ROUGE RESOURCES LTD.

(An Exploration Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR SIX MONTHS ENDED JULY 31, 2015
(Stated in Canadian Dollars)

Rouge Resources Ltd.
Management Discussion and Analysis
Six Months Ended July 31, 2015

ITEM 1.1 DATE AND INTRODUCTION

This Management Discussion and Analysis ("MD&A") was prepared as of September 15, 2015 and authorized for issuance by the directors of the Company effective on this date. This report should be read in conjunction with both the condensed interim financial statements and notes for the six months ended July 31, 2015 and the audited financial statements and notes for the year ended January 31, 2015. It focuses on events and activities that affected the Company during the six months ended July 31, 2015 and to the date of this report.

The financial information contained herein complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") along with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, they comply with International Accounting Standard ("IAS") 34, "Interim Financial Reporting."

The Company ("We") was incorporated under the name "Gemstar Resources Ltd." on March 31, 1988 pursuant to the provisions of the *Company Act* (British Columbia). In March 2006, we were transitioned to the *Business Corporations Act* (British Columbia). On March 25, 2008, the Company's name was changed to "Rouge Resources Ltd". Our registered and records office is located at 203-409 Granville Street, Vancouver BC, V6C 1T2.

We have been a reporting issuer in British Columbia and Alberta since April 3, 1989 and became a "foreign private issuer" in the United States pursuant to filings with the US Securities and Exchange Commission in November 2003. Prior to August 30, 2012, our common shares were quoted OTC:BB in the United States under the symbol ROUGF and now, effective on this date, are also listed for trading on the TSX Venture Exchange under the symbol ROU.

At July 31, 2015, there were 44,633,171 issued and fully paid common shares outstanding (January 31, 2015 and July 31, 2014 – 44,633,171) and all remaining shares have been released from escrow effective August 28, 2015.

We have not been involved in any bankruptcy, receivership or similar proceedings, nor have we been a party to any material reclassification, merger, consolidation, purchase or sale of a significant amount of assets. Additional information on the Company is available on both SEDAR at www.sedar.com and EDGAR at www.sec.gov/edgar.

Description of business

The Company is a Vancouver-based junior mineral exploration company engaged in the business of acquiring, exploring, evaluating and, if warranted, developing mineral resource properties in Canada. No revenue has been generated since inception and there is no assurance that a commercially viable mineral deposit exists on our exploration and evaluation assets. Further exploration is required before a final evaluation of the economic feasibility can be determined. Significant financing and considerable time and effort will be required before our mineral claims can be further explored and, if warranted, developed into a commercial enterprise.

We now hold a 100% interest in 9 claims in the Thunder Bay Mining District of North Central Ontario, called the Dotted Lake Property, which includes the 2 Lampson Lake claims acquired under the now completed option agreement dated April 30, 2010 and completion of our claims reduction and reconfiguration plan.

We continue to monitor claims in North-Central Ontario and plan to make additional acquisitions in this and other areas when and if the claims are considered to be strategic or otherwise beneficial to the Company.

ITEM 1.2 OVERALL PERFORMANCE

During the six months ended July 31, 2015, the Company reported a net loss of $79,208 compared to a net loss of $75,208 for the same period last year. In addition, we expended $7,000 on our exploration and evaluation assets.

Exploration and evaluation assets

The following table summarizes the amounts expended on exploration and evaluation assets for the six months ended July 31, 2015 and year ended January 31, 2015:

	North-Central Ontario		**Total for three months ended July 31, 2015**	Total for year ended January 31, 2015
	Dotted Lake mining claims	**Lampson Lake mining claims**		
	$	**$**	**$**	**$**
Property acquisition costs				
Balance, beginning	4,400	59,213	63,613	74,140
Expenditures	7,000	-	7,000	16,900
Impairment				(27,427)
Balance, ending	11,400	59,213	70,613	63,613
Exploration and evaluation costs				
Balance, beginning	213,728	-	213,728	216,867
Additions				
Field and camp costs				-
Geological consulting and reporting				-
Geo-referencing				
Project administration				934
Soil sample analysis				-
Impairment				(4,073)
	-	-	-	(3,139)
Balance, ending	213,728	-	213,728	213,728
Total balance, ending	**225,128**	**59,213**	**284,341**	**277,341**

We now hold 100% interest in 9 claims in the Thunder Bay Mining District of North Central Ontario area, called the Dotted Lake Property, which includes the 2 Lampson Lake claims acquired under the now completed option agreement dated April 10, 2010 and completion of our claims reduction and reconfiguration plan.

Primarily due to continuing uncertainty in the market conditions of the junior mining exploration sector over the past few years, the Company started a claims reduction and reconfiguration plan on its Dotted Lake Property and adjacent Lampson Lake Property during the year ended January 31, 2015. This plan was substantially completed during the first quarter ended April 30, 2015 designed to focus entirely on claims of merit resulting in certain claims being allowed to lapse, certain claims being partially re-staked, and certain land positions being modified or increased. Accordingly, the Company recorded an impairment charge of $31,500 during year ended January 31, 2015.

Plan implementation included payment of $4,400 during the year ended January 31, 2015 and $7,000 during the quarter ended April 30, 2015 for re-staking.

The 2 Lampson Lake claims are subject to a 2% net smelter royalty ("NSR") in favour of the Optionors on one claim and with respect to the other, a combination of a 2% NSR in favour of the Optionors and a 1% NSR on any metals and/or a 1% Net Sales Return royalty payable to Ontario Exploration Company ("OEC") on any precious metals recovered from the property. The Company has the right to buy back 1% of the NSR in favour of the Optioners for $1,000,000 and to buy back three-quarters of 1% of the royalty vested with OEC over 10 years on an increasing scale from $15,000 to $750,000.

Although our work on the Dotted Lake Property in the past few years has identified some gold mineralization hosted in sulphide rich shear bands in granitoid rock, there is no assurance that a commercially viable mineral deposit exists on our exploration and evaluation assets. Accordingly, we continue to consider the Dotted Lake-Lampson Lake Property to be an early stage exploration project upon which further exploration should be conducted in order to gain better understanding of the strike content and width of the gold mineralization uncovered in past exploration programs. Significant additional financing and considerable time and effort will be required before our property can be further explored and, if warranted, developed into a commercial enterprise.

Our NI 43-101 Technical Report from late 2010 recommended Phase 1 budget for future exploration of $226,600 to continue with more soil sampling, prospecting and trenching on the Property followed by Phase 2 budget including diamond drilling depending on results of the first phase. However, due to the challenging economic circumstances still persisting for the Junior Mineral Exploration industry, implementation of this program has been deferred. This will continue until more favorable market conditions return.

ITEM 1.3 SELECTED FINANCIAL INFORMATION

The following table summarizes selected financial information as at and for the six months ended July 31, 2015 and 2014 with comparative figures as at and for the year ended January 31, 2015:

	Six Months Ended July 31,		Year Ended
	2015	2014	January 31, 2015
FINANCIAL POSITION			
Total Assets	**$ 296,618**	$ 337,977	$ 286,149
Total Liabilities	**277,146**	127,869	187,469
Deficit	**(3,987,475)**	(3,796,839)	(3,908,267)
OPERATIONS			
Total Revenues	**$ Nil**	$ Nil	$ Nil
Loss	**(79,208)**	(75,120)	(186,548)
Loss per share	**(0.00)**	(0.00)	(0.00)

ITEM 1.4 RESULTS OF OPERATIONS

The following table summarizes results of operations for the three and six months ended July 31, 2015 and 2014 with comparative figures for the year ended January 31, 2015:

	Notes	Three months ended July 31, 2015	Three months ended July 31, 2014	Six months ended July 31, 2015	Six months ended July 31, 2014	Year ended January 31, 2015 (audited)
Expenses						
Amortization		**$ 67**	$ 88	**$ 134**	$ 183	$ 380
Consulting fees	8	**250**	600	**250**	600	1,600
Interest expense		**1,006**	-	**1,838**	-	737
Management services	8	**15,000**	15,000	**30,000**	30,000	60,000
Office admin. and travel	8	**12,068**	13,218	**23,930**	27,553	52,909
Professional services	8	**6,872**	369	**11,865**	4,869	20,731
Transfer agent & filing fees		**4,581**	5,261	**11,191**	11,915	18,691
Loss before other item		**$ (39,844)**	$ (34,536)	**$ (79,208)**	$ (75,120)	(155,048)
Other item						
Impairment of exploration and evaluation assets		**-**	-	**-**	-	(31,500)
Net and comprehensive loss		**$ (39,844)**	$ (34,536)	**$ (79,208)**	$ (75,120)	$ (186,548)
Loss per share – basic and diluted	9	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)	$ (0.01)
Weighted average number of shares outstanding – basic and diluted		44,633,171	44,633,171	44,633,171	44,633,171	44,633,171

Revenue

The Company is a junior mineral exploration company and has not generated any revenues since inception.

Six months ended July 31, 2015

For six months ended July 31, 2015, the Company reported a net loss of $79,208 compared to $75,120 for the same period last year. This $4,088 increase in loss resulted from the following:

- Minor $49 decrease in amortization of equipment.
- Minor $350 decrease in business consulting fees.
- $1,838 increase in interest expense due to the significant increase in related party payables and the related cost of personal borrowings now required to fund these amounts.
- $3,623 decrease in office administration and travel expenses mainly due to lower cost of doing business compared to last year.
- $6,996 increase in professional fees (legal, audit and accounting) primarily due to commencement of quarterly audit fee accrual this year not done last year.
- Minor $724 decrease in transfer agent and filing fees.

Three months ended July 31, 2015

For three months ended July 31, 2015, a comprehensive loss of $39,844 was reported versus a comprehensive loss of $34,536 for the same period last year. This $5,308 increase in comprehensive loss resulted from the following:

- Minor $21 decrease in amortization of equipment.
- $350 decrease in business consulting fees
- $1,006 increase in interest expense due to the significant increase in related party payables and the related cost of personal borrowings now required to fund these amounts.
- $1,150 decrease in office administration and travel expenses due to lower cost of doing business this year compared to last year.
- $6,503 increase in professional fees (legal, audit and accounting) primarily due to commencement of quarterly audit fee accrual this year not done last year.
- Minor $680 decrease in transfer agent and filing fees

ITEM 1.5 SUMMARY OF QUARTERLY RESULTS

The following table summarizes operating results for the eight most recently completed quarters:

	2nd Qtr ended July 31 15	1st Qtr ended Apr. 30 15	4th Qtr ended Jan. 31 15	3rd Qtr ended Oct. 31 14	2nd Qtr ended July 31 14	1st Qtr ended Apr. 30 14	4th Qtr ended Jan. 31 14	3rd Qtr ended Oct. 31 13
Total revenues	**Nil**	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	**($39,844)**	($39,364)	($75,502)	($35,926)	($34,536)	($40,584)	($62,627)	($41,982)
Loss per share	**($0.00)**	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)
Operating cash flow (Deficiency)	**($50,741)**	($39,843)	($34,734)	($35,776)	($35,769)	($46,012)	($47,102)	($42,345)

Our net losses are fairly consistent from quarter to quarter being comprised mainly of management services, professional services, office administration and transfer agent & filing fees. However, due to year-end audit adjustments, the 4th quarters ended January 31, 2015 and 2014 show higher losses than average ranging from $36,000 to $42,000.

ITEM 1.6 LIQUIDITY

The following table summarizes the Company's working capital position at July 31, 2015 and 2014 with comparative figures at year ended January 31, 2015:

Working Capital	**As at 2015**	**July 31,** 2014	As at January 31, 2015
Current assets	**$ 4,623**	**$ 26,485**	$ 1,020
Current liabilities	**(277,146)**	**(127,869)**	(187,469)
Working capital (deficiency)	**$ (272,523)**	**$ (101,384)**	$ (186,449)

During six months ended July 31, 2015, working capital deficiency increased to $272,523 from $186,449 as at January 31, 2015. This $86,074 increase was due to current operating expenses and payment on certain current liabilities from year ended January 31, 2015.

The current assets as at July 31, 2015 included cash of $3,602 (January 31, 2015 - $271) and GST receivable of $1,021 (January 31, 2015 - $749). The current liabilities as at July 31, 2015 included $55,746 of trade payables, accrued liabilities and loan payable (January 31, 2015 - $66,984), and $221,400 of related party payables (January 31, 2015 - $120,485).

The following table summarizes cash flows for six months ended July 31, 2015 and 2014 with comparative figures for year ended January 31, 2015:

Cash Flows	**Six Months Ended July 31,** **2015**	2014	Year Ended January 31, 2015
Net cash used in operating activities	**$ (90,584)**	$ (81,781)	$ (152,291)
Net cash used in investing activities	**(7,000)**	(12,500)	(17,834)
Net cash provided by financing activities	**100,915**	23,298	73,930
Increase (decrease) in cash	**3,331**	(70,983)	$ (96,195)
Cash, beginning	**271**	96,466	96,466
Cash, end	**$ 3,602**	$ 25,483	$ 271

At July 31, 2015, the Company's cash position was $3,602 compared to $271 at January 31, 2015. The $3,602 increase in cash for six months ended July 31, 2015 ("2015 period") and the ($70,983) decrease in cash for same period last year ("2014 period") resulted from the following cash flow activities:

(i) Net cash used in operating activities of $90,584 in the 2015 period and $81,781 in the 2014 period was due in both periods to on-going operating losses and relatively small changes in non-cash working capital items.

(ii) Net cash used in investing activities of $7,000 in the 2015 period and $12,500 in the 2014 period was due to expenditures regarding completion of the claims reduction and reconfiguration plan in the 2015 period and the final scheduled payment on the Lampson Lake option agreement in the 2014 period.

(iii) Net cash provided by financing activities of $100,915 in the 2015 period and $23,298 in the 2014 period was due exclusively to on-going related party funding of operating expenses and exploration/ evaluation expenditures.

ITEM 1.7 CAPITAL RESOURCES

Share Capital

Authorized share capital
The Company's authorized share capital consisted of an unlimited number of common shares without par value.

Issued share capital
As at July 31, 2015, there were 44,633,171 issued and fully paid common shares outstanding (January 31, 2015 and July 31, 2014 – 44,633,171) and all remaining shares have been released from escrow effective August 28, 2015. No shares were issued during the six months ended July 31, 2015.

No shares were issued during the six months ended July 31, 2015.

Basic and diluted loss per share
The calculation of basic and diluted loss per share for six months ended July 31, 2015 was based on the net loss attributable to common shareholders of $79,208 (July 31, 2015 - $75,120) and the weighted average number of common shares outstanding of 44,633,171 (January 31, 2015 and July 31, 2014 – 44,533,171). Diluted loss per share will not include the effect of any share purchase warrants outstanding in the future since the effect would be anti-dilutive.

Stock options
The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve month period will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant at a price not less than the closing price of the Company's shares on the last trading day before the grant of such options less any discount, if applicable, but in any event not less than $0.10 per share In connection with the foregoing, the number of common shares reserved for issuance to any one optionee insider in any twelve month period will not exceed ten percent (10%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one employee or consultant will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities.

At July 31, 2015, the Company had no issued or outstanding stock options.

Share purchase warrants
At July 31, 2015, there were no share purchase warrants outstanding.

Capital Management
The Company's policy is to maintain a sufficient capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of share and working capital. There were no changes in the Company's approach to capital management during the year and the Company is not subject to any restrictions on its capital.

With no operating revenues to date, we continue to finance our operations through the issuance of common shares and advances from related parties. Although two private placements were completed in late August 2012 raising a net amount of $842,794 after share issue costs, there is no assurance that additional financing will be available when needed in the future nor, if available, on commercially reasonable terms. If we are unable to obtain additional financing on a timely basis, either through issuance of more common shares or obtaining additional advances from related parties, we may not be able to meet our obligations as they come due which may impact our ability to continue as a going concern in the future.

To a significant extent, our ability to continue raising capital is affected by trends and uncertainties beyond our control. These include general economic conditions, the market prices for precious metals and results from our exploration programs. The Company's ability to reach its business objectives may be significantly impaired if general economic conditions continue to deteriorate, prices for metals such as zinc, gold, copper and platinum fall or if results from planned exploration programs are unsuccessful.

ITEM 1.8 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ITEM 1.9 TRANSACTIONS WITH RELATED PARTIES

The following amounts are due to related parties as at July 31, 2015 and 2014 with comparative figures at year ended January 31, 2015:

	As At July 31, **2015**	As At July 31, 2014	As At January 31, 2015 (audited)
Payable to Company directors and companies controlled by directors	**$ 221,400**	$ 69,853	$ 120,485

These amounts are non-interest bearing and unsecured with no fixed term of repayment.

The Company had the following transactions with its directors or companies controlled by its directors during the periods ended as follows:

	Six months ended July 31, **2015**	Six months ended July 31, 2014	Year ended January 31, 2015 (audited)
Consulting fees	**$ 250**	$ 600	$ 1,600
Interest expense	**1,838**	-	737
Management fees	**30,000**	30,000	60,000
Office rent	**15,000**	15,000	30,000
Professional fees	**5,577**	4,267	8,113
	$ 52,665	$ 49,867	$ 100,450

ITEM 1.10 FOURTH QUARTER ENDED JANUARY 31, 2016

Not applicable at this time.

ITEM 1.11 SUBSEQUENT AND PROPOSED TRANSACTIONS

Nothing material at this time.

ITEM 1.12 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Basis of preparation
These interim financial statements have been prepared on an accrual basis; are based on historical costs, modified where applicable; and are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include: the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, recoverability and measurement of deferred tax assets, and provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates and assumptions, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include:

- Assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- Classification / allocation of expenditures as exploration and evaluation assets or operating expenses.

ITEM 1.13 CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies during the current year. However, new accounting standards issued recently are as follows:

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

New standard IFRS 15 "Revenue from Contracts with Customers"

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2017 with early adoption permitted.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

ITEM 1.14. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling & reporting structures. The type of risk exposure and the way in which such exposure is managed by the Company is as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and its credit card deposit. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its harmonized sales tax refundable which is minimal since it is recoverable from the Canadian Government.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its 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 attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.

Historically, the Company's source of funding has been either the issuance of equity securities for cash through private placements or advances from directors and officers. The Company's access to financing is always uncertain and there can be no assurance of continued access to significant funding from these sources.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

Commodity Price Risk
The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of precious metals. The Company closely monitors commodity prices to determine the most appropriate course of action.

Classification of financial instruments
Financial assets included in the Statements of Financial Position are as follows:

	July 31, **2015**	July 31, 2014	January 31, 2015 (audited)
Fair value through profit and loss:			
Cash	**$ 3,602**	$ 25,483	271
Credit card security deposit	**6,900**	6,900	6,900
	$ 10,502	$ 32,383	7,171

Other financial liabilities included in the Statements of Financial Position are as follows:

	July 31, 2015	July 31, 2014	January 31, 2015 (audited)
Non-derivative financial liabilities:			
Trade payables	**$ 10,270**	$ 15,340	$ 16,943
Loan payable	**39,676**	39,676	39,676
Related party payables	**221,401**	69,853	120,485
	$ 271,347	$ 124,869	$ 177,104

Fair value
The fair value of the Company's financial assets and liabilities approximate the carrying amounts included in the Statement of Financial Position.

ITEM 1.15 OTHER MD&A REQUIREMENTS

Management's Responsibility for Financial Statements
Management is responsible for the preparation and fair presentation of the Company's financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Conflicts of interest
The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Business and Regulatory Risks
We are engaged in the mineral exploration business and manage related industry risk directly. We are potentially at risk for environmental reclamation and fluctuations and commodity-based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements. At present, the Company is not required to provide for restoration and environmental obligations so no provision has been made. However, there is no certainty that all environmental risks and contingencies have been addressed.

Our exploration program will require significant future expenditures and there is no assurance any commercial mineral quantities will be found. If we are unable to generate significant revenues from our mineral claims, continued losses are expected into the foreseeable future. There is no history upon which to base any assumption as to the likelihood we will prove successful, and there is no assurance that we will generate any revenues nor ever achieve profitability. If unsuccessful in addressing these risks, the business will fail and investors could lose all of their investment in the company.

Regulatory risks include the possible delays in getting regulatory approval to the transactions that senior management and the Board of Directors believe to be in the Company's best interest, increased fees for statutory filings, and the introduction of increasingly more complex reporting requirements which must be complied with in order to maintain our public company position.

Cautionary note regarding forward-looking statements

This Management Discussion and Analysis may contain certain "forward-looking statements", as defined in the United States Private Securities Litigation Reform Act of 1995, and within the meaning of Canadian securities legislation, relating to the proposed use of proceeds. Forward-looking statements are statements that are not historical facts; they are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "aims," "potential," "goal," "objective," "prospective," and similar expressions, or that events or conditions "will," "would," "may," "can," "could" or "should" occur. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of risks and uncertainties. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Factors that could cause future results to differ materially from those anticipated in these forward-looking statements include, but are not limited to, the following: a change in the use of proceeds, the volatility of mineral prices, the possibility that exploration efforts will not yield economically recoverable quantities of minerals, accidents and other risks associated with mineral exploration and development operations, the risk that the Company will encounter unanticipated geological factors, the Company's need for and ability to obtain additional financing, the possibility that the Company may not be able to secure permitting and other governmental clearances necessary to carry out the Company's exploration and development plans, and the other risk factors discussed in greater detail in the Company's various filings on SEDAR (www.sedar.com) with Canadian securities regulators and its filings with the U.S. Securities and Exchange Commission on EDGAR (www.sec.gov). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.