**MIRA RESOURCES CORP.**
**MANAGEMENT DISCUSSION AND ANALYSIS**
**YEAR ENDED DECEMBER 31, 2014**

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at April 29, 2015 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 of Mira Resources Corp. ("Mira" or the "Company") with the related notes thereto. Those audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Readers may also want to refer to the December 31, 2013 audited consolidated financial statements and the accompanying notes. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Corporation's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Corporation is available for viewing on SEDAR at www.sedar.com.

## Description of Business

Mira was incorporated as "Suntec Pure Water Technologies Inc." pursuant to the provisions of the Business Corporations Act (Alberta) on October 30, 2003.

On March 27, 2008, the Company announced that its shareholders approved the sale of all of the Company's investment in the water treatment facility in a restructuring of the Company.

On April 8, 2008, the Company continued its corporate jurisdiction from Alberta to British Columbia, and changed its name from "Suntec Pure Water Technologies Inc." to "Mira Resources Corp.". The Company also consolidated its outstanding common shares on a one (1) for two-and-eight-tenths (2.8) outstanding basis. The Alberta Energy and Utilities Board (the "EUB") requires that the permits and approvals associated with the water treatment facility be held by an Alberta corporation and, as a result, the Corporation transferred the permits to a wholly-owned, Alberta resident subsidiary, 1463411 Alberta Ltd.

On February 28, 2011, the Company's listing transferred from the NEX to TSX Venture Exchange upon the acquisition of all of the issued and outstanding shares of Equinox TSB Development (Nigeria) Limited ("Equinox TSB") and changed the Company classification to 'oil and gas'. The Company trades under the symbol MRP.V.

As at December 31, 2014, $68,343 was held in trust by the EUB as security in respect of future potential reclamation costs associated with the facility. The Company is in the process of closing the plant facility.

## Significant Events

On November 18, 2010, the Company entered into a share purchase agreement with the Equinox Group Limited (the "Equinox Group") in London England for the acquisition of 100% of the issued common shares of Equinox TSB. Equinox TSB's sole material asset was a 48-per-cent interest in the Tom Shot Bank marginal field ("TSB field") located in shallow water, eastern Nigeria, within the boundaries of oil mining license 14. Equinox TSB's interest in the TSB field was acquired through farm-in agreements with Dansaki Petroleum Limited (Dansaki) and Associated Oil & Gas Services Limited, (Associated) the operator. The TSB field is to be developed in accordance with a joint operating agreement among Associated, Dansaki and Equinox TSB.

The acquisition closed on February 25, 2011, Mira made a cash payment to the vendors of $1.8-million (U.S.) and issued 8,333,333 common shares. Upon first commercial production and export of oil from the TSB field, Mira is required to make an additional payment of $2-million (U.S.) through a combination of cash and Mira shares. Upon one million barrels of oil being produced and exported from the TSB field, Mira is obligated to pay an additional $2-million. This final payment will also be a combination of cash and Mira shares.

On May 22nd, 2013, the Company received a default notice from Associated and Dansaki under the terms of the Company's JOA. The default notice does not comply with the default provisions of the JOA but the Company has acknowledged receipt of the notice and is currently trying to work within the terms of the JOA to address the current concerns of Associated Oil and Gas Services Limited and Dansaki Petroleum Limited.

During the year ended December 31, 2014, the Company settled $110,000 of face value debentures plus accrued interest. Consequently, the Company incurred a gain of $120,308.

During the year ended December 31, 2014, the Company entered into a Consulting Agreement with Apollo Innovative Solutions ("Apollo") for consulting services. Apollo will receive $100,000 on or before the Company raises an aggregate of $3,000,000 in financing or such time as the Company retires the debt owed to insiders.

At the Company's Annual General and Special Shareholders Meeting held on July 15, 2014, the members approved a resolution that allows the Board of Directors to effect a share consolidation up to 50 for 1 in the Board's discretion and a name change to Lighthouse Resources Ltd. The Company proposed this to members to create greater flexibility in future financings. As at the date of this MD&A, the share consolidation has not been finalized; therefore, no share amounts were retroactively adjusted.

On September 25, 2014 the Company announced that the Company had been advised by its Nigerian partners, Associated Oil and Gas Services Limited and Dansaki Petroleum Limited, that the Nigerian partners have contracted the Company's interest in the TSB Field elsewhere. The Company also announced that it was thoroughly examining its legal position under the Joint Operating Agreement and the purported forfeiture of the Company's right to the 48% interest in the TSB Field without recompense to the Company.

On September 30, 2014 the Company announced the resignation of Mohammed Asibelua as Chairman and a director of the Company.

As at December 31, 2014, the Company abandoned its projects in Nigeria and has written-off its mineral interest to $nil.

## Outlook

The Company will continue its efforts to refinance and as part of its strategy the Board will make a decision on the optimal level of share consolidation that will be necessitated for a future financing.

## Going Concern

The Company's consolidated financial statements have been prepared on the going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. At December 31, 2014, the Company has a deficit of $49,575,321 and has incurred losses since inception. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. There is substantial doubt that the Company can meet general operating and property expenditures requirement due to its limited working capital. There can be no assurances that the Company will be able to raise additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and evaluation activities. These uncertainties raise substantial doubt upon the Company's ability to continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

The Company completed financings in February 2011, July 2011, February 2012 and October 2012, however¸ there is no assurance that debt or equity financing will be available when needed on terms acceptable to the Company in the future.

## Selected Annual Financial Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the financial statements.

| | Year Ended December 31, 2014 | Year Ended December 31, 2013 | Year Ended December 31, 2012 |
|---|---|---|---|
| Total revenues | $ - | $ - | $ - |
| Loss for the year | (241,893) | (37,023,951) | (2,012,403) |
| Comprehensive loss for the year | (757,092) | (36,433,765) | (2,506,979) |
| Basic and diluted loss per share | (0.01) | (0.23) | (0.02) |
| Total assets | 72,622 | 99,880 | 33,857,294 |
| Total long-term liabilities | 2,316 | 4,221 | 6,066 |
| Cash dividends | - | - | - |

**Results of Operations**

During the year ended December 31, 2014, the Company recorded a loss of $241,893 (2013 – $37,023,951) and loss per share of $0.00 (2013 – $0.24). The decrease in the loss related primarily to the following expenses:

- Overall decrease in administrative expenditures due to the decrease in activities for the Company.

- Loan settlement of $120,308 (2013 - $nil) as the Company was able to settle a convertible loan on favorable terms.

- Management fees of $Nil (2013 - $105,000) decreased as a result of changes to the management structure. Management services were not required during the year as the Company had essentially no activities.

- Accretion of convertible debentures and interests of $137,405 (2013 - $575,435) decreased as the convertible features of the loans expired and the Company stopped accruing interest on the related party loans.

- Professional fees of $45,191 (2013 - $176,316) decreased mainly as a result of lower accounting and legal fees during the year.

## Quarterly Information

The following table sets forth selected quarterly financial information prepared by management of the Company:

| | Three Months Ended December 31, 2014 | Three Months Ended September 30, 2014 | Three Months Ended June 30, 2014 | Three Months Ended March 31, 2014 |
|---|---|---|---|---|
| Equipment | $ - | $ - | $ - | $ - |
| Total assets | 72,622 | 79,116 | 76,523 | 82,224 |
| Working capital (deficiency) | (11,161,096) | (11,449,831) | (10,916,718) | (10,952,938) |
| Revenue | - | - | - | - |
| Operating (expenses) recovery | 113,781 | (120,823) | (90,999) | (124,140) |
| Income (loss) for the period | 546,307 | (253,037) | (187,495) | (347,668) |
| Loss per share | 0.00 | (0.00) | (0.00) | (0.00) |

| | Three Months Ended December 31, 2013 | Three Months Ended September 30, 2013 | Three Months Ended June 30, 2013 | Three Months Ended March 31, 2013 |
|---|---|---|---|---|
| Equipment | $ 16,055 | $ 17,058 | $ 18,061 | $ 19,064 |
| Total assets | 99,880 | 35,746,712 | 36,396,543 | 35,088,267 |
| Working capital (deficiency) | (10,417,458) | (9,736,431) | (9,508,760) | (8,815,924) |
| Revenue | - | - | - | - |
| Operating expenses | (222,771) | (219,103) | (304,059) | (411,570) |
| Loss for the period | (36,088,493) | (338,147) | (195,204) | (402,107) |
| Loss per share | (0.23) | (0.00) | (0.00) | (0.00) |

**Fiscal 2014**

During the first quarter of fiscal 2014, the Company incurred a loss of $347,668 which was primarily due to accrued stipend payments under the Joint Operating Agreement to Associated and Dansaki of $165,284. The Company incurred interest on related party loans of $50,997 and convertible debentures of $47,045 as part of its past financing efforts. Other significant expense included professional fees of $12,500 and transfer agent and filing fees of $12,945, which were related to the Company’s continuing operation.

During the second quarter of fiscal 2014, the Company incurred a loss of $187,495 which was primarily due to accrued stipend payments under the Joint Operating Agreement to Associated and Dansaki of $163,606. The Company incurred interest on related party loans of $27,406 and convertible debentures of $47,569 as part of its past financing efforts. Other significant expense included professional fees of $8,720 and transfer agent and filing fees of $5,222, which were related to the Company’s continuing operation.

During the third quarter of fiscal 2014, the Company incurred a loss of $253,037 which was primarily due to accrued stipend payments under the Joint Operating Agreement to Associated and Dansaki of $163,185. The Company incurred interest on related party loans of $59,586 and convertible debentures of $45,065 as part of its past financing efforts. Other significant expense included professional fees of $11,471 and transfer agent and filing fees of $4,476, which were related to the Company’s continuing operation.

During the fourth quarter of fiscal 2014, the Company incurred a recovery of $546,307 which was primarily due to the Company abandoning its projects in Nigeria and the consequent reversal of accrued stipend payments. Furthermore, the Company also had a retroactive reversal of interest from January 2014 as the Company mutually agreed with related party debt holders to stop accruing interest for the fiscal 2014 year. Other significant expense included professional fees of $12,500 and transfer agent and filing fees of $1,088, which were related to the Company’s continuing operation.

**Fiscal 2013**

During the first quarter of fiscal 2013, the Company incurred a loss of $402,107 primarily as a result of operating and financing activities related to the Nigerian field. The Company incurred interest on related party loans of $47,392 and accretion of convertible debentures of $154,445 as part of its financing efforts. Additionally, the Company recognized a gain on change in valuation of conversion feature for $37,857 which was related to the convertible debt outstanding during the quarter. The Company recorded share-based payments of $19,428 for options vested during the quarter which were granted in the previous periods. Other significant expenses included professional fees of $53,746, administration of $10,793 and transfer agent and filing fees of $11,612 which were related to the Company's continuing operation. The Company also paid or accrued management fees of $105,000 during the quarter to the Company's directors and officers as disclosed under the "Related Party Transactions" section.

During the second quarter of fiscal 2013, the Company incurred a loss of $195,204 primarily as a result of operating and financing activities related to the Nigerian field. The Company incurred interest on related party loans of $44,987 and accretion of convertible debentures of $156,162 as part of its financing efforts. Additionally, the Company recognized a loss on change in valuation of conversion feature for $7,101 which was related to the convertible debt outstanding during the quarter. Other significant expenses included professional fees of $57,900, property investigation costs of $13,521 and transfer agent and filing fees of $12,172 which were related to the Company's continuing operation.

During the third quarter of fiscal 2013, the Company incurred a loss of $338,147 primarily as a result of operating and financing activities related to the parent Company (Mira Resources Corp). The Company incurred interest on related party loans of $21,635 and accretion of convertible debentures of $157,878 as part of its financing efforts. Additionally, the Company recognized a gain on change in valuation of conversion feature for $2,094 which was related to the convertible debt outstanding during the quarter. Other significant expense included professional fees of $21,570, which were related to the Company's continuing operation.

During the fourth quarter of fiscal 2013, the Company incurred a loss of $36,088,493 primarily as a result of operating and financing activities related to the parent Company (Mira Resources Corp) and wrote down of $35,802,416 in exploration and evaluation assets. The Company incurred interest on related party loans of $62,832 and accretion of convertible debentures of $106,950 as part of its financing efforts. Other significant expense included professional fees of $43,100, which were related to the Company's continuing operation.

## Oil and Gas Operations

During the year ended December 31, 2014, the Company wrote-off its exploration and evaluation assets as it abandoned all operations in Nigeria.

As at December 31, 2014, $nil of exploration expenditures has been capitalized as intangible exploration and evaluation assets.

## Liquidity and Capital Resources

At December 31, 2014 the Company had a working capital deficiency of $11,161,096 and cash on hand of $2,010 compared to a working capital deficiency of $10,417,458 and cash on hand of $12,480 at December 31, 2013.

Net cash used in operating activities for the year ended December 31, 2014 was $9,773 compared to $331,772 used during the year ended December 31, 2013 and consists primarily of the operating loss adjusted for non-cash items and changes in non-cash working capital items.

Net cash used in investing activities for the year ended December 31, 2014 was $697 compared to $90,950 used during the year ended December 31, 2013 and is mainly attributable to the decrease in expenditures on exploration and evaluation assets.

Net cash provided by financing activities for the year ended December 31, 2014 was $Nil compared to $267,350 during the year ended December 31, 2013.

To finance future acquisition, exploration, development and operating costs, the Company will require financing from external sources, including from the issuance of new shares, issuance of debt or execution of working interest farm-out agreements. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interest of shareholders in the net assets of the Company may be diluted. If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities which may ultimately lead to the Company's inability to fulfill the minimum work obligations under the terms of its joint operating agreements. Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities.

## Commitment

Equinox TSB entered into a Joint Operating Agreement ("JOA") on November 18$^{th}$, 2010 with Associated Oil and Gas Services Limited ("Associated") and Dansaki Petroleum Limited ("Dansaki") covering the Tom Shot Bank marginal field in Nigeria. Under the agreement Equinox TSB is required to:

i. Pay the following sums to Associated:

   a) Within 30 days of the agreement dates, a sum of NGN8,620,500 ($56,809) (paid) or its equivalent in US dollars and US$25,000, being a portion of certain costs incurred by Associated in relation to the Farm-out Area during the period from January 2009 to December 2009. These amounts will be recoverable from Associated's share of profits.

   b) Within 30 days of the agreement dates, a sum of US$50,000 (paid), being the costs incurred by Associated with respect to a lawsuit, in which the plaintiffs are seeking damage for wrongful dismissal among a number of defendants. Equinox TSB is not named in and has no involvement with the action. Additional expenses associated with the lawsuit will be reimbursed by Associated. These amounts will be recoverable from Associated's share of profits.

   c) Pay a monthly stipend of US$15,000 commencing November 1, 2010, payable in arrears on the last day of each month with an initial lump sum payment of US$60,000 (paid). The monthly stipend will end upon the earlier to occur of the achievement of first hydrocarbons or as agreed upon by the parties. The amounts will become recoverable by Equinox TSB on a monthly basis with an initial lump sum payment of US$60,000 and US$15,000 (US$25,000 effective October 1, 2012) each subsequent month.

ii. Pay the following sums to Dansaki:

a) Within 30 days of the agreement dates, a sum of NGN1,300,000 ($8,567) (paid) or its equivalent in US dollars being a portion of certain costs incurred by Dansaki in relation of the Farm out Area during the period from May 2009 to December 2009. These amounts will be recoverable as cost hydrocarbons.

b) Within 30 days of the agreement dates, a sum of NGN1,100,000 ($7,249) (paid) or its equivalent in US dollars, being the costs incurred by Dansaki with respect to a lawsuit in which the plaintiffs are seeking damage for wrongful dismissal among a number of defendants. Equinox TSB is not named in and has no involvement with the action. Additional expenses associated with the lawsuit will be reimbursed by Dansaki. These amounts will be recoverable from Dansaki's share of profits.

c) Pay a monthly stipend of US$10,000 commencing November 1, 2010, payable in arrears on the last day of each month with an initial lump sum payment of US$60,000(paid). The monthly stipend will end upon the earlier to occur of the achievement of first hydrocarbons or as agreed upon by the parties. The amounts will become recoverable by Equinox TSB on a monthly basis with an initial lump sum payment of US$60,000 and US10,000 (US$25,000 effective October 1, 2012) each subsequent month.

d) Pay a Reserve Bonus to Dansaki if after the completion of Firm Work program an independently certified proven/probable commercially developed P1/P2 reserves are between 5 to10 MMBO, $0.49 Million US dollars; 10<15MMBO, pay $0.98 Million dollars and if >15MMBO P1/P2 Reserves, $1.47 Million dollars.

On May 22, 2013, the Company received a default notice from Associated and Dansaki under the terms of the Company's JOA. The default notice does not comply with the default provisions of the JOA but the Company has acknowledged receipt of the notice.

During the year ended December 31, 2014, the Company has accrued $nil for stipends payable to Associated and Dansaki under the JOA as the Company has abandoned its activities in Nigeria.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## Related Party Transactions

The Company incurred the following fees and expenses in the normal course of operations in connection with the following related parties:

| | Nature of transactions | Year Ended December 31, 2014 | Year Ended December 31, 2013 |
|---|---|---|---|
| **Key management personnel:** | | | |
| CEO and Director of the Company | Management | $ - | $ 45,000 |
| Former President and Director of the Company i) | Geological | - | 40,000 |
| A company controlled by the CFO and Director of the Company | Management | - | 15,000 |
| Chairperson of the Company | Management | - | 45,000 |
| Directors and Officers of the Company | Share-based payments | - | 19,428 |
| Total | | $ - | $ 164,428 |
| **Related parties:** | | | |
| A company controlled by President and Director of the Company | Consulting | $ - | $ 13,368 |
| A firm where the CFO and Director of the Company is a partner | Professional | 30,400 | 159,300 |
| A company controlled by the CEO and Director of the Company | Rent and admin | - | - |
| Total | | $ 30,400 | $ 187,878 |

i) There were no post employment benefits, termination benefits, or other long-term employment benefits paid to the key management personnel in either 2014 or 2013.

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Due to a firm where the CFO and Director of the Company is a partner | $ 391,813 | $ 359,893 |
| Due to the CEO and Director of the Company | 52,959 | 52,959 |
| Due to the former President and Director of the Company | - | 111,412 |
| Due to a company controlled by the CFO and Director of the Company | 37,925 | 21,200 |
| Due to the former Chairperson of the Company i) | 120,000 | 120,000 |
| Due to a Company controlled by the President and Director of the Company | - | 13,368 |
| | $ 602,697 | $ 678,832 |

i) Mohammed Asibelua has resigned as Chairman and a director on September 29, 2014.

Included in related party loans are the following:

| | | December 31, 2014 | December 31, 2013 |
|---|---|---|---|
| Due to Directors of the Company | i) | $ 1,091,664 | $ 1,002,980 |
| Due to a Director's spouse | i) | 363,888 | 334,327 |
| Due to a Director of the Company | ii) | 321,818 | 296,004 |
| | | $ 1,777,370 | $ 1,633,311 |

i) The loans bear interest at 12% per annum with an extended maturity date of February 7, 2014. The principal sum is convertible into common shares at the option of the Company at any time prior to maturity of the loan with a conversion price per share equal to 95% of the weighted average trading price of the Company's common share for the 20 trading days preceding the conversion date. As at December 31, 2014, the loans were payable on demand with accrued interest up to December 31, 2013.

ii) The loan bears interest at 12% per annum with a maturity date of February 8, 2014. The principal sum is convertible into units of the Company at the Company's market price at the time of conversion. Each unit will consist of one common share and one half share purchase warrant with each full warrant being convertible into one additional common share of the Company at the Company's market price at the time of conversion for a period of two years from closing. As at December 31, 2014, the loans were payable on demand with accrued interest up to December 31, 2013.

During the year ended December 31, 2014, the Company mutually agreed with debt holders to stop accruing interest for the fiscal 2014 year and has accrued $Nil (2013 - $176,846) in interest for the related party loans.

<u>Other related party transaction</u>

As at December 31, 2014, included in convertible debentures is $581,330 (US$500,000) (December 31, 2013 - $534,700 (US$500,000) due to a director's spouse.

**Contingent Liabilities**

The Corporations' partners under the joint operating agreement, Associated and Dansaki, are named as defendants (among others) in a Nigerian legal action filed in March 2009 and an interlocutory injunction filed on December 15, 2010. The action seeks damages of approximately US$660,000 and general damages of US$13,000,000. The Corporation's acquisition of Equinox TSB shares has been referred to in the injunction. The outcome is not determinable and no amounts have been accrued, Equinox Group has provided the Corporation (and their directors, officers, partners, employee and shareholders) with an indemnity dated January 29, 2011 against any and all expenses, losses, claims, actions, damages or liabilities based directly on the interlocutory injunction filed on December 15, 2010.

The Company is in the process of settling outstanding balance with Axxis Petroconsultants Ltd. The maximum liability is estimated to be US$5,543,000, of which the Company has accrued $4,069,310 (US$3,500,000) as at December 31, 2014 (December 31, 2013 - $3,742,900 (US$3,500,000)).

### Basis of Consolidation and Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

The financial statements include the financial statements of Mira Resources Corp. and its subsidiaries listed in the following table:

| Name of Subsidiary | Country of Incorporation | Proportion of Ownership Interest | Principal Activity |
|---|---|---|---|
| Equinox TSB Development (Nigeria) Ltd. | Lagos, Nigeria | 100% | Oil and gas exploration and development |
| 146411 Alberta Ltd. | Alberta, Canada | 100% | Not active |

## Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency for parent company and 146411 Alberta Ltd. The functional currency for Equinox TSB Development (Nigeria) Ltd. is US dollars.

### Risk and Risk Management

The Company participates in oil and gas projects located in emerging markets, including Nigeria. Oil and gas exploration, development and production activities in these emerging markets are subject to significant political and economic uncertainties which may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, and the imposition of currency controls. These uncertainties, all of which are beyond the Company’s control, could have a material adverse effect on the Company’s business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by the Company, the Company could be subject to the jurisdiction of courts other than those of Canada. The Company’s recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which the Company acquires an interest. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits when required.

The risks and uncertainties described below are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance nor are they inclusive of all the risks and uncertainties the Company may be subject to as other risks may apply.

- The oil and gas property interests the Company anticipates exploring will be in the exploration stage only and consequently, exploration of oil and gas property interests may not result in proven or probable oil and gas reserves. Oil and gas exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing wells. If the Company’s efforts do not result in any discovery of proven or probable oil and gas reserves, the Company will be forced to look for other exploration projects or cease operations.

- Governmental regulation may have negative impacts on the Company. The Company's assets and activities will be subject to extensive Canadian and Nigerian federal, provincial, territorial and local laws and regulations governing various matters, including, but not limited to:

    - environmental legislation and protection;
    - management and use of toxic substances and explosives;
    - management of natural resources;
    - exploration, drilling of wells, production and any asset retirement obligations;
    - exports;
    - price controls;
    - taxation;
    - royalties;
    - onerous development criteria;
    - labour standards and occupational health and safety, including site safety; and
    - historic and cultural preservation.

  The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its oil and gas properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits against the Company based upon potential damage(s) to property and injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even those actions of parties from whom the Company acquired its properties, and could lead to the imposition of substantial fines, penalties and/or other civil or criminal sanctions. The Company retains competent and well trained individuals and consultants in jurisdictions in which it does business; however, there is no certainty that the Company will continuously be compliant with all applicable laws. The failure to comply with all applicable laws could lead to financial restatements, fines, penalties and other material negative impacts on the Company.

- Failure to comply with applicable laws, regulations and local practices relating to oil and gas rights, applications and tenures could result in loss, reduction or expropriations of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Any such loss, reduction or imposition of partners could have a material adverse impact on the Company's operations or business.

- The Company’s exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and protected species. The Company’s ability to obtain permits and approvals and to successfully operate in particular communities may be adversely impacted by real or perceived detrimental events associated with the Company’s activities or those of other oil and gas companies. Future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have an adverse impact on the Company’s financial condition.

- In the ordinary course of business, the Company is required to obtain and renew governmental permits for existing operations and any ultimate development, construction and commencement of oil and gas operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings on the Company's part. Any unexpected delays or costs associated with the permitting process could delay the development or impede the drilling of a property, which could adversely impact the Company's operations and profitability.

- The oil and gas exploitation industry is intensely competitive in all its phases and the Company competes with many companies possessing greater financial resources and technical facilities. The Company competes with many companies possessing greater financial resources and technical abilities than itself for the acquisition of oil and gas reserves, claims, leases, other oil and gas interests, and equipment required to conduct its activities as well as for the recruitment and retention of qualified employees.

- In addition, there is no assurance that even if proven reserves of oil and gas are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any oil and gas discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates and global or regional consumption patterns, speculative activities, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of oil and gas and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

- Substantial expenditures are required to establish probable or proven oil and gas reserves through drilling. Estimates of oil and gas reserves and oil and gas resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grade of oil and gas ultimately extracted may differ from that indicated by the reserve reports. Material changes in oil and gas reserves, grades, or recovery rates may affect the economic viability of any project.

- Drilling, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. In addition, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

- The Company's oil and gas property interests may be subject to prior unregistered agreements or transfers and as such title to some of the Company's oil and gas property interests may be affected. Although the Company will seek and receive such representations as it has been able to achieve from vendors in connection with the acquisition of an interest in its oil and gas properties and will conduct limited investigations of legal title to each such property, the mining properties in which the Company has an interest may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

- The Company's future performance is dependent on key personnel. The loss of the services of any of the Company's executives or directors could have a material adverse effect on the Company's business.

## Forward-Looking Statements

This MD&A contains certain forward-looking statements relating, but not limited to, the Company's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "may", "will", "should", "expects", "projects", "plans", "anticipates" or similar expressions suggesting future outcomes.

The Company does not have a history of earnings. These statements represent management's expectations or beliefs concerning, among other things, future performance and financial results and various components thereof. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking assumptions will not be achieved by the Company. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, including but not limited to: changes in business strategies; general economic and business conditions; the effects of competition; changes in laws and regulations, including environmental and regulatory laws; and various events that could disrupt operations. Actual performance and financial results in future periods may differ materially from any projections of future performance or results expressed or implied by forward-looking statements.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise, or the foregoing list of factors affecting such information.

## Changes in Accounting Policies including Initial Adoption

*New Accounting Pronouncements Effective in Future Periods*

The following new and amended IFRS pronouncements were adopted during the year ended December 31, 2014 and had no significant impact on the consolidated financial statements.

- Amendments to IAS 32 - Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. This standard becomes effective for annual periods beginning on or after January 1, 2014.

- Amendments to IAS 36 – Impairment of Assets, clarifies the recoverable amount disclosures for non-financial assets, including additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount was based on fair value less costs of disposal. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014.

- The IASB issued IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("Obligating Event"). IFRIC 21 clarifies that the Obligating Event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

Certain new accounting standards and interpretations have been published that are not mandatory for the Company's December 31, 2014 reporting period. These standards and interpretations have not been adopted and are yet to be assessed by the Company unless otherwise stated. The Company plans to adopt these standards and interpretations during the period required.

Effective for annual periods beginning on or after January 1, 2015

- New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

- Amendments to IAS 24- 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. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

- Amendments to 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. The amendment is effective for share based payment transactions for which the grant date is on or after July 1, 2014. The Corporation is in the process of determining the impact of the amendment of IFRS 2 on its financial statements.

## FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;

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

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

The Company's primary financial instruments are classified as follows:

| Financial instruments | Classifications |
|---|---|
| Cash | FVTPL |
| Cash held in trust | LAR |
| Accounts payable and accrued liabilities | OFL |
| Related party loans | OFL |

| | |
|---|---|
| Convertible debentures | OFL |

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature except as otherwise noted. The fair value of the Company's cash and cash held in trust constitutes a Level 1 fair value measurement. The Company does not currently hold any financial instruments that would be included in the classification of AFS.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 16 of these financial statements. As at December 31, 2014, the Company had a cash balance of $2,010 and receivables of $2,269 to settle current liabilities of $11,165,375. With exception to related party loans (Note 11) and convertible debentures (Note 12), all of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. The Company is planning additional financings in the near term to raise working capital to finance its ongoing operations.

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at December 31, 2014, the Company's receivables consisted of $2,269 in GST receivable from government authorities in Canada. Substantially all cash balances are held at chartered banks in Canada. The Company believes it has no significant credit risk.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and interest-bearing debt. The Company is satisfied with the credit ratings of its banks. As of December 31, 2014, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The Company's exposure to foreign currency exchange risk is mitigated by the fact that the Company restricts the amount of Nigerian Naira ("NGN") kept on hand and sources the majority of its capital projects and expenditures in US dollars. The Company has not entered into any derivative instruments in an effort to mitigate exposure to fluctuations in foreign exchange rates.

c) Price risk

The recoverability of the Company's exploration and evaluation assets is indirectly related to the market price of oil and gas. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices. The Company is not currently directly exposed to fluctuations in commodity prices as the Company is currently in the exploration phase and has no production.

## Change in Management and Directors

On May 23, 2014, the Company appointed Mr. Tony Chan to the Board of Directors of the Company.

On September 29, 2014, Mr. Mohammed Asibelua has resigned as Chairman and a Director.

On December 5, 2014, Mr. E.C. Woodrow has been appointed to its Board of Directors. Mr. Tony Chan resigned as Director.

## Outstanding Share Data

As at April 29, 2015, the Company has:

a) 156,965,926 common shares outstanding;

b) 10,350,000 stock options outstanding;

c) Nil warrants outstanding; and

d) Nil common shares subject to escrow.