

SCORPION RESOURCES INC.

**Management Discussion and Analysis
For the Quarter Ended June 30, 2014**

Expressed in Canadian Dollars

Date Submitted: August 29, 2014

DATE

- This MD&A includes material occurring up to and including August 27, 2014.

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, 2014 and the audited annual financial statements of Scorpion for the year ended March 31, 2014 and March 31, 2013. 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, 2014, the Company raised no cash (2014- \$Nil). Administration expenses amounted to \$15,988 (2013- \$19,103), including exploration expenses of \$10,271 (2013 - \$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.

Proposed Qualifying Transaction – Subject to the approval of the Exchange and other.

CWT Property

The Property consists of 173 unpatented mining claims, and 7 mineral exploration permits situated in Township 17 South, Range 12 East, Gila and Salt River Meridian, Pima County, Arizona. MAG holds a 100% interest in the Property.

The Property contains the CWT mine, a historic underground operation which produced Zn-Cu-Pb-Ag, and was formerly owned by the Continental Materials Corp. The CWT produced approximately 69,000 tons of ore in 1967. The CWT includes a 1,000 foot deep shaft and extensive underground workings. The Property is located adjacent to ASARCO’s Mission Complex and Freeport McMoran’s Sierrita Mine and Twin Buttes Mine in Pima County, Arizona. There have been 38 core holes drilled in the immediate area of the Property. MAG has performed assaying work, geologic mapping and geophysics on the Property.

The Company intends to engage a firm for the purpose of preparing a technical report on the Property in accordance with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* (“NI 43-101”). That report will include a proposed work program and budget for the exploration and development of the Property. The Company anticipates that it will be able to cover the costs of exploration and development with its existing resources, however, if the costs are greater than anticipated, the Company may need to obtain further financing, and would complete a financing prior to, or concurrent with closing of the Qualifying Transaction.

Summary of the Proposed Transaction

Pursuant to the Agreement dated August 27, 2013 and amended on May 21, 2014, extending the date for receipt of regulatory approval, the Company can earn up to an undivided 80% interest in and to the Property upon the following terms:

1. The Company shall earn a 50% interest by making the following payments and expenditures:
 - a. US\$50,000 in cash upon signing the Agreement - Paid;
 - b. 1,000,000 common shares of the capital stock of the Company upon regulatory approval;
 - c. US\$75,000 cash and 1,000,000 common shares on or before the first anniversary of regulatory approval;
 - d. US\$100,000 and 1,000,000 common shares on or before the second anniversary of regulatory approval;
 - e. US\$150,000 and 1,000,000 common shares on or before the third anniversary of regulatory approval;

- f. US\$250,000 and 1,000,000 common shares on or before the fourth anniversary of regulatory approval;
 - g. On or before the date that is four years from regulatory approval the Company shall incur exploration expenditures of at least US\$500,000 on the Property.
2. The Company shall earn an additional 10% interest in the Property upon completion and regulatory approval of a NI 43-101 compliant resource report (in any category [i.e. inferred, indicated, measured] prepared according to the standards of the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”).
3. The Company shall earn an additional 10% interest in the Property upon completion and regulatory approval of a Preliminary Economic Assessment prepared according to CIM standards.
4. The Company shall earn an additional 5% interest in the Property upon completion and regulatory approval of a Pre-feasibility Study prepared according to CIM standards.
5. The Company shall earn an additional 5% interest in the Property upon completion and regulatory approval of a Bankable Feasibility Study prepared according to CIM standards.

Sponsorship of a Qualifying Transaction of a capital pool company is required by the Exchange unless exempt according to Exchange policies. The Company intends to apply for an exemption from sponsorship requirements, however there is no assurance that the Company will obtain this exemption.

A filing statement in respect of the Proposed Transaction will be prepared and filed in accordance with CPC Policy on SEDAR at www.sedar.com. A press release will be issued once the filing statement has been filed as required pursuant to Exchange policies.

Completion of the Qualifying Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to the Exchange requirements, a majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Discussion of Operations

Resulting Issuer

Following completion of the Qualifying Transaction the resulting issuer will operate the Property and proceed to carry on business in the mining sector. Scorpion's current management will continue as officers and directors of the Company upon completion of the Qualifying Transaction. Accordingly, the directors of the Company upon closing the Qualifying Transaction are expected to be John Eckersley, Joshua Bleak, Laara Shaffer and Corey Dias. Mr. Eckersley will continue to serve as President and CEO. The directors and officers will continue to bear management responsibility for Scorpion following completion of the Qualifying Transaction.

About Scorpion Resources Inc.

Scorpion Resources Inc. is designated as a Capital Pool Company by the Exchange. It has not commenced commercial operations and has no assets other than cash. The purpose of the offering under its Prospectus was to provide it with funds to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. Until completion of a Qualifying Transaction, Scorpion will not carry on any business other than identification and evaluation of businesses or assets with a view to completing a proposed Qualifying Transaction.

Results of operations

Net loss in the current three month period was \$15,988 compared to \$19,103 for the same period in the prior year, reflecting a decrease of \$3,115 in losses. The costs relate to the Company's incurring Exploration expense of \$10,271 as well as other costs for establishing itself in the marketplace. Significant line item changes were as follows:

- Exploration expenses of \$10,271 compared to \$13,965 in the same period the prior year.
- Professional fees of \$5,390 compared to \$3,500. The difference was mainly due to legal fees in connection with the qualifying transaction.
- Transfer agent and filing fees of \$715 compared to \$1,156 in the prior period.

Summary of Quarterly Results

Three months ended	June 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	June 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Total Revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net (loss) before tax	(15,988)	(34,542)	(49,603)	(81,320)	(19,103)	(56,794)	(8,414)	(56,516)
Net income (loss) per share (Basic and Diluted)	(0.01)	(0.01)	(0.02)	(0.03)	(0.00)	(0.06)	(0.00)	(0.02)

Discussion

The Company has no revenues, therefore increased activity and operations causes an increase in losses. Exploration expenses of \$32,891, \$17,354 and \$72,613 reflect an increase in expenses during the quarters ending March 31, 2014, December 31, 2013 and September 30, 2013. 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, 2014 the Company had working capital of \$46,976 which management considers not being 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 \$110,824 (March 31, 2014 - \$133,902) consists of cash. Current liabilities being \$63,848 (March 31, 2014 - \$70,938) consists of trade payables and accrued liabilities. As

of June 30, 2014 the Company had an accumulated deficit of \$335,063 (March 31, 2014 - \$319,075).

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, 2014, there were no transactions with related parties (March 31, 2014, there were also no transactions with related parties) and there are no amounts payable to or due from related parties as at June 30, 2014 or March 31, 2014. During the year ending March 31, 2013 600,000 Stock options were issued as key management compensation, with a fair value of \$45,351

Proposed Transactions

The Company has no proposed transactions other than **Proposed Qualifying Transaction – Subject to the approval of the Exchange and other** already discussed above 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, and the recoverability of deferred tax assets.

Changes in Internal Controls over Financial Reporting

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

Financial Instruments and Other Instruments

The Company's financial instruments at June 30, 2014 consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term nature. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Risk Factors

More detail on risk factors can be found in the Company's audited annual financial statements for the year ended March 31, 2014.

Disclosure of Outstanding Share Data

As at August 27, 2014, 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

As at August 27, 2014, the Escrow agent held 3,100,000 shares of the Company under an Escrow agreement.

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.