

DUNNEDIN VENTURES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended December 31, 2015

Dated February 26, 2016

**DUNNEDIN VENTURES INC.
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This Management's Discussion and Analysis ("MD&A") for the three months ended December 31, 2015 is prepared by management on February 26, 2016 for Dunnedin Ventures Inc. (formerly Ocean Park Ventures Corp.) (the "Company").

The MD&A should be read in conjunction with the Company's consolidated financial statements and related notes for the three months ended December 31, 2015 and 2014, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

FORWARD-LOOKING STATEMENT

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. Specifically, in this MD&A, such statements are made in Outlook, Liquidity, and Resource Property Acquisition and Deferred Exploration Costs sections. These forward-looking statements, which are not historical facts, reflect our views at February 26, 2016 with respect to future events and are subject to certain risks, uncertainties and assumptions.

OVERVIEW

The Company was incorporated under the laws of the Province of British Columbia on January 12, 1987.

On March 15, 2010, the Company completed its Change of Business transaction ("COB") in connection with an agreement with International Tower Hill Mines Limited ("ITH") forming a joint venture involving ITH's Chisna copper/gold project located in the state of Alaska. On March 16, 2010, the Company's common shares commenced trading as a mining issuer on Tier 2 of the TSX-V under the trading symbol OCP. On August 2, 2013 the Company changed its name to Dunnedin Ventures Inc. and the TSX-V symbol to DVI.

The Company's activities consist of the exploration and development of diamond projects throughout the Americas.

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OUTLOOK

The Company continues to be focused on and committed to exploring and developing base, precious metal and diamond projects throughout the Americas. On August 15, 2014 the Company signed a letter of intent and on November 4, 2014, the Company signed a definitive option agreement to acquire a 100% interest in the Kahuna Diamond project located in Nunavut, Canada. The Company added the Trapper Gold project in northern British Columbia to its interests in November 2010 by way of an option agreement with Constantine Metal Resources Ltd; in June 2013, the agreement was terminated at which time, the Company was assigned the underlying property agreement between Constantine Metal Resources Ltd. and the property owner whereby the Company can earn a 100% interest in the property.

Kahuna Diamond Property

On August 15, 2014 the Company signed a letter of intent to acquire a 100% interest in the Kahuna Diamond project located in Nunavut, Canada. Under the terms of the agreement, the Company must make cumulative exploration expenditures on the project totaling \$5,000,000, with a minimum of \$400,000 in the first year of the option (incurred), and no less than \$1,000,000 to be spent in each year over the three years following the one year anniversary of the date the Company acquires the project. In addition, the Company must issue 11,000,000 common shares, and pay \$700,000 as follows: \$50,000 upon execution of the letter of intent (paid), 2,200,000 shares (issued) and \$50,000 (paid) on receipt of Exchange approval and completion of a financing by the Company, 2,200,000 shares (issued) and \$100,000 (paid) by the first anniversary, 2,200,000 shares and \$150,000 by the second anniversary, 2,200,000 shares and \$150,000 by the third anniversary, and 2,200,000 shares and \$200,000 by the fourth anniversary. The project is subject to a 4 percent gross overriding royalty on diamond production. The payments and royalties are to the benefit of the property vendors which are split fifty percent each. The Company has the option to purchase half of the royalty for \$2 million per one percent.

Project Background

Kahuna is an advanced stage high grade diamond project discovered in 2001, located near Rankin Inlet, Nunavut. Three main diamondiferous kimberlite dikes have been discovered, the Kahuna, PST and Notch. These have strike lengths, widths and grades comparable to producing diamond mines.

Bulk sampling and drilling on the three main kimberlites has returned very high macrodiamond counts including diamonds over one carat in size. The largest diamond recovered was a 5.43 carat stone from the Kahuna dike that had been broken during the sample preparation process and was reconstructed as having an original size of 13.42 carats. The majority of diamonds are reported as clear and colourless to white, with a significant population of octahedral stones, however coloured stones have also been reported. The dikes occur within an extensive network of largely untested geophysical targets, which are overlain by dense diamond indicator mineral trains.

The Kahuna project comprises 13,000 Ha of mineral claims that cover the three main dikes, plus flanking ground that covers the prospective source regions of the main indicator mineral trains. Most of the diamond occurrences are located within 20 km of tide water of Hudson Bay.

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Maiden Inferred Resource Estimation

In January 2015 Dunnedin released a maiden Inferred Resource estimate from the Kahuna Diamond Project (the "Project"), located in Nunavut, Canada. The estimate was prepared by APEX Geoscience Ltd. on the Kahuna and Notch kimberlites based on data from the 2006 – 2008 bulk sampling and drill programs completed by the past operator.

Highlights include:

- A combined Inferred Mineral Resource of 4,018,000 carats of macrodiamonds at a 0.85 mm (+1 DTC sieve size) lower diamond cut-off, with an average grade of 1.01 carats per tonne (cpt), or 101 carats per hundred tonnes (cpht) derived from 3,987,000 tonnes of kimberlite resource.
- The kimberlites in the resource are exposed at surface and remain open to extension along strike and at depth. The average drill intercept at the Kahuna kimberlite was only 80 vertical metres, however kimberlite has been intersected at vertical depths of greater than 120 m and continuity at depth is supported by the available data.
- Indicator mineral trains and geophysics suggest the Kahuna and Notch have the potential to extend along strike into areas of thin sediment cover. Kimberlite has been intercepted in drilling along these potential extensions; however drill spacing was insufficient for inclusion in the resource. These areas will be a focus of future drilling.
- Only 2 of 8 confirmed significantly diamondiferous kimberlites (Kahuna and Notch) have sufficient drilling, bulk sampling and density definition work to be included in the inferred mineral resource at this time. Other drilled, mapped and sampled diamondiferous kimberlites include the PST, Killiq, and 4 additional kimberlite dikes located between the Notch and PST kimberlites (KD-13, 14, 16 and 18). Additional evaluation of these kimberlites will be a priority for Dunnedin in 2015.

Details of the Resource

Drilling, surface bulk sampling, and micro- and macrodiamond data indicate the Kahuna and Notch are both single phase, macrocrystic hypabyssal kimberlite dikes having similar visual and petrographic characteristics throughout. Given their relatively simple internal geology, Kahuna and Notch were modeled as separate bodies and the Mineral Resource Estimate was established by applying average grades from surface mini-bulk samples within each geological model. Sensitivity analyses of the grades at both 0.85 and 1.18 mm cut-offs are presented in Table 1.

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Classification	Kimberlite	Density (t/m3)	Volume (m3)	Tonnes	Average Grade cpt (+0.85 mm cut-off)	Average Grade cpt (+1.18 mm cut-off)	Total Carats (+0.85 mm cut-off)	Total Carats (+1.18 mm cut-off)
Inferred	Kahuna	1.99	1,541,000	3,066,000	1.04	0.80	3,189,000	2,453,000
	Notch	2.12	434,000	921,000	0.90	0.83	829,000	765,000
	Total	2.02	1,975,000	3,987,000	1.01	0.81	4,018,000	3,217,000

Table 1: Inferred Mineral Resource Estimate for the Kahuna and Notch Kimberlites

**The reader is cautioned that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability, and might never be converted into Reserves.*

**Figures may not sum due to rounding. Significant figures do not indicate added level of precision.*

**cpt (carats-per-tonne)*

The potential diamond valuation or mining characteristics of the Kahuna and Notch kimberlites have not yet been determined. However, a 2008 evaluation of Kahuna diamond characteristics by Mineral Services Canada (MSC) describes the Kahuna diamond population as having encouraging value characteristics, with a high abundance of colourless and near colourless varieties with octahedral shapes being the dominant morphology. The Notch kimberlite displays similar diamond characteristics to Kahuna and other significantly diamondiferous kimberlites within the Kahuna Project including the PST and Killiq kimberlites.

The Company cautions that the inferred resource cannot be used to construct an economic model of the project prior to assembling a package of diamonds for valuation. Dunnedin plans to expand the resource through completion of a 2015 drill program, followed by bulk sampling of the kimberlites to collect sufficient macrodiamonds for a valuation parcel.

Kahuna Mineral Resource Estimate

The Kahuna kimberlite is interpreted as a 5.5 km long, 2 to 4 m wide, sub-vertical dike defined by drilling, surface bulk sampling and geophysics. It has been intersected by 34 drill holes, totalling 2,506 m. The Kahuna kimberlite outcrops and has been intersected in drill core over depths ranging from 13 m to 127 m vertically from surface. Based on these parameters, and incorporating geophysical data and surface kimberlite exposures, APEX created a 3D geological model for the Kahuna kimberlite along a 4.7 km strike length with a maximum vertical extent of 207 m below surface, and width ranging from 0.5 m to 6 m, averaging approximately 3.2 m.

The Mineral Resource Estimate for Kahuna was determined by integrating kimberlite volumes with density, petrology and diamond content data obtained from 2,399 m of diamond drilling, 107 m of reverse circulation (RC) drilling, 721.8 kg of kimberlite submitted for microdiamond analysis (returning 3,652 stones greater than 0.15 mm), and 345.5 carats (11,603 stones greater than 0.85 mm) recovered from a 356.33 tonne surface mini-bulk sample (resulting in a modelled grade of 1.04 cpt, or 104 cpt based on additional stones recovered from a partial tailings audit). A total of 42 density measurements from drill core samples and 189 from surface samples produce an average calculated dry density of 1.99

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g/cm³. Comparison of density data from drill core and surface samples revealed no significant variation with depth. Similarly, size frequency analysis of micro- and macrodiamond results from drill core and surface mini-bulk samples demonstrate uniformity in the diamond population throughout the kimberlite.

Notch Mineral Resource Estimate

The Notch kimberlite is located 12 km southwest of the Kahuna kimberlite. Notch is interpreted as a 3 km long, 0.5 to 2.5 m wide, sub-vertical dike defined by drilling, surface bulk sampling and geophysics. The Notch kimberlite outcrops and has been intersected by 10 diamond drill holes totalling 706 m. Kimberlite has been intersected in drill core over depths ranging from 5 m to 70 m vertically from surface. Based on these parameters, APEX created a 3D geological model along a 2.5 km strike length with a maximum vertical extent of 140 m below surface, and a width ranging from 0.5 to 2.5 m; averaging approximately 1.5 m.

The Mineral Resource Estimate for Notch was determined by integrating kimberlite volumes with density, petrology and diamond content data obtained from 706 m of diamond drilling, 414.9 kg of kimberlite submitted for microdiamond analysis (returning 1,716 stones greater than 0.15 mm), and 19.7 carats (329 stones greater than 0.85 mm) recovered from 21.9 tonnes of surface kimberlite, resulting in an average grade of 0.90 cpt or 90 cpht. A total of 14 density measurements from drill core samples and 34 from surface samples produce an average calculated dry density of 2.12 g/cm³. Comparison of density data from drill core and surface samples revealed no significant variation with depth. Similarly, size frequency analysis of micro- and macrodiamond results from drill core and surface mini-bulk samples demonstrate uniformity in the diamond population throughout the kimberlite.

NI 43-101 standards and Canadian Institute of Mining and Metallurgy (CIM) guidelines stipulate that a Mineral Resource needs to have a "reasonable prospect of economic extraction". Based on the grade and tonnage of the Mineral Resource Estimate, diamond characteristics, and favourable location; it is the opinion of the Independent Qualified Person that the Kahuna Diamond Project is considered to exhibit reasonable prospects for economic extraction.

Mr. Kristopher J. Raffle, P.Geo. (BC), Principal of APEX Geoscience Ltd. is the independent qualified person responsible for the preparation of the Mineral Resource Estimate for the Kahuna Diamond Project.

First PST Sample Results

On November 12, 2015, Dunnedin announced the first diamond results from the Company's 2015 summer field investigation program. A 0.82 tonne sample of the PST kimberlite yielded 96 macrodiamonds (+0.85 mm) totalling 5.34 carats, for a sample grade of 6.50 carats per tonne. The sample grade was higher than the historically reported result of 2.18 carats per tonne, and recovered diamonds included an octahedral crystal weighing 0.77 carats and a polycrystalline diamond weighing 2.22 carats. A preliminary examination of the diamonds suggested approximately 50 – 60 percent were clear and colourless (Figure 1). Results are summarized in the Table 2.

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Weight in Dry Tonnes	Total Number of Diamonds Recovered (+0.425 mm)	Macro-diamond Recovery Weight (carats +0.85 mm)	Endecott Sieve Size (mm)								Largest Diamonds (carats)
			0.425	0.60	0.85	1.18	1.70	2.36	3.35	4.75	
0.82	526	5.34	305	125	58	23	12	1	1	1	2.22, 0.77, 0.17

Table 2: Diamond results from 0.82 tonne PST sample.

The PST sample was treated through an autogenous mill-fusion circuit located at CF Mineral Research Ltd. of Kelowna, British Columbia, using a lower size cut-off of 0.425 mm. The Company did not opt to recover diamonds below a 0.425 mm cut-off as the large population of diamonds retrieved was already sufficient for sample characterization. Unlike standard DMS recovery methods, the circuit can recover nearly all diamonds present in a kimberlite to the predetermined cut-off size, along with associated indicator minerals. The Company notes that the reported sample results do not constitute a deposit grade, and insufficient work has been completed to date to define a mineral resource at PST. The PST kimberlite was not included in the 4 million carat Inferred Resource based on shallow drilling along partial strike lengths of the Kahuna and Notch kimberlites that was released by Dunnedin earlier in 2015 (average grade of 1.01 cpt (+0.85 mm) from 3.99 million tonnes of rock).



Figure 1: Diamonds recovered between the 1.18 mm and 1.70 mm sieves by Dunnedin.

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About the PST Kimberlite

- Near vertical high grade kimberlite dike that is exposed at surface
- Historical and current samples were taken within metres of each other
- Historically reported grade of 2.18 carats per tonne (+0.85 mm) from a 3.55 tonne sample, current sample grade of 6.50 carats per tonne (+0.85 mm) from a 0.82 tonne sample
- Drilling is limited to 200 metres of strike to a maximum depth of approximately 50 metres; remains open along strike and at depth
- Extends north under thin gravel cover, however diamondiferous kimberlite was drilled 1.2 km away directly along strike, coincident with magnetic and resistivity signatures that suggest potential continuity of up to 2.5 km
- Insufficient exposure and drilling to define width; more work is required
- One of several diamondiferous kimberlites discovered thus far within a 2 km radius of PST, including Killiq, 07-KD-24, and Notch. 07-KD-24 is notable for having historically recovered 305 diamonds including 7 macrodiamonds (+0.85 mm) from a 2.2 kg (0.0022 tonne) drill core sample

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Summary of Primary Findings by Previous Explorers (2002 – 2008)

The Kahuna Dike

The Kahuna dike is a 5.5 kilometre long, generally 2 to 4 metre wide, steeply-dipping kimberlite body defined by drilling, bulk sampling and geophysics. The average grade of three bulk samples totalling over 360 tonnes is estimated at 1.04 carats per tonne (cpt). The Kahuna dike has been confirmed with 30 drill holes along 4.5 km of strike, but has only been tested to depths of about 100 m. It remains open at depth, and is expected to have significant depth and total volume potential. Average true width is approximately 2.6 m. Results of bulk sampling completed on Kahuna are provided in Table 3. Photographs of diamonds from Kahuna are shown in Figure 2.

Bulk Sample Number	Weight in Dry Tonnes	Diamond Recovery (cpt)	Sieve Size (mm)							Largest Diamonds (carats)
			0.85	1.18	1.70	2.36	3.35	4.75	6.70	
1	3.13	1.11	129	78	20	6	1	0	0	0.27, 0.18, 0.10*
2	98.13	1.03	1737	1528	263	48	6	0	0	0.98
3	151.63	0.94	2015	1850	302	76	20	3	1	5.44, 2.05, 1.54, 1.44, 1.32
4	106.57	0.88	1609	1374	203	40	13	0	0	1.39, 1.19, 1.73

Table 3: Bulk sampling results from the Kahuna dike. *Pink cubic diamond; all other stones reported as clear and colourless to white.

The past operator revised upwards to 1.04 cpt an initially reported weighted average grade estimate derived from the three main bulk samples of 0.95 cpt, after a tailings audit discovered a significant number of macrodiamonds had been missed during processing, including a 0.27 carat stone. Results are summarized in the NI 43-101 compliant technical report completed by APEX Geoscience for Dunnedin Ventures in January 2015.

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Figure 2: Historic photograph of diamonds collected from Kahuna

The PST dike

The PST dike has an undefined strike length and width, due to limited surface exposure and a muted geophysical signature. Macrodiamond grades (+0.85 mm) were exceptionally high at 2.18 cpt in bulk sampling. The target was bulk sampled in an area where it has an exposed width of approximately 0.8 m and could be hand-trenched. Ground based magnetic surveying shows a linear signature of about 500 m length; however there are large magnetic anomalies at both ends of the linear that obscure it. These could represent different country rocks, or could be genetically related to the kimberlite.

The PST dike has been intersected in 6 drill holes in three separate drill setups across an unknown strike length, which is insufficient to quantify its geometry or potential size given that most dikes swell and pinch along strike. Mini bulk sampling results are presented below in Table 4.

The exceptional high grades reported from the PST dike make it a priority target for follow up work including more extensive bulk sampling, drilling and resource definition. Its close proximity to the Kahuna dike, at about 15 km, will facilitate concurrent work on both kimberlites.

Bulk Sample Number	Weight in Dry Tonnes	Diamond Recovery (cpt)	Sieve Size (mm)							Largest Diamonds (carats)
			0.85	1.18	1.70	2.36	3.35	4.75	6.70	
1	3.55	2.18	128	78	28	6	1	0	0	0.55, 0.29, 0.16

Table 4: Mini bulk sample results from the PST kimberlite dike. Stones were reported to be mostly clear to colourless and white.

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The Notch dike

The Notch dike is located less than 2 km from the PST dike, and 10 km south of the Kahuna dike. Initial reported bulk sample results grossly underestimated the grade potential of this target, as discovered during bulk sample tailings audits. Due to the moderately increased hardness of its less altered matrix relative to the other dikes, a large number of macrodiamonds were not liberated during the original crushing process. This resulted in an upward revision to 0.82 cpt from 0.69 cpt of the average grade; a 26% increase (Table 5). As the dike has a strike length of more than 3 km as inferred from geophysics, Notch is a very significant target for further investigations. Where bulk sampled, the Notch dike had a width of approximately 1.5 m.

Bulk Sample Number	Weight in Dry Tonnes	Diamond Recovery (cpt)	Sieve Size (mm)							Largest Diamonds (carats)
			0.85	1.18	1.70	2.36	3.35	4.75	6.70	
1	4.93	0.82	84	54	14	1	0	0	0	0.13, 0.11, 0.11
2	17.26	0.86	*	67	36	18	8	0	0	0.92, 0.81, 0.77, 0.63, 0.63

Table 5: Bulk sample results from the Notch kimberlite. *Not reported.

The combination of significant strike length, width and grade make the Notch dike an obvious target for follow up drilling, more extensive bulk sampling and resource definition.

Other Targets Including Kimberlite Dikes, Dike Blows and Pipes

The Killiq kimberlite dike was discovered during the most recent exploration efforts undertaken by past explorers and has not yet been followed up with bulk sampling. It is defined by a 1.1 km long weak magnetic signature, and was confirmed in four drill holes across 25 m of strike. It sits less than 2 km to the west of the PST dike, and appears to have similar kimberlite mineralogy. Caustic fusion results from the Killiq dike drill intercepts are presented in Table 6.

Sample Number	Dry Weight in kg	Sieve Size (mm)							Largest Diamond (mm)
		0.106	0.15	0.212	0.3	0.425	0.6	0.85	
1	29.9	76	49	27	13	9	1	1	1.36x1.1x0.76mm

Table 6: Diamond counts from drill intercepts from the Killiq kimberlite

Where drilled, the Killiq dike had a drill indicated width of 1 to 1.5 m. Importantly, the geophysical lineament that defines the dike ends in a large circular feature that may represent a “dike blow”, where the kimberlite intersects a well-defined cross structure. The Killiq dike and possible blow are strong candidates for near-term exploration work, due to positive initial diamond counts and the potential for enhancement of kimberlite volume at the suspected blow.

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The Kahuna Breccia kimberlite is interpreted as a dike blow off the main Kahuna dike. Gravity surveying defined areas of potentially increased width of the kimberlite system, three of which were drill tested. At the Kahuna Breccia, core drilling encountered 52 metres of highly altered granite host rock with numerous diamondiferous kimberlitic stringers, indicative of a more explosive emplacement of the dike system, or a kimberlite diatreme. Diamond counts from caustic fusion testing of kimberlite intercepts are presented in Table 7.

Sample Number	Dry Weight in kg	Sieve Size (mm)							Largest Diamond (mm)
		0.106	0.15	0.212	0.3	0.425	0.6	0.85	
1	2.95	15	14	11	7	2	0	1	2.14x1.64x1.1mm

Table 7: Diamond counts from drill intersections from the Kahuna Breccia, interpreted as a blow off the main kimberlite dike.

These positive early results suggest a comparable diamond profile to the Kahuna dike, with enhanced size potential, and make the Kahuna Breccia a strong candidate for follow up exploration work.

In addition to the high grade dikes, a large number of circular geophysical targets are present, few of which have been drill tested, and the potential for diamondiferous kimberlite pipes with similar mineralization profiles to the dikes is significant. A number of circular geophysical targets on the property and surrounding area have been drill confirmed to be kimberlite pipes, however to date these have yielded only low diamond counts, and represent a younger phase of kimberlite emplacement that does not have the megacrystic indicator mineral content of the high grade dikes. Pipes from the same generation as the high grade dikes will be pursued through their distinctive indicator mineral chemistry.

Exploration Potential

Historical exploration expenditures completed on or around the property are estimated at \$25,000,000. In addition to bulk sampling and drilling, this includes over 10,000 regional till samples yielding over 20,000 microprobe-confirmed indicator minerals, and geophysics that includes high resolution fixed wing airborne magnetics, high resolution helicopter airborne magnetics and electromagnetics, ground based horizontal loop electromagnetics, and ground penetrating radar surveys. A 2010 technical report summarized that over 1000 linear geophysical anomalies are present in the local area, along with over 550 point anomalies.

While the Kahuna dike can individually be compared to DeBeers' Snap Lake project based on comparable widths and grades, the number of kimberlite dikes that are emplaced within a broader structural network gives the Kahuna project additional similarities to various African kimberlite dike projects, where kimberlites are emplaced in structurally-controlled swarms. Comparable kimberlite geology and diamond mineralization to these producing mines, and location 10 – 20 km from tide water in Hudson Bay, clearly demonstrate the Kahuna project's potential.

All carats per tonne grades reported in this release refer only to macrodiamonds found on the 0.85 mm sieve or larger.

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Trapper Property

On November 29, 2010, the Company entered into an option agreement (the "Option"), with Constantine Metal Resources Ltd. ("CMR") to acquire a 70% interest in CMR's Trapper Gold Project. On June 28, 2013, the Company's option with CMR to earn a 70% interest in Trapper was terminated and, upon termination, CMR assigned its underlying agreement with the property owner to acquire 100% of the Trapper property to the Company for some assignment consideration.

The Trapper Gold Project, with a 3,756 hectare land area, is located in the Atlin Mining Division of northern British Columbia, Canada. The property covers a large gold-in-soil anomaly that had not yet been drill tested. The gold anomaly was established with more than 900 soil samples defining a greater than two kilometre long zone that averages 200 metres in width and remains open ended along strike. Values range up to 18 g/t gold, and reportedly occur within hydrothermal breccias. The gold anomaly is associated with mafic volcanic rocks assigned to the Triassic aged Stuhinni Group that are intruded by diorite and dacitic feldspar porphyry stocks. Extensive iron carbonate-silica alteration suggests that the soil anomaly is associated with a robust large scale hydrothermal system.

In July 2011 the Company commenced diamond drilling at Trapper (Table 8). Drilling began with one drill testing the Main Gold zone, which included the historically defined gold-in-soil anomaly. A second drill was mobilized in late summer 2011 to test new targets identified by the ongoing ground-based Induced Polarization geophysical survey, geological mapping/prospecting and soil geochemical program. Positive preliminary exploration results warranted an expansion of the work program to include an airborne geophysical survey across the entire Trapper property and broadening of regional geological coverage.

Assay results from 21 grab samples taken along the core of a 3+ kilometre iron-carbonate altered trend that includes the Main zone, returned an average of 1.12 g/t gold, with a high value of 10.25 g/t gold. These results increased the footprint of gold-rich mineralization by over a kilometre of strike, to 2.5 kilometers.

The Trapper property is interpreted to overlie a porphyry complex having a surface geochemical, geophysical and regional alteration signature of over 15 square kilometres. Gold mineralized feldspar porphyry dikes have been drilled in the Main Gold zone, along the southern margin of the main porphyry target. The dikes occur within the gold-rich carbonate altered halo to the porphyry centre. Multiple occurrences of mineralized porphyry and porphyry-associated alteration and mineralization have been identified across more than half of the Trapper property.

A total of 8581 metres of diamond drilling was completed in 42 drill holes, testing the Main Gold zone and other targets across an eight square kilometre area.

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Drill Hole	Interval From (m)	Interval To (m)	Interval Length (m)	Gold g/t	Silver g/t	Comment
TG-11-005	32.89	44.85	11.96	1.02	5.68	Porphyry Sill Contact
<i>including</i>	<i>36.15</i>	<i>36.60</i>	<i>0.45</i>	<i>14.65</i>	<i>59.70</i>	
TG-11-006	9.00	39.16	30.16	0.54	1.89	Porphyry Sill Contact
<i>including</i>	<i>27.74</i>	<i>39.16</i>	<i>11.42</i>	<i>1.00</i>	<i>2.63</i>	
TG-11-010	35.05	55.69	20.64	0.35	2.24	Porphyry Sill Contact
	69.89	77.26	7.37	0.55	1.35	
TG-11-011	106.89	129.75	22.86	2.51	7.50	Porphyry Dike and Margin
<i>including</i>	111.15	129.75	18.60	0.98	8.55	Porphyry Dike
<i>including</i>	106.89	111.15	4.26	9.18	2.95	Margin
<i>including</i>	<i>106.89</i>	<i>107.30</i>	<i>0.41</i>	<i>92.80</i>	<i>18.80</i>	<i>Visible Gold</i>
TG-11-014	196.35	206.35	10.00	1.08	5.33	Porphyry Dike and Margin
<i>including</i>	<i>196.35</i>	<i>203.85</i>	<i>7.50</i>	<i>1.31</i>	<i>5.77</i>	Porphyry Dike

Table 8: Drill results from gold-mineralized porphyry units

A gold mineralized feldspar porphyry dike was intersected in drill holes TG-11-011 and 014. Visible gold was present along its margin in drill hole TG-11-011. An at- or near-surface feldspar porphyry sill was intercepted in several holes across 2 kilometres of strike, and hosts gold-silver-lead-zinc mineralization where affected by high-angle structures. Higher grades generally occur near the porphyry units' contacts with host lapilli tuff.

Gold-silver-lead-zinc mineralization also occurs within many high angle structures that radiate from the main porphyry centre. Drilling has defined 2.3 kilometres of gold mineralized strike - the Main Gold zone - that remains open to extension to the northwest and southeast, and on a number of cross structures. Porphyry and andesite dikes intrude some of these structures. Semi-massive sulfide stockworks were intersected in three locations across 1.7 kilometres. Highlighted results are summarized in table 9 below.

Drill Hole	Interval From (m)	Interval To (m)	Interval Length (m)	Gold g/t	Silver g/t
TG-11-001	37.50	38.52	1.02	2.04	20.10
	158.43	160.05	1.62	1.58	6.40
TG-11-002	69.24	73.64	4.40	1.02	0.79
	97.00	101.95	4.95	1.26	1.95
TG-11-004*	105.41	117.00	11.59	1.18	2.99
	165.05	166.33	1.28	1.97	5.40
TG-11-013	248.05	255.03	6.98	1.12	6.42

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TG-11-017	134.88	138.29	3.41	1.34	8.57
TG-11-018*	85.59	95.50	9.91	1.01	12.04
TG-11-020	5.00	15.00	10.00	1.12	5.58
<i>including</i>	<i>5.00</i>	<i>7.50</i>	<i>2.50</i>	<i>4.13</i>	<i>16.80</i>
TG-11-022	5.00	10.00	5.00	0.93	4.15
TG-11-038*	37.5	185.0	147.5	0.42	1.99
<i>including</i>	<i>125.0</i>	<i>150.0</i>	<i>25.0</i>	<i>1.03</i>	<i>1.40</i>
<i>including</i>	<i>132.5</i>	<i>137.5</i>	<i>5.0</i>	<i>4.37</i>	<i>4.16</i>
TG-11-039*	67.5	97.5	30.0	1.01	2.35
<i>including</i>	<i>77.5</i>	<i>85.0</i>	<i>7.5</i>	<i>1.95</i>	<i>2.71</i>
TG-11-040*	132.50	162.50	30.00	1.09	1.74
<i>including</i>	<i>137.50</i>	<i>142.50</i>	<i>5.00</i>	<i>5.59</i>	<i>3.05</i>

*Gold-bearing semi-massive sulfide stockwork mineralization

Table 9: Gold mineralized structures and stockworks

The semi-massive sulfide stockworks intersected in TG-11-004, 018, 038, 039 and 040 project to surface, and have returned grab samples up to 14 g/t gold (Figure 3). Gold mineralization has now been drill confirmed over 2.3 kilometres of strike in the Main Gold zone, occurring in the following contexts (Figure 4):

- In gold-silver-lead-zinc bearing mineralized structures including semi-massive sulfide stockworks.
- Within and along the margins of feldspar porphyry dikes and sills, with
- Higher gold grades occurring near the geological contacts of porphyry intrusions and the host mafic volcanic rock.

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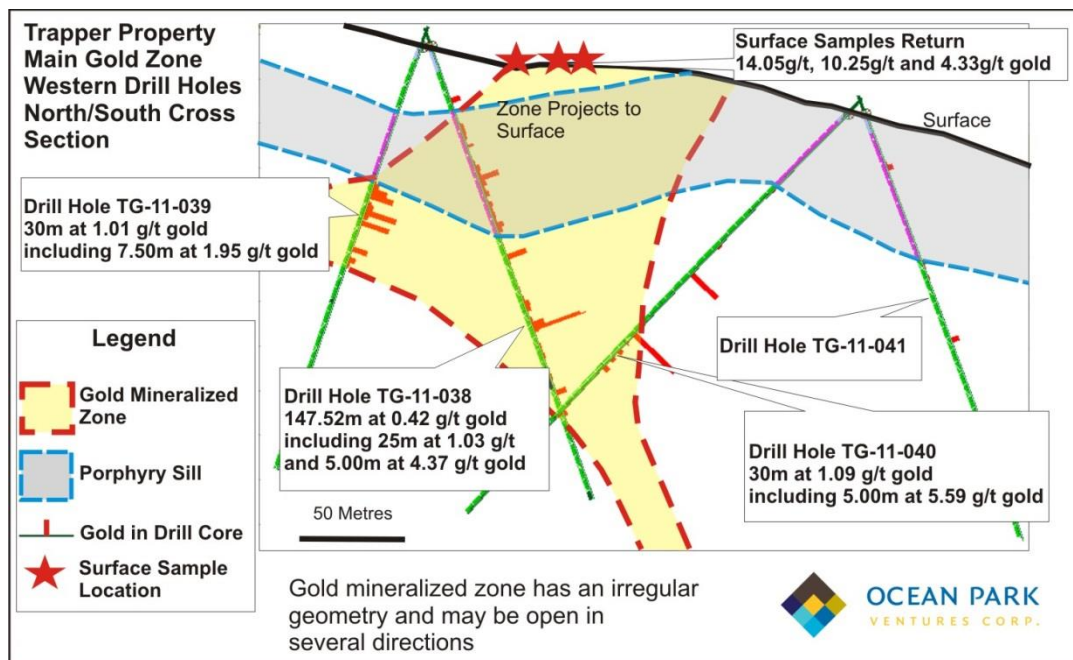


Figure 3: North-south cross section through semi-massive sulfide stockwork mineralization in the western Main Gold zone, showing gold intercepts in drill core.

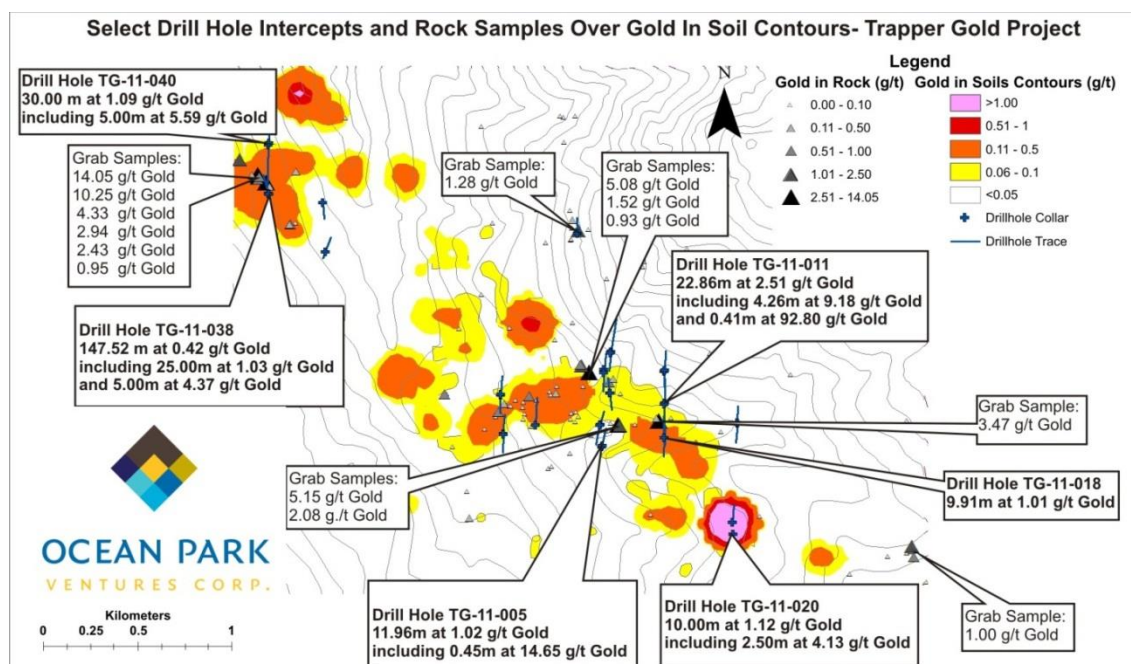


Figure 4: Map of Main Gold zone showing highlighted results of 2011 exploration over gold-in-soil anomaly.

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Additional Results of 2011 Drill Program

Drill holes TG-11-12, 27, 28, 29, 35, 41 and 42 intersected one to four gold-silver-base metal mineralized structures, returning between 1.05 and 4.77 metres of 0.14 to 2.49 g/t gold. These results are peripheral to the Main Gold zone.

Drill holes TG-11-003, 007, 008, 009, 015, 016, 019, 021, 032 and 037 all intersected iron carbonate plus sulfide mineralization, but did not intersect mineralization of greater than 1 g/t gold or over greater than a metre.

An airborne Time Domain Electromagnetic (TEM) survey revealed strong magnetic and electromagnetic anomalies across the property, defining a series of zoned targets mirrored by geochemical assay results, bedrock geology and porphyry-associated regional alteration. A circular pattern with an area of over 15 square kilometres emerges where a peripheral strongly gold-rich, silver-lead-zinc mineralized system rings the core porphyry target (Figure 5).

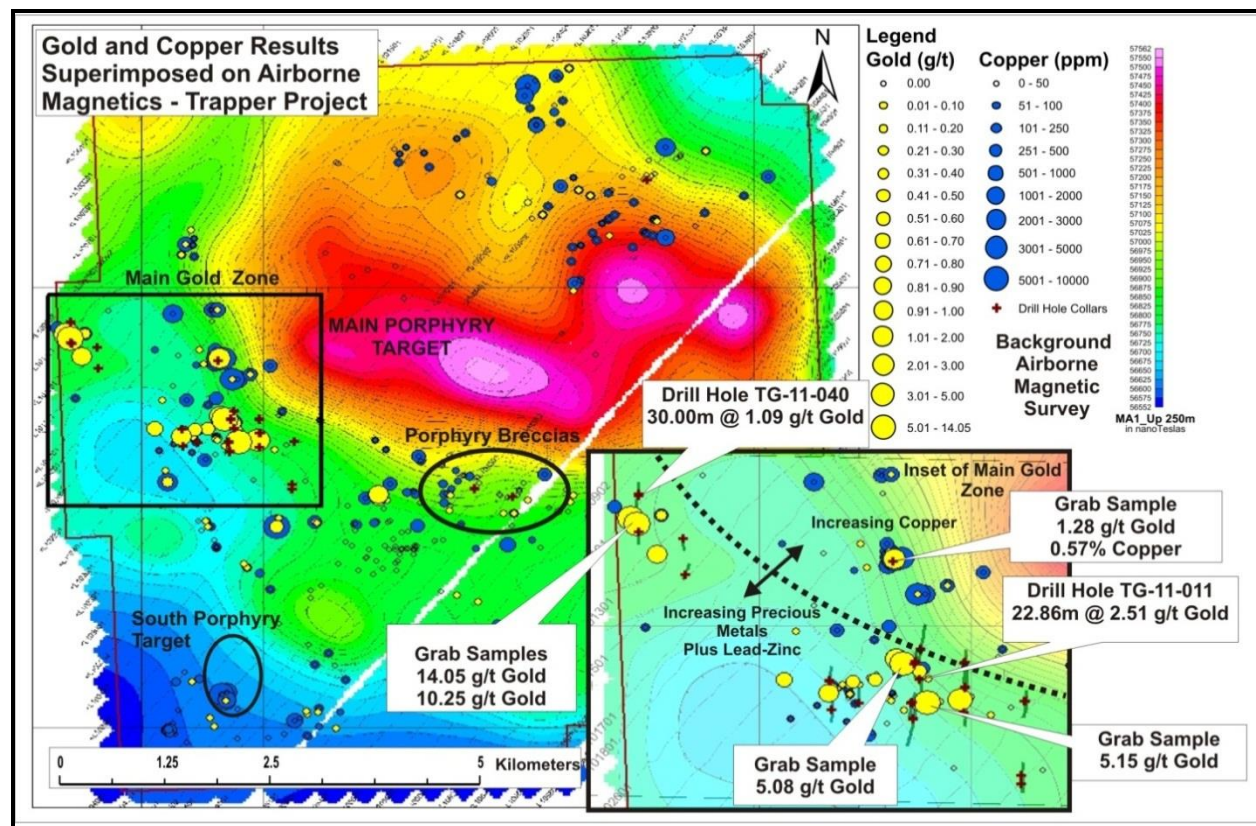


Figure 5: Airborne Magnetic Survey Results and Surface Geochemistry

A second porphyry target was also discovered 2 kilometres south of the Main zone with preliminary grab sample grades between 318 ppm and 4330 ppm copper (0.032% and 0.43% copper).

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Copper mineralization was observed both as sulfide and oxide minerals affecting both porphyry and volcanic units below a thin (locally from 0 to 5 metres thick) cover sequence of younger sediments.

Airborne geophysics revealed a large, strongly elevated (up to 8 times background) electrically conductive response underlying this southern porphyry occurrence, measuring 1.2 kilometres by 800 metres.

During the year ended September 30, 2015, the Company assessed the carrying value of the Trapper property. Because no future exploration was budgeted for the Trapper project the decision was made to write off the capitalized costs of \$1,306,819.

RESOURCE PROPERTY ACQUISITION AND DEFERRED EXPLORATION COSTS

For details of Resource Properties option agreements, please refer to Condensed Interim Consolidated Financial Statements for the three months ended December 31, 2015.

Summary of the mineral projects' costs by project as at December 31, 2015:

	Kahuna (NU, Canada)
Acquisition costs:	
Balance, September 30, 2015	\$ 360,260
Additions during the period:	
Common shares issued	132,000
Total acquisition costs	\$ 492,260
Exploration costs:	
Balance, September 30, 2015	\$ 498,338
Additions during the period:	
Geological consulting	19,766
Assays	37,683
Personnel and Exploration support	17,062
Total exploration costs	\$ 74,511
Balance, December 31, 2015	\$ 1,065,109

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(a) Kahuna Diamond Property

	Three months ended December 31, 2015	Year ended September 30, 2015
Acquisition costs:		
Opening balance	\$ 360,260	\$ -
Additions during the year:		
Common shares issued	132,000	242,000
Cash payments	-	118,260
Total acquisition costs	\$ 492,260	\$ 360,260
Exploration costs:		
Opening balance	\$ 498,338	-
Additions during the year:		
Geological consulting	19,766	164,058
Assays	37,683	-
Aircraft charter	-	94,876
Personnel and exploration support	17,062	239,404
Total exploration costs	\$ 572,849	\$ 498,338
Balance, end of year	\$ 1,065,109	\$ 858,598

(b) Trapper Property

	Three months ended December 31, 2015	Year ended September 30, 2015
Acquisition costs:		
Opening balance	\$ -	\$ 488,626
Additions during the period	-	10,000
Total acquisition costs	-	498,626
Exploration costs:		
Opening balance	-	818,193
Additions during the period	-	-
Total exploration costs	-	818,193
Impairment of exploration and evaluation assets	-	(1,316,819)
Balance, end of period	\$ -	\$ -

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SELECTED ANNUAL INFORMATION

For the years ended September 30, 2015, 2014 and 2013:

	September 30, 2015	September 30, 2014	September 30, 2013
Revenue	\$ -	\$ -	\$ -
Net loss for the year	\$(2,021,667)	\$(4,364,661)	\$ (812,609)
Basic and diluted loss per share	\$ (0.06)	\$ (0.46)	\$ (0.10)
Total assets	\$ 1,055,245	\$ 1,852,758	\$ 5,915,461
Total liabilities	\$ 416,589	\$ 471,983	\$ 429,157
Cash dividends declared	\$ -	\$ -	\$ -

During fiscal 2015, the Company signed an agreement to explore the Kahuna Diamond project. The Company has no revenue to report for the 2015 and 2014 fiscal years.

During fiscal 2013, the Company continued exploration of the Trapper Project and acquired rights to explore the Rouse Lake project. The Company has no revenue to report for the 2013 fiscal year. During the 2013 fiscal year, the common shares of the Company were consolidated such that one new common share was issued for every ten shares outstanding on August 2, 2013.

SUMMARY OF QUARTERLY RESULTS

Summary of quarterly results for recent eight quarters (under IFRS unless otherwise noted) (\$):

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss (income)for period	\$ 100,299	\$ 1,501,771	\$ 89,064	\$ 105,291
Net loss (income) per share ¹	\$ 0.003	\$ 0.045	\$ 0.003	\$ 0.003

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss (income)for period	\$ 325,541	\$ 4,156,885	\$ 146,069	\$ 34,233
Net loss (income)per share ¹	\$ 0.011	\$ 0.433	\$ 0.015	\$ 0.005

¹ Numbers have been rounded to the next decimal for presentation purposes.

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RESULTS OF OPERATIONS

For the three months ended December 31, 2015

The net loss for the three months ended December 31, 2015 was \$100,299 as compared to a net loss of \$325,541 for the three months ended December 31, 2014. The Company experienced a \$225,242 decrease in loss in the current period compared to the same period of the previous year. The decrease relates to stock options expense of \$218,295 recorded during the three month ended December 31, 2014. No stock options were granted during the comparative period of the current year; accordingly no expense was recognized during the three months ended December 31, 2015.

During the three months ended December 31, 2015 consulting fees and professional fees increased by \$4,682 and \$6,836 respectively from \$25,912 and \$5,959 incurred during the same period of the previous year.

Management fees decreased by \$6,750 from \$33,750 incurred for the three months ended December 31, 2014 compared to the same period of the current year. Transfer agent and filing fees and insurance expenses decreased by \$4,051 and \$3,063 respectively from \$7,921 and \$3,295 incurred during the three months ended December 31, 2014. Rent decreased by \$2,321 from \$11,679 incurred during the three months ended December 31, 2014 as compared to the same period of the current year. General office and administration expenses for the three months ended December 31, 2015 decreased by \$3,981 from \$16,395 incurred during the three months ended December 31, 2014 compared to \$12,414 incurred during the same period of the current year. These changes are due to the Company's increased efforts in preserving available resources.

RISKS AND UNCERTAINTIES

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Exploration and Development Efforts May Not Be Successful

There is no certainty that the expenditures to be made by the Company in the exploration of its properties as described herein will result in the discovery of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable)

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ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Cash Flow

None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. The Company has paid no dividends on its shares since inception and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Proven Reserves

The properties in which the Company has an interest or the right to earn an interest are in the exploratory stage only and are without a known body of ore in commercial production.

No Guarantee of Clear Title to Mineral Properties

While the Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Uncertainty of Obtaining Additional Funding Requirements

Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment of the shareholders of the Company. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs. The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances

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discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

Competition

The mining industry is intensively competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Provincial, Federal and State governmental authorities. Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

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

Environmental Impact

The Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when full scale development commences. As the Company's project is still in the exploration and development stage and no significant environmental impact has occurred to date, the Company does not currently consider that expenditures required meeting any ongoing environmental obligations at the projects material to its results or to financial condition to the Company at this time. However, these costs may become material in the future and will be reported in the Company's filings at that time.

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Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metal prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties.

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Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and 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 or 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 interest and abstain from voting on such matter. 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 that time.

Lack of Trading

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

LIQUIDITY

The Condensed Consolidated Financial Statements have been prepared in accordance with International Financial reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these Consolidated Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

At December 31, 2015, the Company has not achieved profitable operations, has accumulated losses of \$37,982,558 since its inception, and expects to incur further losses in the pursuit and/or development of its business.

During the three months ended December 31, 2015, the Company's operating activities consumed cash of \$165,989 as compared to \$235,991 in the same period of the previous year. \$55,169 was spent on mineral properties acquisition and exploration during the current period compared to \$22,260 spent during the three months ended December 31, 2014. During the three months ended December 31, 2015 the Company raised in private placement \$587,640 and spent \$22,480 in cash share issue costs. These events for the three months ended December 31, 2015, resulted in an increase in cash of \$341,376 for the Company. As at December 31, 2015 the Company has a cash and GST receivable balance of \$449,860 to settle current payables of \$449,584.

On November 12, 2015, the Company closed a non-brokered private placement and issued 2,633,332 shares at \$0.06 per share for gross proceeds of \$158,000.

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On December 31, 2015 the Company closed the first tranche of its non-brokered private placement for gross proceeds of \$429,640. On closing, the Company issued 2,800,000 non-flow-through units at a price of \$0.05 per unit, and 4,455,997 flow-through units at a price of \$0.065 per unit. In connection with closing of the placement, the Company paid fees of \$21,675, and issued 365,307 Warrants, to finders who introduced subscribers to the Company.

On February 9, 2016, the Company closed the second tranche of its non-brokered private placement and issued 6,700,000 shares at \$0.05 per share for gross proceeds of \$335,000.

The Company's ability to continue as a going concern in the long term is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company is a junior exploration company without operating revenues and therefore, the Company must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing exploration program, or to fund any further development activities. See "Risk Factors" of this MD&A.

As at the date of this report, the Company's cash position is sufficient to cover initial exploration initiatives and administrative expenses for the 2016 fiscal year, however, the Company will require additional financing in order to continue its exploration, and if warranted development, of its existing resource properties or any additional projects.

In November 2014 the Company entered into an option agreement to acquire up to 100-per-cent interest in the Kahuna Diamond properties located in Nunavut, Canada. Under the terms of the agreement, the Company must make cumulative exploration expenditures on the project totalling \$5,000,000, with a minimum of \$400,000 (incurred) in the first year of the option (incurred), and no less than \$1,000,000 to be spent in each year over the three years of the option. In addition, the Company must issue 11,000,000 common shares, and pay \$700,000 as follows: \$50,000 upon execution of the Letter of Intent (paid), 2,200,000 shares and \$50,000 on receipt of Exchange approval (issued and paid), 2,200,000 shares and \$100,000 by the first anniversary (issued and paid), 2,200,000 shares and \$150,000 by the second anniversary, 2,200,000 shares and \$150,000 by the third anniversary, and 2,200,000 shares and \$200,000 by the fourth anniversary. The project is subject to a 4 percent gross overriding royalty on diamond production. The payments and royalties are to the benefit of the property vendors which are split fifty percent each. The Company has the option to purchase half of the royalty for \$2 million per one percent.

The Company's primary source of financing is by means of share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

To the date of this MD&A, the cash resources of the Company are held with one major Canadian chartered bank. The Company continues to have no long term debt and its credit and interest risk is minimal.

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CAPITAL RESOURCES

The Company's objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company has no debt and is not subject to any externally imposed capital requirements. In the management of capital, the Company includes the components of shareholders' equity, as well as cash.

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. 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.

The Company has policies and procedures in place for expenditure authorization limits and capital expenditure authorization. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company's officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors are responsible for overseeing this process.

The Company is not subject to any capital requirements imposed by a regulator.

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Outstanding Warrants:

The following is a summary of the Company's warrants:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance as at September 30, 2014	-	-	
Granted	734,250	\$ 0.10	October 3, 2015
Balance as at September 30, 2015	734,250	\$ 0.10	October 3, 2015
Granted in private placement	3,628,000	\$ 0.10	December 30, 2017
Granted to finders	365,307	\$ 0.10	December 30, 2017
Expired	(734,250)	\$ 0.10	October 3, 2015
Balance as at December 31, 2015 and February 26, 2016	3,993,307	\$ 0.10	

During the three months ended December 31, 2015 the Company recorded \$14,321 as share issue costs in connection with the fair value of the warrants granted to finders and the offsetting amount was recognized in contributed surplus.

Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated February 27, 2009 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

The following is a summary of the Company's stock option activity:

	Number of Shares	Exercise Price Per Share Range	Weighted Avg. Exercise Price Per Share
Balance as at September 30, 2013	250,000	\$4.60 - \$8.10	\$ 6.88
Cancelled	(250,000)	\$4.60 - \$8.10	\$ 6.88
Balance as at September 30, 2014	-	-	-
Issued	2,675,000	\$ 0.11	\$ 0.11
Balance as at September 30, 2015	2,675,000	\$ 0.11	\$ 0.11
Cancelled	(400,000)	\$ 0.11	\$ 0.11
Balance as at December 31, 2015 and February 26, 2016	2,275,000	\$ 0.11	\$ 0.11

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During the three months ended December 31, 2015 and 2014, the Company expensed \$nil and \$218,295 respectively in connection with the fair value of the options granted and/or vested and the offsetting amount was recognized in contributed surplus.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities. Amounts receivable are designated as "loans and receivables". Accounts payable and accrued liabilities are designated as "other financial liabilities".

Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair value of the Company's amounts receivable and accounts payable and accrued liabilities approximate their carrying values which is the amount recorded on the consolidated balance sheet. The Company's other financial instruments; cash under the fair value hierarchy is based on quoted prices in active market for identical assets and liabilities.

The Company examines the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks. The Company's risk exposures and their corresponding impact on the Company's financial instruments are summarized below:

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. During the three months ended December 31, 2015, the Company used \$165,989 to fund operating costs and used \$55,169 in cash to make payments related to mineral properties. As at December 31, 2015, the Company has cash balances and GST receivable of \$449,860 to settle current liabilities of \$449,584, as such, the Company currently does not have sufficient working capital to meet its current liabilities. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations, thus this risk is primarily attributable to cash and cash equivalents. At December 31, 2015, the Company had a receivable balance of \$11,729, \$11,577 of which relates to GST receivable due from Canada Revenue Agency, as such, the Company believes that its current risk of default of receiving the payment is minimal.

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2015, the Company does not have any interest-bearing loans or liabilities outstanding. All receivable and payable balances as at December 31, 2015 are current and as such, are not subject to interest.

Currency risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency. As at December 31, 2015 the Company has in US dollars

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\$11,334 (CAD\$15,686) and in Mexican Pesos 1,944 (CAD\$156). These funds are maintained in Canadian, United States and Mexican financial institutions. The Company believes that its currency risk is minimal.

TRANSACTIONS WITH RELATED PARTIES

Amounts paid and accrued to key management personnel, directors, officers and companies controlled by directors and officers, a company in which a director and officer of the Company is an employee and a law firm in which an officer is a partner:

	Three months ended December 31,	
	2015	2014
Management and directors' fees	\$ 27,000	\$ 33,750
Share-based compensation	\$ -	\$ 118,580
Professional fee	\$ 3,420	\$ 469
Share issue cost	\$ 11,925	\$ 1,103
Capitalized to exploration and evaluation assets	\$ 29,080	\$ 7,185

As at December 31, 2015 \$83,022 (September 30, 2015 – \$51,061) was payable to these companies.

During the three months ended December 31, 2015, the Company incurred \$8,817 (December 31, 2014 - \$10,187) in rent from a company with common directors and officers. As at December 31, 2015 \$18,879 had been advanced to this company as a security deposit.

SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Company

- IAS 32 Financial Instruments: Presentation
This amendment provides clarification on the application of offsetting rules.
- IAS 36 Impairment of Assets
On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed.
- Amendments to IFRS 10, IFRS 12, and IAS 27
The amendment provides for the definition of an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity. The amendments also deal with the disclosures required and preparation of separate financial statements of an investment entity.

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- **IFRIC 21 Levies**
The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.
- **IFRS 2 Share-based Payment**
The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.
- **IAS 24 Related Party Disclosures**
The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

CONTINGENCIES AND COMMITMENTS

The Company is subject to significant funding commitments with respect to exploration expenditures for its resource properties, which is detailed in the Resource Property and Deferred Exploration Cost section of this MD&A.

As at February 26, 2016, there were no legal proceedings to which the Company is a party, nor to which their property is subject, nor to the best of the knowledge of management, are such legal proceedings contemplated.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com