Inter-Rock Minerals Inc.

Management's Discussion and Analysis

For the Three and Six Months Ended June 30, 2016

INTER-ROCK MINERALS INC.

MANAGEMENT'S INTERIM DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016

NOTES TO READER

References to "Inter-Rock" and the "Company" in this discussion refer to Inter-Rock Minerals Inc. and its subsidiaries taken as a whole.

The following management discussion and analysis ("MD&A") provides an analysis of the financial condition of Inter-Rock at June 30, 2016 and compares it to the financial condition of the Company on December 31, 2015. The MD&A also analyzes the Company's results of operations for the three and six months ending June 30, 2016 and compares those results to the results for the comparable periods in 2015. This discussion also provides an update of our plan of operation for the short term.

This MD&A has been prepared in compliance with the requirements of National Instrument ("NI") 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited consolidated interim financial statements for the three and six months ended June 30, 2016 and with the audited consolidated financial statements and the related notes for the year ended December 31, 2015. The Company's financial statements and MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

All monetary amounts are expressed in United States dollars unless otherwise indicated.

This MD&A is prepared as of August 29, 2016.

SECOND QUARTER 2016 HIGHLIGHTS

- Consolidates the second quarter results of operations for Papillon Agricultural Company, Inc.

- The dairy industry continued to experience low milk prices in the second quarter which reduced sales of Papillon's products to dairy producers.

- MIN-AD's second quarter sales volume increased 1% over the prior year second quarter, with granular product sales volume increasing 18%.

- Mill Creek continued making plant improvements and completed a tertiary crusher rebuild.

DESCRIPTION OF THE BUSINESS

Inter-Rock is a public company continued in Barbados in 2000. Inter-Rock's shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "IRO".

Inter-Rock owns three operating businesses: MIN-AD, Inc. ("MIN-AD"), Mill Creek Dolomite LLC ("Mill Creek") and Papillon Agricultural LLC ("Papillon"). MIN-AD and Mill Creek are both engaged in the production and marketing of high purity dolomite, primarily to the animal feed, glass, roofing and aglime industries in the United States. Papillon is a US based marketer and distributor of toll manufactured premium dairy feed ingredients, including MIN-AD's products.

OPERATIONS REVIEW

Papillon Agricultural

Papillon develops, markets and distributes specialty nutritional supplements to the dairy cow feed industry. Papillon has its own line of high quality proteins and rumen probiotic products that are produced under toll manufacturing agreements. In addition, Papillon distributes MIN-AD in the US Northeast and Midwest and also distributes yeast and zeolite products. Most of Papillon's sales are in the northeastern and north central regions of the United States.

The Papillon acquisition closed at the end of the first quarter of 2016. Inter-Rock commenced consolidating Papillon's financial results in the second quarter of 2016.

Papillon recorded sales of $6.4 million in the second quarter of 2016. Papillon's sales volume of protein products was 10% lower in the second quarter of 2016 compared to the prior year period. The volume decline is primarily attributable to a 30% decline in milk prices over the past twelve months, however, some volume decline is also caused by lower cow feed intakes due to very hot and humid weather as compared with last summer.

Year-to-date, total sales volumes are 7% lower than the prior year period, largely as a consequence of lower milk prices.

Papillon hired a North Central region sales manager in June. This is a new sales region for Papillon and is a key part of the company's plan to become a national supplier to the dairy industry. Papillon and MIN-AD began integrating sales and marketing efforts in the Upper Midwest during the quarter.

Mill Creek

Mill Creek owns and operates a dolomite quarry and plant in Mill Creek, Oklahoma. Mill Creek sells into specialty markets for dolomite, principally the glass, roofing materials, and aglime markets. Mill Creek, located approximately half way between Dallas, TX and Oklahoma City, OK, is ideally located to serve the large concentration of glass and asphalt shingle manufacturers in Texas, Oklahoma, and eastern Kansas.

About 70% of Mill Creek's sales volume is to the glass industry. The filler market, primarily for asphalt shingles accounts for about 20% of Mill Creek's sales volume and the remaining 10% of sales are to the aglime market where Mill Creek's products provide a high purity source of calcium and magnesium to enhance soils.

Mill Creek's 2016 second quarter sales volume declined 8% as compared with the second quarter of 2015, mainly due to reduced sales to glass customers. This is an intentional reduction that will be maintained throughout the year and is aimed at allowing the plant to complete maintenance and capital improvements. Second quarter 2016 net product sales revenues (revenue derived from tons of product sold exclusive of freight charged to customers) of $971,000 declined 7% as compared with the prior year period, mainly because of the volume reduction. Unit operating costs decreased about 6% despite the volume decrease. This was mainly due to lower overtime and maintenance charges and supervisory changes. The plant ran well during the second quarter despite some severe weather.

Sales volumes for the first six months of 2016 were 10% lower than for the comparable period in 2015. Lower sales volumes are largely responsible for a 10% decline in net sales revenue from $2.2 million for the first six months of 2015 to $1.95 million year-to date.

Total operating costs at Mill Creek, including general and administrative costs, were lower for the second quarter and first six months of 2016 by 6% and 9% respectively, as compared with the corresponding periods in 2015.

The main capital project in the second quarter was a major rebuild of the tertiary VSI crusher. This project went well and there were no interruptions to customer shipments. Mill Creek spent $206,000 on capital projects in the first half of 2016.

Sales volumes for the balance of year are expected to be about 10% lower than 2015. The US float glass industry is operating near capacity and the ongoing maintenance and capital improvements at the plant should allow Mill Creek to take advantage of this in 2017.

MIN-AD

MIN-AD quarries, processes, and markets a specialty dolomite for the dairy and beef cattle feed industry. The dolomite is used as a source of magnesium and calcium and as a rumen acid buffer. Approximately 95% of sales are to the United States, while the other 5% are to Alberta and British Columbia. MIN-AD's quarry and grinding plant are located in northern Nevada near the town of Winnemucca.

During the second quarter of 2016, MIN-AD's sales volumes increased 2% over the corresponding prior year period. Net product sales revenue (exclusive of freight charged to customers) of $1.1 million for the second quarter of 2016 was 5% higher than net product revenues in the second quarter of 2015. Plant unit operating costs increased by 14% compared with the corresponding period in 2015, due to increased production of Granular and bagged products. Bagged shipments, which are higher value than bulk shipments, represented a greater proportion of the total sales volume and thus contributed to the overall increase in revenues.

For the first six months of 2016, both tons sold and net product revenues were approximately 7% higher than the corresponding period in 2015. Net product revenues were $2.1 million in the first six months of 2016, up from $1.9 million for the same period in 2015 driven by both higher volumes and increased sales of higher value products. Total operating costs, including site general and administrative expenses, for the second quarter and six months of 2016 were comparable to costs in the corresponding periods in 2015.

The application for the plant's air quality permit renewal with a major modification for the Granular circuit was submitted to the state of Nevada and the application was accepted. A major rebuild of the main grinding mill was completed.

Sales volumes for the remainder of the year are expected to be about 5% higher than the prior year period. MIN-AD's sales are primarily to the dairy market, which is currently experiencing low prices for dairy products. This is expected to continue for the reminder of the year. Most dairies are not operating at losses however, as feed prices are also low. As a result, management expects the net impact on MIN-AD's sales volumes to be neutral.

A very successful joint MIN-AD/Papillon dairy trial was completed at Cornell University during the first quarter that showed the benefits of feeding MIN-AD's dolomite to transition cows, that is, cows that are in the critical period of transitioning to milk production after calving. The results were disseminated to nutritionists during the second quarter and will be presented at conferences throughout the rest of the year.

CONSOLIDATED FINANCIAL REVIEW

Financial Performance (US$,000)	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Revenue	**$8,600**	$2,857	**$11,323**	$5,555
Operating Costs	**$6,942**	$2,008	**$8,933**	$3,965
SG&A	**$1,375**	$561	**$1,831**	$1,153
Net Profit (Loss)	**$15**	$63	**$116**	($9)
Operating Cash Flow[1]	**$283**	$288	**$559**	$437
Capital Expenditures	**$228**	$63	**$343**	$172

[1]Operating cash flow is before changes in non-cash working capital.

Financial Condition (US$,000)	**June 30, 2016**	December 31, 2015
Cash	**$539**	$329
Working Capital	**$125**	($441)
Total Assets	**$14,113**	$7,241
Total Debt	**$7,664**	$2,028

Second Quarter and Year-to-Date 2016 Financial Results

Revenues for the second quarter of 2016 were $8.6 million, up from $2.9 million for the year earlier period. The increase is attributable to the acquisition of Papillon, offset, in part, by an 8% decline in revenues from the dolomite businesses. As noted, year-to-date sales at Mill Creek have been reduced while the Company undertakes a mill improvement and upgrading program.

Revenue for six months of 2016 was $11.3 million, as compared with $5.6 million for the same period in 2015. Year-to-date dolomite revenues of $5.3 million were approximately $215,000 lower than the first six months of 2015.

The decline in dolomite revenues was partially offset by a reduction in total dolomite operating costs at of approximately $180,000 and $94,000 for the six and three month periods respectively.

Interest expense in the second quarter of 2016 was $118,000, up from $36,000 in the second quarter of 2015. For the first six months of 2016, interest expense was $143,000, as compared with $67,000 in the year earlier period. The increase in interest expense is attributable to the $5.95 million of debt raised to fund the acquisition of Papillon.

Inter-Rock reported net income of $15,000 or $0.001 per share for the second quarter of 2016 as compared with a net income of $63,000, or $0.003 per share for the same period in 2015. Net income for the second quarter of 2016 was impacted, in part, by higher interest expense and higher corporate expenses, both attributable to the acquisition of Papillon. Net income for the first half of 2016 was $116,000 as compared to a net loss of $9,000 for the first half of 2015.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Working Capital

At June 30, 2016, the Company had cash of $539,000, as compared with $329,000 at December 31, 2015. The increase in cash is attributable to the cash associated with the acquisition of Papillon. (The Company's cash balance at March 31, 2016, after the acquisition of Papillon, was $1,068,000).

Working capital at June 30, 2016 was $125,000. The working capital figure is negatively impacted by the inclusion in current liabilities of the full outstanding balance of the Company's term loan with the Mutual of Omaha Bank of $580,000. As addressed below in the Financing section, the Company is in discussions with the bank regarding the refinancing of this facility.

Inter-Rock had $323,000 available under its revolving credit facility at the end of the second quarter.

The change in the cash balances during the second quarter is reconciled as follows ($ 000):

Cash at March 31, 2016	$1,068
Cash Provided by Operations	283
Cash Used by Non- Cash Working Capital Changes	(237)
Capital Expenditures	(228)
Principal and Interest Paid on Bank Debt	(235)
Equipment Lease Repayments	(33)
Other Cash Proceeds	4
Purchase of Intangibles	(83)
Cash at June 30, 2016	$539

Cash Flows

Consolidated cash flow from operations was $283,000 for the second quarter of 2016, as compared with $288,000 for the same period last year.

During the second quarter of 2016, changes in non-cash working capital resulted in a use of cash of $237,000, primarily as a result of a reduction of accounts payable at Papillon. Cash flow in the second quarter of 2016 was $46,000 after accounting for changes in non-cash working capital.

Other uses of cash in the second quarter included $268,000 for funding payments of principal and interest on debt and operating leases and $228,000 of expenditures on capital items, primarily related to the mill improvements at Mill Creek.

Cash flow from operations was $559,000 for the first six months of 2016, up from $437,000 for the same period in 2015. Changes in non-cash working capital reduced cash flow by $441,000 for six months of 2016, in part due to the timing of collections of trade receivables. Finance related costs related to principal and interest payments on debt and equipment leases were $444,000 year-to-date and a further $343,000 was used for capital expenditures.

Financing Activities

During the first half of 2016, the Company made financing related payments of $444,000, including principal repayments on long term debt of $247,000, equipment purchase financing repayments of $75,000 and $122,000 in interest payments.

The Company did not declare any preferred share dividends in the second quarter of 2016.

Inter-Rock guarantees the debt of MIN-AD and Mill Creek. These subsidiaries have two bank facilities: (i) a secured term loan with an outstanding balance of $580,000 at June 30, 2016 and (ii) a $1,000,000 revolving credit facility with $677,000 outstanding at June 30, 2016. During the second quarter of 2016, the maturity date of both facilities was extended by three months to September 29, 2016 to accommodate ongoing discussions regarding refinancing the facilities. Inter-Rock is is continuing to make all scheduled repayments of principal and interest.

During the first quarter of 2016, the Company completed debt financings of $5,954,000 related to the acquisition of Papillon Agricultural Inc. The acquisition debt comprises the following:

(i) Seller Notes: the Company issued $3,898,600 of promissory notes to shareholders of Papillon Agricultural Inc., (the "Seller Notes"). There are two tranches of Seller Notes, a $3,498,600 tranche bearing interest at 5.75% per annum and a $400,000 working capital tranche bearing interest at 7% per annum. Interest is paid quarterly and the principal is due at maturity on March 23, 2019. The Seller Notes are guaranteed by Inter-Rock and Papillion Agricultural Company Inc. and are secured by a pledge of the shares of Papillon Agricultural Company Inc. The Seller Notes are fully subordinated to the Shore United Bank (formerly Talbot Bank) term loan facility described below.

(ii) $1,500,000 Shore United Bank Term Loan. The three year, secured term loan bears interest at 4.75% per annum with monthly amortization payments of $28,182 and a bullet principal repayment of $669,000 at maturity on March 22, 2019.

(iii) Buyer Notes. The Company issued $555,000 of promissory notes to officers of Inter-Rock, (the "Buyer Notes"). The Notes are unsecured and bear interest at 6% per annum. Interest is accrued and paid at maturity on December 31, 2019, (see Related Party Transactions below).

The Company also has a $250,000 Note due to a related party, which bears interest at 6% per annum, with the accrued interest and principal payable at maturity on December 31, 2016.

Investing Activities

The Company incurred capital expenditures of $228,000 during the second quarter of 2016, up from $63,000 for the corresponding period in 2015. Capital expenditures for the first six months of 2016 were $343,000 as compared with $172,000 for the corresponding period in 2015. Capital expenditures in 2016 are largely related to the mill optimization program at Mill Creek.

On March 23, 2016, Inter-Rock closed the acquisition of Papillion Agricultural Company, Inc. The purchase price was $5.95 million, including $0.4 million of cash borrowed from the owners of Papillion as part of the ongoing working capital requirement for Papillion. The acquisition, including the additional cash for working capital was financed as follows:

Seller Notes – Purchase Portion	$3,498,600
Seller Notes – Working Capital Portion	$400,000
Bank Loan	$1,500,000
Buyer Notes	$555,000
Total	**$5,954,600**

Inter-Rock, through a newly created Delaware subsidiary, Papillion Agricultural LLC, acquired all the outstanding shares of Papillion Agricultural Company Inc., a private company based in Maryland. Pursuant to the terms of the share purchase agreement and a share pledge agreement, the owners of the Seller Notes have a security interest in all the shares of Papillion Agricultural Company Inc. held by the acquiring company, (Papillion Agricultural LLC). The security interest is subject to annual partial releases of the shares in proportion to the amount of any optional prepayments. The Seller Notes are fully subordinated to the $1,500,000 Shore United Bank term loan, and under the terms of the share purchase agreement, principal repayments of the Seller Notes can only be made at the end of each year with the consent of Shore United Bank.

SUMMARY OF QUARTERLY RESULTS

US$,000	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Revenue	$8,600	$2,723	$3,350	$2,845	$2,857	$2,698	$2,530	$2,550
Net Income (Loss)	$15	$101	($287)	$33	$63	($72)	($14)	($117)
EPS – Basic & Diluted	$0.001	$0.004	($.013)	$0.001	$0.003	($0.003)	($0.001)	($0.005)

CONTRACTUAL OBLIGATIONS

At June 30, 2016, the Company had the following commitments over the next five years (US$000):

	Total	**Less Than One Year**	**1-3 Years**	**4-5 Years**	**More Than 5 Years**
Bank Debt	$2,690	$1,532	$1,158	-	-
Operating Leases	$270	$120	$150	-	-
Related Party Notes	$4,704	$250	$3,899	$555	-

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 22,617,811 common shares and 17,136,980 preferred shares issued and outstanding.

The Company does not currently have a stock option plan. As at the date of this MD&A there were no stock options outstanding.

RELATED PARTY TRANSACTIONS

During the quarter ended March 31, 2016, in connection with financing the acquisition of Papillon, the Company issued $3,898,600 of secured promissory notes to the owners of Papillon. The Papillon noteholders are related parties as they either continue to work for Papillon or are directors of Papillon.

The Company also issued unsecured promissory notes in the amount of $500,000 to the Chairman of the Company and $55,000 to the President of the Company. At June 30, 2016, the Company had accrued interest of $12,000 related to these notes.

Refer to Financing Activities for details of the promissory notes issued to related parties.

As previously reported in the Company's 2015 annual financial statements, in December 2015, the Company issued a $250,000 unsecured promissory note to the Chairman of the Company. The note proceeds were used to complete the engineering study of plant improvements at Mill Creek and for general corporate purposes. The note accrues interest at 6% per annum and the accrued interest and principal are due at maturity on December 31, 2016. At June 30, 2016, interest of $8,000 was accrued.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Disclosures related to financial instruments require the Company to provide information about: a) the types of financial instruments relevant to the Company, b) assumptions used in determining the fair value of the instruments and the financial statement classification of the instruments and, c) the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks.

Inter-Rock's exposure to market risks includes, but is not limited to, the following risks: changes in interest rates, credit risks, liquidity risks and foreign exchange risk. The main objectives of the Company's risk management practices are to ensure that risks are properly identified and, if deemed appropriate, measures are taken to mitigate those risks. The Company does not use derivative financial instruments as part of its strategy to manage market risks.

As at and during the period ended June 30, 2016, the Company's financial risk exposure and its financial risk management practices were consistent with those disclosed and applied in Note 17 to the Company's consolidated financial statements for the year ended December 31, 2015.

CRITICAL ACCOUNTING ESTIMATES

The critical accounting estimates used by the Company are discussed in detail in the 2015 annual MD&A for the year ended December 31, 2015, under the heading "Critical Accounting Estimates", as well as the 2015 annual audited financial statements for the year ended December 31, 2015, in Note 2.

There have been no material changes to the Company's critical accounting estimates since December 31, 2015.

DISCLOSURE OF INTERNAL CONTROLS

The Company's management, with the participation of its Chief Executive and Chief Financial Officers, evaluated the effectiveness of the Company's disclosure controls and procedures as at June 30, 2016. Based on that evaluation, the Company's Chief Executive and Chief Financial Officers concluded that, as at the end of the period covered by this MD&A, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods. There have been no material changes to the Company's disclosure controls and procedures and their design remains effective.

The Company's management, including the Chief Executive and the Chief Financial Officers, does not expect that its disclosure controls and internal controls over financial reporting will prevent or detect all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. For more details, refer to the Company's annual MD&A for the year ended December 31, 2015, which is available on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements which may include, but are not limited to, statements with respect to the future financial or operating performance of Inter-Rock and its subsidiaries. All statements other than statements of historical fact are forward-looking statements. Generally, forward-looking statements can be identified by the use of words such as "plans", "expects", "anticipates", "believes", "estimates", "expects" and similar expressions, or the negatives of such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to price volatility for the Company's dolomite products and diary feed ingredients, market competition, changes in economic conditions in the markets for the Company's products, particularly the diary market in the United States, the ability to attract and retain skilled staff, timing and availability of external financing on acceptable terms, increases in costs, environmental compliance, and changes in environmental and other local legislation and regulation, interest rate fluctuations, as well as those risk factors listed in the "Risks and Uncertainties" section below. There may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.