PEDRO RESOURCES LTD.
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended June 30, 2016

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BACKGROUND

This discussion and analysis has been prepared as at August 15, 2016 and should be read in conjunction with the financial statements and the notes for the three and six months ended June 30, 2016 and the years ended December 31, 2015 and 2014 of Pedro Resources Ltd. (the "Company" or "Pedro"). All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

The Company's is a reporting issuer in British Columbia and Alberta trading on the NEX Board of the TSX Venture Exchange under the symbol "PED.H". In accordance with TSX Venture Exchange policies the Company's listing will remain as an NEX listing until it acquires a qualifying business and meets the related TSX Venture Board requirements.

HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND SUBSEQUENT EVENTS TO AUGUST 15, 2016

During the six months ended June 30, 2016, the Company's activities have focused on evaluating potential acquisitions, cutting operating costs and raising funds to support acquisitions. To date, the Company has not acquired a project of merit, however, it has completed a financing of $270,000 to improve the financial position of the Company.

OPERATIONS AND FINANCIAL RESULTS

During the three and six months ended June 30, 2016 (the current quarter and current period) the Company incurred losses of $15,900 or $0.00 per share and $45,095 or $0.01 per share respectively. This is compared with losses of $37,705 or $0.01 per share and $66,949 or $0.01 per share for the three and six months ended June 30, 2015 (the comparative quarter and comparative period). The losses in 2016 and 2015 reflect the cost of maintaining a publicly traded company, management's efforts to reduce operating costs and ongoing project evaluations.

At June 30, 2016, the Company had a working capital deficiency of $101,209 compared to a working capital deficiency of $313,963 at December 31, 2015. The reduction in the working capital deficiency from December 31, 2015 is largely a result of the financing completed during the period.

The following tables set out selected quarterly information of the Company:

	06/30/2016	03/31/2016	12/31/2015	09/30/2015
	$	$	$	$
Revenue	-	-	-	-
Net Loss	(15,900)	(29,195)	(33,904)	(30,870)
Net Loss per share (basic and fully diluted)	(0.00)	(0.01)	(0.01)	(0.01)

	06/30/2015	03/31/2015	12/31/2014	09/30/2014
	$	$	$	$
Revenue	-	-	-	-
Net Loss	(37,705)	(29,244)	(45,851)	(31,988)
Net Loss per share (basic and fully diluted)	(0.01)	(0.01)	(0.01)	(0.01)

EXPLANATION OF VARIATIONS IN THE QUARTERS

The Company's quarterly results can be affected by many factors such as variations in capital markets, the timing of any write-down or write-off of capitalized expenditures, the accrual of share-based compensation costs, tax recoveries and legal matters.

The quarterly results for 2016 are consistent with fiscal 2015 and 2014 and largely reflect the cost of maintaining a public listing and continuing to seek projects of merit. During fiscal 2016, 2015 and 2014 the Company has continued to reduce costs where possible.

The operating results of the second quarter of fiscal 2016 continues to reflect the Company's ongoing listing and project review costs. The decrease in costs for the quarter are largely due to reductions in fees charged by directors in conjunction with financing the Company.

The operating results of the first quarter of fiscal 2016 continues to reflect the Company's ongoing listing and project review costs and has varied little from June 30, 2015.

The operating results of the first, second, third and fourth quarters of fiscal 2015 continue to reflect the Company's cost reductions and its ongoing listing and project review costs.

In addition to the cost of maintaining its public listing, the quarterly results for the third and fourth quarters of 2014 reflect the cost of reorganizing the Company's share capital and ongoing costs for the investigation of potential mineral projects of merit.

FINANCING/USE OF PROCEEDS

During 2015 and 2014, the Company did not complete any private placement financings and has relied on funds advanced by directors as loans to continue operations. During the six months ended June 30, 2016 the Company received $8,000 by way of loans from directors to maintain its NEX listing. In addition to directors loans in June 2016, the Company completed a non-brokered private placement of 9,000,000 units at a price of $0.03 per unit. Each unit of the private placement consisted of one share and one share purchase warrant with each share purchase warrant exercisable into a share of the Company at a price of $0.10 per share for a period of 60 months. The proceeds of the private placement are to be used to pay down debts and provide working capital.

FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY AND CAPITAL RESOURCES

Financial Condition and Operations

During the three and six months ended June 30, 2016, the Company incurred losses of $15,900 and $45,095 respectively as compared to losses of $37,705 and $66,949 for the comparative quarter and comparative periods ended June 30, 2015.

The losses for the three and six months ended June 30, 2016 and 2015 reflect the Company's activities as it maintained its public listing, evaluated opportunities in the natural resource sector and looked to raise funds.

Expenses for the three months ended June 30, 2016 totaled $15,900 compared to $37,705 for the comparative quarter. During 2016 the Company has continued to use directors with their legal, accounting and geological backgrounds to reduce costs and reduced these costs further to aid in securing financing.

Expenses for the six months ended June 30, 2016 totaled $45,095 compared to $66,949 for the comparative period. During 2016 the Company has continued to use directors with their legal, accounting and geological backgrounds to reduce costs.

At June 30, 2016 the Company had a working capital deficiency of $101,209. This deficiency consisted of current assets of $169,502 reduced by current liabilities of $270,711 which included $134,015 due to related parties for fees, services rendered and expense reimbursements. The June 30, 2016 working capital deficiency is compared to a working capital deficiency of $313,963 at December 31, 2015 and a working capital deficiency of $249,466 at June 30, 2015. At December 31, 2015, the working capital deficiency consisted of current assets of $9,747 (comparative period $10,882) reduced by current liabilities of $323,710 (June 30, 2015 - $260,348).

The $212,754 improvement in the working capital of the Company largely reflects the completion of a $270,000 financing during the current period less the cost of administering the Company as it continues to seek mineral projects and additional funding to acquire projects of merit.

The Company expects to raise additional funds in 2016 for continuing operations and announced a financing August 5, 2016 for working capital, due diligence and payment of accounts payable.

Capital Resources

To date, the Company's operations have been predominantly financed by the sale of its securities and the exercise of stock options and non-interest bearing loans from directors. The future exercise of stock options or the sale of securities by way of private placement is largely dependent on the market prices and the market liquidity of the Company's securities and there can be no guarantee that warrants and options will be exercised or that security sales may be realized.

Liquidity

Operating Activities

During the six months ended June 30, 2016, the Company's operating activities used cash of $36,226 (comparative period – $22,265) funding a loss of $45,095 (comparative period – $66,949), adjusted for the adding back of non-cash items such as depreciation of $301 (comparative period – $275) and changes to receivables, payables and other non-cash working capital items totaling $8,568 (comparative period - $44,409).

Investing Activities

During the six months ended June 30, 2016 the Company spent $nil (comparative period - $911) on investing activities as it did not complete an acquisition of a mineral project.

Financing Activities

During the six months ended June 30, 2016 the Company's financing activities generated proceeds of $193,048 (comparative period - $29,000). The financing activities of the Company consisted of proceeds on closing of a $270,000 private placement, the receipt of loans from directors and the repayment of $72,500 of demand loans which had financed the Company over the past two years.

At June 30, 2016, the Company had a working capital deficiency of $101,209 (December 31, 2015 - $313,963). During the six months ended June 30, 2016, directors advanced the Company $8,000 to meet its financial obligations. The advances were unsecured, non-interest bearing and repayable on demand. On June 10, 2016, the Company completed a non-brokered financing for gross proceeds of $270,000. Proceeds of the financing were for the payment of trade payables, the repayment of demand loans from directors and working capital.

FINANCIAL CONDITION – June 30, 2016 compared to December 31, 2015

At June 30, 2016, the Company had a working capital deficiency of $101,209 that consisted of current assets of $169,502 offset by current liabilities of $270,711. This is compared to a working capital deficiency of $313,963 at December 31, 2015 that consisted of current assets of $9,747 and current liabilities of $323,710. The $212,754 improvement in the working capital of the Company from December 31, 2015 reflect the Company's completing a financing less ongoing administration costs and the costs incurred in the evaluation of mineral projects.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Nature of Business and Continuance of Operations

The Company is transitioning to mineral exploration and is currently reviewing mineral projects of merit which may be suitable for acquisition given its current level of operations.

The address of the Company's corporate office and principal place of business is Suite 801 - 2222 Bellevue Avenue, West Vancouver, BC, V7V 1C7. The address of the Company's registered office is Suite 2200 – 885 W. Georgia Street, Vancouver, BC, V6C 3E8.

The Company's financial statements have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations.

Management believes the Company will be successful at securing additional funding so that its capital resources will be sufficient to carry its operations through the next twelve months. However, there are several conditions that cast significant doubt on the Company's ability to continue as a going concern, including that the Company has incurred significant operating losses over the past fiscal years (2015 - $131,723; 2014 - $152,682), has a deficit of $7,611,756 (December 31, 2015 - $7,869,011), limited resources, no source of operating cash flow and no assurances that sufficient funding will be available.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its directors, officers, creditors and shareholders. The Company's financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively engaged in the review of and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for the Company's financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

Significant Accounting Estimates and Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The most significant accounts that require the use of judgment and assumptions as a basis for determining the stated amounts include the depreciation of equipment, carrying values of assets, the determination of share-based payments and any amounts recognized with respect to deferred tax amounts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and further periods if the review affects both current and future periods.

Critical accounting estimates relate to, but are not limited to, the following:

- The carrying value and the recoverability of assets which are included in the statements of financial position.
- The recognition of deferred tax assets is determined on whether it is more probable than not that these assets will be recovered.
- The determination of share-based payments.

The Company's significant accounting policies are presented in the notes to the audited financial statements for the year ended December 31, 2015.

Changes in Accounting Standards

<u>Effective for annual periods beginning on or after January 1, 2018</u>

IFRS 9 - Financial Instruments- a revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities and carrying over the existing de-recognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

OUTSTANDING SHARE DATA

The following information is provided as at August 15, 2016:

Authorized: Unlimited common shares without par value

a) Issued and Outstanding: 14,024,949 common shares

On June 10, 2016, the Company completed a private placement of 9,000,000 units at a price of $0.03 per unit for gross proceeds of $270,000. Each unit consisted of one share and one common share purchase warrant with each warrant entitling the holder to purchase an additional share at a price of $0.10 for a period of sixty months. As part of the private placement the Company incurred costs of $12,452 and issued 290,000 finders' warrants at a fair value of $16,301 having the same terms and conditions as the warrants issued pursuant to the private placement

b) Options

Name	Grant Date	Number of options	Exercise Price	Expiry Date
John McCleery*	August 10, 2016	200,000	$0.16	August 10, 2019
Wayne Johnstone*	August 10, 2016	200,000	$0.16	August 10, 2019
Lawrence Talbot*	August 10, 2016	200,000	$0.16	August 10, 2019
Allen Ambrose*	August 10, 2016	200,000	$0.16	August 10, 2019
Total outstanding		800,000		

* Director

c) Warrants

	Number of Warrants	Exercise Price	Expiry Date
Total Outstanding	9,290,000	$0.10	June 10, 2021

Subsequent to June 30, 2016, the Company announced a non-brokered private placement of up to 6,000,000 units at a price of $0.15 per unit. Each unit will consist of one share and one-half share purchase warrant. Each whole warrant will be exercisable to acquire one additional share at a price of $0.30 per share for a period of 12 months. Finders' fees may be payable on a portion of the financing.

TRENDS, RISKS AND UNCERTAINTIES

The Company is currently in the process of identifying and evaluating opportunities in the natural resource sector and until such a time as it completes an acquisition there can be no guarantee that such a transaction will be completed. The following risk factors should be given special consideration:

Going Concern

The Company's financial statements have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The Company has incurred a deficit of $7,611,756 as at June 30, 2016 and has no current source of revenue. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. During the year ended December 31, 2012, the Company raised additional capital to meet its working capital requirements for fiscal 2012 and part of fiscal 2013 and has received loans from directors and a 2016 financing for working capital in subsequent fiscal years. There can be no assurances that management's future plans for the Company will be successful. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments to the recoverability and classification of assets and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

Substantial Capital Requirements; Liquidity

The Company anticipates that it will be required to make substantial capital expenditures for the future acquisition of mineral properties of merit and for the subsequent exploration and development of, and any production from, any of such mineral properties. The Company currently has no revenue and limited ability to expend the capital necessary to acquire any mineral properties of merit and to undertake or complete future programs of exploration on any such properties. There can be no assurance that debt or equity financing, or cash generated will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations would have a material adverse effect on the Company's financial condition, results of operations or prospects.

Issuance of Debt

From time to time the Company may enter into transactions which may be financed partially or wholly with debt, and the completion of any such transactions may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. The Company's ability to service its debt obligations will depend on the Company's future operations, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Company.

Dilution

It is likely that the Company will issue common shares or securities exercisable or convertible into common shares in the future, either to raise funding for its ongoing operations or in connection with one or more acquisitions. The Company may issue securities on less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares, could adversely affect the trading prices of the Company's common shares, and could impair the Company's ability to raise capital through future offerings of securities.

Insurance

The Company's future operations, particularly with respect to the exploration, development and operation of mineral projects, may result in the Company becoming subject to liability for pollution, property damage, personal injury or other hazards. Insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any such uninsured liabilities would reduce the funds available to the Company for its operations. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Dividends

The Company has not paid dividends on its common shares to date, and may not be in a position to pay dividends for the foreseeable future. The Company's ability to pay dividends will depend on its ability to successfully acquire and develop to production one or more mineral projects and to generate earnings from the operation thereof. Further, the Company's initial earnings, if any, will likely be retained to finance its operations. Any future dividends will depend upon the Company's earnings, its then-existing financial requirements and other factors, and will be at the discretion of the Company's board of directors.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risk. The Company's board of directors approves and monitors the risk management processes, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is as follows:

Fair Values

For certain of the Company's financial instruments, including receivables, accounts payable and accrued liabilities and loans payable, the carrying amounts approximate fair value due to their immediate or short-term maturity. Cash is measured at fair value using level 1 inputs.

Currency Risk

The Company currently does not have any significant exposure to foreign currency risk.

Credit Risk

Credit risk arises from cash held with banks and financial institutions, and credit exposure to clients, including outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. To reduce credit risk, cash is held at major financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Currently, the Company's main source of funding is from the issuance of equity securities for cash, primarily through private placements, and from unsecured non-interest bearing loans from directors. At June 30, 2016, the Company had cash and cash held in trust of $161,276 (December 31, 2015 - $4,454) to meet current liabilities of $270,711 (December 31, 2015 - $323,710). Management believes that the Company's sources of liquidity, combined with the continued financial support of the Company's directors, will be sufficient to meet the Company's requirements and to finance its operations in the near term.

CAPITAL DISCLOSURES/MANAGEMENT OF CAPITAL

The capital structure of the Company consists of shareholders' deficiency. The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity.

The Company makes adjustments to its capital structure upon approval from its Board of Directors, in light of economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during the period. The Company does not presently utilize any quantitative measures to monitor its capital. There are no external restrictions on capital.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the financial statements are summarized below and include transactions with the following:

The Company incurred the following transactions with directors and a company owned by the CEO:

		Six months ended June 30, 2016		Six months ended June 30, 2015
Management and consulting fees- JB Trading- CEO*	$	18,000	$	27,000
Management and consulting fees – W. Johnstone - CFO	$	4,000	$	6,000
Directors' fees – A. Ambrose	$	4,000	$	6,000
Directors' fees – L. Talbot	$	4,000	$	6,000
Rent	$	7,000	$	9,000
	$	37,000	$	54,000

∗ JB Trading is a Company controlled by J. McCleery

At June 30, 2016 accounts payable and accrued liabilities includes $134,015 (December 31, 2015 - $231,920) owing to related parties for expense reimbursements, management, consulting and directors' fees.

Related Parties		June 30, 2016
JB Trading	$	75,240
J McCleery		11,500
W. Johnstone		16,275
A. Ambrose		15,500
L. Talbot		15,500
Total	$	134,015

At June 30, 2016, loans payable consisted of $nil (December 31, 2015 - $64,500) payable to directors. The loans are unsecured and bear no interest and are due on demand.

During the six months ended June 30, 2016, the Company paid or accrued rent of $7,000 (comparative period - $9,000) with respect to space jointly utilized by the CEO and the Company.

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors as well as corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer and/or their companies.

Key management personnel compensation included above is as follows:

		June 30, 2016		June 30, 2015
Management and consulting fees- JB Trading- CEO		18,000		27,000
Management and consulting fees – W. Johnstone - CFO		4,000		6,000
Directors' fees – A. Ambrose		4,000		6,000
Directors' fees – L. Talbot		4,000		6,000
Compensation	$	30,000	$	45,000

DIRECTORS AND OFFICERS

John McCleery	CEO
Wayne Johnstone*	CFO
Allen Ambrose*	
Lawrence Talbot*	

* Member of the audit committee

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company has not filed an Annual Information Form "AIF". Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Loss and Comprehensive Loss contained in its Financial Statements for the six months ended June 30, 2016 and 2015 that are available on the Company's SEDAR Page Site.

APPROVAL

The Company's board of directors has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. Forward-looking statements relate to future events or activities or future performance and reflect management's expectations or beliefs regarding future events. All statement in this MD&A, other than statements of historical fact, are forward-looking statements, and include, but are not limited to, statements with respect to the potential acquisition of mineral properties of merit and the subsequent exploration and, if warranted, development of and production from, any such properties; the ability of the Company to carry out and complete one or more private placements; the Company's expectation that it will receive additional loans from directors; the Company's expectation that it will be able to secure the necessary funding in order to be able to remain in operation; and the Company's overall proposed business and financing plans. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or "does not believe", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, by their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, the inability of the Company to raise the required funding for any proposed mineral property acquisitions, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, or accidents, labour disputes and other risks of the mineral exploration and mining industry. Since there can be no assurance that forward-looking statements will prove to be accurate, and as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on our behalf, except as required by law.