offering of 3,000,000 common shares at a price of $0.10 per common share for gross proceeds of $300,000.

Management believes the Company has sufficient funds on hand to meet anticipated administrative expenses and necessary investigation costs associated with reviewing and identifying assets or business prospects in the furtherance of the Company's search for a suitable Qualifying Transaction. The Company anticipates that its funds on hand will be sufficient to complete the search for a Qualifying Transaction as well as legal and other related expenses.

As of the date hereof, the Company did not have any commitments for capital expenditures, and the Company does not anticipate any such commitments until it consummates a Qualifying Transaction.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in Exchange Policy 2.4 and summarized below:

1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;

2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction;

3) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate Qualifying Transactions;

4) After the completion of its IPO and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities.

USE OF PROCEEDS FROM IPO

In May 2012, the Company completed the IPO consisting of 3,000,000 common shares at a price of $0.10 per share for net proceeds of $188,070, after deducting cash commissions and expenses of $111,930. The budgeted use of proceeds from the IPO is as follows:

	$
Gross proceeds from IPO	300,000
Share issuance costs	(111,930)
Net proceeds	188,070

Allocation:	**Budget**
	$
Qualifying Transaction	158,070
General corporate purposes	30,000
	188,070

As the IPO was only completed on May 14, 2012, it is too early to analyze any variances in the budgeted use of proceeds.

SHAREHOLDERS' EQUITY

As at July 31, 2013, the Company had 5,000,012 common shares issued and outstanding of which 2,000,012 shares of the Company are held in escrow and will be released to shareholders upon completion of a qualified transaction in accordance with Exchange Policy 2.4 over a period of up to 36 months.

STOCK OPTIONS AND WARRANTS

Stock Options

The Company has adopted a stock option plan (the "Stock Option Plan") pursuant to which it can grant options to directors, officers and technical consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

Any common shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued.

In pursuant with the IPO, the Company granted 300,000 stock options to its agent at a price of $0.10 per common share for a period of 2 years.

Concurrent with the closing of the IPO, the Company granted 500,000 stock options to its directors and officers to acquire 500,000 common shares at a price of $0.10 per common share for a period of 5 years from May 14, 2012.

As at the date of this report, the Company had 800,000 stock options outstanding.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements as at July 31, 2013 or as of the date of this report.

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 2 of its Financial Statements for the three and six months ended July 31, 2013. The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share-based compensation and recognition of deferred tax amounts as follows:

Valuation of share-based compensation
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes to the Company's accounting policies during the six months ended July 31, 2013.

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended January 31, 2014 and were not applied in preparing the Financial Statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending January 31, 2015 or later:

a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company does not expect any effect on its financial statements from the adoption of this standard.

b) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on its financial statements from the adoption of this standard.

RELATED PARTY TRANSACTIONS

During the six months ended July 31, 2013, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

i. The Company recovered $6,636 of professional fees previously paid or accrued to a director and officer of the Company.

RISKS & UNCERTAINTIES

The Company is actively working to identify and evaluate assets or businesses in order to complete a Qualifying Transaction and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other that cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction, if at all. Until the completion of a Qualifying Transaction, the Company is not permitted to carry on any other business other than the identification and evaluation of Significant Assets in pursuit of a Qualifying Transaction.

There can be no assurances that the Company will identify any assets or businesses in pursuit of a Qualifying Transaction, or have the financial resources necessary to complete a Qualifying Transaction. Nor can there be an assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

The Company’s success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The Company has deposited the cash and cash equivalents with its bank and lawyer’s trust account from which management believes the risk of loss is remote.

Fair Value

The Carrying values of the financial instruments noted above approximate their fair values due to their immediate or short term maturity.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

Currency Risk

The Company's operations and financing activities are conducted in Canadian dollars and as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

Capital Management

The Company defines capital as the Company's shareholder's equity. The Company's objectives when managing capital is to safeguard its accumulated capital by maintaining a sufficient level of funds to complete the Company's qualifying transaction (as defined in policy 2.4 of the Exchange) while providing adequate returns to shareholders. See note 9 of the Financial Statements for the three and six months ended July 31, 2013 for further discussion.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES AND OPTIONS

As at the date of this report, the Company had 5,000,012 common shares outstanding and 800,000 stock options outstanding.

The following table summarizes the options outstanding and exercisable at the date of this report:

Options outstanding	Exercise price	Options exercisable	Expiry date
	$		
300,000	0.10	300,000	May 14, 2014
500,000	0.10	500,000	May 14, 2017

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's audited financial statements for the period ended January 31, 2013; and
- the Company's condensed interim financial statements for the three and six months ended July 31, 2013.

This MD&A has been approved by the Board on September 25, 2013.