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OVERVIEW

The following management discussion and analysis of the financial position of Pistol Bay Mining Inc. ("Company") and results of operations should be read in conjunction with the condensed interim financial statements for nine months ended February 28, 2015, and the audited financial statements for the year ended May 31, 2014. The financial statements together with the following management discussion and analysis are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance.

Additional information related to the Company is available for view on SEDAR at www.sedar.com, on the Company's website at www.pistolbaymining.com, or by requesting further information from the Company's head office in 805 – 867 Hamilton Street, Vancouver BC, V6B 6B7, Canada.

Date of Report: April 29, 2015

NATURE OF BUSINESS

The Company was engaged in the exploration and development of mineral resources, currently focusing on projects in British Columbia and Saskatchewan.

At this time, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through public and private share offerings. It is not known whether the Company's mineral properties contain reserves that are economically recoverable. The recoverability of amounts recorded by the Company for mineral property interests and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, the ability to raise funding for continued exploration and development, the completion of property option expenditures and acquisition requirements, or from proceeds from disposition.

The financial statements have been prepared under a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations. Should the going concern assumption not continue to be appropriate, adjustments to carrying values may be required. The Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

The Company's shares are listed for trading on the TSX Venture Exchange (the "Exchange"). On October 9, 2014, the Company's Board of Directors approved a consolidation of the Company's common shares on the basis of one post-consolidated share for every five pre-consolidated shares. All current and comparative share capital amounts have been restated to account for the 1 to 5 common share consolidation.

On August 15, 2014, the Company was informed by Perry & Company who act as solicitors for U.T.M. Exploration Services Ltd. ("UTM") that Revolver Resources Inc. ("Revolver") owes UTM $196,108 (inclusive of interest) under the terms of specific mineral tentures (the "Contract") and according to invoices issued to Revolver. UTM performed exploration services at the Summit B property of the Company (located Iskut of Northern B.C). The Company did not have a direct contract with UTM. UTM placed a lien on the Company's claims at the Summit B property and threatened litigation in the event Revolver fails to make payment for the outstanding amount.

On December 5, 2014 the Company arranged, subject to exchange approval, a non-brokered private placement of up to eight million units at a price of five cents per unit for total proceeds of up to $400,000. Each unit will consist of one common share and one-half of a whole warrant. Each whole warrant will entitle the holder to purchase one additional common share of the company at a price of 10 cents per share for 18 months from the date of issuance. The proceeds of the offering will be used for general working capital and investigating opportunities to enhance shareholder value. The company may pay finders' fees in connection with the offering, subject to applicable regulations and the approval of the exchange. The securities issued pursuant to the offering will be subject to a four-month hold period in accordance with the policies of the exchange and applicable securities laws.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company's future capital requirements will depend on many factors, including the costs of exploring and developing its resource properties, operating costs, the current capital market environment and global market conditions. The Company has a working capital deficiency at February 28, 2015 of $825,215 (May 31, 2014 - $612,511). For significant expenditures and resource property development, the Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company's operating commitments and further exploration and development plans. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

FORWARD LOOKING STATEMENTS

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and represent management's best judgment based on facts and assumptions that management considers reasonable, including that the demand for mineral deposits develops as anticipated, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labor disturbances, interruption in transportation or utilities, or adverse weather conditions, and that there are no material unanticipated variations in the cost of energies or supplies. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions.

This MD&A may include certain "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive, strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements.

These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to the unavailability of capital and financing on acceptable terms, unfavorable market conditions, inherent risks involved in the exploration and development of mineral properties, uncertainties concerning reserve and resource estimates, results of exploration, inability to obtain required regulatory approvals, unanticipated difficulties or costs in any rehabilitation which may be necessary, market conditions and general business, economic, competitive, political and social conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Additional factors are discussed in the section titled "Risks".

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially

from those anticipated in such statements. Other than as required by applicable securities laws, the Company does not intend, and does not assume any obligation, to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. 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 the forward-looking statements.

MINERAL PROPERTY INTERESTS

ACTIVE PROPERTIES:

Athabasca Basin, Saskatchewan:

In December of 2007, the Company entered into an agreement to option a total of 10 mineral claims in the eastern Athabasca Basin of Saskatchewan. The agreement pertained to 3 mineral claims totalling 14,415 hectares, known as the "D" block of claims, and 7 mineral claims, known as the "C" block of claims, totalling 3,913 hectares, all located in proximity to the Key Lake area of the Athabasca Basin, Saskatchewan. On April 15, 2009, the Company amended the "C and D Blocks" option agreement with Lion Energy Corp. (formerly: Raytec Metals Corp.) The new terms provided for the Company to earn a 100% interests in the "C and D Blocks" as follows:

- Issue 5,000 common shares (after giving retroactive effect to the 1-for-5 share consolidation effective October 9, 2014 (see financial statement Note 8)) upon approval of this amendment by the Exchange (issued on April 21, 2009 at $7.50 per post consolidated share)
- Issue 5,000 common shares (after giving retroactive effect to the 1-for-5 share consolidation effective October 9, 2014 (see financial statement Note 8)) on or before the six month anniversary date of this amendment agreement (issued on October 7, 2009 at $7.50 per post consolidated share)

The agreement provided the Company an option to acquire a 100% interest in the C and D blocks of claims, subject to a 2.0% Net Smelter Royalty ("NSR") in favor of the original vendors.

The 3 contiguous D Blocks are located approximately 40 km west of the McArthur Lake uranium mine, and the C Blocks constitute a total of 7 non-contiguous claims, The C Blocks are located from C7, which lies approximately 10 km west of the Cigar Lake uranium mine, to C1, C2 and C3, which are located within 25 kilometres and as close as 8 kilometres from the Key Lake uranium mine, where historical production from two mined-out unconformity-type uranium deposits once contributed 15 per cent of world uranium production (reference -- Natural Resources Canada). All of the claims are located within or proximal to the Key Lake/McArthur River and Cigar Lake geological trend. The claims are situated within the Athabasca basin, underlain by rocks of the Wollaston domain, which is the favourable geological setting hosting most of the major deposits in the eastern portion of the basin.

In July of 2009 the Company entered into an Option Agreement whereby Delta had the potential to earn up to a 75% interest in the 447 hectare Block C4, the 1,016 hectare Block C5, and the 161 hectare Block C6 properties which are all contiguous with Denison Mines' recent "Phoenix" discovery zone in the south-eastern part of the Athabasca Basin. The "Phoenix" discovery zone located approximately 1km south of Pistol Bay's Block C6 Project hosts a 6 metre intercept of massive pitchblend showing a grade of 55% U3O8 in WR-273 with other significant intercepts of note in WR-274 (3.0 metre interval of 16.9% U3O8) and WR-272 (2.1 metre interval of 6.75% U3O8) all at depths of approximately 400 metres. This is the first time intense alteration of this type had been encountered in the basement rocks along the Phoenix mineralized trend (Refer to the June 30, 2009 release by Denison Mines Corp.).

In January of 2010, the Company announced the results of geochemical analysis of 140 samples of sandstone boulders collected in the fall of 2009 on its C5 and C6 properties in the Wheeler River area of the Athabasca Basin, Saskatchewan. This data was collected and analyzed by Delta Uranium Inc., the operator of the project. Elevated to anomalous values in uranium, boron and other pathfinder elements were found on both the C5 and C6 properties. This coincides with a conductive trend (confirmed by a 2007 VTEM airborne survey), as well as a "quartzite ridge",

both of which were defined by previous exploration carried out by Cameco in 2001. The quartzite ridge appears to be an important geological feature that is closely associated with uranium mineralization at the McArthur River mine, 30 kilometres to the northeast. This area has been the target of a focused exploration project by Denison since the discovery of the Phoenix uranium zone in which assay results ranging up to 62.6% U3O8 over 6 metres in drill hole WR-273 were announced.

In November of 2010, the option agreement between the Company and Delta was terminated because Delta was not able to incur the expenditures or make the payments as per the above agreement. In compensation for terminating the agreement early, Delta received $25,000 from Terra Ventures Inc. ("Terra") as Terra entered into an option agreement with the Company. Terra agreed to accept the option to acquire up to a 95% interest in the Company's C4, C5 and C6 properties in the Athabasca Basin of Northern Saskatchewan.

Terms of the option agreement were as follows:

Terra paid the Company $100,000 and issued to the Company 100,000 shares upon the approval of the Exchange.

In order to acquire an initial 55% interest, on or before December 31, 2011 Terra must pay the Company an additional $100,000, issue an additional 50,000 shares and incur at least $1,000,000 in exploration expenditures on the properties.

On April 18, 2011, Terra Ventures and Hathor Exploration Lilmited ("Hathor") jointly announced the transaction to which Hathor would acquire all of the issued and outstanding shares of Terra by way of a plan of arrangement. This was executed over the course of several months and was finalized on August 2, 2011. Furthermore, on October 25, 2011 Rio Tinto plc made an offer to purchase all of the issued and outstanding shares of Hathor exploration limited. This deal was finalized as of January 12, 2012 when Rio Tinto acquired 100% of the outstanding shares on a fully diluted basis. Consequently, the exploration expenditures required under the option agreement between Terra Ventures and Pistol Bay Mining have been completed. The payments required to earn the initial 55% interest in the properties were amended to a total of $147,000 cash and was received by the Company on January 12, 2012.

On October 12th 2012, the Company and Rio Tinto executed an amendment to alter the terms of the second and third option. The amended terms are as follows:

Upon exercising the Initial Option, in order for Rio Tinto to earn an additional 20% interest in the block C4, C5 and C6 of Athabasca Basin Property (thereby increasing its aggregate interest to 75%, the "Second Option"), Rio Tinto must:

- pay the Company $150,000 no later than October 19, 2012 (received); and
- incur not less than an additional $1,000,000 in exploration expenditures (increasing the aggregate exploration expenditures to not less than $2,000,000) no later than December 31, 2014. (completed)

Upon exercising the Second Option, the Rio Tinto shall have the right, for a period of five years from the date it exercised the Second Option, to acquire an additional 25% interest in the Property (thereby increasing its aggregate interest to 100%, the "Third Option") by making a cash payment of $5,000,000 to the Company.

In the event Rio Tinto exercises the Third Option (i) the Company shall receive a 5% net profits interest royalty (5% of income from mining operations on the Property, after deduction of all capital expenditures and operating expenditures on or for the benefit of the Property), and (ii) the parties shall use their reasonable commercial efforts to settle, execute and deliver a formal royalty deed to determine all matters pertaining to this 5% net profits interest royalty.

In February of 2011, Terra received permits for its planned surface exploration and diamond drilling programs on the Wheeler River uranium properties, adjoining the Denison Mines property and the Phoenix Zone, in the Athabasca Basin of Saskatchewan. Terra carried out line cutting, resistivity, gravity and 2-D seismic surveys to refine the target areas, and commenced a diamond drilling program which was completed in August of 2011. The exploration program consisted of various geophysical surveys and 2,603 metres of NQ-size diamond drilling. No

mineralization was intersected, but silicification was encountered in Athabasca sandstones in three holes, and there was low-level elevated radioactivity (more than twice and locally up to four times background), also in sandstones, in all five holes. Samples were collected for geochemical analysis and reflectance spectroscopy, but have not yet been processed.

On March 25th 2013, the Company announced that Rio Tinto Canada Uranium Corporation ("RTCUC") had completed the planned winter diamond drill program and gravity survey on the Company's C-5 property.

Of the proposed 1,800 meter diamond drill program, RTCUC was in fact able to complete an additional 960 meters for a total of 2,760 meters in 6 drill holes. All drill core samples were shipped to the Saskatchewan Research Council in Saskatoon for analysis.

Hole 13CBK003 did intersect what appears to be a minor mineralized facture associated with quartzite just below the unconformity. Gamma probing returned a maximum value of 688CPS across the interval of mineralization which appears to be isolated to a fracture coating. Final assay results are required to confirm definitive numbers.

There were also some encouraging signs exhibited in hole 13CBK004. The hole was being drilled on an ice set-up on a lake, however due to safety concerns the hole was abandoned at 354m in the sandstones. While this hole did not intersect the unconformity it did cross some favorable structure and minor alteration in the sandstones that is encouraging.

Hole 13CBK005 was completed to a depth of 621 meters. While no mineralization or significant alteration was intersected, it has provided some very valuable litho logical information that can now be incorporated into the geological model.

The gravity survey was completed by Eastern Geophysics of West Pubnico, NS. The planned survey was designed to infill and extends the gravity survey completed in 2011 by Terra Ventures. The objective of the survey was to extend the current data set and identify areas of potential alteration that may be related to mineralization. The survey was completed at 50m station spacing along 100m spaced lines and extended the coverage over the entire C-5 block property. A total of 1431 stations were collected.

On January 8, 2014 the Company announced that Rio Tinto Canada Uranium Corporation ("RTCUC") mobilized a camp crew and drilling is scheduled to commence on or around January 11, 2014. A total of approximately 2,500m of diamond drilling is proposed for the 2014 C-5 Block winter exploration program with a budget of $1,200,000. The program is designed to test five (5) to six (6) holes within the Corridor A target area as a follow-up to mineralization intersected during the winter 2013 exploration program. Drilling is expected to take approximately six (6) to seven (7) weeks.

In June 2014 RTCUC completed the planned 2014 winter diamond drill program and gravity survey on Pistol Bay's C-5 property, located in the Athabasca basin, Saskatchewan. The 2014 winter drilling program consisted of six diamond drill holes totalling 3,344 metres. This drill program followed up the 2013 drill program which consisted of six drill holes, totalling 2,760 metres.

The best uranium mineralization in drill hole 14CBK003 returned 0.054 per cent triuranium octoxide over 1.5 metres (including 0.071 per cent U3O8 over 0.5 metre) in sandstones immediately above the unconformity. However, due to high core loss (one metre of loss over two metres), these assay numbers are not considered truly reflective of the mineralization. Downhole gamma values for the mineralized interval returned greater than 1,000 counts per second over 1.3 metres with a maximum of 1,970 counts per second. This drill hole is located 100 metres northeast of 2013 drill hole 13CBK003, which intersected what appeared to be a minor mineralized facture associated with quartzite just below the unconformity. Gamma probing returned a maximum value of 688 counts per second across the interval of mineralization which appears to be isolated to a fracture coating.

Uranium mineralization in drill hole 14CBK005, located 50 metres northeast and along strike of mineralization in 14CBK003, returned 0.041 per cent U3O8 over 0.32 metre located immediately below the unconformity, as well as 0.022 per cent U3O8 over one metre located five metres farther downhole.

SIGNIFICANT MINERALIZED DRILL HOLE INTERCEPTS

DDH			Interval		U3O8 (%)	
		From (m)	To (m)	(m)	U (ppm)	(i)
14CBK003	366	367.5	1.5	460	0.054	
Including		366.5	367	0.5	606	0.071
14CBK005	379.82	380.04	0.32	346	0.041	
14CBK005	385	386	1.0	184	0.022	

(i)U3O8 calculated by multiplying uranium ppm by 1.179.

During the year ended May 31, 2010 the C1 and C7 block claims expired.

During the year ended May 31, 2011 the D3 block claim expired.

On December 31, 2012, the Company entered into a letter agreement with Actus Minerals Corp ("Actus"). The Company granted an option to Actus to purchase up to an undivided 51% interest Block C3 in the Athabasca Basin, Saskatchewan. For Actus to earn an undivided 51% interest Block C3 in Athabasca Basin, it had to pay to the Company a cumulative cash amount of $100,000 ($10,000 received upon acceptance by EXCHANGE) and issue a cumulative number of 500,000 common shares (received) in the capital of Actus by March 30, 2013. On June 6, 2013, the letter agreement was terminated and shall have no further force of effect.

As at May 31, 2014 and 2013, the Company has capitalized no costs related to these claims. All costs capitalized in the past were written down during the years ended May 31, 2012 and 2013.

During the nine months ended February 28, 2015, the Company received the payment of $20,000 on sales of the C3 property in the Athabasca Basin, Saskatchewan.

INACTIVE PROPERTIES:

Princeton Land Package, Princeton, BC:

In September of 2009 and further amended on March 14, 2011, the Company entered into an option agreement to earn a 100% undivided interest in a Princeton land package comprised of 10 claim units totalling 4,150 hectares (10,254 acres), of which 1,031 hectares (2,547 acres) immediately borders the Copper Mountain Mining Deposit in Princeton, British Columbia.

The Company has earned a 100% interest in the land package as it has fulfilled its obligation to pay to the Optionor $110,000 and issue 5,000 shares (issued on September 30, 2009 at $11.00 per share). The land package shall be subject to a royalty payable to the Optionor equal to 2% NSR. Pistol Bay shall have the option to purchase 1% of the NSR for the sum of One Million Dollars ($1,000,000) at any time up to when a production decision is made.

Carl Schulze, BSc, PGeo, is the Qualified Person for this project.

During the year ended May 31, 2011, the Company recorded an impairment charge on the property of $58,598 due to lapse of certain mineral claims.

During the year ended May 31, 2013, management decided to write off a further portion of Princeton Property due to loss of certain claims and provided an impairment charge of $129,386.

The Company determined that it will no longer pursue exploration activities on the project as a result of market constraints and a lack of economic feasibility of the project. Accordingly, the Company recorded an impairment charge of $124,313 during the year ended May 31, 2014 against the carrying value of the property.

Summit Lake Project, British Columbia:

Summit "A" and "B" properties

In November of 2009 and further amended on December 1, 2011, the Company entered into an agreement to earn up to a 100% interest in two property units collectively named the Summit Lake Project totalling 2,208 hectares (5,458 acres) in northwestern British Columbia, Canada. The 1,193 hectare (2,948-acre) Summit "A" property immediately borders the eastern boundary of Imperial Metal Corporation's Red Chris property. The 1,015 hectare (2,510-acre) Summit "B" property is located 10 kilometres northwest of the Red Chris property.

In order for the Company to earn a 100% interest in the Summit "A" and Summit "B" Properties, it must:

- Pay $12,500 upon signing of the agreement (paid).
- Pay an additional $12,500 (paid) and issue 3,000 (after giving retroactive effect to the 1-for-5 share consolidation effective October 9, 2014) (issued on December 8, 2009 at $11.00 per post consolidated common share) common shares to the vendor, upon Exchange approval.
- Pay $30,000 (paid) and issue 4,000 common shares (issued on December 8, 2009 at $11.00 per post consolidated common share) (issued on December 13, 2010 at $11.00 per post consolidated common share) to the vendor on or before the first anniversary of the agreement date.
- Issue 5,000 common shares (after giving retroactive effect to the 1-for-5 share consolidation effective October 9, 2014) (issued on December 9, 2011 at $11.00 per post consolidated common share) to the vendor on or before December 10, 2011.
- Pay $50,000 (paid) on or before December 1, 2012.
- The vendor will retain a 2% NSR of which 1% may be repurchased by the Company for $1 million.

In January of 2010, the Company announced an extensive ground program over its Summit "A" and "B" properties. Two mineralized systems were identified on the Summit "B" property, within a kilometre to the south of a large early Mississippian granodiorite to diorite pluton. One system is indicated by several trenches exposing a system of vein-style copper, gold and silver mineralization over a strike length of approximately 170 metres with an average width of 5 metres. Grab samples of phyllitic material returned values to 3.6% copper; a 1.5-metre chip sample returned 0.17% copper (Assessment Report 21760). A sample of a 10-centimetre high-grade pod of quartzpyrite-chalcopyrite-malachite assayed 8.98% copper, 24.5 g/t silver and 0.045 g/t gold (Assessment Report 21416). The other system, located about 50 metres to the southwest, has a similar mineralogy to the first, but is arsenopyrite-bearing. Trenching exposed a 1.0-metre lenticular quartz vein with blebs of pyrite, arsenopyrite and chalcopyrite. A grab sample returned 0.6% copper and 1.61 g/t gold (Assessment Report 21760). (note: Grab Samples are not 43-101 compliant and cannot be relied upon)

The other system, located about 50 metres to the southwest, has a similar mineralogy to the first, but is arsenopyrite-bearing. Trenching has exposed a 1.0-metre lenticular quartz vein with blebs of pyrite, arsenopyrite and chalcopyrite. A grab sample returned 0.6% copper and 1.61 g/t gold (Assessment Report 21760).

In September of 2010, the Company reported that preliminary surface geological mapping and geochemical sampling outlined a gold-bearing horizon on its Summit "B" property. The 2010 program included due-diligence style sampling of the known trend and other copper occurrences, but focused largely on identification and elineation of the gold bearing horizon. Further exploration at the location which had previously returned values of up to 4.950 g/t gold yielded two notable rock composite grab samples of similar auriferous rock. The values were assayed to be 17.9 g/t gold with 18.5 g/t silver, and 10.9 g/t gold with 15.9 g/t silver respectively. Detailed grid soil sampling and

rock sampling indicate these correspond to a 250-metre trend of anomalous gold values, including a rock chip sample of similar material grading 1.875 g/t gold across 2.0 metres. Similar coincident anomalous copper-gold values were returned from soil sampling about 250 metres farther northwest along trend. This trend represents a new target warranting further exploration within the Summit B block.

On May 17th 2013, the Company entered into an option agreement with Revolver Resources Inc. ("Revolver") whereby Revolver may earn a 60% interest, subject to Exchange approval, in the Summit B property. Under terms of the Option Agreement Revolver, in order to earn its 60% interest, must spend $2,500,000 in exploration expenditures on the Property, make $500,000 in cash payments to the Company and issue the Company 4,000,000 common shares over the next three years as follows:

- Pay $25,000 upon signing of the agreement (received).
- Pay an additional $75,000 (received) and issue 2,000,000 common shares (received and valued at $70,000) to the Company upon Exchange approval.
- Pay $200,000, issue 1,000,000 common shares to the Company and incur $250,000 in exploration expenditures on or before May 17, 2014.
- Pay $200,000, issue 1,000,000 common shares and incur $750,000 in exploration expenditures to the Company on or before May 17, 2015.
- Incur $1,500,000 in exploration expenditures to the Company on or before May 17, 2016.

In November 2013 the Company reported that Revolver Resources completed a 3D IP Inversion Model on the owned Summit B property. The 3D IP inversion model was carried out based upon the results of the IP (resistivity/chargeability) survey completed earlier on the Summit B property. The model reveals a strong 2.0-kilometre-long to 500-metre-wide, northwest-oriented ovoid chargeability anomaly with values reaching over 35 millivolts per second accompanied by low resistivity signatures. It extends from shallow depth (less than 100 m) to at least 500 m and is open at both the northwest and southeast ends. Surface geology indicates the high chargeability/low resistivity anomaly is spatially related to copper-gold-bearing disseminated sulphide bodies and stockworks distributed within fault zones. Recent rock and chip sampling of historic mineralized trenches generated substantial Cu assay values ranging from 0.1 to 1.5 weighted per cent. Gold is significantly enriched, highlighted by several concentrations greater than three grams per tonne Au; for example 3.0 g/t, 17.9 g/t, 12.3 g/t and 10.9 g/t. Pervasive hematite-ankerite-silica alteration affected the sheared volcanosedimentary rocks.

The Summit B IP anomaly is similar in shape and intensity to that observed in Colorado Resources' adjacent North Rok property. The North Rok chargeability anomalies characterized a porphyry copper-gold system associated with an early Jurassic monzodiorite-diorite pluton intruding Upper Triassic Stuhini Group volcanic rocks. Already, drill core intersections of 402 m at 0.28 weighted per cent Cu and 0.27 g/t and 242 m at 0.63 weighted per cent Cu and 0.85 g/t Au were obtained less than three km away from the Summit B property. The Summit B IP anomaly is associated with low magnetic values relative and occur in a greenschist metamorphosed Mississippian-Permian volcanosedimentary assemblage. The age of the Summit B mineralization is presumed to be Jurassic and concordant with the age of alkalic intrusions at North Rok, Red Chris (a porphyry copper-gold mine and with reserves of over 300 million tonnes grading 0.359 per cent copper and 0.274 g/t gold) and elsewhere in northwestern B.C. The carbonate alteration and precious metal mineralization at Summit B may be related to deep metamorphic fluids with appropriate chemistry to cause quartz-carbonate-gold deposits. Alternatively, the mineralization may be produced by hydrothermal fluids generated by the intrusion of alkalic plutonic rocks at moderate depth.

On December 9, 2013 the Company reported that Revolver Resources mobilized a drill rig onto the Summit B property for an immediate 1000 metre drill program to test the 2km long and 500 metre wide anomaly previously identified through the 3D IP survey. Revolver has commissioned Black Hawk Diamond Drilling Ltd. and UTM Exploration Services from Smithers, BC to conduct the drilling program. However, Revolver defaulted on a payment due May 17, 2014, and the option agreement was effectively terminated

On February 26, 2014, the Company entered into an option agreement with Vega Mining Inc. ("Vega") whereby Vega may earn a 70% interest in the Summit A and D properties. Pursuant to the terms of the option agreement, Vega will pay a cumulative amount of $110,000 cash and issue 3,500,000 common shares over a three year period

During the 2014 year, Vega defaulted on the agreement and the agreement was terminated. Management decided not to pursue this property as a result of market constraints and economic feasibility of the project, and the property was written off entirely. An impairment charge of $123,564, was recorded against the property.

Summit "D" property

In January of 2010, the Company entered into an agreement to acquire a 100% undivided interest in 17 claims covering 6,445 hectares (15,925 acres) located in the Stewart area of British Columbia. In consideration, the Company must pay $25,000 (paid) and issue 1,500 common shares (after giving retroactive effect to the 1-for-5 share consolidation effective October 9, 2014) (issued on March 29, 2010 at $7.50 per share) upon Exchange approval. The 6,445 hectare Summit "D" property immediately borders Summit "A" to the east and continues north where it borders the northern border of Imperial Metal Corporation's Red Chris property.

On July 4th 2013 the Company mobilized a crew to commence a work program on its Summit A and Summit D properties. UTM Exploration Services Ltd. (UTM) provided the services for the work program. UTM is located in Smithers, British Columbia and is a fully integrated service provider specializing geological and technical services as well as offering expertise in the construction, staffing and management of remote camps and turnkey project management. UTM conducted field mapping and sampling on areas of the Summit A and D claims which were not previously explored in 2010. The report from UTM on the work conducted is pending.

Pistol Bay's total land package, in the Iskut area, consists of three properties totaling over 8,500 hectares, much of which is adjacent to the Red Chris project.

Technical information in this report has been prepared and/or reviewed by Mike Magrum, PEng, and a qualified person as defined in NI 43-101.

On February 26, 2014, the Company entered into an option agreement with Vega Mining Inc ("Vega") whereby Vega may earn a 70% interest in the Summit A and D properties (the "Property").

Pursuant to the terms of the option agreement, Vega will pay a cumulative amount of $110,000 cash and issue 3,500,000 common shares over a year period as follows:

- $15,000 cash (paid) on the effective date of February 26, 2014;
- Issue 500,000 common shares (issued) upon Exchange approval;
- An additional cash payment of $20,000 and 500,000 common shares on or before the date which is six months from Exchange approval;
- An additional cash payment of $35,000 and 1,000,000 common shares on or before the second year anniversary date of the Exchange approval;
- An additional cash payment of $40,000 and 1,500,000 common shares on or before the third year anniversary date of the Exchange approval.

During the 2014 year, Vega defaulted on the agreement and the agreement was terminated. Management decided not to pursue this property as a result of market constraints and economic feasibility of the project, and the property was written off entirely. An impairment charge of $39,356, was recorded against the property.

Summit West property

On April 13, 2010, the Company entered into an option agreement whereby it can acquire a 100% interest in 3 claims located to the west of Imperial Metals Corporation's Red Chris deposit. To acquire a 100% undivided interest in and to the Property and to exercise the Option, the Company had to pay to the Optionor $95,000 in cash and issue 10,000 common shares (after giving retroactive effect to the 5-for-1 share consolidation effective October 9, 2014) of the Company as follows,

- Pay $25,000 (paid) upon signing of the agreement and issue 2,000 common shares (after giving retroactive effect to the 1-for-5 share consolidation effective October 9, 2014) (issued on May 27, 2010 at $7.50 per post consolidated common share) to the vendor upon Exchange approval.
- Pay $30,000 (paid) and issue 3,000 common shares shares (after giving retroactive effect to the 1-for-5 share consolidation effective October 9, 2014) (issued on April 11, 2011 at $6.00 per post consolidated common share) to the vendor on or before the first anniversary of the agreement date.
- Pay $40,000 (paid) and issue 5,000 common shares shares (after giving retroactive effect to the 1-for-5 share consolidation effective October 9, 2014) (issued on April 13, 2012 at $7.50 per post consolidated common share) to the vendor on or before the second anniversary of the agreement date.
- The vendor will retain a 2% NSR of which 1% may be repurchased by the Company for $1 million.

In January 2013, all claims of Summit West property expired. As such, the property was written off entirely and an impairment loss of $172,437 was recorded during the year ended May 31, 2013.

Portland Graphite Property:

On February 26, 2013, the Company entered into an Option Agreement with Zimtu Capital Corp. ("Zimtu") and MPH Consulting Inc. ("MPH"), to acquire a 100% interest in an advanced stage Portland Graphite property in southeastern Ontario. The Company received the Exchange approval on March 20, 2013.

The Company signed an Amended Agreement with Zimtu and MPH on May 31, 2013.

The Property is situated 1.6 km north of Highway 15 between Kingston and Ottawa. It is road-accessible and consists of private lands covering approximately 429 hectares, located 5.5 km northeast of the community of Portland, Ontario. Power and water are available on-site and rail access is nearby.

Graphite on the Property is hosted primarily in Precambrian marbles of the Grenville Province. Ontario government geologists reported in the 1960's that the graphite occurs as disseminated flakes averaging 1/8 inch in diameter. Work on the Property by previous operator Victoria Graphite Inc., including 73 drill holes (5,884m), identified graphite mineralization in three zones (D-zone, G-zone and I-zone) over a total strike length of 1700m. Mineralization dips at approximately 70 degrees to the west. In general, the zones are characterized by broad envelopes of lower-grade graphite mineralization with widths up to 75m, within which are zones of higher grade material, to >10% graphitic carbon ("Cg"), based on the diamond drilling by Victoria Graphite in the late 1980's.

Pursuant to the terms of the Option Agreement, the Company will pay a cumulative amount of $150,000 and a cumulative amount of 1,100,000 common shares over a 2 year period to Zimtu Capital Corp. and MPH Consulting Inc.

The Company is also required to assume the obligations of Zimtu and MPH for the underlying property option agreements with the optionors as described below: Zimtu Capital Corp. and MPH Consulting Limited. ("the Optionees") entered into an Option Agreement with John E. Riley and Steven J. Riley ("The First Optionor") dated March 5, 2012 (the "Option 1 Property Agreement") as well as another Option Agreement with Our Getaway Inc. ("The Second Optionor") dated June 1, 2012 (the "Option 2 Property Agreement", and together with the Option 1 Property Agreement, the "Property Option Agreements"), whereby the Optionors each granted an exclusive option to the Optionee to acquire up to an undivided 100% of the title and interest in and to the Properties, by paying certain consideration on the terms and conditions therein provided. In March 2014, the First Optionor agreed, in exchange for 60,000 common shares of the Company, to extend the due date for a $60,000 payment from March 4, 2014 until May 4, 2014.

The consideration Cash and Shares will be issued to Zimtu Capital Corp. and MPH Consulting Inc or their assigns as follows:

- 400,000 shares on the date of Exchange approval (issued).
- 300,000 shares by September 20, 2013 (issued).

- 400,000 shares by March 20, 2015.
- $150,000 in cash by March 20, 2014.

The consideration Cash payments to the original property Optionors or their assigns will be as follows:

- $60,000 due under the Option 1 Property Agreement to the First Optionor (John E. Riley and Steven J. Riley) on or before March 5, 2013 (Paid)
- $60,000 is due under the Option 2 Property Agreement to the Second Optionor (Our Getaway Inc.) on or before June 1, 2013 (Paid).
- $60,000 due under the Option 1 Property Agreement to the First Optionor (John E. Riley and Steven J. Riley) on or before May 4, 2014 (amended)
- $60,000 is due under the Option 2 Property Agreement to the Second Optionor (Our Getaway Inc.) on or before June 1, 2014.

On March 20, 2014, the Company amended the Option 1 Property Agreement dated March 5, 2012 of the Portland Graphite Property. Under the terms of the amendment, the First Optionor, Zimtu Capital Corp. and MPH Consulting Limited agreed in exchange for 60,000 common shares of the Company, to extend the due date for a $60,000 payment from March 4, 2014 to May 4, 2014.

If the Company determines that the project is viable, it has an option to extend the Option Agreement for additional three years by making additional cash payments as follows:

- $120,000 in cash on March 5, 2015 under the Option 1 Property Agreement to the First Optionor (John E. Riley and Steven J. Riley)
- $120,000 in cash on June 1, 2015 under the Option 2 Property Agreement to the Second Optionor (Our Getaway Inc.);
- $120,000 in cash on March 5, 2016; under the Option 1 Property Agreement to the First Optionor (John E. Riley and Steven J. Riley)
- $120,000 in cash on June 1, 2016; under the Option 2 Property Agreement to the Second Optionor (Our Getaway Inc.)
- $120,000 in cash on March 5, 2017; under the Option 1 Property Agreement to the First Optionor (John E. Riley and Steven J. Riley)
- $120,000 in cash on June 1, 2017; under the Option 2 Property Agreement to the Second Optionor (Our Getaway Inc.)

During the year ended May 31, 2014, management decided not to pursue this property and the property was written off entirely. An impairment charge of $507,892 was recorded against the property.

Roaring River property:

On November 14, 2011, the Company signed an option to acquire a 100% interest in a Platinum-Group Element (PGE) property north of Thunder Bay, Ontario. Previous exploration has located 14 mineral occurrences on the property with analytical results up to 2.2 grams per tonne of total precious metals ("TPM") or platinum + palladium + gold. A diamond drilling program is planned to test five conductors defined by a 2010 airborne VTEM® survey.

The option agreement was further amended on November 21, 2012. Pursuant to the terms of the amended option agreement, the Company will pay a cumulative amount of $115,000 cash, issue 397,500 common shares and incur $1,750,000 exploration expenditures over a three year period.

During the year ended May 31, 2014, management decided not to pursue this property as a result of market constraints and economic feasibility of the project, and the option agreement was terminated. An impairment charge of $269,991 was recorded against the carrying value of the property.

RESULTS OF OPERATIONS

Operational activities:

During the nine months ended February 28, 2015, the Company incurred a net loss of $349,166, compared to a net loss of $973,556 in the same period in the prior year. Significant comparative variances for the nine months ended February 28, 2015 and 2014 were:

Amortization of $11,415 (2014 - $15,144);
Business development and shareholder communications of $4,102 (2014 - $65,381);
Consulting fee of $61,805 (2014 - $181,316);
Insurance of $2,953 (2014 - $8,387);
Management fees of $33,750 (2014 - $30,625);
Office services and miscellaneous of $22,346 (2014 - $120,290);
Professional fees of $33,201 (2014 - $59,145);
Rent of $16,258 (2014 – $60,254);
Share-based payments of $30,107 (2014 - $73,062)
Transfer agent and filing fees of $16,381 (2014 - $23,554); and
Wages and benefits of $1,743 (2013 - $78,080)

Business development and shareholder communication expenses of $4,102 (2014 - $65,381) relate to maintaining the current projects, investigating new projects and promoting the Company. The decrease in business development expenses from the same period last year is attributed to management's cost control efforts and saving cash reserves for necessary operations and minimizing operational expenses.

Consulting fees of $61,805 (2014 - $181,316) relate to fees paid to consultants of the Company for consultation on the Company's current and prospective projects. These general consulting expenses cannot be directly attributed to any particular project and have therefore been expensed as general consulting. The decrease from last year is attributed to management's cost control efforts and saving cash reserves for necessary operations and minimizing operational expenses.

Office services and miscellaneous of $22,346 (2014 - $120,290) relate to expenses paid for administration and support. The decrease in office services and miscellaneous from last year relates to decreased general administration expenses paid to an administrative services company.

Professional fees of $33,201 (2014 - $59,145) consist of expenses relating to the Company's financial recording and reporting activities. Professional fees decreased over the same period in the previous year as the accounting fees decreased for the Company via the administrative services company.

Transfer agent and filing fees of $16,381 (2014 - $23,554) relates to expenditures in connection with share capital activities of the Company.

Wages and salaries decreased to $1,743 (2014 - $78,080). Salaries and benefits expenses decreased over the same period in the previous year as the management switched to paying overhead costs and wages and salaries via an administrative services company, and all employment was terminated in the first quarter of 2015.

In general, total administrative expenses reflect the normal corporate business cycle. There was no property expenditures for the nine months ended February 28, 2015.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following table provides a summary of the Company's eight quarterly results ending on February 28, 2015:

	IFRS			
	February 28, 2015	November 30, 2014	August 31, 2014	May 31, 2014
Revenue	Nil	Nil	Nil	Nil
Net loss for the period	(110,254)	(185,912)	(53,000)	(930,443)
Loss per share	(0.02)	(0.05)	(0.00)	(0.03)
	February 28, 2014	November 30, 2013	August 31, 2013	May 31, 2013
Revenue	Nil	Nil	Nil	Nil
Net loss for the period	(233,969)	(491,788)	(247,799)	(426,437)
Loss per share	(0.01)	(0.02)	(0.02)	(0.01)

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects.

Decreased losses in the quarter ended February 28, 2015 were primarily due to the CRA penalties of $88,213 incurred in the quarter ended November 30, 2014.

Increased losses in the quarter ended November 30, 2014 were primarily due to the CRA penalties of $88,213, and loss on disposition of marketable securities of $22,988 incurred in the quarter ended November 30, 2014.

Decreased losses in the quarter ended August 31, 2014 mostly related to the higher impairment charge in mineral properties of $757,831 incurred in the quarter ended May 31, 2014.

Increased losses in the quarter ended May 31, 2014 mostly related to recognition of higher impairment charge in mineral properties of $757,831.

Decreased losses in the quarter ended February 28, 2014 is mostly due to recognition of accounts payable recovery of $51,992, which includes amounts of $37,592 forgiven by vendors, and the reduction of $14,400 due to additional exploration expenditures of $32,000 claimed by the Company that reduced Flow-through Share indemnification. Moreover, no impairment charge being taken as opposed to $307,285 impairment charge for the quarter ended November 30, 2013

Increased losses in the quarter ended November 30, 2013 is mostly related to recognition of impairment charge in Roaring River of $269,991 and Princeton of $37,294, and option compensation expense of $34,852 recorded in the quarter ended November 30, 2013.

Decreased losses in the quarter ended August 31, 2013 is mostly due to the flow through provision of $118,624 recorded in the quarter ended May 31, 2013.

CAPITAL DISCLOSURE:

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables.

LIQUIDITY & CAPITAL RESOURCES:

On February 28, 2015, the Company had working capital deficiency of $825,215 (May 31, 2014 - $612,511), and cash of $487 (May 31, 2014 - $23). The Company anticipates that it will require significant funds for property exploration and to support general administrative expenses.

i. On October 9, 2014, the Company's Board of Directors has approved a consolidation of the Company's common shares on the basis of one post-consolidated share for every five pre-consolidated shares. All current and comparative share capital amounts have been restated to account for the 1 to 5 common share consolidation.

ii. On January 27, 2015, the Company issued 200,000 common shares (valued at $12,000) for options exercised at a price of $0.06 per share.

iii. On February 24, 2015, the Company closed a non-brokered private placement of 1,170,000 units at a price of $0.05 per unit for total proceeds of $58,500. Each unit consisted of one common share and one half of one share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 18 months from the date of issuance.

iv. On March 9, 2015, the Company issued 330,000 common shares (valued at $19,800) for options exercised at a price of $0.06 per share.

<u>During the year ended May 31, 2014:</u>

i. On June 27, 2013, the Company closed a non-brokered private placement of 472,000 units at a price of $0.30 per unit for total proceeds of $141,600. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.50 per share for a period of 18 months.

   In connection with the private placement, the Company incurred finders' fees of $13,560 and issued 45,200 agent warrants to acquire 45,200 units at $0.30 per unit until June 27, 2014. Each unit consists of one common share and one warrant exercisable at $0.50 until December 27, 2014.

ii. On September 20, 2013, the Company issued 300,000 common shares (valued at $82,500) towards its exploration and evaluation of Portland Graphite property.

iii. On January 23, 2014, the Company closed a non-brokered private placement of 800,040 units at a price of $0.30 per unit for total proceeds of $240,013. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.50 per share for a period of 18 months.

   In connection with the private placement, the Company incurred finders' fees of $7,600 and issued 25,334 agent warrants. Each agent warrant is convertible into share units of the Company at an exercise price of $0.30 until expiration on July 23, 2015. Each unit comprises one share and one warrant exercisable at $0.50 per share until July 23, 2015.

iv. On January 20, 2014, the Company issued 38,300 common shares (valued at $11,490) for agent warrants exercised at a price of $0.30 per share.

v. On January 20, 2014, the Company issued 10,000 common shares (valued at $3,000) for options exercised at a price of $0.30 per share.

vi. On February 18, 2014, the Company issued 40,000 common shares (valued at $12,000) for options exercised at a price of $0.30 per share.

vii. On March 19, 2014, the Company issued 60,000 common shares (valued at $24,000) to extend the due date for a $60,000 payment from March 4, 2014 to May 4, 2014 for the Portland Graphite Property.

viii. On April 4, 2014, the Company issued 45,000 common shares (valued at $11,250) for options exercised at a price of $0.25 per unit.

Stock options

On March 9, 2015, 330,000 share options were exercised at a price of $0.06 per share.

On April 16, 2015, the Company granted 250,000 share options to its consultants in the aggregate of 250,000 common shares in the capital of the Company, at an exercise price of $0.05 until expiry April 16, 2020.

On April 22, 2015, the Company granted 100,000 share options to its consultant in the aggregate of 100,000 common shares in the capital of the Company, at an exercise price of $0.05 until expiry April 22, 2020.

During the nine months ended February 28, 2015:

i. On August 20, 2014, 5,750 share options expired unexercised.

ii. During the nine months ended February 28, 2015, 303,200 share options were cancelled. The cancellation of the 303,200 share options resulted in the transfer of $239,269 share-based payment reserve to deficit.

iii. On January 28, and February 24, 2015, the Company granted 530,000 share options to its consultants, which are exercisable for a period of five years, at a price of $0.06 per share. As the fair value of the services could not be reliably measured, the Company used the Black-Scholes model to estimate the fair value of the share options granted. The fair value of share options granted was estimated at the grant date using the Black-Scholes pricing model with estimated, volatility 141%, risk-free rate 0.53%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $30,107, which has been expensed with a corresponding credit to share-based payment reserve.

During the year ended May 31, 2014:

i. During the year ended May 31, 2014, 13,400 share options expired unexercised, and 63,500 share options were cancelled or forfeited.

ii. During the year ended May 31, 2014, 50,000 share options were exercised at a price of $0.30 per unit, and 45,000 share options were exercised at a price of $0.25 per unit for total proceeds of $26,250.

iii. On September 5, 2013, the Company granted 100,000 share options to its directors, officers, and consultants, which are exercisable for a period of five years, at a price of $0.30 per share. As the fair value of the services could not be reliably measured, the Company used the Black-Scholes model to estimate the fair value of the share options granted. The fair value of share options granted was estimated at the grant date using the Black-Scholes pricing model with estimated, volatility 252%, risk-free rate 1.95%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $34,852, which has been expensed with a corresponding credit to share-based payment reserve. The share price factored into the Black-Scholes model was $0.35 per share.

iv. On January 23, 2014, the Company granted 70,000 share options to its directors, officers, and consultants, which were exercisable for a period of five years, at a price of $0.525 per share. As the fair value of the services could not be reliably measured, the Company used the Black-Scholes model to estimate the fair value of the share options granted. The fair value of share options granted was estimated at the grant date using the Black-Scholes pricing model with estimated, volatility 237%, risk-free rate 1.59%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $38,211, which has been expensed with a corresponding credit to share-based payment reserve. The share price factored into the Black-Scholes model was $0.55 per share.

v. On January 23, 2014, the Company granted 60,000 share options to a consultant, which would have vested over a period of 12 months. These options were cancelled in March 2014. As the fair value of the services could not be reliably measured, the Company used the Black-Scholes model to estimate the fair value of the share options granted. The fair value of share options granted was estimated at the cancellation date using the Black-Scholes pricing model with estimated, volatility 237%, risk-free rate 1.51%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $23,761, which has been expensed with a corresponding credit to share-based payment reserve.

vi. On February 24, 2014, the Company granted 45,000 share options to its director, and consultant, which were exercisable for a period of five years, at a price of $0.25 per share. As the fair value of the services could not be reliably measured, the Company used the Black-Scholes model to estimate the fair value of the share options granted. The fair value of share options granted was estimated at the grant date using the Black-Scholes pricing model with estimated, volatility 238%, risk-free rate 1.70%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $11,165, which has been expensed with a corresponding credit to share-based payment reserve. The share price factored into the Black-Scholes model was $0.25 per share.

vii. On April 8, 2014, the Company granted 115,000 share options to its directors, officers, employees and consultants, which were exercisable for a period of five years, at a price of $0.275 per share. As the fair value of the services could not be reliably measured, the Company used the Black-Scholes model to estimate the fair value of the share options granted. The fair value of share options granted was estimated at the grant date using the Black-Scholes pricing model with estimated, volatility 226%, risk-free rate 1.72%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $34,138, which has been expensed with a corresponding credit to share-based payment reserve. The share price factored into the Black-Scholes model was $0.30 per share.

Warrants

<u>During the nine months ended February 28, 2015:</u>

i. On July 23, 2014, 800,040 warrants and 25,334 agent warrants expired unexercised.

ii. On August 13, 2014, 55,080 warrants and 3,060 agent warrants expired unexercised.

iii. On September 12, 2014, 591,000 warrants expired unexercised.

iv. On December 11, 2014, 808,000 warrants and 65,100 agent warrants expired unexercised.

v. On December 27, 2014, 472,000 warrants and 45,200 agent warrants expired unexercised.

vi. On February 24, 2015, the Company granted 585,000 warrants to its investors.

During the year ended May 31, 2014:

i. On June 27, 2013, the Company granted 45,200 warrants to the agents involved in the Company's private placement convertible into units at an exercise price of $0.30 until expiry June 27, 2014. Each unit consists of one common share and one full warrant with each full warrant exercisable into one common share at a price of $0.50 per share until December 27, 2014. As the fair value of the services could not be reliably measured, the Company used the Black-Scholes model to estimate the fair value of the share options received. The warrants have an estimated fair value of $15,216, which has been included in warrant reserve. The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 1.5 year, volatility 333%, risk-free rate 1.20%, dividend yield 0%. The share price factored into the Black-Scholes model was $0.35 per share.

ii. On January 23, 2014, the Company granted 25,334 warrants to the agents involved in the Company's private placement convertible into units at an exercise price of $0.30 until expiry July 23, 2015. Each unit consists of one common share and one full warrant with each full warrant exercisable into one common share at a price of $0.50 per share until July 23, 2015. As the fair value of the services could not be reliably measured, the Company used the Black-Scholes model to estimate the fair value of the share options received. The warrants have an estimated fair value of $12,361, which has been included in warrant reserve. The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 1.5 year, volatility 303%, risk-free rate 1.59%, dividend yield 0%. The share price factored into the Black-Scholes model was $0.55 per share.

iii. On January 20, 2014, 38,300 share warrants were exercised at a price of $0.30 per unit, and the Company granted 38,300 warrants to the agent involved in exercising the warrants at an exercise price of $0.30 until expiry December 11, 2014.

As of the date of this report, the Company has outstanding common shares of 6,370,757, share options of 501,250, and warrants of 585,000.

For the nine months ended February 28, 2015, the Company experienced a net increase in its cash position by $464 (2014 –$1,655). At February 28, 2015, the Company had working capital deficiency of $825,215 (May 31, 2014 - $612,511). Significant cash inflows consisted of funds provided by financing activities totaling $82,440 (2014 - $403,648). Significant cash outflows consisted of the cash used in operating activities of $100,745 (2014 - $412,865).

As the Company is an exploration company, it does not receive nor does it anticipate receiving any revenue in the next fiscal year. The Company's interests do not currently generate cash flow from operations and, in order to continue operations and fund its expenditure commitments, it is dependent on equity financing through existing and new shareholders, third party financing, and cost sharing arrangements to fund its work programs and operations.

OFF-BALANCE SHEET ARRANGEMENTS:

The Company has no off-balance sheet arrangements other than reported in the accompanying notes to the financial statements.

TRANSACTIONS WITH RELATED PARTIES AND EXECUTIVE COMPENSATION:

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured. Amount advanced to the director(s) of the Company is for business purposes, such as travel and accommodation and is included in prepaid expenses. The amount due from (to) companies with directors in common was for shared office administration and occupancy expenses. Repayment terms, if any, are determined at the time of the advance.

Prepaid services and amounts due from related parties:

	February 25, 2015 - $ -	May 31, 2014 - $ -
Amount due from Vega Mining Inc. (Previously known as Soldi Ventures Inc.) - a company with directors in common	3,957	-
Prepaid expenses advanced to a director	38,525	38,525
	42,482	38,525

Due to related parties:

	February 25, 2015 - $ -	May 31, 2014 - $ -
Amount due to Dirango Capital Inc. - a company with CFO in common	32,594	8,843
Amount due to Zone Resources Inc. - a company with directors in common	4,846	8,070
Amount due to Victory Mountain Ventures Ltd. - a company with directors in common	2,200	-
	39,640	16,913

Key management personal compensation

For the nine months ended February 28, 2015 and 2014, the Company incurred the following amounts through transactions with a director:

	February 25, 2015 - $ -	February 28, 2014 - $ -
Management fees	33,750	30,625

During the nine months ended February 28, 2015, $33,750 (2014 – $30,625) management fees were accrued and partially paid to the CFO of the Company. The CEO postponed the receipt of his salaries in favor of other vendors of the Company. Related party transactions have been recorded at their exchange amount, which is the amount of consideration established between the related parties.

FINANCIAL INSTRUMENTS:

The Company has classified its financial instruments as follows:

- Cash is classified as loans and receivables.
- Due from related parties are classified as loans and receivables.
- Marketable securities are classified as available-for-sale.
- Accounts payables have been classified as other financial liabilities.
- Amounts due to related parties are classified as other financial liabilities.

Transaction costs related to financial instruments other than held-for-trading are capitalized as part of the cost of the financial instrument. Where the Company has entered into net smelter royalties or other similar participatory arrangements with property vendors or purchasers, such arrangements are considered to be derivative instruments. Additionally, the Company may have purchase options associated with net smelter royalties which are derivative instruments. The fair value of these derivative instruments is not reliably measurable until proven economically recoverable reserves have been identified.

IFRS 7 requires disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.
Fair Values

The following table outlines the Company's financial assets and liabilities measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair measurement.

As at February 28, 2015 and May 31, 2014 the Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
February 28, 2015				
Marketable securities	-	-	-	-
Total	-	-	-	-
May 31, 2014				
Marketable securities	22,500	-	-	22,500
Total	22,500	-	-	22,500

The Company's marketable securities are valued using quoted market prices in active markets, and therefore are classified as Level 1. Management determines the fair value of the marketable securities using the closing bid price of the shares on the Exchange at each reporting date.

LEGAL PROCEEDINGS:

On August 15, 2014, the Company was informed by Perry & Company who acts as solicitors for U.T.M. Exploration Services Ltd. ("UTM") that Revolver Resources Inc. (Revolver) owes UTM $196,108 (inclusive of interest) for unpaid exploration costs. In May 2013 The Company entered into an option agreement with Revolver. UTM performed exploration services at the Summit B property of the Company as per instructions of Revolver. The Company did not have a contract with UTM with respect to these expenses. UTM placed a lien on the Company's claims at the Summit B property and threatened litigation in the event Revolver fails to make payment for the outstanding amount.

During the nine months ended February 28, 2015, CRA assessed penalties of $88,213 pursuant to subsection 224(4) of the Income Tax Act.

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

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

i) Exploration and Evaluation Expenditures

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

ii) Title to Mineral Property Interests

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

iii) Income Taxes

The Company has not recognized a deferred tax asset, as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

iv) Flow Through Shares Provisions

Flow-through share provisions are comprised of the Company's various tax penalties and indemnification liabilities relating to the deficiencies in incurring on a timely basis the appropriate amount of qualifying exploration expenditures required related to past flow-through share issuances. The Company may also be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made required exploration expenditures.

Flow-through share provisions have been created based on the Company's internal estimates of the maximum tax penalties and indemnification liabilities the Company could be subject to. Assumptions, based on the current tax regulations, have been made which management believes are a reasonable basis upon which to estimate the future potential liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. The final cost of the flow-through share provision may be lower than currently provided for.

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

New Accounting Standards Adopted

The Company has adopted the following accounting standards effective May 1, 2013. The adoption of these accounting standards had no significant impact on the financial statements. These standards are:

- IAS 1 (Amendment): This standard is amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future.
- IFRS 7 (Amendment): This standard is amended to enhance disclosure requirements related to offsetting of financial assets and financial liabilities.
- IFRS 10: New standard to establish principles for the presentation and preparation of consolidated financial statements.
- IFRS 11: New standard to account for the rights and obligations in accordance with a joint agreement.
- IFRS 12: New standard for the disclosure of interest in other entities not within the scope of IFRS 9 / IAS 39.
- IFRS 13: New standard on the measurement and disclosure of fair value.
- IAS 27 (Amendment): As a result of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 27 deals solely with separate financial statements.
- IAS 28 (Amendment): New standard issued that supersedes IAS 28 (2003) to prescribe the application of the equity method to investments in associates and joint ventures.

New Accounting Standards, Amendments and Interpretations Not Yet Effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") beginning after January 1, 2014 or later years. None of these are expected to have a significant effect on the financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014.
- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 3 of the Notes to the audited financial statements for the year ended May 31, 2014 that are available on SEDAR at www.sedar.com.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listing of exploration expenditures and a breakdown of general and administrative expenses are provided in the financial statements for the nine months ended February 28, 2015.

OTHER MATTERS

Commitments:

Lease commitments

On August 15, 2012, the Company together with other three related companies entered into a joint tenancy for office premises from May 1, 2013 to August 31, 2019.

On December 5, 2014, the lease and tenancy premises were terminated by Pacific Centre Leaseholds Limited.

Flow-through shares tax liabilities

The Company entered into Flow-through Share Subscription Agreements in the calendar year ended December 31, 2010 whereby it was committed to incur on or before December 31, 2011 a total of $1,154,819 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada. As at February 28, 2015, the Company had unfulfilled Canadian Exploration Expenditure obligations of $301,125 that needed to be fulfilled by December, 2012. As the Company did not fulfill the expenditure obligation, Canada Revenue Agency ("CRA") assessed penalties in the amount of $36,072. Furthermore, the Company may also have to indemnify shareholders for taxes and penalties related to the unspent portion of the commitment. An estimated amount totaling $130,000 has been accrued related to the indemnification on the unfulfilled commitments. The outcome of the amount of actual claims and penalties, if any, is contingent on future assessments of CRA. During the nine months ended February 28, 2015, the Company also accrued interest of $11,700 on the flow through liabilities.

The Company entered into Flow-through Share Subscription Agreements in the calendar year ended December 31, 2011 whereby it was committed to incur on or before December 31, 2012 a total of $347,900 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada. As at February 28, 2015, the Company had unfulfilled Canadian Exploration Expenditure obligations of $347,500 that needed to be fulfilled by December 31, 2012. CRA has assessed a penalty in the amount of $37,935 related to Part XII.6 tax penalties on the unfulfilled commitments. Furthermore, the Company may also have to indemnify shareholders for taxes and penalties related to the unspent portion of the commitment. An estimated amount totaling $150,000 has been accrued related to the indemnification on the unfulfilled commitments. The amount was reduced to $135,600 with additional expenditures of $32,000 claimed by the Company during the year ended May 31, 2014. The outcome of the amount of penalties, if any, is contingent on future assessments of CRA. During the nine months ended February 28, 2015, the Company also accrued interest of $12,204 on the flow through liabilities.

At nine months ended February 28, 2015, the total accrued flow through liabilities were $381,272, which included interest and penalty of $115,672.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

RISKS

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade, proximity to infrastructure, Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations.

The discovery, development and acquisition of mineral properties are in many respects unpredictable events. Future metal prices, capital equity markets, the success of exploration programs and other property transactions can have a significant impact on capital requirements.

Although the Company has taken steps to verify the title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of the same, these procedures do not guarantee the Company's title to these properties. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time. The Company has limited financial resources and the mining claims, Company holds impose financial obligations on the Company. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations.

Further exploration and development of the various mineral properties in which the Company holds interests depends upon the Company's ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. Failure to obtain additional financing on a timely basis could cause the Company to forfeit all or part of its interests in some or all of its Resource Properties and reduce or terminate its operations.

The Company's properties are in the exploration stages only and are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company could be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of the properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its current properties that may result in material liability to the Company.
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in a mineral property that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current Directors of the Company are as follows:
Charles Desjardins, CEO
Doug McFaul, CFO
Glen MacDonald
Dave Bissoondatt

OUTLOOK

The Company's primary focus for the foreseeable future will be on reviewing its financial position, raising funds to support exploration and operational activities, continuing exploration activities on its mineral properties and financing business ventures in the mineral resource industry.

ADDITIONAL INFORMATION

Additional information related to the Company is available for view on SEDAR at www.sedar.com, on the Company's website at www.pistolbaymining.com, or by requesting further information from the Company's head office in Vancouver BC Canada.

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