Anconia Resources Corp.

(An Exploration Stage Company)

(Formerly Citadel Gold Mines Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the Three Months Ended December 31, 2014

Introduction

This Management Discussion and Analysis ("MD&A"), dated February 9th, 2015 provides a review of the financial position and the results of operations of Anconia Resources Corp. (the "**Corporation**", "**Anconia**" or the "**Company**") and constitutes management review of the factors that affected the Company's financial and operating performance for the three months ended December 31, 2014. This MD&A has been prepared in compliance with the requirements of National Instrument 51- 102 – Continuous Disclosure Obligations. The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the three months ended December 31, 2014. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended December 31, 2014 and 2013 together with the notes thereto. The Company's financial statements and the financial information reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). All amounts presented are stated in Canadian dollars, unless otherwise indicated. Information contained herein is presented as of February 9th, 2015 unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Anconia's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Cautionary Note Regarding Forward-Looking Information

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 relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of precious and base metals.	Financing will be available for future exploration of the Company's properties; the actual results of the Company's exploration activities will be favourable; operating and exploration costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's exploration and evaluation assets.	Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired exploration and evaluation assets; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits.
The Company's ability to meet its working capital needs at the current level for the twelve- month period ending December 31, 2015 The Company expects to incur further losses in the development of its business.	The operating and exploration activities of the Company for the twelve-month period ending December 31, 2015 and beyond, and the costs associated therewith, will be dependent on raising sufficient additional capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned for the next twelve months; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
The Company's ability to carry out anticipated exploration on its exploration and evaluation assets.	The exploration activities of the Company for the next twelve months ending December 31, 2015, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in the operations currently planned for the next twelve months; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits.

Asset values for the three months ended December 31, 2014.	Management belief that no write-down is required for its exploration and evaluation assets resulting from continuing efforts to raise capital (debt or equity, or a combination of both) to implement planned work programmes on the Company's projects	If the Company does not obtain equity or debt financing (or a combination of both) on terms favourable to the Company or at all, a decline in asset values that could be determined to be other than temporary, may result in future impairment losses
Management's outlook regarding future trends, including the future price of precious and base metals and availability of future financing.	Financing will be available for the Company's exploration and operating activities; the price of precious and base metals will be favourable to the Company.	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; availability of financing.
The Company will continue to focus its exploration efforts on existing targets located in Nunavut (known as the Atlas and RB property) and its recent acquisition in Ontario known as the Grenfell property located in the Kirkland lake area.	New targets that are not discovered will not take precedence over existing targets.	Management may change its plans based on future exploration results.
Sensitivity analysis of financial instruments.	Based on management's knowledge and experience of the financial markets, the Company has no significant risk as a result of a change in the foreign currency exchange rates or interest rates.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Background

Anconia Resources Corp. (formerly Citadel Gold Mines Inc.) was incorporated under the Ontario Business Corporation Act ("OBCA") on March 22, 1962. The fiscal year end of the Company is September 30.

On June 15, 2011 Anconia completed a reverse takeover transaction (the "Transaction") pursuant to which Anconia (then Citadel) acquired all of the issued and outstanding common shares (the "Purchased Shares") in the capital of 2215107 Ontario Inc. ("221"), a private Ontario company with an interest in a mineral property in Nunavut (the "Property"), from the shareholders of 221 (the "221 Shareholders"), and completed a private placement financing for gross proceeds of approximately $3,510,100.

221 was incorporated under the OBCA on August 18, 2009 for the purpose of acquiring the Property. The Property was 221's sole material asset.

Concurrently with the closing of the Transaction, Anconia: changed its name from Citadel Gold Mines Inc. to Anconia Resources Corp.; consolidated its common shares on the basis of one (1) post-consolidation common share for every five (5) pre-consolidation common shares (the "Consolidation"); and completed a private placement of units and flow-through units for gross proceeds of approximately $3,510,100 (the "Financing").

On closing of the Transaction: the 221 Shareholders were issued 12,276,000 Anconia Shares (on a post-Consolidation basis); MO-KAR Holdings Inc. received 613,800 Anconia Shares (on a post-Consolidation basis) as a finder's fee in connection with the acquisition of the Property, and 1,650,000 Anconia Shares (on a post-Consolidation basis) were issued to Dr. Bernard Sherman and to a company controlled by Dr. Sherman pursuant to the conversion of $625,000 aggregate principal amount of convertible debentures previously issued to them.

Anconia is an exploration and development focused company. The Company currently has three exploration projects all of which are in Canada. Two of the projects are in Nunavut and are known as the Atlas project (which is the consolidation of two contiguous projects The Marce and Zac property) and the RB project. The third project is a recent acquisition known as the Grenfell property which is located in the Kirkland Lake area.

Exploration and Evaluation Assets

The Company completed the reverse takeover transaction to which Anconia acquired 221, a private Ontario company holding an option to acquire a 100% interest in certain mining claims – the Atlas properties (formerly known as the "ZAC property" and the "Marce property") – located in the Territory of Nunavut. The Atlas properties are located approximately 170 kilometres south of Baker Lake.

The following table is a list of Claim Units currently held in Nunavut

Record Number	Holder	Name of the property	Status
K13627 – 2020-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K13628 – 2020-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K13559 – 2020-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K13560 – 2020-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K15896 – 2019-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K15897 – 2019-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K15898 – 2021-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K15899 – 2019-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K15900 – 2021-05-18	Anconia resources Corp.	Atlas property	In Good Standing
K15901 – 2014-10-18 *	Anconia resources Corp.	Atlas property	In Good Standing
F85323 - 2017-09-24	Marcelle Hauseux (assigned to Anconia)	Atlas property	In Good Standing
F85324 - 2017-09-24	Marcelle Hauseux (assigned to Anconia)	Atlas property	In Good Standing
F85325 - 2017-09-24	Minroc Management (assigned to Anconia)	Atlas property	In Good Standing
F93740 - 2017-10-05	Minroc Management (assigned to Anconia)	RB property	In Good Standing
F93741 - 2017-10-05	Minroc Management (assigned to Anconia)	RB property	In Good Standing
F93742 - 2017-10-05	Minroc Management (assigned to Anconia)	RB property	In Good Standing
F93743 - 2017-10-05	Minroc Management (assigned to Anconia)	RB property	In Good Standing

**** Based on a confirmation received from the mining recorder of Nunavut this claim is held in good standing as they have an outstanding report in their office awaiting approval. This claim will be advanced by the report***

Atlas Properties

On May 30, 2011, Anconia filed a technical report on SEDAR titled "Technical Report on the Victory Lake Project District of Kivalliq Nunavut" authored by Howard Lahti and John C. Archibald dated October 20, 2010 and revised May 25, 2011, which examines the staked claims ZAC 1, 2 and 3. The present claim group is comprised of three un-patented mining claims of roughly four square kilometres each, for more than 7,231 acres. The claims are held in good standing and are registered in the name of Marcelle Hauseux.

The Marce property is located approximately 18 kilometers Southwest of the ZAC property and consists of four staked claims covering an area of approximately 23.4 square kilometers, encompassing a geophysical target (identified by large gravity, magnetic and electromagnetic anomalies) with an indicated strike length of approximately 1.3 kilometers which is open along strike.

221 holds an option to acquire a 100% undivided interest in the ZAC and Marce properties. The option is exercisable upon payment of $250,000 (in staged payments over four years) and prior to exercise, 221 is responsible for incurring all costs, payments and expenses in order to keep these properties in good standing and to file all assessment work in a timely fashion.

On October 10, 2012 and October 30, 2012 the Company released its Assay results for core samples from the Company's fiscal 2012 1790m drilling program on its VMS occurrence (ATLAS-1). These press releases are filed on SEDAR (www.SEDAR.com) which show the details of the Assay results.

On February 19, 2013, the Company announced it was retrieving the entire core (~1790m) from the 2012 drilling campaign from the field and transporting it to a secondary location for re-logging and resampling. The purpose of this is two-fold. First the Company is going to re-examine the core to determine if there is additional evidence of the presence of the second mineralizing event, which may exist outside the boundaries of the VMS zone. Secondly, core from outside the boundaries of the VMS sulfide zones will be sampled to determine the extent of the VMS-associated alteration. This will enable the Company to determine what additional surface sampling might be done to outline VMS potential in other parts of the property. The results of this re-sampling were announced on March 22, 2013. All of these press releases are available on SEDAR.

On November 22, 2013, the Company announced the completion of its (calendar) 2013 drilling program which consisted of 5 holes totaling 1306m, and was focused on the ZAC occurrence. This is located in the northeast portion of the Company's claim block, approximately 22km northeast of the ATLAS-1 base metal discovery, announced in 2012 (see press release dated October 10, 2012). The current program confirmed the existence of a second distinct VMS district within the Company's ATLAS Group of claims.

The 5 drill holes were designed to test the extension of a historically known area of surface zinc mineralization, discovered by Comaplex (the previous holder of the ZAC occurrence claims), the "West Zone" mineralization, as well as to test local geophysical (gravity and electromagnetic) anomalies.

During calendar 2014 no work of a significant nature was carried out on the Marce and Zac properties.

In addition to the Atlas properties, the Company has staked additional exploration projects in Nunavut, the RB Property. Initial information with respect to this property is as follows:

RB Property

The RB property is located approximately 45 kilometres East-South-East of the ZAC claims, and consists of four staked claims covering approximately 41.8 square kilometers. The RB property is a highly prospective gold property, which was previously held by Noble Peak Resources and was abandoned in the late 1980's. During Calendar 2014 no work of a significant nature was carried out on the RB property.

SSM Property

On September 2, 2011 the Company entered into an option agreement to acquire up to 100% interest in 23 unpatented mining claims. The Company made an impairment provision for the full amount of capitalized costs for the SSM Property in fiscal year 2012.

Melchett Property

On December 20, 2011, the Company announced that it had entered into an option agreement (the "Melchett Agreement") with Melchett Syndicate Inc. ("Melchett") whereby the Company will have the option (the "Melchett Option") to acquire up to a 100% interest in 17 unpatented mining claims (comprising 205 units) (the "Melchett Property") situated north of the town of Nakina in the Province of Ontario.

In fiscal 2013 Company's Board of Directors decided not to pursue the project and have suspended all payments relating to Melchett. As such, the payment necessary to extend the option agreement was not made and the Company made an impairment provision for the full amount of capitalized costs for the Melchett Property.

Grenfell Property

On September 2, 2014, the Company entered into an option agreement (the "Grenfell Agreement") with Cadillac Ventures Inc. ("Cadillac") whereby the Company will have the option to acquire up to 100% interest in Cadillac's Grenfell Property (the "Property") in the Kirkland Lake area.

Under the terms of the agreement, Anconia can acquire a 60% interest (the "Option") upon (i) incurring expenditures on the Property of at least $275,000 by September 1, 2016, and (ii) issuing 2,000,000 common shares of Anconia to Cadillac.

Upon acquisition of the 60% interest, Anconia will have the option to acquire the remaining 40% interest in the Property for $300,000 ($200,000 of which shall be paid in cash and $100,000 of which shall be paid by the issuance of common shares of Anconia at a deemed price of the average of the 20 days closing price prior to the day upon which Cadillac is notified the interest is to be earned), and Cadillac retaining a 2% net smelter return royalty ("NSR") in the Property, 1% of the NSR can be can be purchased by Anconia for a period of up to 2 years after achieving commercial production for the sum of $1,000,000.

The Grenfell property consists of 16 patented claims and two staked claims for a total land position of approximately 4.3 square kilometers. The two staked claims are 67% owned by Cadillac, the remaining 33% being registered to a company that no longer exists. Cadillac will use its best efforts to obtain the remaining 33%, which

upon completion will become part of the earn-in option agreement at no additional cost to Anconia. The Property is located west of the town of Kirkland Lake, Ontario, and approximately four kilometers west of the currently producing Macassa Mine.
A preliminary review of Ontario Assessment records and a technical report filed on SEDAR under the profile of Richview Resources (which was acquired by Cadillac), has led to the following initial conclusions:

- The Kirkland Lake Main Break (04) has been mapped to approximately 500m from the eastern boundary of the property.
- The Larder Lake Break is within 100 meters of the southern boundary of the property.
- The southern portion of the property is underlain by Timiskaming-Type Clastic Meta-sedimentary rocks, the same rock type which underlies many of the mines and deposits of the Kirkland Main Break.
- Previous work on the southern portion of the property included detailed mapping uncovered the contact between the Timiskaming and Huronian sediments, which is interpreted to be a fault. This is located about 150m south of and parallel to Highway 568. This feature may relate to reactivation the Kirkland Main Break (04) to the east, with a similar strike.
- The property encompasses the historic Four Nations Shaft. The Four Nations area has undergone several exploration campaigns, which included the deepening of the shaft to 536 feet (163 m), with lateral development on several levels between 1926 and 1928, along with surface trenching.
- Since 1934, when the Four Nations Shaft closed, the property has had sporadic exploration with a total of only 34 drill holes totaling 6842m having been completed in 4 campaigns between 1934 and 2004.

Impairment

The Company regularly reviews all of its exploration and evaluation assets, individually, to determine whether continued exploration on a property is appropriate. During fiscal 2012, the Company conducted such a review and the Company decided to make an impairment provision against the amounts capitalized with respect to the SSM properties in the amount of $163,883 and recorded an impairment of exploration and evaluation assets in fiscal 2012. During fiscal 2013, the Company decided to suspend all payments to the Melchett project and recorded an impairment provision for $87,323, the full amount of capitalized costs to the Melchett Property. For the three months ended December 31, 2014, the Company reviewed its exploration and evaluation assets and decided that no impairment was necessary for them.

The exploration activities for the three months ended December 31, 2014 are as follows:

	Grenfell Property
Geology	$ 182,635
Others	22,247
	$ 204,882

The exploration activities for the three months ended December 31, 2013 are as follows:

	Spanish Subsidiary Properties	Nunavut Properties	Total
Geology	$ -	$ 83,201	$ 83,201
Drilling	-	97,226	97,226
Planning	-	60,000	60,000
Others	-	52,533	52,533
Acquisition	15,102	-	15,102
	$ 15,102	$ 292,960	$ 308,062

The exploration activities from inception to December 31, 2014 are as follows:

	Properties written off	Grenfell Property	Spanish Subsidiary Properties	Nunavut Properties	Total
Geology	$ 93,977	$ 218,551	$ -	$ 2,390,127	$ 2,702,655
Drilling	-	-	-	2,252,012	2,252,012
Planning	1,100	-	-	73,956	75,056
Drafting	14,588	-	-	26,944	41,532
Mining claims	140,700	-	-	278,282	418,982
Others	841	32,248	-	151,382	184,471
Acquisition costs	-	60,000	17,545	-	77,545
Impairment	(251,206)	-		-	(251,206)
	$ -	$ 310,799	$ 17,545	$ 5,172,703	$ 5,501,047

Results of operations

A summary of selected financial information of the Company for recently completed periods is provided below:

Selected quarterly information

The following table sets forth selected financial information of the Company for the quarters ended as noted below.

For the quarter ended	Sept 30, 2014	Sept 30, 2014	June 30, 2014	Mar 31, 2014
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Income from operations	$ Nil	$ Nil	$ Nil	$ Nil
Net gain (loss) for the period	$ (83,043)	$ (139,467)	$ (139,250)	$ (173,299)
Basic & diluted (loss) per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Cash and cash equivalents	$ 40,479	$ 112,716	$ 155,564	$ 108,914
Exploration and evaluation assets	$ 5,501,047	$ 5,296,165	$ 5,070,490	$ 5,042,268
Total Assets	$ 5,597,878	$ 5,450,599	$ 5,334,460	$ 5,251,269
Shareholder's equity	$ 4,912,697	$ 4,995,740	$ 4,985,126	$ 4,909,246
For the quarter ended	Dec 31, 2013	Sept 30, 2013	June 30, 2013	Mar 31, 2013
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Income from operations	$ Nil	$ Nil	$ Nil	$ Nil
Net gain (loss) for the period	$ (135,806)	$ (45,636)	$ (176,004)	$ (190,670)
Basic & diluted (loss) per share	$ 0.00	$ 0.00	$ (0.00)	$ (0.01)
Cash and cash equivalents	$ 267,241	$ 1,267,756	$ 358,390	$ 733,895
Exploration and evaluation assets	$ 5,042,487	$ 4,734,425	$ 3,532,746	$ 3,434,000
Total Assets	$ 5,433,297	$ 6,082,005	$ 3,991,563	$ 4,292,037
Shareholder's equity	$ 5,082,545	$ 5,176,684	$ 3,859,275	$ 4,035,279

The major changes in the quarterly numbers can be explained as follows:

For the quarter ended December 31, 2014: Cash and cash equivalents decreased by $72,237 from the previous quarter. This decrease was as a result of a decrease in cash from operating activities of ($32,828), net cash used in investing activities of $39,409 primarily in exploration and evaluation assets. Total assets increased by $147,279 as a result of a decrease in cash and cash equivalents of $72,237, an increase in exploration and evaluation assets of $204,882 and a net increase in equipment, amounts receivable and other assets of $14,634. The decrease in Shareholders' equity of $83,043 is as a result of the net loss for the period.

For the quarter ended September 30, 2014: Cash and cash equivalents decreased by $42,848 from the previous quarter. This decrease was as a result of a decrease in cash from operating activities of ($97,241), net investing activities of $140,089 primarily in exploration and evaluation assets. Total assets increased by $116,139 as a result of a decrease in cash and cash equivalents of $42,848, an increase in exploration and evaluation assets of $225,675 and a net decrease in equipment, amounts receivable and other assets of $66,688. The increase in Shareholders' equity of $10,614 is as a result of 2,000,000 common shares issued in the acquisition of the Grenfell property, valued at $60,000; and reserves for share based payments of $106,687 offset by the net loss for the period.

For the quarter ended June 30, 2014: Cash and cash equivalents increased by $46,650 from the previous quarter. This increase was as a result of net funds raised of $251,822 from a private placement, offset by a decrease from cash used in operating activities of $95,122, net investing activities of $110,050 primarily in exploration and evaluation assets. Total assets increased by $83,191 as a result of an increase in cash and cash equivalents of $46,650, an increase in exploration and evaluation assets of $28,222 and a net increase in equipment, amounts receivable and other assets of $8,319. The increase in Shareholders' equity of $75,880 is as a result of a private placement of $256,600 offset by the net loss for the period.

For the quarter ended March 31, 2014: Cash and cash equivalents decreased by $158,327 from the previous quarter. This decrease was as a result of cash used in operating activities of $108,430 and expenditures on exploration and evaluation assets of $49,897. The cash used in operating activities is primarily the loss for the period of $173,299 offset by a decrease in receivables of $23,342 and an increase in payables of $41,387. The total assets decreased by $180,028 primarily as a result of a decrease in cash and cash equivalents of $158,327 and a decrease in receivables and other assets of $23,327. Shareholders equity decreased by $173,299 all due to the net loss for the period.

For the quarter ended December 31, 2013: Cash and cash equivalents decreased by $1,000,515 from the previous quarter. This decrease was from cash used in operating activities of $880,084, primarily as a result of the loss for the period of $135,806; reversal of flow-through shares liabilities of $54,893; net change in receivables and payables of $689,525 and expenditures on exploration and evaluation assets of $150,927 and net cash used in the acquisition of Cadillac Spain in the amount of $19,504, offset by financing in the amount of $50,000. The total assets decreased by $648,708 due to a decrease in cash of $880,084 used in operating activities, offset by an increase in other assets of $40,459 and an increase in exploration and evaluation assets of $308,062. Shareholders equity decreased by $94,139 due to the net loss for the period offset by the equity raise of $50,000.

For the quarter ended September 30, 2013: Cash and cash equivalents increased by $909,366 from the previous quarter. This increase was a net result of cash used in operating activities of $206,123, cash used in investing activities of $588,515 primarily in exploration and evaluation assets and cash provided by financing activities of $1,704,004. Total assets increased by $2,090,442 mainly as a result of an increase in cash and cash equivalents of $909,366, an increase in exploration and evaluation assets of $1,201,679 and offset by a decrease in amounts receivable and other assets of $20,609. The increase in Shareholders' equity of $1,317,409 is as a result of the net equity funding raise of $1,704,004 offset by the net loss for the period.

For the quarter ended June 30, 2013: Cash decreased by $375, 505 from the previous quarter. This decrease was as a result of cash used in operating activities of $270,398, net investing activities of $105,107 primarily in exploration and evaluation assets. Total assets decreased by $300,474 as a result of a decrease in cash of $375,505, an increase in exploration and evaluation assets of $98,746 and a decrease in other assets of $23,709. The decrease in Shareholders' equity of $176,004 is as a result of the net loss for the period.

For the quarter ended March 31, 2013: Cash decreased by $412,079 from the previous quarter. This decrease was as a result of cash used in operating activities of $195,832 and expenditure on exploration and evaluation assets of $216,247. Total assets decreased by $153,091 due to a decrease in cash of $412,079, an increase in exploration and evaluation assets of $216,247 and an increase in other assets of $42,741. Shareholders' equity decreased by $190,670 (the loss for the period).

Consolidated Operating Results

Quarter ended December 31, 2014

This section should be read in conjunction with the unaudited condensed interim consolidated statements of comprehensive loss for the three months ended December 31, 2014, and 2013, and the notes associated therewith.

General and administrative costs

Three months ended December 31	2014	2013
Salaries and benefits	7,500	10,000
Professional fees	33,798	35,399
Consulting fees	42,400	75,000
Shareholder and investor relations	9,290	21,600
Reporting issuer costs	7,539	15,448
Depreciation	140	140
Administrative expense	21,649	31,337
	$ 122,316	$ 188,924

Other significant Items

Three months ended December 31	2014	2013
Reversal of flow-through share liabilities	(38,613)	(54,893)
Foreign exchange (gain) loss	(241)	1,775
Interest Income	(419)	-
Net loss and comprehensive loss for the three months ended December 31	$ 83,043	$ 135,806

For the quarter ended December 31, 2014 the Company incurred a net loss of $83,043 compared with a loss of $135,806 for the quarter ended December 31, 2013.

The major items which resulted in these losses for the quarter ended December 31, 2014 were;

- A gain resulting from a reversal of flow-through share liabilities: 2014 ($38,613) (2013 – ($54,893));
- General and administrative expenses of $113,671 for 2014 (2013 – $188,924). This is further broken down as follows:
    - Professional fees of $33,798 for 2014 (2013 – $35,399), (these fees are comprised of mainly legal, audit, accounting and corporate secretarial services), this decrease was mainly due to a lower level of legal work in the Company for the quarter ended December 31, 2014 when compared to that of 2013);
    - Consulting fees of $42,400 for 2014 (2013 – $75,000). The decrease was due to the capitalization of some of the fees paid to the president and CEO to exploration and evaluation assets during 2014 and a 20% voluntary reduction in the quarter on fees charged by the President and CEO; the CFO and a director who is compensated for business advisory services. See the section on "related party transaction" below. In addition in 2014 $4,000 was paid to a consultant for advisory services (2013 – 12,000);
    - Administrative expenses for 2014 were $21,649 (2013 – $31,337). The decrease was mainly due to a reduction in travel expenses and management's efforts in reducing expenses;
    - Salaries and benefits (director fees) $7,500 for 2014 (2013 - $10,000); and
    - Reporting issuer costs and shareholder and investor relations amounted to $16,829 for 2014 (2013 – $37,048). The decrease was as a result of a decrease in investor relations and reporting issuer costs.

Consolidated Financial Position

This section should be read in conjunction with the unaudited condensed interim consolidated statements of financial position and the unaudited condensed interim consolidated statement of changes in shareholders' equity as at December 31, 2014 and the unaudited condensed interim consolidated statements of cash flows for the three months ended December 31, 2014.

The Company's cash and cash equivalents as at December 31, 2014 were $40,479 (September 30, 2014 – $112,716).

Consolidated current assets of the Company as at December 31, 2014 were $94,104 (September 30, 2014 - $151,567), comprising of cash and cash equivalents, HST tax receivables and prepaid expenses. Total consolidated assets as at December 31, 2014 were $5,597,878 (September 30, 2014 - $5,450,599), which are comprised of current assets of $94,104 (September 30, 2014 – $151,567), exploration and evaluation assets of $5,501,047 (September 30, 2014 - $5,296,599) and equipment of $2,727 (September 30, 2014 - $2,867).

Consolidated Liabilities

Consolidated current liabilities as at December 31, 2014, were $685,181 (September 30, 2014 - $454,859) which are comprised largely of accounts payable and accrued liabilities of $637,903 (September 30, 2014 - $368,968) and flow-through share liabilities of $47,278 (September 30, 2014 - $85,891).

Consolidated Cash

The net cash used in operating activities during the three months ended December 31, 2014, was $32,828 (2013 - $880,084) and was primarily spent on professional fees of $33,798 (2013 - $35,399); consulting fees of $42,400 (2013 - $75,000); salaries and benefits (director's fees) of $7,500 (2013 - $10,000), administrative expenses of $21,649 (2013 - $31,337) and shareholders and investors relations and reporting issuer costs of $16,829 (2013 - $37,048) offset by a net decrease in amounts receivables of $14,744 (2103 – 31,490) and an increase in payables of $103,462 (2013 decrease - $658,035). There was no revenue during the period.

Cash used in investing activities during the three months ended December 31, 2014, was $39,409 (2013 - $70,431) which is attributable to expenditures on exploration and evaluation assets.

In the three months ended December 31, 2014 the Company did not complete any equity financing (2013 – $50,000).

Liquidity

The Company's activities have been funded to date through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flows from operations.

There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail such proposed activities to a level for which funding is available and can be obtained.

During the three months ended December 31, 2014, the Company did not complete any equity financing.

As at December 31, 2014 the Company's current assets are comprised of Cash and cash equivalents of $40,479 and other receivables of $53,625 (mainly comprising of HST receivable). As at December 31, 2014, the Company had a negative working capital of $591,077 and shareholders' equity of $4,912,697.

Related Party Transactions

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. In accordance with International Accounting Standards 24 - Related Party Disclosure, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

The Company entered into the following transactions with related parties:

The President and Chief Executive Officer, Mr. Jason Brewster, ("CEO") of the Company is the President of 2181038 Ontario Inc. ('218 Inc.") Fees relating to consulting services provided by 218 Inc. were $24,000 for the three months ended December 31, 2014 (2013 - $30,000). These fees represent the compensation for the President and CEO of the Company and any work done on the properties as a consultant. Fees relating to these consulting services are in the normal course of business and are either expensed as consulting fees in the consolidated statements of comprehensive loss or capitalized in exploration and evaluation assets. During the three months ended December 31, 2014, $12,000 was expensed as consulting fees (2013 - $30,000) and $12,000 (2013 – nil) was capitalized as exploration and evaluation assets. As at December 31, 2014 $103,960 (September 30, 2014 - $76,840) was owed to 218 Inc.

During the three months ended December 31, 2014, Mr. Denis Clements, a director of the Company, provided business advisory services and as such was compensated for his services. The compensation for the three months period ended December 31, 2014 was $12,000 (2013 - $15,000). These fees are included in consulting fees in the general and administrative expenses. As at December 31, 2014, $52,110 (September 30, 2014 - $38,550) was owed to the Mr. Clements. The Chief Financial Officer, Mr. Harvey McKenzie, ("CFO") has a service contract and is compensated based on this contract relating to his consulting services in the normal course of business. These fees are expensed as consulting fees in the general and administrative expenses. The fees earned by the CFO were $14,400 (2013 - $18,000). As at December 31, 2014, $62,376 (September 30, 2014 - $46,104) was owed to the CFO.

For the three months ended December 31, 2014, the total remuneration of key management personnel and directors of the Company amounted to $57,900 (2013 - $73,000). This includes directors fees amounting to $7,500 (2013 – $10,000); fees due to a director for business advisory services amounting to $12,000 (2013 – $15,000), fees due to the CEO (via 218 Inc.) $24,000 (2013 - $30,000) and fees due to the CFO amounting to $14,400 (2013 – $18,000). The fee reduction in the three months ended December 31, 2014, compared to that of 2013 is voluntary. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options and cash remuneration for their services as outlined in their service contracts with the Company. At September 30, 2014, the directors were owed a total of $30,000 (September 30, 2014 - $22,500).

As at December 31, 2014 the total amount owed to the directors and officers of the Company was $248,446.

To the knowledge of the directors and senior officers of the Company, as at December 31, 2014, Dr. Bernard C. Sherman who owns 25.27% of all issued and outstanding shares of the Company, is the only person or corporation that beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company. The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company it is not directly owned or controlled by another corporation, by any government or legal person severally or jointly.

Outstanding Share Data

- Authorized Share capital: unlimited common shares without par value.
- Issued and outstanding: 64,299,739 common shares as of the date of this MD&A.
- The following table sets out the fully diluted share capital of the Anconia.

Total shares outstanding as at September 30, 2012	**44,212,342**
Shares issued to purchasers of the August 27, 2013 private placement	7,041,666
Shares issued to purchasers of the September 5, 2013 private placement	5,227,400
Shares issued to purchasers of the September 19, 2013 private placement	1,641,666
Shares issued to purchasers of the September 27, 2013 private placement	1,235,000
Total shares outstanding as at September 30, 2013	**59,358,074**
Shares issued to purchasers of the December 31, 2013 private placement	416,665
Shares issued to purchasers of the April 16, 2014 private placement	3,525,000
Shares issued for exploration and evaluation assets as of September 30, 2014	1,000,000
Total shares outstanding as at September 30, 2014 and December 31, 2014	**64,299,739**
Total warrants outstanding as at September 30, 2012	**14,053,948**
The warrants expiring on December 15, 2012, expired unexercised	(6,786,190)
The warrants expiring on September 19, 2013, expired unexercised	(2,696,500)
Warrants associated with the August 27, 2013 placement and expire on February 27, 2015	3,520,833
Warrants associated with the September 5, 2013 placement and expire on March 5, 2015	2,613,700
Broker warrants associated with the September 5, 2013 placement and expire on September 5, 2015	418,192
Warrants associated with the September 19, 2013 placement and expire on March 19, 2015	820,833
Broker warrants associated with the September 19, 2013 placement and expire on September 19, 2015	131,333
Warrants associated with the September 27, 2013 placement and expire on March 27, 2015	617,500
Broker warrants associated with the September 27, 2013 placement and expire on September 27, 2015	98,800
Total warrants outstanding as at September 30, 2013	**12,792,449**
The warrants and broker warrants expiring on October 30, 2013, expired unexercised	(1,402,559)
Warrants associated with the December 31, 2013 placement and expire on December 31, 2014	208,333
Warrants associated with the April 16, 2014 placement and expire on October 16, 2015	1,762,500
The warrants and broker warrants expiring on August 23, 2014, expired unexercised	(3,168,699)
Total warrants outstanding as at September 30, 2014	**10,192,024**
The warrants expiring on December 31, 2013, expired unexercised	(208,333)
Total warrants outstanding as at December 31, 2014	**9,983,691**
Total options outstanding as at December 31, 2013	**3,680,000**
Options expired unexercised	(480,000)
Options granted on August 18, 2014, expiring August 18, 2019	2,300,000
Total options outstanding as at September, 2014 and December 31, 2014	**5,500,000**
Total Number of Diluted Securities as at December 31, 2014	**79,783,430**

As at the date of this MD&A (February 9th, 2015), 64,299,739 common shares are issued and outstanding; 5,500,000 stock options are outstanding and 9,983,691 warrants are outstanding. The increase in shares outstanding from September 30, 2013 is as a result of fund raisings in December 2013 and April 2014 and shares issued for exploration and evaluation assets as of September 30, 2014. The net decrease in warrants outstanding from September 30, 2013 is attributable to the issuance of warrants as a result of various fund raising in December 2013 and April 2014 offset by the warrants expired on October 30, 2013, August 23, 2014 and December 31, 2014 unexercised. The net increase in options from September 30, 2014 as a result of a new grant on August 18, 2014 of 2,300,000 options off set by options expiring in April unexercised.

The total number of diluted securities as at February 9th, 2015 is 79,783,430.

Financial and Other Instruments

The Company's financial instruments and liabilities consist of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

Significant Accounting Judgments and Estimates

The preparation of the Company's condensed interim consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements of the Company include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the estimates that management has made 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:

- the recoverability of amounts receivable that are included in the statements of financial position;
- valuation and recoverability of exploration and evaluation assets. Management considers the economics of the project, including the latest resources, prices and the long-term forecasts, and the overall economic viability of the project;
- management assessment of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the period;
- the valuation of share-based payments. Black-Scholes valuation model is used for the valuation of the share-based payments granted and the assumptions used for the valuation include volatility of the share price, risk-free interest rate and the life of the stock options granted. These assumptions are highly subjective and materially affect the calculated fair value; and
- the determination of deferred income tax assets and liabilities is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Critical accounting judgments

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether there are indicators of impairment. When such indicators exist, an impairment loss is recognized for the amount by which the exploration and evaluation assets carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to dispose and their value in use.

The amount of deferred tax assets to recognize and the extent of impairment allowance for the deferred tax asset also require management to make judgments.

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1 of the unaudited condensed interim consolidated financial statements for the three months ended December 31, 2014.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the unaudited condensed interim consolidated financial statements for the three months ended December 31, 2014 are:

Share-based payment transaction

The fair value of share options granted is recognized as an expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value of share-based payments to employees is measured at the grant date and recognized over the period during which the options vest. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted with consideration of forfeiture rate to reflect the actual number of share options that are expected to vest. The Company has no share-based payments capitalized in exploration and evaluation assets. For those options that expire after vesting, the recorded value is retained in the reserve.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Exploration and evaluation expenditures

Exploration and evaluation asset acquisition costs and related direct exploration costs may be deferred until the assets are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs. The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where an exploration and evaluation asset is to be sold or abandoned; or exploration activity ceases on an exploration and evaluation asset due to unsatisfactory results or insufficient available funding.

Equipment

Upon the acquisition of Cadillac Ventures (Spain) S.L.U. ("Cadillac Spain") on November 5, 2013, the Company adopted the following accounting policy for the equipment acquired from Cadillac Spain:

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, borrowing costs directly associated with the item and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rate: Furniture and office equipment is 10 years; depreciated on a straight line basis. An asset's residual value, useful life and depreciation method are reviewed and adjusted if appropriate on an annual basis.

Accounting policies including initial adoption

The Company applies International Financial Reporting Standards as issued by the International Accounting Standards Board. The significant accounting policies and method of computation followed in Anconia's unaudited condensed interim consolidated financial statements are set out in detail in Note 2 of the September 30, 2014 audited consolidated financial statements.

Changes in accounting policies

Certain pronouncements were issued by the IASB or the International Financial Reporting Committee that are mandatory for accounting periods after September 30, 2013.

The following new standards were adopted:

- IFRS 10 - Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At October 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

- IFRS 11 - Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At October 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

- IFRS 12 – Disclosure of interest in other entities ("IFRS 12") was issued by the IASN in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities including unconsolidated structured entities. As at October 1, 2013 the Company adopted this pronouncement. There was no material impact on the Company's consolidated financial statements.

- IFRS 13 - Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. The key points of IFRS 13 are as follows:

    - fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
    - financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
    - disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;

- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

The Company's adoption of IFRS 13, on October 1, 2013, did not have a material financial impact upon the consolidated financial statements.

- IFRIC 20 - 'Stripping costs in the production phase of a surface mine' sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. The Company is assessing the impact of IFRIC 20 on its consolidated financial statements. IFRIC 20 is effective for annual reporting periods beginning on or after January 1, 2013, with early adoption permitted. At October 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements).

- IAS 27 - 'Separate Financial Statements' was reissued in May 2011 and effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. As the consolidation guidance will now be included in IFRS 10, IAS 27 will only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. At October 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements).

- IAS 28 - 'Investments in Associates and Joint Ventures' was amended in May 2011 and effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. At October 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements).

New accounting pronouncements

Certain new pronouncements were issued by the IASB or IFRIC that were not effective as of September 30, 2014. The standards impacted that are applicable to the Company are as follows:

IFRS 9 - Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Various other accounting pronouncements that have no material impact to the Company are not included above

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements at the date of this MD&A.

Commitment

Pursuant the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at the date of this MD&A (February 9th, 2015) the Company is committed to incurring approximately $200,000 by December 31, 2015 arising from the flow-through offerings.

Management's Responsibility for Financial Statements

The information provided in this MD&A, including the financial statements, is the responsibility of management. In the preparation of these financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Risk Factors

Anconia is subject to a number of risks due to the nature of the business of mineral exploration and the early stage of its development. The following risk factors are provided from the perspective of the Company.

Mineral Exploration Risks

The successful exploration of exploration and evaluation assets is speculative. Such activities are subject to a number of uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Most exploration projects do not result in the discovery of commercially mineable deposits. There is no certainty that the expenditures made or to be made by the Company in the exploration of the exploration and evaluation assets in which it may have an interest will result in the discovery of base metals or other mineralized materials in commercial quantities. While discovery of a base metal deposit may result in substantial rewards, few exploration and evaluation assets that are explored are ultimately developed into producing mines. Significant expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of mineral products, and environmental protection). Although substantial benefits may be derived from the discovery of a major deposit, it is impossible to ensure that the current exploration programmes of the Company will result in profitable commercial mining operations or that funds required for development can be obtained on a timely basis. The implementation of certain aspects of the Company's strategy in respect of the exploration and evaluation asset is subject to the completion of detailed feasibility studies. The Company is not able to predict the outcome of such studies and unfavourable results may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Country Risk

The Company could be at risk regarding any political developments in the country which it operates. At present the Company is active only in Canada with plans to become active in Spain and possibly other areas outside Canada. The Company's mineral exploration may be adversely affected by political instability, legal and economic uncertainty in the countries where the Corporation operates or has plans to operate. These risks may include: political unrest; labour disputes; invalidation of governmental orders and permits; corruption; war and civil disturbances; terrorist activities; arbitrary changes in laws; regulations; policies; taxation; price controls; exchange controls; delays in or the inability to obtain necessary permits; opposition to mining from environmental activists or other non-governmental organizations; limitations on foreign ownership; limitations on the repatriation of earnings;

limitation on mineral exports and increase financing costs. These risks may limit or disrupt the Company's projects, restrict the movement of funds or result in the deprivation of contractual rights.

Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Regulatory Requirements

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Company and could adversely affect its operations, business and results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with the exploration and evaluation assets. To the extent such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or require abandonment or delays in development of properties or reductions in levels of production at producing properties.

Reliability of Historical Information

The Company has relied upon historical data compiled by previous parties involved with the properties. To the extent that any of such historical data may be inaccurate or incomplete, the Company's exploration plans may be adversely affected.

Title Matters

The acquisition of title to exploration and evaluation assets is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to the property will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests. Further, there can be no assurance that any pending applications for mineral rights in which the Company holds an interest (including in respect of the properties) will be granted in whole or in part. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties or any other property subsequently acquired to which such title defect exists.

Licenses and Permits

The current and proposed exploration activities of the Company require certain permits and licenses from various governmental authorities and such operations are and will be governed by laws and regulations governing exploration, development and production, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all licenses and permits which the Company may require to carry out exploration of its projects will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Commodity Price Fluctuations

The price of the Company's securities, its financial results and exploration activities may be significantly adversely affected by declines in the price of base metals demand and price are determined by numerous factors beyond the control of the Company including the demand for electricity, international exchange rates, political and economic conditions and production costs in mining regions, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, environmental protection and the degree to which a dominant producer uses its market strength to bring supply into equilibrium with demand. The combined effects of any or all of these factors on metal prices or volumes are impossible for the Company to predict. If realized metal prices fall below the full cost of production of any of the Company's operations and remain at such level for any sustained period, the Company will experience losses, which may be significant, and may decide to discontinue affected operations, forcing the Company to incur closure or care and maintenance costs, as the case may be. In addition declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Current Global Financial Conditions

Recent events in global financial markets have had a profound impact on worldwide economies. Many industries have been impacted by the changes in market conditions to varying degrees. Some of the key impacts of the current financial market turmoil include contraction in credit markets and resulting widening of credit risk as well as enhanced volatility in commodity, equity and foreign exchange markets. A continued or worsened slowdown in financial markets or other economic conditions, including without limitation, constraints in credit or surety markets, a sustained slump in economic activity in the mining industry in general and in Canada in particular, the availability of private and public sector funding for mineral exploration projects, pressure on margins arising from an altered competitive landscape or an increased risk of corporate bankruptcy in the markets in which the Company operates, may adversely affect the Company in ways which are not possible to predict given the unprecedented nature of the current crisis.

Currency Fluctuations

Currency fluctuations may affect some of the Company's future operations, financial positions and results. The Company's financial results are reported in Canadian dollars and the majority of its funds are held in Canadian dollars at a major Canadian Bank. The majority of the Company's costs to date are in Canadian dollars. However, if the Company expands its activities outside Canada the Company will have increased exposure to fluctuations in the Canadian dollar against foreign currencies.

Uninsured Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire, flooding and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental Regulations

The activities of the Company are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also possible effects of such activities upon the environment. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission of environmental impact assessments and approval thereof by government authorities.

Environmental legislation is evolving in a manner which means stricter standards, and enforcement, increased fines and penalties for non-compliance, andmore stringent environmental assessments of proposed projects . Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploration activities including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditure, restrictions liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and hoy stringently the regulations are implemented by the permitting authority. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There may be unforeseen environmental liabilities resulting from exploration and/or mining activities and these may be costly to remedy. The Company does not maintain environmental liability insurance.

Access to Transportation Infrastructure

Access to transportation infrastructure to ship mineral products economically within Nunavut and to export mineral products internationally is currently limited. Lack of access to transportation may hinder the expansion of production at the Property and the Company may be required to use more expensive transportation alternatives.

Competition

The mining industry is competitive in all its phases. The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company in the search for, and the acquisition of, mineral concessions as well as for the recruitment and retention of qualified employees. The Company's ability to identify and increase reserves in the future will depend not only on its ability to explore and develop the properties, but also on its ability to select, acquire and develop suitable properties or prospects. In addition, the mining industry is facing a shortage of equipment and skilled personnel and there may be intense competition for experienced geologists, field personnel and contractors. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects, equipment or personnel.

Limited Operating History and Financial Resources

The Company has a limited operating history, has little operating revenue and is unlikely to generate any revenues from operations in the foreseeable future. The Company anticipates that its existing cash resources, together with the net proceeds from private placements, will be sufficient to cover its projected funding requirements for the ensuing year. If its exploration program is successful, additional funds will be required for further exploration to determine if any deposits are economic and if economic, to bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to enable it to fulfill its obligations or for further exploration on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and could cause the Company to forfeit its interests in some or all of its exploration and evaluation assets, or to reduce or terminate its operations. Sources of funds now available to the Company are limited and may include the sale of equity capital, exploration and evaluation assets, royalty interests, the entering into of future joint ventures and the exercise of outstanding options. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders.

Dependence upon Key Management Personnel and Executives

The Company will be dependent upon the continued support and involvement of a small number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on the Company. The Company's ability to manage its exploration activities and, hence, its success, will depend in large part on the efforts of these individuals. The Company faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel. The number of persons skilled in the acquisition of, exploration of exploration and evaluation assets is limited and competition for such persons is intense.

Possible Conflicts of Interest of Directors and Officers of the Company

Certain of the directors and officers of the Company also serve as directors, officers and/or advisors of and to other companies involved in natural resource exploration. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest with or which are governed by the procedures set forth in the OBCA and any other applicable law.

Absence of Dividends

The Company does not expect to pay any dividends in the foreseeable future.

Source of Future Funds

The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its exploration and evaluation assets to be earned by another party carrying out further exploration. Management has been successful in accessing equity markets in the past, but there is no assurance that such sources will be available on acceptable terms in the future.

Risk of Dilution

Under applicable Canadian law, shareholder approval may not be required for the Company to issue additional Company Shares. Moreover, the Company has commitments that could require the issuance of a substantial number of additional Company Shares, in particular options to acquire Company Shares under the Company's stock option plan and property option agreements. The business of the Company will require substantial additional financing which will likely involve the sale of equity capital. The Company can also be expected to issue additional options, warrants and other financial instruments, which may include debt. Future issuances of equity capital may have a substantial dilutive effect on existing shareholders of the Company. The Company is not able at this time to predict the future amount of such issuances or dilution.

Price Volatility and Lack of Active Market

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. There is no assurance that an active market for the Company's securities will develop or be sustained. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com or the Company's website www.anconia.ca