

**RHEINGOLD EXPLORATION CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the financial year ended January 31, 2015

Dated June 1, 2015

**RHEINGOLD EXPLORATION CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Introduction**

This Management's Discussion and Analysis ("**MD&A**") of the financial position and results of operations of Rheingold Exploration Corp. (the "**Company**" or "**Rheingold**") should be read in conjunction with the annual audited financial statements of the Company for the year ended January 31, 2015 and the related notes contained therein. All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company and its activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is current as of June 1, 2015.

**Forward Looking Statements and Forward-Looking Information**

The information provided in this MD&A may contain forward-looking statements and forward-looking information about Rheingold within the meaning of applicable securities laws. In addition, Rheingold may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of Rheingold that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements of historical fact, made by Rheingold that address activities, events, or developments that Rheingold expect or anticipate will or may occur in the future are forward-looking statements and information, including, but not limited to, statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this MD&A and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and Rheingold does not undertake any obligation to update any forward-looking statements or information to reflect information, events, results, circumstances, realities or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this MD&A and other documents of Rheingold are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on Rheingold's business or the extent to which any

factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statements.

In addition, forward-looking statements and information herein, including financial information, is based on certain assumptions relating to the business and operations of Rheingold. Although Rheingold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A.

## **The Company**

Rheingold Exploration Corp. is a resource exploration company that is exploring for gold in the Rainy River district of northwestern Ontario. The objective of management is to maximize shareholder value by exploring and developing the Company's Pattullo mineral project in a cost-effective and technically sound manner. The Company's head office is located at 128 Dunsmuir Street, Vancouver, British Columbia, V6B 1X7, and the Company's registered and records office is located at Suite 600, 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

The Company was incorporated in the Province of British Columbia on July 29, 2010. The fiscal year end of the Company is January 31.

On February 25, 2015, the Company voluntarily delisted its common shares from the TSX Venture Exchange, and on February 26, 2015, the Company's common shares commenced trading on the Canadian Securities Exchange under the symbol "RGE".

## **Overall Performance**

The key factors pertaining to the Company's overall performance for the year ended January 31, 2015 are as follows:

- The Company had a working capital position of \$20,551 as at January 31, 2015, as compared to a positive working capital position of \$192,658 as at January 31, 2014. The reason for this decrease in working capital is primarily due to the Company using its working capital to sustain its operations for the year ended January 31, 2015.
- The Company incurred a net loss of \$373,921 for the year ended January 31, 2015, as compared to a net loss of \$159,996 for the period ended January 31, 2014. The primary reason for this increased net loss was due to an impairment write-down of exploration and evaluation property of \$213,614 (2014- \$18,000), along with share-based payments of \$15,881 (2014 - \$0).
- On October 31, 2012, the Company completed an initial public offering to issue 3,350,000 common shares at \$0.15 per share for gross proceeds of \$502,500. Under the terms of an agency agreement, the Company paid the agent a commission of 8% of the aggregate gross

proceeds under the offering, a corporate finance fee of \$30,000 in cash and paid additional share issuance costs of \$59,581 in relation to the offering.

- All direct costs related to the acquisition of resource property interests have been capitalized. During the year ended January 31, 2015 the Company recognized an impairment write-down of exploration and evaluation property of \$213,614 (2014- \$18,000). The Company has no operating cash flow and its level of operations has been determined by the availability of capital resources. To date, share issuances have provided the sole source of funding. Therefore, it is difficult to identify any meaningful trends or develop an analysis from cash flows. Cash used in operating activity for the year ended January 31, 2015 was \$128,288 compared to cash used in operating activity for the year ended January 31, 2014 of \$143,055. The primary reason for this decreased use of cash was due to an increase in trade payables and accrued liabilities during the year ended January 31, 2015.

### **Pattullo Property**

The Company currently holds an option to acquire a 100% interest in 4 claims covering 439 hectares in the Pattullo and Tait townships of Ontario, Canada, known as the Pattullo Property (the "**Property**"). Pursuant to an option agreement (the "**Option Agreement**") dated as of June 13, 2011, Rheingold was granted the option to acquire a 100% interest in the Property from Perry Vern English acting on behalf of Rubicon Minerals Corporation (the "**Optionor**") in consideration of Rheingold agreeing to, over a four year period, pay a total of \$105,000 in cash to the Optionor and, over a two year period, issue 150,000 common shares of the Company to the Optionor. Upon the commencement of any commercial production on the Property, Rheingold must pay the Optionor a 2% net smelter royalty, 1% of which can be repurchased by Rheingold by paying \$1,000,000 in cash to the Optionor. As of the date of this MD&A, the Company is current in its obligations under the Option Agreement and has made option payments totalling \$75,000 and issued a total of 150,000 common shares of the Company to the Optionor. The final option payment of \$30,000 is due by June 17, 2015, should the Company wish to acquire a 100% interest in the Property.

A geological report (the "**Technical Report**") prepared by David J. Busch, who is a "Qualified Person" as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"), was completed in relation to the Property on April 10, 2012. The Technical Report is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Technical Report recommends that the Company conduct an exploration program with an estimated budget of \$203,500. The Technical Report recommends that the proposed work program consist of a deep penetrating electromagnetic survey and diamond drilling.

### **Selected Annual Information**

The following table sets forth summary financial information for the Company for the financial years ended January 31, 2013, January 31, 2014, and January 31, 2015. This information has been summarized from the Company's audited financial statements for the same periods. This summary of financial information should only be read in conjunction with the Company's financial statements, including the notes thereto.

	Year Ended January 31, 2013 (audited)	Year Ended January 31, 2014 (audited)	Year Ended January 31, 2015 (audited)
Exploration and evaluation properties	\$178,534	\$187,014	\$0
Total assets	\$556,630	\$403,662	\$89,337
Total revenues	\$0	\$0	\$0
Long-term debt	\$0	\$0	\$0
General and administrative expenses	\$ 238,716	\$141,996	\$160,307
Net loss	\$244,008	\$159,996	\$373,921
Basic and diluted loss per share <sup>(1)</sup>	\$0.030	\$0.01	\$0.03

(1) Based on weighted average number of common shares issued and outstanding for the period.

### Discussion of Operations

The loss for the year ended January 31, 2015 was \$373,921, as compared to the loss of \$159,996 for the year ended January 31, 2014. The primary reason for this increased net loss was due to an impairment write-down of exploration and evaluation property of \$213,614 (2014- \$18,000). Total expenses, consisting of professional fees of \$40,481 (2014 - \$40,804), management fees and salaries and benefits of \$67,890 (2014 - \$60,000), filing fees of \$16,084 (2014 - \$27,185), office and miscellaneous of \$17,199 (2014 - \$10,469), travel of \$1,105 (2014 - \$3,422), share-based payments of \$15,881 (2014 - \$0), and other general and administrative expenses of \$1,667 (2014 - \$116) for the year ended January 31, 2015 were \$160,307, as compared to the total expenses of \$141,996 for the year ended January 31, 2014. Professional fees consist of legal, accounting and audit fees. Share-based payments consist of the fair value of the stock options vested during the period. Expenses for the year ended January 31, 2015 included:

- Management fees and salaries and benefits of \$67,890, compared to \$60,000 the previous year. The Company maintained CEO management fees payments of \$5,000 per month which commenced on November 2012, when the Company began to trade on the TSX Venture Exchange. The primary reason for the increase was due to changing the method of remuneration of such officer from a contractor status to an employee status. This amount was repaid to the Company by the Officer subsequent to the year ended January 31, 2015. The Company was responsible for making EI and CPP contributions which increased the management fees \$7,890 from the previous year.
- Professional fees of \$40,841, compared to \$40,804 for the previous year.
- Office and miscellaneous of \$17,199 compared to \$10,469 for the previous year. The primary reason for this increase was due to increased office and administration expenses associated with daily operations of the business for the period ended January 31, 2015.
- Share-based payments of \$15,881, compared to \$Nil for the previous year. The increase was the result of director stock options being granted during the year ended January 31, 2015, while no director stock options were granted in the year ended January 31, 2014.

- Investor relations expense of \$389 and filing fees of \$16,084, compared to \$Nil and \$27,185 respectively the previous year. The reason for the decrease in filing fees was due to increased business efficiencies during the year ended January 31, 2015.
- Travel of \$1,105, compared to \$3,422 for the previous year. The primary reason for this decrease was due to the decreased travel during the year ended January 31, 2015.

### **Summary of Quarterly Results**

The following financial data was derived from the Company's financial statements for each of the eight most recently completed financial quarters:

	<b>April 30, 2014</b>	<b>July 31, 2014</b>	<b>October 31, 2014</b>	<b>January 31, 2015</b>
Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net Loss before other income/expenses	(\$31,851)	(\$38,250)	(\$33,650)	(\$56,556)
Other Items: Loss of disposition of exploration and evaluation properties	\$Nil	\$Nil	\$Nil	(\$213,614)
Net Loss after other income/expenses	(\$31,851)	(\$38,250)	(\$33,650)	(\$270,170)
Net Loss per share - basic and diluted	(\$0.003)	(\$0.00)	(\$0.00)	(\$0.02)
Weighted average number of shares outstanding	11,274,205	11,286,260	11,286,260	11,296,260

	<b>April 30, 2013</b>	<b>July 31, 2013</b>	<b>October 31, 2013</b>	<b>January 31, 2014</b>
Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net Loss before other income/expenses	(\$32,587)	(\$59,686)	(\$25,262)	(\$24,461)
Other Items: Loss of disposition of exploration and evaluation properties	\$Nil	\$Nil	\$Nil	(\$18,000)
Net Loss after other income/expenses	(\$32,587)	(\$59,686)	(\$25,262)	(\$42,461)
Net Loss per share - basic and diluted	(\$0.003)	(\$0.01)	(\$0.00)	(\$0.00)
Weighted average number of shares outstanding	11,246,260	11,257,130	11,286,260	11,274,205

The factors that have caused variations in results over the quarters are:

- The Company incurred a net loss of \$270,170 for the quarter ended January 31, 2015, as compared to a net loss of \$42,461 for the quarter ended January 31, 2014. The increased net loss was primary due to an impairment write-down of exploration and evaluation property of \$213,614 (2014- \$18,000), along with share-based payment expense of \$15,881 recognized in the quarter, compared to \$Nil for the same quarter the previous year.

- The Company incurred a net loss of \$38,250 for the three month period ended July 31, 2014, as compared to the loss of \$59,686 for three month period ended July 31, 2013. The primary reason for this variation was professional fees of \$17,340 for the three month period ended July 31, 2014, compared to \$43,118 of professional fees for the same three month period in 2013. The Company incurring higher than normal accounting, auditing and legal fees during the quarter ended July 31, 2013.
- The Company incurred a net loss of \$38,250 for the three month period ended July 31, 2014, as compared to a net loss of \$59,686 for the three month period ended July 31, 2013. The decreased net loss in 2014 compared to the same period the year prior was mainly due to a decrease in professional fees during the three month period ended July 31, 2014.

### **Liquidity and Capital Resources**

The Company is in the exploration stage and therefore has no cash inflow from operations. Its only significant source of funds since incorporation has been from the sale of common shares. From the date of incorporation on July 29, 2010, to the date of this MD&A, it raised \$924,932 through the issuance of 12,996,260 common shares. The Company has also issued: 50,000 common shares to Karl Antonius for services provided to the Company in bringing the opportunity to acquire the Property; 100,000 common shares to Fred Bonner, a director of the Company, for services to the Company in regard to bringing mining acquisition opportunities to the attention of the Company; and 150,000 common shares to Rubicon Minerals Corporation under the terms of the Pattullo Option Agreement.

On August 3, 2012, the Company filed its final long form prospectus pertaining to its initial public offering of shares with the British Columbia, Nova Scotia and Ontario Securities Commissions. The prospectus can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

On October 31, 2012, the Company completed an initial public offering to issue 3,350,000 common shares at \$0.15 per share for gross proceeds of \$502,500. Under the terms of an agency agreement, the Company paid the agent a commission of 8% of the aggregate gross proceeds of the offering, a corporate finance fee of \$30,000 in cash and paid additional share issuance costs of \$59,581 in relation to the offering. The Company also issued share purchase warrants equal to 8% of the number of shares sold pursuant to the offering, each warrant exercisable at a price of \$0.15 per share for a period of 24 months from the date of issuance. These warrants expired before any were executed.

On May 11, 2015 the Company closed a non-brokered private placement equity financing. Under the financing, the Company issued 2,000,000 units at a price of \$0.05 per unit for gross proceeds of \$100,000. Each unit is comprised of one common share of the Company and one common share purchase warrant exercisable for two years for an additional share at a price of \$0.10. As of January 31, 2015 there were 11,296,260 common shares outstanding. As of the date of this MD&A, the Company has a total of 13,296,260 common shares outstanding.

As at January 31, 2015, current assets were \$88,256 (January 31, 2014 - \$216,648) and current liabilities were \$67,705 (January 31, 2014 - \$23,990) resulting in a working capital position of \$20,551 as at January 31, 2015. As of the date of this MD&A, the Company had net working capital position of \$82,771. There are no known trends affecting liquidity or capital resources.



As at January 31, 2015, the Company had total assets of \$89,337 (January 31, 2014 - \$403,662). The principal assets are cash of \$31,268 (January 31, 2014 - \$187,647), amounts receivable of \$58,384 (January 31, 2014 - \$29,001), prepaid expenses of \$2,604 (January 31, 2014 - \$0), Equipment of \$1,081 (January 31, 2014 - \$Nil), and capitalized exploration and evaluation properties costs of \$Nil (January 31, 2014 - \$187,014).

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

While the information in this MD&A has been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is using its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Under the Pattullo Property Option Agreement the Company can acquire a 100% interest in the Property in exchange for the Company agreeing to, over a four year period, pay a total of \$105,000 in cash to the Optionor and, over a two year period, issue 150,000 common shares of the Company to the Optionor. Upon the commencement of any commercial production on the Property, Rheingold must pay the Optionor a 2% net smelter royalty, 1% of which can be repurchased by Rheingold by paying \$1,000,000 in cash to the Optionor. As of the date of this MD&A, Rheingold is current in its obligations under the Agreement and has made option payments totalling \$75,000 and issued a total of 150,000 common shares of the Company to the Optionor. The final option payment of \$30,000 is due by June 17, 2015, should the Company wish to acquire a 100% interest in the property.

### Exploration Expenditures

From incorporation to January 31, 2015, the Company incurred the following exploration expenditures on its Pattullo Property that were capitalized as incurred:

Description of exploration work completed	Cost (not including tax)
Line cutting (includes cutting grid of approximately 29.45 kilometers)	\$27,252
Mag, IP, and TDEM ground geophysical surveys (includes labour, lodging, transportation, and equipment)	\$79,100
Consulting fees	\$15,662
<b>TOTAL:</b>	<b>\$122,014</b>

The Company also capitalized acquisition costs of \$90,000 as at January 31, 2015. During the year ended January 31, 2015 the Company recorded a write-down of exploration and evaluation property of \$212,014 (2014- \$Nil) in relation to the Pattullo Property claims.

A grid consisting of approximately 29.45 kilometers of line was cut on the Property by Haveman Brothers Forestry Services Ltd. in the summer of 2011.

In the summer of 2011, Exploitation Senex Inc. completed a ground geophysical survey, which included magnetometer, time domain electromagnetic (“TDEM”) and induce polarization (“IP”).

A magnetometer (Scintrex Omni Magnetometer with Base) survey was completed over approximately 24 kilometers of the grid and collected 2,058 data points. The survey was conducted on lines 100 meters apart. The magnetometer survey was conducted using a method commonly referred to as a “walking survey” with readings taken at one second intervals while the operator walked the grid line. The ground magnetometer survey identified a magnetic high referred to as an “anomaly”. It might be more aptly referred to as a feature that is part of a magnetic trend evident in the regional magnetic data obtained from the Ontario Government airborne survey. This feature is likely related to late porphyry intrusives in the felsic volcanics and sediments projected to trend through the area. Felsic porphyries were encountered by Skyharbour Resources Ltd. in diamond drill holes. The northwest trending magnetic low at the west end of the grid reflects the margin of an interpreted northwest trending mafic dike also evident on the airborne magnetic data. Of perhaps some significance is the “break” in the magnetic pattern near the center of the grid. This north trending feature could reflect a north trending structure that may be related to gold emplacement.

A TDEM survey (HP PROTEM 47 TDEM) was completed over approximately 12 kilometers of the grid and collected 3740 data points. The TDEM survey was conducted on lines 100 meters apart and was carried out with readings at 25 meter intervals along the grid lines. The partial TDEM coverage suggests a possible conductor(s) in the central part of the grid between line 0 and 400 east. The response on the later channels suggests the conductive source is bedrock.

An IP survey was attempted over three kilometers of the grid but was abandoned due to difficulties getting current into bedrock caused by excessive thicknesses of saturated clays in the overburden.

The Company staked 80 mineral claim units in Nova Scotia claims through the Nova Scotia Department of Natural Resources in 2011 at a cost of \$1,342. In connection with the staking of these Nova Scotia claims, the Company issued 100,000 common shares valued at \$5,000 (\$0.05 per common share) to a director of the Company as a finder’s fee. The Company decided it did not have the funds necessary to meet the work commitment obligations on the Nova Scotia mineral claims in order to renew the claims by June 17, 2012, and thus felt it was in the best interests of its shareholders to sell its interest in these claims. During the year ended January 31, 2013, the Company entered into an agreement with Millen Mountain Exploration Inc., a company related by way of a director and shareholder in common, to transfer these Nova Scotia mineral rights and exploration licenses in exchange for the principal sum of \$18,000, which currently remains unpaid as of the date of this MD&A. From the date of incorporation to January 31, 2015 the Company has recognized a cumulative amount of \$24,892 in acquisition and exploration costs related to the Nova Scotia mineral claims. During the year ended January 31, 2015, the Company recorded a write-down in the amount of \$1,600 (2014 - \$18,000) in relation to the Nova Scotia claims.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

## Transactions between Related Parties

The remuneration of directors and other members of key management were as follows:

	For the year ended 31 January 2015	For the year ended 31 January 2014
	\$	\$
Short-term benefits - Management and salaries and benefits	67,890	60,000
Share-based payments	15,881	-
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	83,771	60,000
	<hr/>	<hr/>

The weighted average fair value of the options granted during the year ended January 31, 2015 was estimated at \$0.047 (2014 - \$Nil) per option at the grant date using the Black-Scholes Option Pricing Model.

## Due from/to related parties

The assets of the Company include the following amounts due from (to) related parties:

	As at 31 January 2015	As at 31 January 2014
	\$	\$
An officer of the Company	29,457	3,139
A director of the Company	(4,054)	-
	<hr/>	<hr/>
Total amount due to (from) related parties	25,403	3,139
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The balance due from an officer of the Company as at January 31, 2015 relates to the employee portion of statutory withholding amounts associated with changing the method of remuneration of the officer

to an employee from a contractor. This amount was repaid to the Company by the officer subsequent to the year ended January 31, 2015.

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

On May 11, 2015 the Company closed a non-brokered private placement equity financing. Under the financing, the Company issued 2,000,000 units at a price of \$0.05 per unit for gross proceeds of \$100,000. Each unit is comprised of one common share of the Company and one common share purchase warrant exercisable for two years for an additional share at a price of \$0.10. Officers and Directors of the Company invested a total of \$38,636 as part of this private placement financing and were issued 772,720 units.

### **Use of Judgments, Estimates and Assumptions**

Preparing financial statements requires management to make estimates and assumptions that affect the reported results. The estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Critical accounting policies are disclosed in the Company's annual audited financial statements for the year ended January 31, 2015.

### **Financial Instruments and Other Instruments**

The carrying values of cash and cash equivalents, amounts receivable and trade payables approximate their fair values because of the short-term maturity of these financial instruments. The Company has no exposure to asset backed commercial paper.

### **Credit risk**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with high-rated financial institutions as determined by rating agencies. As at January 31, 2015, amounts receivable of \$58,384 (January 31 2014 - \$25,862) is comprised of Goods and Services Tax/Harmonized Sales Tax ("**GST/HST**") receivable of \$28,981 (2014 - \$25,862), and Advances to related parties of \$25,403 (2014 - \$3,139). The Advances to related parties relates to the employee portion of statutory withholding amounts associated with changing the method of remuneration of the officer to an employee from a contractor. This amount was repaid to the Company by the officer subsequent to the year ended January 31, 2015. As a result, credit risk is considered insignificant.

## **Liquidity risk**

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at January 31, 2015, the Company had a working capital position of \$20,551 (January 31, 2014 - \$192,658). On May 11, 2015 the Company closed a non-brokered private placement equity financing. Under the financing, the Company issued 2,000,000 units at a price of \$0.05 per unit for gross proceeds of \$100,000. Each unit is comprised of one common share of the Company and one common share purchase warrant exercisable for two years for an additional share at a price of \$0.10. The securities issued under the financing are subject to a four month hold period which will expire on September 12, 2015. The Company intends to use the proceeds of the financing for general working capital over the next 6 to 9 months. As of the date of this MD&A, the Company had net working capital of \$82,771.

## **Other risks**

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency risk, interest rate risk and commodity price risk arising from financial instruments.

## **Disclosure of Outstanding Security Data**

As of January 31, 2015 the Company had 11,296,260 common shares issued and outstanding. On May 11, 2015 the Company closed a non-brokered private placement equity financing. Under the financing, the Company issued 2,000,000 units at a price of \$0.05 per unit for gross proceeds of \$100,000. Each unit is comprised of one common share of the Company and one common share purchase warrant exercisable for two years for an additional share at a price of \$0.10. As of the date of this MD&A, the Company has: 13,296,260 common shares issued and outstanding; 1,121,200 stock options, with 781,200 exercisable for one common share of the Company for \$0.15 for a period of five years from the date of issuance and 340,000 exercisable for one common share of the Company for \$0.10 for a period of five years from date of issuance, issued and outstanding; and 2,000,000 warrants, each exercisable for one common share of the Company for \$0.10 for a period of two years from the date of issuance, issued and outstanding. The Company has no other securities issued or outstanding that are convertible into, or exercisable or exchangeable for, voting or equity securities of the Company.

## **Outlook**

For the coming year, the Company's priorities are continue evaluating its Pattullo mineral project and, should management deem it is in the best interest of shareholders, raise additional financing to commence the recommended exploration program on the Pattullo Property. The Company plans to review the results of the exploration program to determine whether an additional exploration program is warranted for the Property.

There are significant risks that might affect the Company's further development. These include but are not limited to: exploration programs that may not result in a commercial mining operation; negative cash flow from operations; the Company's ability to raise financing in the future for ongoing operations; market fluctuations in metal prices; government regulations; and other conditions that may be out of the Company's control.

## Accounting Policies

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited financial statements for the financial year ended January 31, 2015. The Company, in consultation with its Auditor, periodically reviews accounting policy changes implemented within its industry.

### Changes in accounting policies

A number of standards and amendments were issued effective for accounting periods beginning on or after 1 January 2014. Many of these updates are not applicable to the Company. As of 1 February 2014, the Company adopted the following IFRS standards and amendments:

IAS 32 (Amendment) 'Offsetting Financial Assets and Financial Liabilities' is effective for annual periods beginning on or after 1 January 2014 that clarifies the application of offsetting requirements.

IFRS 2 (Amendment) 'Share-based Payment' clarifies the definition of "vesting condition". The amendments are effective for stock options granted beginning on or after 1 July 2014.

The adoption of the above standards did not have a significant impact on the Company's financial statements.

### Accounting standards issued but not yet effective

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended 31 January 2015:

IFRS 9 'Financial Instruments': The IASB has undertaken a three-phase project to replace IAS 39 'Financial Instruments: Recognition and Measurement' with IFRS 9 'Financial Instruments'. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. In July 2014, the IASB issued the final elements of IFRS 9. IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Financial assets meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances).
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss.
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss.
- The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the "business model" test and "cash flow characteristics" test.
- The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at

fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2018.

IAS 1 'Presentation of Financial Statements' is an amendment to clarify certain aspects focused on the areas of clarification of concept of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of loss and comprehensive loss, and providing of additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendment is applicable to annual periods beginning on or after 1 January 2016.

IAS 24 'Related Party Disclosures' is an amendment to clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendment is applicable to annual periods beginning on or after 1 July 2014.

IAS 8 'Operating Segments' is amendment to clarify aggregation criteria, effective for annual periods beginning on or after 1 July 2014.

IFRS 11 'Joint Arrangements' is an amendment to clarify accounting for acquisition of interest in a joint operation. The amendment is applicable to annual periods beginning on or after 1 January 2016.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.