

**SCORPION RESOURCES INC.**

**Management Discussion and Analysis  
For the Quarter Ended June 30, 2013**

**Expressed in Canadian Dollars**

**Date Submitted: August 26, 2013**

## **DATE**

This MD&A includes material occurring up to and including August 26, 2013.

## **Management's Discussion and Analysis of Financial Position and Results of Operations**

The following information should be read in conjunction with the unaudited condensed interim financial statements of Scorpion Resources Inc. ("Scorpion" or the "Company") for the period ended June 30, 2013 and the audited annual financial statements of Scorpion for the years ended March 31, 2013 and March 31, 2012. All amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. Those factors raise doubt as to the Company's ability to continue as a going concern.

## **Overall Performance**

During the three month period ended June 30, 2013, the Company raised no cash. Administration expenses amounted to \$19,103, including property investigation costs of \$13,965.

## **Business of the Company**

The Company was incorporated under the Canada Business Corporations Act on October 19, 2011.

The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a

qualifying transaction in accordance with Policy 2.4 of the Exchange (“Qualifying Transaction”). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

## Discussion of Operations

### Results of operations

Net loss in the current three month period was \$19,103 compared to \$7,753 for the same period in the prior year, reflecting an increase of \$11,350 in losses. The costs relate to the Company’s incurring property investigation costs of \$13,965 as well as other costs for establishing itself in the marketplace. Other increased costs relate to filing fees. Significant line item changes were as follows:

- Property investigation costs of \$13,965 compared to \$nil in the same period the prior year.
- Transfer agent and filing fees of \$1,156 compared to \$7,753 in the prior period.
- Professional fees of \$3,500 compared to \$Nil in the prior period.

### Summary of Quarterly Results – Since Incorporation

Three months ended	June 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	June 30, 2012	Period from Incorporation to March 31, 2012
Total Revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net (loss) before tax	(19,103)	(56,794)	(8,414)	(56,516)	(7,753)	(5,030)
Net income (loss) per share (Basic and Diluted)	(0.01)	(0.06)	(0.00)	(0.02)	(0.00)	(0.00)

## Discussion

The Company has no revenues, therefore increased activity and operations causes an increase in losses. Non-cash adjustments to stock-based compensation reflected as increased expenses during the quarter ending September 30, 2012.

Other than costs already discussed, management does not believe that meaningful information about the Company’s operations can be derived in more detail, from an analysis of quarterly fluctuations, as being presented herein.

## **Liquidity and capital resources**

At June 30, 2013 the Company had working capital of \$280,879 which management considers to be sufficient to continue operations for the coming year. The proposed business of the Company, completing its Qualifying Transaction within twenty-four months of listing on the TSX involves a high degree of risk and there is no assurance that the Company will identify an appropriate business opportunity for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. Those factors raise doubt as to the Company's ability to continue as a going concern. Operations of the Company are funded primarily by the issue of share capital. The continued operation of the Company is dependent on its ability to receive continued financial support from related parties, issue sufficient public equity, or generate profitable operations in the future.

Current assets being \$305,229 consists of cash. Current liabilities being \$24,350 consists of trade payables and accrued liabilities. As of June 30, 2013 the Company had an accumulated deficit of \$153,610 (March 31, 2013 - \$134,507).

## **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**

For the period ended June 30, 2013, there were no transactions with related parties and there is no amounts payable to or due from related parties as at June 30, 2013 or June 30, 2012.

## **Proposed Transactions**

The Company has no proposed transactions as of the date of this MD&A.

## ***Critical Accounting Estimates***

The Company does not make any critical accounting estimates other the estimated value of stock-based compensation and other share-based payments.

## ***Changes in Internal Controls over Financial Reporting***

There were no changes in internal controls over financial reporting during the period.

## ***Risk Factors***

More detail on risk factors can be found in the Company's audited annual financial statements for the year ended March 31, 2013.

## **Disclosure of Outstanding Share Data**

As at August 26, 2013, the Company had the following number of securities outstanding:

Common shares	6,100,000
Stock options	900,000
Fully diluted shares outstanding	7,000,000

## **SUBSEQUENT EVENTS**

There are no material subsequent events to report on.

## **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](http://www.SEDAR.com)). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.