Honey Badger Exploration Inc.
Management Discussion and Analysis

Financial Statement Report Date – December 31, 2014

Date of this Report – April 20, 2015

GENERAL
This Management Discussion and Analysis ("MD&A") for Honey Badger Exploration Inc. ("Honey Badger" or the "Company") should be read in conjunction with the audited financial statements, including the accompanying notes of the Company for the years ended December 31 2014, and December 31, 2013. This MD&A includes relevant information up to April 20, 2015 and was approved by the Board of Directors on April 20, 2015. **Readers are also encouraged to read the Company's public information filings on Sedar at www.sedar.com. In addition, periodic updates are provided on our website at www.honeybadgerexp.com.**

Financial statements are incorporated by reference into this MD&A. All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company's shares trade on the TSX Venture Exchange under the symbol "TUF". The Company is a reporting issuer in the Canadian provinces of Ontario, Alberta and British Columbia. The Company is a venture issuer as defined by various Canadian securities regulators without any revenues from operations. and as such is discussing results of operations based on expenditures and progress towards achieving business objectives.

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS
Readers are cautioned not to place undue reliance on forward looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties noted within this MD&A, actual events may differ materially from stated expectations.

This MD&A contains forward looking statements, including statements relating to going concern and capital raising and capital requirements, that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. Factors that could cause such differences include: changes in world commodity markets, changes in equity markets. changes in costs and supply of materials relevant to the exploration and mining industry, change in governments. changes to government mining an other regulations as well as numerous other risk factors. Although the Company believes the expectations reflected in its forward looking statements are reasonable. results may vary, and the Company cannot guarantee future results, levels of activity. performance or achievements.

COMPANY OVERVIEW
The Company is an exploration stage company engaged in the acquisition and exploration of prospective gold and base metal properties.

None of Honey Badger's exploration properties have reached commercial production. All work is directed toward the discovery of mineral resources, and increasing knowledge of the geological characteristics and economics of these resources with a view to the development of a commercial deposit. The Company's activities are financed through the sale of common shares from its treasury to investors.

Recent transactions – Sagar Property Acquisition, Northern Quebec

On February 28, 2014, the Company entered into a purchase and sale agreement with Energizer Resources Inc. ("Energizer"), a company related by common management. On July 31, 2014 (the "Effective Date") the purchase and sale agreement was replaced by an option agreement (the "Option Agreement") entered into between the Company and Energizer pursuant to which the Company was granted an earn-in option to acquire an interest in the Sagar Property in consideration of cash payments, share issuances and work commitment expenditures.

Terms of the Option Agreement

- To earn a 35% interest in the Sagar Property, the Company must pay Energizer $150,000 within 120 days of the Effective Date, incur work expenditures in the amount of $1,500,000 on the Sagar Property within 1 year from the Effective Date and issue 20,000,000 of its shares to Energizer.
- To earn a further 20% interest (55% in aggregate), the Company must pay Energizer $200,000 within 2 years from the Effective Date, incur work expenditures in the amount of $2,000,000 ($3,500,000 in aggregate) on the Sagar Property and issue to Energizer the lesser of 15% of the Company's issued and outstanding shares or 35,000,000 shares, which includes the 20,000,000 shares to be issued in year 1.
- To earn a further 10% interest (65% in aggregate), the Company must pay Energizer $250,000 within 3 years from the Effective Date and incur work expenditures in the amount of $2,500,000 ($6,000,000 in aggregate) on the Sagar Property.
- To earn a further 10% interest (75% in aggregate), the Company must pay Energizer $300,000 within 4 years from the agreement date and incur work expenditures in the amount of $3,000,000 ($9,000,000 in aggregate) on the Sagar Property.
- Once these conditions have been satisfied, the Company will be granted an option to acquire the remaining 25% interest in the Sagar Property by paying Energizer a further $2,000,000 and issuing the lesser of 19.5% of the Company's issued and outstanding shares or 60,000,000 shares, which includes the amount of shares previously issued in year 1 and year 2.
- Pursuant to the Option Agreement, the Company has agreed to assume Energizer's royalty obligations in connection with the Sagar Property upon earning an interest in such property. Pursuant to royalty agreements entered into by Energizer, 0.5% and 0.25% of a 1% and 0.5% NSR may be bought back for $200,000 and $100,000, respectively. This agreement is subject to TSXV approval.

Agreement with Virginia Mines Inc.

Pursuant to a letter of intent (the "Virginia Agreement") entered into on April 27, 2006 between Virginia Mines Inc. ("Virginia") and Energizer, Virginia holds a 1.5% net smelter return royalty (the "Virginia Royalty") affecting 182 mining claims included in the Sagar Property. In addition, Virginia had (i) a right of first refusal (the "Right of First Refusal") on any sale, assignment or transfer of Energizer's interests and a back-in right ("Back-In Right"). On July 17, 2014 Virginia entered into a waiver agreement ("Waiver") whereby it waived all of its rights under the Virginia Agreement in connection with the Right of First Refusal and the Back-In Right. The Waiver is effective upon receipt by Virginia of 1,000,000 common shares of the Company. As at December 31, 2014, no shares have been granted to Virginia in connection with the Waiver. This agreement is subject to TSXV approval.

Limonite Property, British Columbia, Canada

The Company completed a work program on the property during July 2014 and is currently analyzing the results of this program in order to determine next steps. The claims were renewed and are in good standing until July 2015. The Company intends to continue to keep this property in good standing while determining next steps for the property.

Exploration Activities

Limonite Creek 2014 – Claims # 535231 & 535233

Between July 14 and July 19, 2014 ten outcrop samples were taken from the property as outlined in an existing designed pattern in efforts to acquire samples for both whole rock and ICP-MS analysis. Eleven sample site locations were originally planned; however, access and availability of any outcrop limited the sampling to a total of ten.

In addition to the rock sampling, eight water samples were taken from a variety of streams and pools; where available, in close proximity to the rock sample locations.

Site reclamation consisted of tearing apart the old historical 1990's field camp that remained on site and was in disrepair. A total of twelve oue buildings were completely torn apart, dismantled and removed from their existing location to that of a variety of nearby "burn piles". Once the areas where out buildings once stood were cleared, the ground was cleaned of all material that could not be burned; i.e. nails, garbage, insulation, wires, etc and then the ground was raked clean.

Rock samples have been sent to the assay lab. Additional representative samples from the same sample location have been sent to the Company's office for XRD analysis and water samples were tested with a pH metre in Smithers, B.C.

SELECTED FINANCIAL INFORMATION

The following tables set out financial performance highlights for the last eight quarters:

	Fourth Quarter December 31, 2014	Third Quarter September 30, 2014	Second Quarter June 30, 2014	First Quarter March 31, 2014
Net gain / (loss) from operations	339,471	(227,092)	(112,661)	(95,742)
Net loss	339,471	(227,092)	(112,661)	(95,742)
Net gain / (loss) per share, basic	0.00	(0.00)	(0.00)	(0.00)
Comprehensive (loss) / gain	(37,300)	(11,800)	(38,500)	44,000
Cash flow (used in) / financed by operations	(208,544)	(92,450)	627	(86,295)
Cash & cash equivalents, end of period	180,099	107,831	159,981	159,354
Total assets	308,727	257,796	345,312	388,117
Future tax liabilities	-	-	-	-
Interest income	-	-	-	-
Future income taxes recovered	-	-	-	-

	Fourth Quarter December 31, 2013	Third Quarter September 30, 2013	Second Quarter June 30, 2013	First Quarter March 31, 2013
Net loss from operations	(1,135,549)	(10,475)	(95,778)	(117,093)
Net loss	(1,135,549)	(10,475)	(95,778)	(117,093)
Net loss per share, basic	(0.02)	(0.00)	(0.00)	(0.00)
Comprehensive gain / (loss)	924,000	(33,000)	(5,500)	(44,000)
Cash flow (used in) / financed by operations	(83,521)	174,960	(204,314)	7,102
Cash & cash equivalents, end of period	245,649	324,108	149,148	353,462
Total assets	431,859	500,928	544,403	751,621
Future tax liabilities	-	-	-	-
Interest income	-	-	-	-
Future income taxes recovered	-	-	-	-

OVERALL PERFORMANCE

Being in the exploration stage, the Company has no revenues from operations, and relies on equity funding for its continuing liquidity. Management has striven to keep overhead expenses to a minimum while continuing to explore and evaluate the Company's current projects, and other potential mineral projects.

The net loss for the year ended December 31, 2014 was $96,024 compared to $1,358,865 for the corresponding prior comparative periods. The net loss for the year December 31, 2014 primarily related to general and administrative expenses aggregating $256,561 (2013: $130,531); stock based compensation of $86,450 (2013: $Nil) and exploration expenditures of $78,013 (2013: $227,334). Included in general and administrative expenses is a one time charge of approximately $115,000 relating to legal and professional fees for preparation and filing of a "short term prospectus" to facilitate financing and for the Sagar property deal. At December 31, 2014, the Company reversed $325,000 of employee deferred compensation costs payable to employees and consultants, as they are unlikely to ever be expended. In addition, unrealized loss on marketable securities for the year ended December 31, 2014 was $43,600 compared to $77,000 for the prior comparative period.

STATEMENT OF OPERATIONS

	Year ended December 31, 2014	2013	Change Increase/ (Decrease)
Revenue	$ -	$ -	$ -
General and administrative	256,561	130,531	126,030
Share based compensation	86,450	-	86,450
Exploration expenditures	78,013	227,334	(149,321)
Reduction in deferred costs	(325,000)	-	(325,000)
Impairment of marketable securities	-	1,001,000	(1,001,000)
Total Expenses	96,024	1,358,865	(1,262,841)
Net (loss) / income for the period	(96,024)	(1,358,865)	1,262,841
Unrealized (loss) / gain on marketable securities	(43,600)	(77,000)	33,400
Reclassification of other than temporary impairment of marketable securities		1,001,000	(1,001,000)
Net loss and other comprehensive loss	(139,624)	(434,865)	295,241

A breakdown of the exploration expenditure is summarized below:

Category	2014	2013
Camp and site expenses	$ 18,117	$ 115,603
Drilling expenses	-	139,673
Equipment	-	6,531
Assay	-	18,367
Geological and consulting	58,936	98,365
Travel	960	13,769
Other expenses		550
Mining taxes recoverable		(66,728)
Exploration cost recoveries		(98,796)
Total	**$ 78,013**	**$ 227,334**

As at December 31, 2014, the Company does not have sufficient working capital to undertake any exploration activities and plans to seek additional capital to commence work on its Sagar property and/or its Limonite Creek property. If the Company is not successful in raising the required capital, no exploration activities will be undertaken.

OBJECTIVES AND MILESTONES

The objectives of the Company are to: (i) enhance its geological knowledge of the Sagar and Limonite Creek properties; (ii) develop targets on the properties for future sampling and drilling programs; and (iii) target, review and, if desirable, acquire and develop additional mineral assets in order to augment and strengthen its current mineral property portfolio.

In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history or location of the properties, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental issues; land title; competition; and the potential failure of the Company to generate adequate funding for any such acquisitions. See the ***Risk factors*** section of this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2014, the Company had working capital deficiency of $284,875 compared to a working capital deficiency of $447,621 at December 31, 2013. See ***Risks and uncertainties – Liquidity risk***, below.

The Company will be required to raise additional capital to be able to fund its exploration activities and other working capital requirements.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future from the end of the reporting period. Continuation of the Company as a going concern is dependent upon obtaining additional capital. Although successful resolution of these uncertainties is not assured, management is of the opinion that additional capital can be raised. Accordingly, the Company's financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the financial statements.

The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. If the Company's exploration programs are successful, additional funds will be required to develop the Company's properties and, if successful, to place them in commercial production. The only sources of future funds available to the Company are further offerings of either debt or equity in the capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

CAPITAL MANAGEMENT

In managing its capital, the Company's primary objective is to ensure the entity can continue as a going concern as well as to provide optimal returns to its shareholders, in the long term. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative returns on capital criteria for management due to the nature of the industry, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company's working capital deficiency, which is comprised of share capital, reserves and accumulated deficit, at December 31, 2014, totaled $284,875 (2013 - working capital deficiency of $447,621).

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by: attempting to maintain a liquidity cushion in order to address any potential disruptions or industry downturns; minimizing discretionary disbursements; reducing or eliminating exploration expenditures that are of limited strategic value; and exploring alternative sources of liquidity. As such, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the Company's relative size, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2014. The Company is not subject to externally imposed capital requirements.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Mineral properties and deferred exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to acquisition costs, geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Use of accounting judgment and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and 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 include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant Accounting Judgments and Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the consolidated financial statements.

Deferred Compensation

From time to time the Company accrues compensation, included in accounts payable and accrued liabilities, which represents future compensation for management services and involves significant management judgments. The Company reviews the deferred compensation balance annually to ensure the balance appropriately represents the Company's estimate of what will be paid in cash or settled through share-based payments in future periods. During the year ended December 31, 2014, the Company recorded a reduction of $325,000 to the deferred compensation balance, which has been recorded as a gain on reduction in deferred costs on the consolidated statements of operations. As at December 31, 2014, $397,777 (2013 - $722,777) in deferred compensation is included in accounts payable and accrued liabilities.

Share-based payment transactions

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment 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. The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. 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 period end, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

RELATED - PARTY TRANSACTIONS

The following transactions with related parties occurred for the year ended December 31, 2014:

1) The Company paid $12,625 (2013 - $10,800) to directors and senior management and was included in general and administrative expenses.

	2014	2013
Richard Schler, Director & CEO	$12,625	$10,800
Total	**$12,625**	**$10,800**

2) The Company granted share options to the below noted related parties:

	2014	2013
Richard Schler, Director & CEO	615,000	Nil
Quentin Yarie, President & COO	235,000	Nil
Peter Liabotis, Director & CFO	235,000	Nil
Craig Scherba, Director & SVP	180,000	Nil
Jean Philippe Descrochers, Director	50,000	Nil
John Sanderson, Chairman of the Board	75,000	Nil
Total	**1,390,000**	**Nil**

The stock options granted to directors and key management listed above were valued at $43,229 (2013 - $Nil) and recorded in stock-based compensation on the consolidated statements of operations.

3) During the year ended December 31, 2014 the Company entered into an option agreement with Energizer, a company related by common management, to earn up to a 75% interest in the Sagar Property.

OFF BALANCE SHEET TRANSACTIONS

During the year ended December 31, 2014, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

In connection with the December 2014 private placement the Company is committed to incur $281,660 in qualifying resource expenditures by December 31, 2015.

DIVIDENDS

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

RISKS AND UNCERTAINTIES

Credit risk

The Company deposits cash with financial institutions it believes to be creditworthy. In some circumstances, cash balances at these financial institutions may exceed the federally guaranteed amount. The Company's current credit risk is primarily attributable to cash and sales tax receivable. Cash is held with a reputable, Tier A Canadian chartered bank and as such, management believes the risk of loss to be minimal. Sales tax receivable is Harmonized Sales Tax ("HST") due from the federal government of Canada. Management believes that the credit risk with respect to financial instruments included in HST recoverable is minimal and remote.

Liquidity risk

The Company's ability to remain liquid over the long term depends on its ability to obtain financing necessary to complete exploration and development of its mineral properties and their future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

Currency risk
The Company has no foreign currency denominated assets or liabilities. Major purchases are transacted in Canadian dollars and therefore the Company has no material foreign currency exposure at December 31, 2014.

Interest rate risk
The Company's cash balance is subject to changes in interest rates. Interest rate risk is minimal.

Equity price risk
Market risk arises from the possibility that changes in market prices will affect the value of financial instruments of the Company. Except for marketable securities, the Company's other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities and due to related parties) are not subject to price risk.

Commodity price risk
The Company is exposed to price risk with respect to gold and other commodity prices, such prices impacting the future economic feasibility of its exploration properties. The Company closely monitors gold and other commodity prices to determine the appropriate course of action to be taken by the Company.

FAIR VALUE

The Company has designated its cash as held-for-trading. Sales taxes receivable is classified for accounting purposes as loans and receivables, which are measure at amortized costs, which equals fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equal fair value. Fair values of sales taxes receivable, marketable securities and accounts payable and accrued liabilities are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. As at December 31, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

ADDITIONAL RISK FACTORS

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Additional capital
The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Environmental and permitting
All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisitions
The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it

pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition
The mining industry is generally competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

Political risk
All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada, which the Company believes to be low.

Business risk
There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company may not always own 100% of the mineral concessions. Similarly, any non-compliance with or non-satisfaction of the terms of an option by the Company could affect its ability to exercise the option and earn its interest in the mining concessions and assets relating to properties.

Mining concessions may not include surface rights and there can be no assurance that the Company will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations.

The Company's current or future operations are subject to environmental regulations, which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company operations and financial performance.

DISCLOSURE OF OUTSTANDING SHARE INFORMATION

The following table sets forth information concerning the outstanding securities of the Company as at April 20, 2015:

Security Class	Number
Common Shares	77,330,517
Warrants	13,886,800
Options	6,585,000

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance with respect to the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the disclosure and internal controls and procedures would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures as a whole. Based on their review, including a review of the compensating controls relating to the lack of segregation of duties noted above, they have concluded that the Company's internal controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators. were effective overall.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators. were effective and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded. processed, summarized and reported in a timely fashion.