FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS FOR PACIFIC BAY MINERALS LTD. FOR THE YEAR ENDED DECEMBER 31, 2014.

INTRODUCTION

This Management Discussion and Analysis ("MD&A) prepared as of May 11, 2015 includes financial information from, and should be read in conjunction with the audited consolidated financial statements for the fiscal year ended December 31, 2014. Please refer to the cautionary notices at the end of MD&A, especially in regard to forward looking statements.

Pacific Bay Minerals Ltd. ("Pacific Bay" or the "Company") reports its financial position, financial performance, changes in shareholders' equity and cash flows in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars.

Pacific Bay Minerals Ltd. is a diversified junior mineral exploration company. The Company is a reporting issuer in the provinces of British Columbia and Alberta. The Company's common shares trade on the TSX Venture Exchange under the symbol PBM.

EXPLORATION ACTIVITY

Haskins-Reed Property, British Columbia

On July 23, 2008, the Company signed a definitive option agreement to acquire 100% of the Haskins-Reed Property located in the Cassiar Mining District of North Central British Columbia. Management decided that, while the Company's main exploration focus continues to be uranium, the polymetalic precious and base metal potential of Haskins-Reed provided diversification to the Company's mineral portfolio. The property, located just off Highway 37, on Mount Haskins and Mount Reed, hosts numerous skarn, replacement and porphyry-style mineral occurrences.

In June 2009, the Company completed a trenching, soil sampling and geological exploration program at the Haskins-Reed Property.

The option agreement calls for total consideration of $400,000 and 300,000 shares payable over four years, subject to a 2% NSR royalty, purchasable for $2,000,000. On July 23, 2009, the Company paid $50,000 and issued 40,000 shares to the vendor to maintain the option in good standing for another 12 month period.

During the year ended December 31, 2010, the Company re-negotiated the cash payments due under the agreement such that $27,500 was paid before the July 23, 2010 due date and an additional $10,000 was paid on December 9, 2010, with the balance of the $75,000 payment deferred six months. The stock payment of 60,000 shares was paid per the original schedule. All subsequent cash and stock payments under the agreement remain the same. During the year ended December 31, 2011, the balance of the option payment was made.

In late 2008, the TSX Venture Exchange approved the transaction and a 43-101 compliant Technical Report on the property was completed and is available to the public on SEDAR (www.sedar.com). During 2009, the Company filed an Amended Technical Report on the Haskins-Reed Property with updated maps and clarified language relating to certain historical resource estimates disclosed by the Company. The amended report contains no information deemed to be material by the Company.

During 2008, the Company completed an airborne geophysical survey of the Haskins-Reed Property which revealed numerous anomalies, the most important of which is a major, NE/SW trending magnetic anomaly in parallel to previous skarn and intrusive hosted mineralization. Ground follow up of the anomaly discovered a new showing called the Mee. The Company is hopeful that in addition to significant replacement style mineralization an intrusive hosted deposit may be indicated by exploration to date. During the year ended December 31, 2012, the Company incurred $14,691 (2011: $305,959) in exploration costs, $72,222 (2011: $ 68,323) in acquisition costs, and recovered $2,243 on field equipment sold.

During the year ended December 31, 2009, the Company completed the acquisition of five additional claims within the Haskins Reed Property, adding to the size of the property. The three claims are "Crown Grants" which include additional surface rights over normal mineral claims and also require no annual assessment work to keep them in good standing, although nominal annual fees are payable to the government of BC. The purchase price for 100% of the crown grants was $25,000 in cash. There is no NSR. The claims cover a number of known base metal occurrences.

During the year ended December 31, 2010, excavator trenching was completed which outlined a significant new zone of silver, lead, zinc and minor gold mineralization located on the Crown Grants. The results were sufficiently encouraging to warrant drilling in 2011.

During the 4th quarter of 2010, the Company raised approximately $414,000 in financing via issue of flow-through shares.

During 2011, the Company completed a diamond drilling and trenching program on the Property with significant intercepts of mineralization encountered. Readers are encouraged to consult the Company's website at www.pacificbayminerals.com for details of the results. The Company plans, subject to financing, to follow up on these results with additional drilling, trenching, and other exploration activities.

In December, 2011 the Company renegotiated the third anniversary option payment owing to the vendor of the Property which called for payment of $100,000 and 60,000 shares of Pacific Bay. The new terms, approved by the TSX Venture Exchange and paid, called for a cash payment of $12,500, the original 60,000 shares and the remaining balance of cash of $87,500 reduced to $60,000 and payable through issuance of 120,000 shares (issued). A fourth and final payment of $100,000 ($30,000 paid) and 100,000 shares (issued).

During the year ended December 31, 2011, thirteen claims were dropped, and an impairment charge of $2,084 was recognized.

During 2012 the Company incurred $72,222 in acquisition costs and $14,691 in exploration costs.

During 2013, the Company incurred $3,129 in acquisition costs on the property.

Management believes the Haskins-Reed project has significant merit and has every intention to finance, maintain and further explore the property. However, owing to the risks associated with the current difficult market conditions, the Company recognized an impairment charge of $250,237 during the year ended December 31, 2013, representing 25% of the remaining carrying costs of the property.

During 2014, the Company completed a 6-hole, 427 metre diamond drilling and a 6-hole, 409 metre diamond drilling at Haskins-Reed on a high-grade zinc target called the Brett Zone with expenditures totaling $87,521. The results include an intercept of 7.27% zinc across a core length of 9.70 metres. Five of the six drill holes intersected zinc and magnetite mineralization.

Lode Gold Property, BC

On February 25, 2014, the Company entered into an option agreement to acquire the Lode Gold Property in the New Westminster Mining Division, BC, for a total of 1,500,000 common shares issuable over four year. On April 8, 2014, the Company issued 250,000 shares pursuant to the option agreement. The property is subject to a 3% net smelter royalty, 2% of which is purchasable for $1,500,000 per percentage point, with the remaining 1% not purchasable Lode Gold Property hosts a quartz stock-work style hydrothermal gold prospect with a history of exploration, including a underground workings and a number of drilling campaigns.

A 1996 seven-hole diamond drilling program on the Lode Gold property reportedly intersected significant gold mineralization, including 8.61 gpt Au and 46.2 gpt Ag over a drilling interval of 3.05 metres and 4.68 gpt Au and 383.7 gpt Ag over a drilling interval of 6.10 metres.

During the year the Company conducted a one day visit to the Lode Gold Property with a geologist for the purpose of preparing and filing a notice of work applying for a permit from the Government of BC to conduct a diamond drilling program. Said notice has been filed and the Company has been advised of some additional information requests that are required to be completed before work can proceed. The Company expended $2,980 in preparing and filing the permits.

During year ended December 31, 2014 the Company incurred $3,963 in expenditures at Lode Gold.

Boulder Property, BC

On February 25, 2014, the Company entered into an option agreement to acquire the Boulder Property in the Stikine Mining Division, BC, for a total of 5,000,000 shares issuable over 4 years. On April 8, 2014, the Company issued 750,000 shares pursuant to the option agreement. The property is subject to a 3% net smelter royalty, 2% of which is purchasable for $1,500,000 per percentage point, with the remaining 1% not purchasable.

During the period, the Company completed a 246-metre diamond drill hole at its 100% optioned Boulder Gold Property incurring $29,215 in exploration expenditures. The drill hole was collared on weakly pyritized clastic metasedimentary rocks exposed by recent placer gold mining. The lower half of the drillhole encountered highly-altered, quartz-veined and sulphide-rich metasedimentary rocks. Results of this drilling yielded no significant mineralization.

Otish Mountains, Québec (Uranium Exploration)

Beginning in 2006, the Company acquired by staking and purchasing a significant number of mineral claims for uranium exploration in the Matoush area of the Otish Mountain district of central Québec (the “Otish Mountain Claims”).

On October 29, 2007 an agreement in principle was signed with Strateco Resources Inc. (“Strateco”) whereby Strateco was provided an option to earn a 60% interest in 277 of the Otish Mountain Claims. In January 2008, the Company and Strateco completed and closed a definitive agreement that called for Strateco to pay the Company a total of $500,000 and issue 200,000 Strateco common shares over 4 years and incur $3,000,000 in exploration expenditures over 4 years, including a minimum of 10,000 meters of drilling. As part of the transaction, Strateco acquired 200,000 units of Pacific Bay at a price of $1.50 per unit, with each unit comprised of one common share and one warrant to purchase one common share for $3.00 for 24 months, which have now expired.

Since the commencement of the Strateco agreement, Strateco has spent over $3,000,000 exploring the Company's Otish Mountains Claims, including 10,010 meters of drilling. To date, Strateco has paid Pacific Bay $500,000 and issued 200,000 shares of Strateco. Strateco has now completed the work commitment and fulfilled the cash payment and share issuance obligations under the option agreement. The option has automatically converted into a Joint Venture with the parties contributing to approve programs and budgets according to their respective pro-rata interests.

In February, 2011, Strateco recommenced drilling on the Alfred Fault. In May, 2011, results from the drilling indicated no economic uranium intersections were encountered in 10 holes totalling 5,511 metres of drilling, despite favourable geology and alteration being present in some of the holes.

Notwithstanding the disappointing results from the 2011 Alfred Fault Drilling, Strateco advised Pacific Bay that the Alfred Fault is still a significant area of interest, and other areas, such as the Rabbit Ears areas, remain high priority exploration targets. Pacific Bay management believes that the property remains highly prospective for uranium discovery and expects exploration to continue for some time.

In November of 2011, Strateco (60%) and Pacific Bay (40%) announced that Strateco had fully exercised its option and the parties had formed a joint venture whereby the parties will participate in future programs and budgets according to their pro rata interests.

During the year 2012, Strateco was granted approval from the government of Canada and the Canadian Nuclear Safety Commission to proceed with its underground exploration program. However, during 2013, the government of Quebec halted all exploration, development and mining of uranium throughout the Province pending a review of unknown scope and duration. This effective moratorium on uranium in Quebec (the "Moratorium") has severely impaired the value of the Company's claims in the region, notwithstanding the Company's potential recoveries in the event of successful legal action against Quebec.

During the year, the Company prepared and filed a submission to the Bureau d'audiences publiques sur l'environment ("BAPE") in Quebec, a governmental public consultation body that is conducting a province-wide consultation process regarding uranium mining. The Company's submission argues that uranium exploration and mining poses no environmental or social risk above or below any other type of mining activity and that the moratorium on such activities should be lifted immediately. The Company has also left open the possibility of legal action to recover damages from the Quebec government.

Due to the forgoing, the Company recognized an impairment charge of $580,998 in 2012, representing 90% of the carrying costs of the property. During 2013, no work was carried out by the joint venture on the property. However, the property is subject to certain ongoing management and maintenance costs, of which the Company's 40% pro-rata share totaled $16,483. The Company is currently in arrears regarding its pro-rata contributions to the Strateco Joint Venture and there is no assurance that that these arrears will be paid and as such there is a risk that the Company's interest will be diluted according to the terms of the JV. As no further work is planned or expected, the Company recognized a further impairment charge of $72,934 during the year ended December 31, 2013, representing 90% of the remaining carrying costs of the property.

As potential exists for the moratorium to be lifted also for possible recoveries from the Province of Quebec through legal action, the Company retains a modest assets balance on the Otish Property in its financial statements. During the year the Company incurred $3,037 in expenditures on the Otish Property.

Regalo Property, Argentina (Uranium Exploration)

Pacific Bay, though it's Argentine subsidiary Bahia Atlantica, S.A., owns 100% of the Regalo Property.

In March of 2011, to follow up on anomalies outlined in the previously referenced airborne survey, the Company carried out a program that yielded positive results, including discovery of a new uranium zone. Readers are encouraged to view full details of this discovery outlined in the Company's press release dated May 3rd 2011 and available at www.pacificbayminerals.com.

During the year ended December 31, 2013, the Company incurred $1,892 (2012 - $21,347) in exploration costs on the Regalo property.

Due to increased regulatory risks, weak uranium prices and low availability of financing, management does not foresee any reasonable possibility of funding further work, and as such, all remaining carrying costs were written down, resulting in an impairment charge of $670,274 during the year ended December 31, 2013.

No new work or activity was carried out in 2014 at Regalo.

July Property

During the third quarter of 2011, the Company added to the Regalo property by acquiring an option to acquire 90% in a block of claims internal to the larger Regalo block. The "July Property" hosts similar geology to the Regalo Norte uranium showing and hosts a significant uranium showing along a power line and roadway. Details of the geology are posted to the Company's website at www.pacificbayminerals.com. Under the agreement with state owned Petrominera Chubut S.E., to earn its interest, the Company must incur US$3,700,000 in expenditures over 6 years, with US$100,000 required in the first year, which is now complete.

During the nine month period ended September 30, 2012 Pacific Bay commenced a prospecting and trenching program at the July Property. This program was completed mainly during the period and laboratory results obtained subsequent to the period ended September 30, 2012. The results of this program, announced subsequent to the end of the period, outline a 2 kilometre long, 3.5 metre wide uraniferous sandstone layer grading up to 0.21% uranium and averaging 180 Parts per million uranium. Company geologists believe the uranium in the sandstone layer was remobilized from a stratigraphically lower and highly prospective rock unit that is less than 100 metres below surface. The Company believes that the next stage of exploration should include drilling to test the lower unit.

During the year ended December 31, 2013, the Company incurred $nil (2012 - $103,304) in exploration costs on the July Property.

Pacific Bay has completed the US$100,000 work commitment on the July Property by the end of October, 2012. The Company has 3 years to complete the next phase of work.

Recently a draft new mining law was introduced that significantly increased government royalties on mining and added additional state participation in projects, but also clearing the way for open pit mining to be permitted in the area where the Company's interests are located and includes encouraging provisions for uranium exploration which is to be treated as a "strategic" resource. The new law was not adopted as presented and the Company is hopeful that a revised law will be adopted that is economically balanced and fair for the mineral exploration sector. Until the regulatory environment in Chubut is clarified, minimal work is planned.

Due to increased regulatory risks, weak uranium prices and low availability of financing, management does not foresee any reasonable possibility of funding further work, and as such, all remaining carrying costs were written down, resulting in an impairment charge of $103,304 during the year ended December 31, 2013.

SUMMARY OF QUARTERLY RESULTS

Selected consolidated financial information for each of the last eight quarters in accordance with International Financial Reporting Standards (unaudited):

	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
3 Months Ended	31/12/14 $	30/09/14 $	30/06/14 $	31/03/14 $	31/12/13 $	30/09/13 $	30/06/13 $	31/03/13 $
Revenue	-	-	-	-	-	-	-	-
Net Income (Loss)	(65,300)	(73,255)	(79,454)	(65,208)	(1,338,681)	(20,598)	(41,693)	(152,058)
Comprehensive Income (Loss)	(55,625)	(73,255)	(79,454)	(65,208)	(1,348,356)	(20,598)	(41,693)	(152,058)
Income (Loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.11)	(0.00)	(0.00)	(0.00)

An analysis of the quarterly results over the last eight quarters shows significant changes in financial performance quarter by quarter, reflecting substantial reductions in expenditures due to drastically reduced access to capital.

The decreased income in the fourth quarter of 2013, as compared to the previous three months, is primarily due to mineral property impairment charges of $1,204,885 recognized at year end.

SUMMARY OF ANNUAL RESULTS

	Revenues $	Net Loss (per share) $	Comprehensive Loss $	Total Assets $	Long Term Debt $	Dividends $
2014*	Nil	283,217 (.02)	273,542	996,931	Nil	Nil
2013*	Nil	1,553,030 (.13)	1,562,705	794,073	Nil	Nil
2012*	Nil	1,159,393 (.02)	1,159,393	2,108,065	Nil	Nil
2011*	Nil	705,700 (.01)	892,546	2,849,053	Nil	Nil

* Prepared in accordance with International Financial Reporting Standards

The above summary reflects the nature of the Company as a non-revenue generating junior mineral exploration company. The significant decrease in assets for 2013, down $1,313,992 on the year relates almost entirely to the above referenced mineral property impairments of $1,204,885.

LIQUIDITY AND CAPITAL RESOURCES

The Company has not begun commercial production on any of its resource properties and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets, which are subject to changing conditions beyond the Company's control.

Current assets at December 31, 2014 were $9,944 compared to $8,939 at December 31, 2013. Current liabilities at December 31, 2014 were $652,359 compared to $597,828 at December 31, 2013. The comparative increase in liabilities is primarily due to an increase debt payable to related parties and a lack of funds to pay trade payables. The Company entered into a loan agreement dated May 23, 2012, with a director of the Company for $200,000, which was extended during the period to December 31, 2015. The Company has a working capital deficiency of $642,415 at December 31, 2014 (2013 - $588,889).

In spite of challenging market conditions that continue to prevail, management continues to seek ways and means to rectify its capital deficiency. During the period the Company settled debts of $164,845 through issuance of 3,250,000 shares, completed the remaining option payments under the Haskins-Reed property agreement through issuance of 1,000,000 shares and raised $50,000 through issuance of 714,285 flow-through shares at $0.07 per share. The Company also completed private placements through issuance of 1,900,000 share units at $0.05 per share for proceeds of $95,000. Management is also actively seeking partners to either joint venture or acquire properties in its portfolio. Notwithstanding Management's efforts, there can be no guarantee that the deficiency noted above will be cured in the near term, or at all.

CONTRACTUAL COMMITMENTS

On December 18, 2012, the Company entered into a 3 year lease for the office premises, commencing on February 1, 2013 and expiring on January 31, 2016, obligating the Company to monthly rent of $3,438. During the year ended December 31, 2013, the Company entered into a sublease contract whereby a third party has committed to pay the Company $36,300 per year (plus overhead), commencing August 15, 2013 until the termination of the lease on January 31, 2016.

OFF BALANCE SHEET ARRANGEMENTS

The company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere were as follows:

For the Years Ended December 31,	**2014**	2013
	$	$
Management and consulting fees paid or accrued to directors and officers of the Company	**168,000**	153,000
Stock-based compensation expense recognized for options granted to directors and officers	**38,124**	–
Fair value of shares issued the President and a director to settle debt	**124,000**	–

As at December 31, 2014, the Company is indebted to the officers and directors of the Company in the amount of $274,998 (2013 - $178,478), of which $15,660 (2013 - $710) has been included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.

On May 23, 2012 the Company entered into a loan agreement with a director of the Company for $200,000, which was due on or before December 31, 2012, with interest at the rate of 7% per annum. In addition, the Company agreed to issue the lender 160,000 bonus shares within 10 days of TSX Exchange acceptance. On July 16, 2012, the Company issued 160,000 bonus shares with a fair value of $32,000. On December 20, 2012, the loan was extended to December 31, 2013. On December 20, 2013, the loan was extended to December 31, 2014. On April 8, 2014, the Company issued 2,300,000 shares with a fair value of $92,000 to settle $115,000 of this loan. As at December 31, 2014 the balance of this loan is $85,000. During the year ended December 31, 2014, the Company recognized $9,420 (2013 - $14,372) of interest on the loan.

On April 8, 2014, the Company issued 800,000 shares with a fair value of $32,000 to settle $40,000 of accrued management fees due to the President.

During the year ended December 31, 2014, a director of the Company advanced $7,500 (2013 - $41,715) to the Company in loans which are no interest bearing, have no fixed terms of repayment, and are payable on demand.

During the year ended December 31, 2014, the Company granted incentive stock options to directors and officers of the Company to purchase up to 900,000 common shares at $0.10 per share, exercisable to October 29, 2016. The total fair value of stock options granted to directors and officers during the year ended December 31, 2014 using the Black-Scholes option pricing model was $38,124.

OUTSTANDING SHARE INFORMATION

Authorized capital

The Company's authorized share capital comprises of unlimited common shares without par value.

Issued and outstanding common shares:

As at May 11, 2015, the Company has 21,311,824 common shares issued and outstanding.

Issued and outstanding options and warrants:

As at May 11, 2015, the Company has 1,000,000 stock options and 3,614,286 warrants outstanding

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of the assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

   The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that the 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 expenditure is unlikely, the amount capitalized is written off in the profit and loss in the year the new information becomes available.

ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) 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.

iv) 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. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

RECENT ACCOUNTING PRONOUNCEMENTS

The following new standards and amendments to existing standards have been published and are mandatory for the Company's accounting years beginning after January 1, 2015 or later, with early adoption permitted. None of these is expected to have a significant effect on the consolidated financial statements.

IFRS 9 'Financial Instruments: Classification and Measurement' – introduces new requirements for the classification and measurement of financial instruments.

Annual Improvements to IFRSs 2012 - 2014 Cycle, including *IFRS 7, Financial Instruments: Disclosures and IAS 34, Interim Financial Reporting*

Management anticipates that the above standards will be adopted in the Company's financial statements for the period beginning January 1, 2015, and is currently evaluating the impact of the adoption of these standards.

UNCERTAINTIES AND RISK FACTORS

Financial instruments
The Company is exposed through its operations to the following financial risks:

Market Risk
Credit Risk
Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:
The Board of Directors has overall responsibility for determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive quarterly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Market Risk;
Market risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in the market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

i) Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and the Argentina Pesos or other foreign currencies will affect the Company's operations and financial results.

ii) Interest Rate Risk:

Interest rate risk is the risk that future cash flow will fluctuate as a result of changes in the market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

iii) Commodity Price Risk

The Company's ability to raise capital to fund operation of its properties is subject to risks associated with fluctuations in the market prices of uranium, gold, silver and other commodities.

iv) Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings.

Credit Risk;
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at December 31, 2014, and December 31, 2013, relating to cash and cash equivalents of $540 and $1,014, respectively. All cash and cash equivalents are held at CIBC Bank.

Liquidity Risk;
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain,

the liquidity risk increases. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other liabilities.

Determination of Fair Value:
Fair values have been determined for measurement and /or disclosure purposes based on the following methods. When applicable, further information about assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial instruments that are measured subsequent to intial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

> Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
>
> Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly as prices or indirectly derived from prices; and
>
> Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on a observable market.

CAUTIONARY STATEMENT ON LOOKING FORWARD INFORMATION

Certain statements and information in this MD&A, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking statements or information include, but are not limited to, statements or information with respect to financial disclosure, the future price of gold, estimation of mineral reserves and exploration and development capital requirements, and our goals and strategies. Often, these statements include words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

With respect to forward-looking statements and the information included in this MD&A, we have made numerous assumptions including among other things, assumptions about the price of metals, anticipated costs and expenditures and our ability to achieve our goals, even though our management believes that the assumptions made and the expectations represented by such statements or information will prove to be accurate. By their nature, forward looking statements and information are based on assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: price volatility in metals; discrepancies between actual and estimated production and mineral reserves and resources; the speculative nature of mineral exploration; mining operational and development risk; and regulatory risks. See our annual information form and our quarterly and annual MD&A for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date of this MD&A except as may be required by law.

All forward-looking statements and information made in this document are qualified by this cautionary statement. The Company's condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards.

INVESTOR RELATIONS

Investor relations activity during the period consisted of routine shareholder communications.

ADDITIONAL INFORMATION

Additional information relating to our company is available for viewing on the SEDAR website at www.sedar.com.