



MANAGEMENT'S DISCUSSION AND ANALYSIS

NINE MONTHS ENDED MARCH 31, 2015

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Management's Discussion and Analysis
Nine Months Ended March 31, 2015

The following is management's discussion and analysis ("MD&A") of Canyon Copper Corp. ("Canyon" or the "Company"), prepared as of June 1, 2015. This MD&A is intended to assist the reader to assess material changes in the financial condition and results of operations of Canyon as of March 31, 2015 and for the nine months then ended. This MD&A should be read together with the unaudited condensed consolidated financial statements for the nine months ended March 31, 2015 and the audited consolidated financial statements for the year ended June 30, 2014 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise indicated. United States dollar amounts are denoted by "US\$".

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative 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.

Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that 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 information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; limited operating history; the actual results of current exploration activities; ability to obtain sufficient financing to meet ongoing operating costs; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of operation; future mineral prices; equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of exploration activities. See "Risks and Uncertainties" below.

Forward looking information is based on a number of material factors and assumptions, including the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties discussed above.

The Company intends to discuss in its quarterly and annual reports referred to as the Company's MD&A documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this MD&A. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.

As of July 1, 2013, the Company adopted International Financial Reporting Standards ("IFRS"). The Company's unaudited condensed consolidated interim financial statements for the nine

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months ended March 31, 2015 have been prepared in accordance with IAS 34 – Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Overview

Canyon Copper Corp. was incorporated on January 21, 2000 under the laws of the State of Nevada. On May 31, 2013, the Company changed its incorporation jurisdiction to the Province of British Columbia, Canada. The continuation was approved by the Company's shareholders at a special meeting of shareholders held on May 21, 2013. The Company has one wholly owned subsidiary, Canyon Copper (USA) Ltd. (“Canyon USA”) and is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “CNC”.

The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company holds a 100% interest in a copper porphyry project located in California (the “Moonlight Property”) and also holds 100% title to a claim block in Nevada (the “New York Canyon Claims”), along with additional mineral claims located within the vicinity of the New York Canyon Claims area (together, the “New York Canyon Project”). In June 2014, the Company optioned up to an 80% interest in the New York Canyon Project to Falcon Gold Corp. (“Falcon”) See *Exploration and Development – New York Canyon Project – Falcon Option Agreement* below.

The Company has not earned any revenues to date and does not anticipate earning revenues until such time as it enters into commercial production of its mineral properties. The Company is presently in the exploration stage of its business and can provide no assurance that commercially viable mineral deposits exist on its properties or that it will discover commercially exploitable levels of mineral resources on its properties, or if such deposits are discovered, that the Company will enter into further substantial exploration programs.

The technical information in this MD&A has been reviewed on behalf of the Company by Ben Ainsworth, PEng (British Columbia, Saskatchewan). Mr. Ainsworth is the Company's Chief Executive Officer and President and is a Qualified Person as defined in National Instrument 43-101 (“NI 43-101”).

Corporate Highlights

- In April 2015, the Company signed a non-binding letter of intent with Crown Mining Corp. (“Crown”) whereby the parties have agreed to enter into a definitive agreement setting forth the terms of the proposed sale of the Moonlight Property to Crown. See *Exploration and Development – Moonlight Property* below.
- In April 2015, the Company entered into a loan agreement with a company controlled by the Company's president and CEO (the “Lender”), whereby the Lender has agreed to loan Canyon \$250,000 for a period of one year at an interest rate of 10% per year. As additional consideration of the loan, Canyon has agreed to issue 500,000 common shares (“Bonus Shares”) to the Lender. The loan agreement and the Bonus Shares are subject to the acceptance of the TSX-V. The loan will be used for working capital purposes.
- In February 2015, Metamin and the Optionor (as defined below) agreed to extend the advance royalty payments for the Moonlight Property due February 18, 2015 to August 18, 2015.

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- In January 2015, the Company issued 150,000 common shares to the Optionor of the Moonlight Property in accordance with the terms of the Moonlight Property option agreement, to replace the shares originally issued by Sandfield Resources Ltd. ("Sandfield").
- In August 2014, the Company exercised its option to acquire a 100% interest in the Moonlight Property. See *Exploration and Development* below.

Exploration and Development***New York Canyon Project, Nevada, United States***

The New York Canyon Project consists of 190 unpatented mineral claims covering approximately 3,800 acres and 21 patented mineral claims covering an area of approximately 780 acres, including the Jaycor Mining Inc. ("Jaycor") claims as described below, located within the vicinity of the New York Canyon Claims area, Mineral County, Nevada. The New York Canyon Project is approximately five miles east of Luning and 30 miles east of Hawthorne, in the sparsely populated west central part of Nevada.

In order to maintain the New York Canyon Project claims, the Company must annually pay a maintenance fee of US\$155 per claim to the Nevada State Office of the Bureau of Land Management ("BLM") and on November 1 of each year the Company must file an affidavit and "Notice of Intent to Hold" the claims in Mineral County. The Company has paid the required maintenance fees and filed the affidavits required in order to extend the claims to August 31, 2015.

There were no exploration activities conducted on the New York Canyon Project during the nine months ended March 31, 2015.

Jaycor Purchase Agreement

In March 2014, the Company acquired 18 patented mineral claims totaling 360 acres, pursuant to a purchase agreement with Jaycor and Canyon USA, which were previously leased by Canyon pursuant to the terms of a lease agreement with Jaycor dated July 21, 2004. Under the terms of the purchase agreement, the Company acquired a 100% interest in the 18 Jaycor claims and the lease agreement was terminated, in consideration of the issuance of 600,000 common shares of Canyon, which the Company issued in March 2014. The Jaycor claims continue to be subject to a 1.75% net smelter return ("NSR") which is payable up to US\$2,000,000.

Falcon Option Agreement

In June 2014, the Company entered into a property option agreement where Falcon can earn up to an 80% interest in the New York Canyon Project. Falcon may earn an initial 60% interest in the New York Canyon Project (the "First Interest") by:

- Making cash payments totaling \$150,000 (\$20,000 paid in August 2014).
- Issuing the Company a total of 1,500,000 common shares (250,000 common shares issued in August 2014).
- Issuing the Company 500,000 share purchase warrants exercisable at \$0.10 for a term of two years (granted in August 2014).
- Incurring \$2,000,000 in exploration expenditures on the project.

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Falcon has the right to increase its interest to 80% (the "Second Option"). To exercise the Second Option, Falcon is required to issue the Company an additional 1,000,000 common shares and complete a preliminary economic assessment by June 2020.

If Falcon exercises an 80% interest or elects to proceed with the initial 60% interest, the parties will form a joint venture for the purpose of carrying out further exploration and development of the New York Canyon Project. The TSX-V has approved the property option agreement with Falcon.

Under the terms of the agreement, Falcon will also pay the Company a lease payment of \$30,000 per year in connection with the patented claims and Falcon will be responsible for all BLM filing fees for the unpatented claims. At the date of this MD&A, all required lease payments have been paid.

Geology

The New York Canyon Project lies within the central portion of the Walker Lane structural belt, a broad zone of northwest-southeast striking parallel to sub-parallel, right lateral strike-slip faults extending for more than 400 miles through western Nevada and into northern California. Mineralization in the New York Canyon Project occurs principally as contact metasomatic copper skarn deposits and as possible copper porphyry deposits within intrusive bodies at depth beneath the skarns.

Moonlight Property, California, United States

The Company has a 100% interest in the Moonlight Property, which is comprised of 297 unpatented mineral claims having an area of approximately 6,300 acres located on the northern end of the Walker Lane Belt in Plumas County, California.

There were no exploration activities conducted on the Moonlight Property during the nine months ended March 31, 2015.

Metamin Agreements

The Company entered into an assignment agreement dated November 25, 2011 with Metamin Enterprises Inc. ("Metamin"), a company controlled by Benjamin Ainsworth, the Company's President and a director, and Metamin Enterprises USA Inc. (the "Optionor"), a wholly owned subsidiary of Metamin, to acquire Metamin's interest in an option agreement between Metamin and the Optionor, in respect of the Moonlight Property. In January 2012, the Company closed the assignment agreement with Metamin and the Optionor and, in satisfaction of the assignment, the Company made cash payments of US\$65,000 and issued 500,000 common shares to Metamin in consideration of all Metamin's rights, title and interest to the Moonlight Property.

Upon closing of the assignment agreement, the Company assumed all of Metamin's rights and obligations under an option agreement with another vendor and is required to make certain cash and share payments to the Optionor and satisfy exploration expenditures to maintain and exercise the option. Pursuant to the agreements, the Company has 1) made cash payments of US\$50,000; 2) issued 500,000 common shares to the Optionor; and, 3) incurred US\$100,000 in exploration expenditures, in consideration of the option agreement. Sandfield paid US\$25,000 and issued 150,000 shares, in accordance with the terminated agreement, as described below. As a result of the Company's share consolidation, the Company issued an additional 140,000 common shares to each Metamin and the Optionor.

Pursuant to both the assignment and option agreements, the Company is required to pay to each Metamin and the Optionor an annual advanced royalty, to be deductible from future royalty

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payments, of US\$15,000 commencing on February 18, 2014 and payable each year thereafter. The Company has made all advanced royalty payments required to the date of this MD&A. Metamin and the Optionor will also both retain a 1% NSR on the metals extracted from the Moonlight Property, which can be repurchased for US\$1,000,000, and a gross overriding royalty of 2.5% on receipts from the sale of industrial minerals.

In August 2014, the Company exercised its option to acquire a 100% interest in the Moonlight Property. The exercise of the option was completed pursuant to the terms of the assignment and option agreements.

In January 2015, the Company issued 150,000 common shares to the Optionor of the Moonlight Property in accordance with the terms of the Moonlight Property option agreement, to replace the shares originally issued by Sandfield.

In February 2015, Metamin and the Optionor agreed to extend the advance royalty payments for the Moonlight Property due February 18, 2015 to August 18, 2015.

Sandfield Option Agreement

On January 24, 2013, the Company entered into an agreement with Sandfield and Sandfield Resources (USA) Inc. whereby the Company agreed to transfer up to a 70% interest in the Company's optioned Moonlight Property to Sandfield. In June 2014, the Company and Sandfield terminated the agreement, with Sandfield having paid \$125,000, having completed US\$100,000 in exploration work and making required advance royalty payments. As a result of terminating the agreement, the parties are released and discharged of all of their obligations under the agreement.

Crown Mining Corp.

In April 2015, the Company entered into a non-binding letter of intent with Crown whereby the parties have agreed to enter into a definitive agreement setting forth the terms of the proposed sale of the Moonlight Property to Crown. Under the proposed terms of the definitive agreement, Canyon will transfer all of its interest in and to the Moonlight Property to Crown and, in consideration of which, Crown will pay Canyon \$350,000 and issue 2,000,000 common shares of Crown on closing of the definitive agreement. Under the letter of intent, Canyon has granted Crown the exclusive right to negotiate the acquisition of the Moonlight Property until July 31, 2015. In consideration of this right, Crown has paid Canyon \$6,250.

The closing of the transaction will be subject to customary conditions as well as (A) the existing advanced royalty holders (the "Advanced Royalty Holders") approving the: (i) elimination of the advanced royalty payments, (ii) an increase in each of the Advance Royalty Holder's NSRs from 1.0% to 1.25%, and (iii) the issuance of 300,000 common shares of Crown to each of the Advance Royalty Holders, (B) acceptance by the TSX-V of the definitive agreement and the transactions contemplated therein, and (C) approval of the shareholders of Canyon of the transaction. The parties have until July 31, 2015 to settle the definitive agreement. If the definitive agreement is not executed by that date, the letter of intent will terminate.

Financial***Summary of Quarterly Results***

The Company is an exploration stage company and has not generated any sales or revenues, nor has it had any extraordinary items or discontinued operations in the most recent eight fiscal quarters. The following is a summary of the Company's financial results for the eight most recent quarters:

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Quarter ended:	Revenues \$	Net income (loss) \$	Basic and fully diluted loss per share \$
June 30, 2013*	—	(95,214)	(0.02)
September 30, 2013**	—	(90,814)	(0.02)
December 31, 2013**	—	(60,147)	(0.02)
March 31, 2014**	—	(70,855)	(0.01)
June 30, 2014**	—	684,514	0.05
September 30, 2014**	—	(17,016)	(0.00)
December 31, 2014**	—	(189,556)	(0.01)
March 31, 2015**	—	(84,174)	(0.01)

*These denoted periods were prepared in accordance with US GAAP.

**The denoted periods were prepared in accordance with IFRS.

To date, the Company has not yet realized profitable operations and has relied on equity financings and related party loans to fund its losses. The difference in the losses between the various quarters is mainly due to the amount of activity by the Company in each quarter, primarily on mineral exploration expenditures, general administration and regulatory requirements.

The Company's net income for the quarter ended June 30, 2014 related primarily to the reversal of the change in fair value of derivative liabilities previously recorded upon the change in reporting currency, and the capitalization of the mineral property acquisition costs due to the change in accounting policy. This was offset by stock-based compensation expense, resulting from the Company granting 1,040,000 stock options with a fair value of \$113,587. The loss for the quarter ended September 30, 2014 decreased as the Company had minimal operating and administrative expenses in the quarter. The loss for the quarter ended December 31, 2014 increased due to higher administrative and mineral property costs with the Company acquiring 100% of the Moonlight Property, resulting in increased exploration maintenance including required advance royalty payments. The loss for the quarter ended March 31, 2015 decreased as the Company incurred minimal administrative expenses and mineral property costs in the quarter.

Results of Operations

The review of the results of operations should be read in conjunction with the Company's March 31, 2015 condensed consolidated interim financial statements.

For the three months ended March 31, 2015, the Company incurred a loss of \$84,174 (2014 - \$70,855) and for the nine months ended March 31, 2015, the Company incurred a loss of \$290,746 (2014 - \$242,801)

The expenses and related costs that reflect changes in the Company's operations during the nine months ended March 31, 2015 include the following:

- Accounting and legal expenses decreased from \$101,450 for the nine months ended March 31, 2014 to \$92,930 for the nine months ended March 31, 2015. The comparative period included fees related to the Company's continuation as a British Columbia company. Accounting and legal expenses also include \$54,000 (March 31, 2014 -

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\$54,000) of accounting fees paid to a company controlled by the Company's Chief Financial Officer.

- Management fees consist of fees paid to the Company's Chief Executive Officer. The Company incurred fees of \$45,000 for the nine months ended March 31, 2015 compared to \$46,723 in 2014.
- Investor relations expense increased from \$5,076 during the nine months ended March 31, 2014, to \$5,767 during the nine months ended March 31, 2015. Fees primarily relate to costs incurred for the Company's annual general meetings, distribution of news releases and consulting fees for website development and the preparation of investor and shareholder materials.
- Rent expense for the nine months ended March 31, 2015 was \$31,500 compared to \$3,546 in 2014. The difference was due to an adjustment recorded in the June 30, 2014 period.
- Transfer agent and filing fees were lower than the comparative year with amounts paid due to fees paid to the TSX-V and transfer agent. During the nine months ended March 31, 2015, the Company paid \$14,928 (March 31, 2014 - \$26,088).

Exploration Expenditures

During the nine months ended March 31, 2015, the Company recorded mineral property costs of \$66,348 (March 31, 2014 - \$38,235). These expenses primarily consist of annual payments to maintain the New York Canyon Project in good standing and mineral lease payments. Annual claim maintenance fees for the New York Canyon Claims decreased in fiscal 2014 as the Company reduced its interest from approximately 1,290 claims to 190 claims. With the termination of the Sandfield option and the Company acquiring 100% of the Moonlight Property, the Company's maintenance fees for the Moonlight Property increased in the nine months ended March 31, 2015. The Company has entered into an agreement for the sale of the Moonlight Property, which if the transaction closes, would reduce the Company's maintenance costs.

Further particulars of exploration expenditures and commitments per project are provided in note 4 of the Company's March 31, 2015 condensed consolidated interim financial statements.

The Company does not have sufficient funds and working capital to meet operating expenditures and exploration plans for the next 12 months. The Company will require additional financing to meet these costs.

Liquidity and Capital Resources

At March 31, 2015, the Company had cash of \$7,878 (June 30, 2014 - \$117,742) and a working capital deficiency of \$203,919 (June 30, 2014 – working capital deficiency of \$15,673). For the nine months ended March 31, 2015, the Company had no cash flow from operations.

Some factors affecting the Company's liquidity include:

- In April 2015, the Company entered into a loan agreement with a company controlled by the president and CEO of the Company, to provide Canyon with \$250,000 for a period of one year at an interest rate of 10% per year. The Company has also agreed to issue 500,000 common shares to the Lender in connection with the loan.
- The Company's operational plan calls for significant expenses in connection with the exploration of its properties. The Company does not have sufficient funds to meet its annual claim payments and meet its ongoing reporting obligations, the Company will require additional financing to carry out its exploration programs on the Moonlight

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Property over the next 12 months. Accordingly, the Company will require additional financing in order to meet these costs.

- Obtaining financing is subject to a number of factors, including the market prices for the mineral properties and copper. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. Since inception, the Company has used its common shares to raise money for operations and for property acquisitions. The Company has not attained profitable operations and is dependent upon obtaining financing to pursue its plan of operation. For these reasons, the Company's independent auditors believe these factors indicate the existence of a material uncertainty that may cast substantial doubt about its ability to continue as a going concern.

Related Party Transactions

Particulars of transactions with related parties are disclosed in note 5 to the March 31, 2015 financial statements. The Company does not have any contractual relationships with directors or officers other than employment contracts in the ordinary course of business.

- As at March 31, 2015, the Company was indebted to the Chief Executive Officer of the Company for \$75,000 (June 30, 2014 - \$30,000), which is non-interest bearing, unsecured and due on demand.
- As at March 31, 2015, the Company was indebted to the Chief Financial Officer of the Company for \$90,000 (June 30, 2014 - \$36,000), which is non-interest bearing, unsecured and due on demand.
- As at March 31, 2015, the Company was indebted to a company with common officers and directors for \$73,500 (June 30, 2014 - \$59,500), which is recorded in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured and due on demand.
- During the nine months ended March 31, 2015, the Company incurred management fees of \$45,000 (2014 - \$45,000), and \$54,000 (2014 - \$54,000) to a company controlled by the CEO of the Company, the CFO of the Company, and a company controlled by the CFO of the Company, respectively.
- During the nine months ended March 31, 2015, the Company incurred rent of \$31,500 (2014 - \$3,500) to a company with common officers and directors.

Financial Instruments**(a) Fair Values**

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2015, as follows:

	Fair Value Measurements Using			Balance, March 31, 2015 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	7,878	-	-	7,878
Short-term investments				
Fair value through profit and loss	-	21,524	-	21,524

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Available for sale financial assets	12,500	-	-	12,500
	20,378	21,524	-	41,902

The fair values of other financial instruments, which include accounts payable and accrued liabilities and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Management monitors the amount of credit extended to the parties for expense recoveries. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company operates in Canada and United States. Future exploration programs and option payments may be denominated in U.S. dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(d) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2015, and have not been applied in preparing these condensed consolidated interim financial statements.

New standard IFRS 9, "Financial Instruments"

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

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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 consolidated financial statements.

Risk and Uncertainties

The following are some significant risk factors that could affect the Company's financial performance or could cause actual results to differ materially from estimates contained in the Company's forward-looking statements. The Company may encounter risks in addition to those described below. Additional risks and uncertainties not currently known to the Company, or that it currently deems to be immaterial, may also impair or adversely affect the Company's business, financial condition or results of operation.

An investment in the Company's common shares involves a high degree of risk. Investors should carefully consider the risks described below and the other information in this report before investing in the Company's common shares. If any of the following risks occur, the Company's business, operating results and financial condition could be seriously harmed. The price of the Company's common shares could decline due to any of these risks, and investors may lose all or part of their investment.

The Company lacks an operating history and has losses which it expects to continue into the future. As a result, the Company may have to suspend or cease exploration activities and if the Company does not obtain sufficient financing, its business will fail.

The Company was incorporated on January 21, 2000 and to date has been involved primarily in the acquisition of its mineral properties and the exploration and development of the New York Canyon Project and Moonlight Property. The Company has no exploration history upon which an evaluation of its future success or failure can be made. The Company's ability to achieve and maintain profitability and positive cash flow is dependent upon the Company's ability to locate a profitable mineral property and the Company's ability to generate revenues.

The Company's plan of operation calls for significant expenses in connection with the exploration of the Moonlight Property, which may require the Company to obtain financing. The Company recorded a net loss of \$290,746 for the nine months ended March 31, 2015 and has an accumulated deficit of \$28,241,895 since inception. At March 31, 2015, the Company had cash of \$7,878. The Company does not have sufficient funds to meet its annual claim payments and meet its ongoing reporting obligations, and as such the Company will require additional financing to carry out its exploration programs on the Moonlight Property. There is no assurance the Company will be successful in raising funds or on terms that are acceptable to it. Since inception, the Company has been dependent on investment capital and debt financing from third parties as its primary source of liquidity. The Company anticipates continuing to rely on sales of shares of its common shares and loans in order to continue to fund its business operations. Issuances of additional shares will result in further dilution of the Company's existing shareholders.

Obtaining financing would be subject to a number of factors, including the market prices for the mineral property and base and precious metals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. Since inception, the Company has used its common shares to raise money for its operations and for its property acquisitions. The Company has not attained profitable operations and is dependent upon obtaining financing to pursue its plan of operation.

Because the Company anticipates its operating expenses will increase prior to earning revenues, the Company may never achieve profitability.

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Prior to completion of the Company's exploration stage, the Company anticipates that it will incur increased operating expenses without realizing any revenues. The Company therefore expects to incur significant losses into the foreseeable future. The Company recognizes that if it is unable to generate significant revenues from the exploration of its mineral claims and the production of minerals thereon, if any, the Company will not be able to earn profits or continue operations. There is no history upon which to base any assumption as to the likelihood that the Company will prove successful, and it may not be able to ever generate any operating revenues or achieve profitable operations. If the Company is unsuccessful in addressing these risks, its business will most likely fail.

Because the Company is an exploration stage company, its business has a high risk of failure.

The Company is an exploration stage company that has incurred net losses since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to complete its exploration activities. The success of the Company's business operations will depend upon its ability to obtain further financing to complete its planned exploration program and to attain profitable operations. If the Company is not able to complete a successful exploration program and attain sustainable profitable operations, then the Company's business will fail.

Because the Company has not commenced business operations, it faces a high risk of business failure.

The Company has not earned any revenues as of the date of this MD&A. Potential investors should be aware of the difficulties normally encountered by new mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that the Company plans to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates.

The Company has no known mineral reserves and if it cannot find any and cannot continue to finance, will have to cease operations.

The Company has no known mineral reserves. Mineral exploration is highly speculative. It involves many risks and is often non-productive. Even if the Company is able to find mineral reserves on its property, its production capability is subject to further risks including:

- Costs of bringing the property into production including exploration work, preparation of production feasibility studies, and construction of production facilities, all of which the Company has not budgeted for;
- Availability and costs of financing;
- Ongoing costs of production; and
- Environmental compliance regulations and restraints.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the lack of milling facilities and processing equipment near its properties and such other factors as government regulations, including regulations relating to allowable production, exporting of minerals and environmental protection. If the Company does not find a mineral reserve or define a mineral inventory containing gold, silver or copper or if it cannot explore the mineral reserve, either because it does not have the money to do it or because it will

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not be economically feasible to do it, the Company will have to cease operations and investors will lose their investment.

In order to maintain the Company's rights to its mineral properties, the Company will be required to make annual filings with federal and state regulatory agencies and/or be required to complete assessment work on its mineral properties.

In order to maintain the Company's rights to its mineral properties, the Company will be required to make annual filings with federal and state regulatory authorities. In addition, it may be required by federal and/or state legislation or regulations to complete minimum annual amounts of mineral exploration work on its mineral properties. A failure by the Company to meet the annual maintenance requirements under federal and state laws could cause its rights to the mineral properties to lapse.

Because of the inherent dangers involved in mineral exploration, there is a risk that the Company may incur liability or damages if and when the Company conducts mineral exploration activities.

The search for valuable minerals involves numerous hazards. As a result, if and when the Company conducts exploration activities, it may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which the Company cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

If the price of base and precious metals declines, the Company's financial condition and ability to obtain future financings will be impaired.

The price of base and precious metals is affected by numerous factors, all of which are beyond the Company's control. Factors that tend to cause the price of base and precious metals to decrease include the following:

- Sales or leasing of base and precious metals by governments and central banks;
- A low rate of inflation and a strong US dollar;
- Speculative trading;
- Decreased demand for base and precious metals industrial, jewelry and investment uses;
- High supply of base and precious metals from production, disinvestment, scrap and hedging;
- Sales by base and precious metals producers and foreign transactions and other hedging transactions; and
- Devaluing local currencies (relative to base and precious metals price in US dollars) leading to lower production costs and higher production in certain major base and precious metals producing regions.

The Company's business is dependent on the price of base and precious metals. The Company has not undertaken hedging transactions in order to protect it from a decline in the price of base and precious metals. A decline in the price of base and precious metals may also decrease the Company's ability to obtain future financings to fund its planned development and exploration programs.

If the Company is unable to hire and retain key personnel, it may not be able to implement its business plan.

The Company's success is dependent upon the performance of key personnel working full-time in management, supervisory and administrative capacities or as consultants. This is particularly true in highly technical businesses such as mineral exploration. These individuals are in high demand and the Company may not be able to attract the personnel it needs. The loss of the

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services of senior management or key personnel could have a material and adverse effect on the Company, its business and results of operations. Failing to hire key personnel when needed, or on acceptable terms, would have a significant negative effect on the Company's business.

As the Company undertakes exploration of its mineral properties, it will be subject to compliance with government regulation that may increase the anticipated cost of its exploration program.

There are several governmental regulations that materially restrict mineral exploration. The Company is required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. If the Company enters the production phase, the cost of complying with permit and regulatory environment laws will be greater because the impact on the project area is greater. Permits and regulations will control all aspects of the production program if the project continues to that stage. Examples of regulatory requirements include:

- Water discharge will have to meet drinking water standards;
- Dust generation will have to be minimal or otherwise re-mediated;
- Dumping of material on the surface will have to be re-contoured and re-vegetated with natural vegetation;
- An assessment of all material to be left on the surface will need to be environmentally benign;
- Ground water will have to be monitored for any potential contaminants;
- The socio-economic impact of the project will have to be evaluated and if deemed negative, will have to be re-mediated; and
- There will have to be an impact report of the work on the local fauna and flora including a study of potentially endangered species.

There is a risk that new regulations could increase the Company's costs of doing business and prevent it from carrying out its exploration program. The Company will also have to sustain the cost of reclamation and environmental remediation for all exploration work undertaken. Both reclamation and environmental remediation refer to putting disturbed ground back as close to its original state as possible. Other potential pollution or damage must be cleaned-up and renewed along standard guidelines outlined in the usual permits. Reclamation is the process of bringing the land back to its natural state after completion of exploration activities. Environmental remediation refers to the physical activity of taking steps to remediate, or remedy, any environmental damage caused. The amount of these costs is not known at this time as the Company does not know the extent of the exploration program that will be undertaken beyond completion of the recommended work program. If remediation costs exceed the Company's cash reserves, it may be unable to complete its exploration program and have to abandon its operations.

If the Company becomes subject to increased environmental laws and regulation, its operating expenses may increase.

The Company's development and production operations are regulated by both US Federal, California and Nevada state environmental laws that relate to the protection of air and water quality, hazardous waste management and mine reclamation. These regulations will impose operating costs on the Company. If the regulatory environment for the Company's operations changes in a manner that increases costs of compliance and reclamation, then its operating expenses would increase with the result that its financial condition and operating results could be adversely affected.

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There has been a very limited public trading market for the Company's securities, and the market for the Company's securities may continue to be limited and be sporadic and highly volatile.

There is currently a limited public market for the Company's common shares. The Company's common shares trade in Canada on the TSX-V and over the counter in the United States on the OTC Pink market place. The Company cannot assure investors that an active market for its shares will be established or maintained in the future. The OTC Pink is not a national securities exchange, and many companies have experienced limited liquidity when traded through this quotation system. Holders of the Company's common shares may, therefore, have difficulty selling their shares, should they decide to do so. In addition, there can be no assurances that such markets will continue or that any shares, which may be purchased, may be sold without incurring a loss. The market price of the Company's shares, from time to time, may not necessarily bear any relationship to its book value, assets, past operating results, financial condition or any other established criteria of value, and may not be indicative of the market price for the shares in the future.

In addition, the market price of the Company's common shares may be volatile, which could cause the value of its common shares to decline. Securities markets experience significant price and volume fluctuations. This market volatility, as well as general economic conditions, could cause the market price of the Company's common shares to fluctuate substantially. Many factors that are beyond the Company's control may significantly affect the market price of its shares. These factors include:

- price and volume fluctuations in stock markets;
- changes in the Company's operating results;
- any increase in losses from levels expected by securities analysts;
- changes in regulatory policies or law;
- operating performance of companies comparable to the Company; and
- general economic trends and other external factors.

Even if an active market for the Company's common shares is established, shareholders may have to sell their shares at prices substantially lower than the price they paid for the shares or might otherwise receive than if an active public market existed.

If the Company completes a financing through the sale of additional shares of its common shares, shareholders will experience dilution.

The most likely source of future financing presently available to the Company is through the issuance of its common shares. Any sale of share capital will result in dilution to existing shareholders. The only other anticipated alternative for the financing of further exploration would be the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further exploration thereof, which is not presently contemplated.

The Company will still be treated as a U.S. corporation and taxed on its worldwide income after the Continuation.

The continuation of the Company from the State of Nevada to the Province of British Columbia, Canada is considered a migration of the Company from the State of Nevada to the Province of British Columbia, Canada. Certain transactions whereby a U.S. corporation migrates to a foreign jurisdiction can be considered by the United States Congress to be an abuse of the U.S. tax rules because thereafter the foreign entity is not subject to U.S. tax on its worldwide income. Section 7874(b) of the Internal Revenue Code of 1986, as amended (the "Code"), was enacted in 2004 to address this potential abuse. Section 7874(b) of the Code provides generally that certain corporations that migrate from the United States will nonetheless continue to be treated

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as United States corporations for all U.S. federal tax purposes, including being subject to U.S. tax on their worldwide income unless the migrating entity has substantial business activities in the foreign country to which it is migrating when compared to its total business activities.

Section 7874(b) of the Code will apply to the migration of the Company from the State of Nevada to the Province of British Columbia, Canada, and the Company will continue to be a U.S. domestic corporation for U.S. federal tax purposes and will be subject to United States federal income taxation on its worldwide income. Section 7874(b) of the Code will apply to the Company's migration unless the Company has substantial business activities in Canada when compared to its total business activities, which the Company does not anticipate will be the case.

Non-U.S. holders of the Company's common shares, in certain situations, could be subject to U.S. federal income tax upon the sale, exchange or disposition of the Company's common shares.

The Company believes that it is, and will remain for the foreseeable future, a "U.S. real property holding corporation" for U.S. federal income tax purposes. As a result, under the Foreign Investment in Real Property Tax Act ("FIRPTA") certain non-U.S. investors may be subject to U.S. federal income tax on gain from the disposition of shares of the Company's common shares, in which case they would also be required to file U.S. tax returns with respect to such gain, and may be subject to a withholding tax with respect to a disposition of the Company's shares. In general, whether these FIRPTA provisions apply depends on the amount of the Company's common shares that such non-U.S. investors hold and whether, at the time they dispose of their shares, the Company's common shares are regularly traded on an established securities market within the meaning of the applicable Treasury Regulations. So long as the Company's common shares continue to be regularly traded on an established securities market, only a non-U.S. investor who has held, actually or constructively, more than 5% of the Company's common shares at any time during the shorter of (i) the five-year period ending on the date of disposition, and (ii) the non-U.S. investor's holding period for its shares, may be subject to U.S. federal income tax on the disposition of the Company's common shares under FIRPTA.

Share Capital

The Company had 13,859,802 common shares issued and outstanding at June 30, 2014 and 14,009,802 common shares issued and outstanding at March 31, 2015.

Share Consolidation

In January 2014, the Company consolidated its share capital on a 15-for-1 basis, consolidating 68,696,934 outstanding common shares to 4,579,802 outstanding common shares.

Share Issuances

In January 2015, the Company issued 150,000 common shares to the vendor in accordance with the terms of the Moonlight Property option agreement, to replace the shares originally issued by Sandfield.

In May 2015, the Company issued 500,000 common shares to the lender as part of consideration for the \$250,000 loan agreement.

In May 2015, the Company issued 200,000 common shares from the exercise of 200,000 warrants for proceeds of \$10,000.

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Stock Options

The Company has a rolling stock option plan that allows for the issuance of options equal to 10% of the number of issued and outstanding shares for a term of up to five years. The Company's shareholders re-approved the stock option plan at the annual general meeting held in December 2014.

On August 21, 2014, 100,067 options at US\$1.95 expired unexercised. On September 2, 2014, 50,000 options at \$0.11 were cancelled.

Additional Disclosure for Venture Issuers without Significant Revenue

The following table sets out the breakdown of general and administrative expenses for the three and nine months ended March 31, 2015 and 2014:

	Three months ended March 31		Nine months ended March 31	
	2015	2014	2015	2014
	\$	\$	\$	\$
Accounting and legal	21,565	32,207	92,930	101,450
General and administrative	3,914	7,419	14,748	27,934
Interest and bank charges	70	291	460	607
Investor relations	31	36	5,767	5,076
Management fees and consulting	15,000	16,765	45,000	46,723
Rent	10,500	-	31,500	3,546
Telephone	359	598	1,120	1,163
Transfer agent and filing fees	8,556	15,704	14,928	26,088
Travel	-	-	710	-
	59,995	73,022	207,163	212,588

An analysis of material components of the Company's exploration and evaluation assets and mineral property costs are disclosed in the unaudited condensed consolidated interim financial statements for the nine months ended March 31, 2015 to which this MD&A relates.

Outstanding Share Information

As at the date of this MD&A, the Company has:

- 14,709,802 common shares issued and outstanding
- 7,800,000 share purchase warrants exercisable at \$0.05 per share expiring on February 24, 2017 outstanding
- 990,000 stock options exercisable at \$0.11 per share expiring on April 7, 2019.