CONFEDERATION MINERALS LTD.
Suite 1980, 1075 West Georgia Street,
Vancouver, BC, V6E 3C9
Phone: 604-688-9588 Fax: 778-329-9361

Form 51-102F1

Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Period Ended September 30, 2014

DATE: November 28, 2014

GENERAL

This Management's Discussion and Analysis ("MD&A") of Confederation Minerals Ltd. ("Confederation" or the "Company") has been prepared by management and should be read in conjunction with the unaudited condensed financial statements for the three-month period ended September 30, 2014 and audited consolidated financial statements for the year ended June 30, 2014. Additional information relating to the Company, including other regulatory filings, can be found on the SEDAR website at www.sedar.com.

All figures are in Canadian dollars unless otherwise noted.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the Company's consolidated financial statements, additional important factors, if any, are identified here.

DESCRIPTION OF BUSINESS

Confederation Minerals Ltd. was incorporated on November 3, 2005 under the *Business Corporations Act* (British Columbia) as "Medina Ventures Inc.", changed its name to "Sienna Minerals Ltd." on April 26, 2006 and changed its name to Confederation Minerals Ltd. on April 11, 2007. The Company is a junior resource company whose business is to seek out and develop mineral deposits.

Newman Todd Project

On November 19, 2010, the Company entered into an option agreement with Redstar Gold Corp ("Redstar") entitling the Company to earn up to 70% of Redstar's Newman Todd gold project (the "Property") in the Red Lake Mining District of Northern Ontario. In November 2013, the Company completed the option to earn a 50% interest in the Property by incurring over a three year period a cumulative of $5,000,000 of work expenditures on the Property, issuing to Redstar a total of 500,000 shares of the Company and making payments to Redstar totalling $250,000.

To exercise the option to earn a further 20% interest, thereby increasing its overall interest to 70%, the Company will be required to produce, at its own cost, a preliminary assessment of the Property and issue a further 500,000 shares to Redstar on or before the sixth anniversary of the Agreement, subject to minimum annual expenditures of $250,000 during the last three years of the option period. The parties also have agreed to form a joint venture following the exercise of the option by Confederation. The Property is subject to a 2% net smelter return and a 15% net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest.

The Company also owns an effective 35% interest in certain other claims adjacent to the Property. At the end of 2013, the Company staked approximately 64 hectares (158 acres) of suitable ground outside of the "Area of Interest" for the purposes of land mining and infrastructure.

As at September 30, 2014 the Company had incurred $12,259,626 in acquisition and exploration expenditures on the property.

On November 21, 2011, the Company and American Potash Corp. ("Potash") (formerly Magna Resources Ltd.) signed a purchase and sale agreement whereby the Company sold to Potash the 50% interest in American Potash LLC then held by the Company. Under the terms of the agreement Potash completed a 2 for 1 subdivision of its outstanding common shares, resulting in the Potash having 22,420,000 common shares being issued and outstanding immediately prior to closing of the transaction.

As consideration for the purchase, Potash issued 22,420,000 common shares and 2,400,000 common share purchase warrants of Potash. Each warrant entitles the Company to purchase a further common share at a price of $0.10 until February 25, 2016.

On January 19, 2012 the transaction was completed. As a result of the transaction, the Company effectively controlled Potash and Potash holds a 100% interest in American Potash, which holds potash leases and an option in respect of potash lease applications in the State of Utah.

On December 19, 2012, the Company received an order from the Supreme Court of British Columbia approving distribution of 21,186,656 Potash common shares, being an approximate 40.94% interest in Potash, on a pro rata basis to the Company's shareholders. Upon completion of the distribution, the Company's ownership interest in Potash decreased from approximately 56.47% to approximately 16%. At that point the Company determined that it no longer controlled Potash, and as a result, the Company would no longer consolidate the operations of Potash.

At distribution, the Company retained 2,400,000 share purchase warrants that were acquired during the business acquisition. These warrants were valued at $90,000 at September 30, 2014 (June 30, 2014 - $140,000) using the Black-Scholes pricing model using the following assumptions:

	September 30, 2014	June 30, 2014
Dividend yield	0%	0%
Risk-free interest rate	1.13%	1.07%
Estimated volatility	183.78%	182.62%
Expected life in years remaining	1.42	1.67

Other Properties

The Company also owns certain mineral claims in northern Ontario known as the Confederation Lake claims (sometimes referred to as the Mitchell-Belanger claims). No work was undertaken on the properties during the last two fiscal years and therefore at June 30, 2011 management decided to write off all costs incurred to date. The Company abandoned its interest in the Matless Lake claim on February 3, 2012.

All of the Company's presently held exploration and evaluation assets are situated in the Red Lake mining district of the province of Ontario, Canada. However, the Company may seek to acquire interests in other provinces or countries.

The Company finances its properties by way of equity or debt financing. Additional information is provided in the Company's consolidated financial statements. These documents are available on www.sedar.com.

EXPLORATION UPDATE

Newman Todd Project

The most recent phase of drilling on the property was completed in September 2013. Since then, the Company has undertaken further geological interpretation, a ground magnetic survey of the Hinge Zone area, plus continuing metallurgical and environmental studies, and the preparation of a Preliminary Economic Analysis (PEA), which is planned for completion in the latter half of 2014.

Total drilling on the property now totals 54,796 meters in 164 holes over approximately 1.8 km of strike length within the highly-altered, gold-bearing Newman Todd “Structure” (“NTS”). Total drilling by Confederation at Newman Todd during 2011, 2012 and 2013 totals 42,644 meters in 110 holes.

As of September 30, 2014, the Company has spent a total of $12,259,626 in exploration and acquisition at its Newman Todd Project. The specific results of the program are discussed in the Company’s news releases all of which are available on www.sedar.com, and on the Company’s website at www.confederationmineralsltd.com.

The 2011-2013 drill programs have confirmed the existence of a large scale, open-ended, gold-bearing hydrothermal system. Several zones of high grade gold mineralization occur with veining and silica/sulphide replacement zones within the widespread iron-carbonate structural/alteration system known as the Newman Todd Structure (NTS). The NTS has so far been identified across a strike length of approximately 2.2 kilometers, a width of 200 meters and from surface to depths of almost 1 kilometer. The working interpretation suggests the gold mineralization may be rheologically controlled, occurring several meters peripherally from the hanging wall contact, within the NTS, with zones of concentrated gold which may be associated with “ponding” of ascending gold-bearing fluids beneath the overlapping volcanic “cap”. Evidence from the recently concluded summer program suggests this hypothesis whereby an epithermal type deposition, emanating from the footwall, has resulted in lateral gold deposition along strike and a similar deposition of gold concentrated along the hanging wall which, as mentioned above, may have acted as a non-porous litho-cap or fluid trap. This hypothesis remains to be tested but, if it is found accurate, would suggest the region where the hydrothermal fluids entered the footwall is a likely area for gold deposition.

Exploration at Newman Todd during the 2013 summer period also included the stripping and trenching of shallowly-buried sub-crop in the Hinge Zone close to drill hole collars NT-122, NT-123 and NT-124. Mapping and sampling of the newly-exposed bedrock was completed and provided the Company with valuable information regarding the structural controls on mineralization. Outcrops exhibit intense silica-carbonate alteration affecting sulphide-mineralized stromatolitic carbonate beds, hosting intense NW-striking quartz veining.

Also during the summer of 2013, further metallurgical tests were completed by SGS Labs on composite samples of drill core selected to be representative of gold mineralization being delineated within the structure. Tests included gravity concentration (9 tests) followed by rougher flotation (34 tests) and cleaner flotation (21 tests). These initial results suggest a 93% gold recovery for head grades above 1.5 g/t Au and 85% gold recovery for the range 1.0g/t to 1.5g/t Au. The metallurgical work is being overseen for Confederation Minerals by metallurgist Daniel Sepulveda of Moose Mountain Technical Services.

Metallurgical results will be incorporated into the Preliminary Economic Assessment (PEA) currently being prepared by Mining Plus Ltd, and planned for completion in the latter half of 2014. The PEA will provide guidance to the Company regarding open pit and underground options, preliminary resource evaluations, capital cost estimates, mining costs and other aspects of project economics. Management expects the PEA to include a relatively small resource as it will be based on the limited, closer-spaced drilling from the Hinge Zone only (which represents only a very small portion of the entire system), and which followed mineralized structures. As well, the preliminary resource calculation will incorporate a very wide spaced drilling that was not targeted to specific mineralized zones (thus reflecting lower average grade). This resource would therefore, represent only a small percentage of the entire, gold-bearing system, but will be used to extrapolate what a much larger percentage of the entire system may contain as a total gold resource.

As part of the PEA, Mining Plus requested that additional ground be acquired to ensure sufficient land for mining and processing related infrastructure. Confederation has therefore acquired a further 64 hectares (158 acres) of suitable ground for this purpose. It lies outside of the "Area of Interest" determined in the Option Agreement with Redstar Gold and thus does not affect the agreement.

Stantec Consulting Ltd. are continuing with their environmental baseline studies and building a road map towards permitting the project for all eventualities including open pit and/or underground mining and processing.

Pursuant to the November 19, 2010 Option Agreement with Redstar Gold, whereby Redstar granted Confederation a First Option to earn a 50% undivided legal and beneficial interest in the property, Confederation duly exercised the terms of this First Option on Oct 31st, 2013 and now holds the 50% interest.

The Option Agreement also granted Confederation a Second Option to earn an additional 20% undivided legal and beneficial interest in the property following the exercise of the First Option. To exercise the Second Option, Confederation must complete a preliminary economic assessment ("PEA") of the Newman Todd property and issue an additional 500,000 shares of Confederation to Redstar on or before November 19, 2016.

OTHER CORPORATE INFORMATION

The board of directors consists of Lawrence Dick, Kenneth R. Holmes, Kent Ausburn and Scott Parsons. Brian Bapty resigned from the board of directors November 21, 2014. Lawrence Dick is the Chief Executive Officer, Brian Bapty was the President and resigned his position effective November 21, 2014, and Savio Chiu is the Chief Financial Officer.

For personal and health reasons, Dr. Lawrence Dick has indicated a desire to implement a succession plan. At Dr. Dick's request, if day to day management activities are impeded by his illness he will remain a board member, however, his executive contract will transition to that of Consulting Geologist with a fixed term of 12 months at his current remuneration. His management duties will be assumed by the remaining members of the management team, whom collectively have decades of geological, financial, legal and business experience with both private and public companies and whom have been actively involved in the operations of the Company during the life of its current projects.

The Company is a reporting issuer in the provinces of British Columbia and Alberta.

The Company's head office is located at Suite 1980, 1075 West Georgia Street, Vancouver, BC, V6E 3C9.

The Company's common shares were approved for listing on the TSX Venture Exchange and trading commenced on July 15, 2008 under the symbol CFM.

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the unaudited interim condensed financial statements for the three months ending September 30, 2014 and the audited financial statements to June 30, 2014.

The statement of financial position as at September 30, 2014 indicates a cash balance of $25,125 (June 30, 2014: $33,241), short term investment of $90,181 (June 30, 2014: $221,588), marketable securities $570,000 (June 30, 2014: $780,000), GST/HST receivable of $9,470 (June 30, 2014: $16,374), and prepaid expense of $21,942 (June 30, 2014: $32,254). Total current assets amount to $716,718 (June 30, 2014: 1,083,457). The decrease in total current assets is mainly due to payments of various operating expenses during the period including consulting and management fees, professional fees, wages, and exploration expenditures associated with the Newman Todd project.

The total current liabilities at September 30, 2014 are $168,073 (June 30, 2014: $99,308). Shareholders' equity is comprised of share capital of $20,121,196 (June 30, 2014: $20,121,196), share option and warrant reserves of $2,535,967 (June 30, 2014: $2,535,967), accumulated other comprehensive income of $41,687 (June 30, 2014: $201,687), and deficit of $9,890,579 (June 30, 2014: $9,649,363). The decrease in shareholders' equity is due to the increased deficit as a result of operating and exploration expenditures incurred during the period.

Working capital, which is current assets less current liabilities, is $548,645 at September 30, 2014 compared to $984,149 at June 30, 2014. The Company's working capital decreased over the period due to the increases in operating expenses and exploration expenditures and a decrease in the fair market value of the Company's marketable securities.

As at September 30, 2014, the Company has no earnings and therefore finances exploration activities by the issuance of its common shares. The key determinants of the Company's operating results are the following:

(a) the state of capital markets, which affects the ability of the Company to finance its exploration activities; and
(b) the write-down and abandonment of exploration and evaluation assets should exploration results provide further information that does not support the underlying value of such properties.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the three most recently completed financial years:

Year ended June 30,	2014	2013	2012
	$	$	$
Total Revenues	Nil	Nil	Nil
Net Loss	(1,498,538)	(2,058,125)	(3,572,699)
Net Comprehensive Loss	(1,846,538)	(1,508,438)	(3,544,868)
Basic Loss per Share	(0.02)	(0.02)	(0.07)
Total assets	13,308,795	15,104,707	18,379,780
Weighted average number of shares outstanding	66,046,614	55,332,231	49,282,028
Total long-term liabilities	nil	nil	nil
Shareholders' equity	13,209,487	14,791,597	17,347,166

RESULTS OF OPERATIONS

During the three months ended September 30, 2014, the Company incurred a net loss from operations of $241,216 (September 30, 2013: $227,139). The variance is mainly attributable to the (loss)/gain on marketable securities ($50,000) (September 30, 2013: $130,000). The other significant costs during the three-month period relate to consulting fees of $120,000 (September 30, 2013: $189,638), professional fees of $2,057 (September 30, 2013: $4,629), share-based payments of $nil (September 30, 2013: $58,290) and wages of $22,155 (September 30, 2013: $47,636).

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed quarters:

For the Quarter Periods Ending on:	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
			$	$
Total Revenues	Nil	Nil	Nil	Nil
Net Loss	(241,216)	(485,473)	(324,346)	(461,580)
Net Comprehensive Income (loss)	(401,216)	(833,473)	(484,346)	(781,580)
Basic Loss per Share	(0.00)	(0.02)	(0.00)	(0.01)
For the Quarter Periods Ending on:	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012 (*)
	$	$	$	$
Total Revenues	Nil	Nil	Nil	Nil
Net Loss	(227,139)	(163,079)	(489,145)	(957,374)
Net Comprehensive Income (loss)	252,861	422,695	(489,145)	(957,374)
Basic Loss per Share	(0.00)	(0.02)	(0.01)	(0.02)

(*) Previously reported quarterly financial information include the consolidated subsidiary

Current Quarter

The Company recorded a net loss from operations of $241,216 (September 30, 2013: $227,139) during the quarter ended September 30, 2014. The net loss for the quarter ended September 30, 2014 relates to the general and administrative expense loss of $191,730 (September 30, 2013: $363,225). The decrease in general and administrative expenses during the quarter along with (loss)/gain from marketable securities of ($50,000) (September 30, 2013: $130,000) accounts for the differences in the period.

LIQUIDITY

At September 30, 2014, the Company had a cash balance of $25,125 (June 30, 2014: $33,241) and short-term investment of $90,181 (June 30, 2014: $221,588). The decrease in total cash and short-term investment is mainly due to the expenditures incurred for the exploration projects and general and administrative expenses. The Company has working capital of $548,645 as at September 30, 2014 compared to $984,149 as at June 30, 2014.

Net cash derived from (used in) operating activities for the three months ended September 30, 2014 was ($105,749) compared to ($572,272) for the three months ended September 30, 2013.

Net cash derived from (used in) investing activities for the three months ended September 30, 2014 was $97,633 compared to ($388,987) for the three months ended September 30, 2013.

Net cash derived from financing activities for the three months ended September 30, 2014 was $nil compared to $837,500 for the three months ended September 30, 2013.

The Company has no history of profitable operations and its exploration and evaluation projects are at an early stage. Therefore, the Company is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

CAPITAL RESOURCES

The Company's sources of funds are derived from financings. The Company has a capitalization of an unlimited number of common shares without par value of which 66,278,532 common shares are issued and outstanding as at November 28, 2014.

In November 2013, 500,000 warrants were exercised for gross proceeds of $75,000. In October 150,000 shares were issued to Redstar Gold Corporation as part of the Company's option to earn a 50% interest in the Newmann Todd property. In July 2013, 350,000 stock options were exercised for gross proceeds of $87,500.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The aggregate value of transactions recorded as consulting fees relating to key management personnel and entities which they have control or significant influence were as follows:

Services provided by:	Notes	Three months ended September 30, 2014	2013
		$	$
Lawrence Dick	(a)	30,000	30,000
Brian Bapty	(b)	12,500	37,500
Primarius Capital Corp.	(c)	30,000	30,000
Baron Global Financial Canada Ltd.	(d)	30,000	30,000

(a) Lawrence Dick, the CEO of the Company provided management services throughout the period.
(b) Brian Bapty, the President of the Company received management salaries during this period.
(c) Primarius Capital Corp. is a privately held corporation controlled by a director, which provides consulting services to the Company.
(d) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.

Related party payables:

	September 30, 2014	June 30, 2014
	$	$
Lawrence Dick	21,000	-
Brian Bapty	-	1,306
Baron Global Financial Canada Ltd.	15,761	4,473
Primarius Capital Corp.	21,000	-

CRITICAL ACCOUNTING ESTIMATES

For the preparation of consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. The Company believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

FINANCIAL INSTRUMENTS

Classification of financial instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position as follows:

	Fair Value Measurements Using		
As at September 30, 2014	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs Level 3 $
Cash and cash equivalents	25,125	-	-
Short term investment	90,181	-	-
Marketable securities	480,000	90,000	
Total	595,306	90,000	-

	Fair Value Measurements Using		
As at June 30, 2014	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs Level 3 $
Cash and cash equivalents	33,241	-	-
Short term investment	221,588	-	-
Marketable securities	640,000	140,000	-
Total	894,829	140,000	-

The fair values of other financial instruments, which include loan receivable, current assets held for sale, accounts payable and accruals, current liabilities held for sale, and premium on flow-through shares, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

At December 19, 2012, when the Company distributed the shares of Magna Resources, the Company was no longer subject to foreign exchange rate risk as all of the Company's operations are located in Canada.

(d) Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and match the maturity profile of financial assets to development, capital and operating needs.

SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:

(1) Authorized: Unlimited common shares without par value.
(2) The Company has 66,278,532 common shares, and 4,500,000 stock options issued and outstanding.
(3) The Company has no warrants issued and outstanding

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has incurred the following material cost components during the three months ended September 30, 2014:

Three months ended September 30,		2014	2013
		$	$
Consulting and management fees	(a)	120,000	189,638
Insurance	(b)	15,243	13,654
Legal fees	(c)	2,057	4,629
Office expenses	(d)	7,800	19,781
Share-based payments	(e)	-	58,290
Wages	(f)	22,155	47,636
Unrealized loss (gain) on marketable securities	(g)	(50,000)	130,000
Interest and miscellaneous income	(h)	514	6,447

(a) Consulting fees were paid to directors, officers and consultants of the Company to provide geological, corporate communication, administrative, investor relations and management services. The transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

(b) Insurance fees of $15,243 were recognized for the Company's property liability insurance and directors and officers insuance

(c) Legal fees of $2,057 were recorded for general corporate matters

(d) Office expense of $7,800 were incurred for general office and software expenses

(e) Share-based payments of $nil were expensed for the period. This is a non-cash expense which records the fair value of stock options that have been granted and vested during the year.

(f) Wages of $22,155 were paid to the management of the Company.

(g) The Company recorded an unrealized loss of $50,000 relating to the loss in the fair value of the Magna warrants at September 30, 2014.

(h) The Company reported interest income of $514 for interest earned on funds held in an interest bearing GIC account. The funds received from the financing held in 2011 and 2012 were transferred to a GIC account on receipt.

The Company has capitalized the following exploration and development costs during the three months ended September 30, 2014:

	June 30, 2013	Change	June 30, 2014	Change	September 30, 2014
	$	$	$	$	$
Acquisition					
Cash payments	291,250	77,500	368,750	-	368,750
Share issuance	290,750	35,250	326,000	-	326,000
	582,000	112,750	694,750	-	694,750
Deferred exploration expenditure					
Advance payment	200,000	(200,000)	-	-	-
Assays and reports	1,178,386	149,712	1,328,098	8,589	1,336,687
Camp construction	115,276	-	115,276	-	115,276
Drilling	4,378,462	477,576	4,856,038	4,000	4,860,038
Environmental	121,425	163,272	284,697	4,310	289,007
Equipment installation	101,950	-	101,950	-	101,950
Field expenses	1,047,885	149,788	1,197,673	3,192	1,200,865
General administration	51,656	9,201	60,857	(1,918)	58,939
Metallurgy studies	75,706	41,791	117,497	6,095	123,592
Geological consulting	2,482,317	444,278	2,926,595	10,020	2,936,615
Permitting	2,706	783	3,489	-	3,489
Reclamation	10,000	-	10,000	-	10,000
Resource estimation	15,230	17,870	33,100	-	33,100
Surveys and geophysics	7,068	8,000	15,068	-	15,068
Travel and Accommodation	446,998	33,252	480,250	-	480,250
	10,235,065	1,295,523	11,530,588	34,288	11,564,876
	10,817,065	1,408,273	12,225,338	34,288	12,259,626

The Company carried out an exploration program on its Newman Todd Project which consisted of mapping and sampling of diamond drilling.

RISK AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks applicable to new and developing enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters.

Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the Company's fiscal years beginning on or after July 1, 2013. The following standards and interpretations are relevant to the Company's financial statements but are not yet effective:

(a) IFRS 9, Financial Instruments
IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the consolidated financial statements and notes thereto, MD&A and other information contained in this annual report. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors"). The Directors are responsible for reviewing and approving the annual audited consolidated financial statements and MD&A. Responsibility for the review and approval of the Company's quarterly unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the consolidated financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional information relating to the Company's operations and activities can be found by visiting the SEDAR website at www.sedar.com.