**AMATO EXPLORATION LTD.**
**MANAGEMENT'S DISCUSSION & ANALYSIS OF OPERATIONS - FORM 51-102F1**
**FOR THE SIX MONTHS ENDED MAY 31, 2015**

This Management's Discussion and Analysis ("MD&A"), prepared as of July 20, 2015, reviews the financial condition and results of operations of Amato Exploration Ltd. ("Amato" or the "Company") for the six months ended May 31, 2015, and other material events up to the date of this report. The following discussion should be read in conjunction with the Company's November 30, 2014 audited annual consolidated financial statements and related notes prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts are in Canadian dollars, the Company's reporting currency, unless otherwise noted.

## FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, the Company's plans to acquire mineral properties, the Company's exploration programs, the Company's future plans for its exploration properties and the Company's plans with respect to financing activities. In making these forward-looking statements, the Company has applied several material assumptions, including, but not limited to, the assumption that any additional financing needed will be available on reasonable terms, and the assumption that a sudden change in foreign exchange rates would not materially affect the results of operations, financial position and cash flows as the Company currently has minimal transactions denominated in foreign currencies. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: the execution and outcome of current or future exploration activities; information included or implied in the various independently produced and published technical reports; anticipated drilling and resource estimation plans; cash flow projections; currency fluctuations; and other general market and industry conditions as well as those factors discussed in the section entitled "Risks and Uncertainties" in each management discussion and analysis, available on SEDAR at www.sedar.com.

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur or, if any of them do so, what benefits the Company will derive from them.

Except as required by law, the Company disclaims any intention and assumes no obligation to update any forward-looking statements, even if new information becomes available, as a result of future events or for any other reason. Risks that could cause the Company's actual results to materially differ from its current expectations are described in this document.

## DESCRIPTION AND OVERVIEW OF BUSINESS

Amato Exploration Ltd. is a resource exploration company listed on the TSX Venture Exchange (the "TSX-V", or the "Exchange"), trading under the symbol "AMT". The Company is in the business of acquiring, exploring and evaluating mineral properties worldwide. As a result of the current low valuation of precious metal reserves, Amato has initiated a strategy to aggressively identify and seize opportunities to acquire such reserves on a long-term horizon. The Company intends to inventory and strategically develop each prospective project paying particular attention to acute project development timing, minimizing dilution to shareholders and conceiving executable exit strategies.

Currently the Company holds no interest in any resource properties and continues to search and evaluate prospective opportunities. Therefore, there are no producing properties, and consequently no operating income or cash flow. In the past, the Company has accessed, and in the future will continue to access, the equity markets to raise the funds needed to continue to conduct property investigation activities to acquire economically viable mineral properties, to conduct exploration programs on its various property holdings, once acquired, and to meet its ongoing working capital requirements.

**2014 HIGHLIGHTS**

May 1, 2014 – The Company's head office and principal address were relocated from 1402 - 1710 Bayshore Drive, Vancouver, British Columbia, V6E 3G4 to 107 - 73 Richmond Street West, Toronto, Ontario, M5H 4E8.

June 6, 2014 - Kieran Prashad was appointed as President and Chief Executive Officer and Jacqueline Lilley was appointed as Chief Financial Officer and Corporate Secretary.

June 6, 2014 – Capital Transfer Agency was appointed as Transfer Agent and Registrar for the Company.

July 24, 2014 – DNTW Toronto, LLP were appointed as the Company's auditors, replacing Dale Matheson Carr- Hilton Labonte, LLP.

August 27, 2014 – Anfield Sujir Kennedy & Durno were appointed as agents for the Company to maintain the records of the Company at the records office. The address of the Registered and Records Office of the Company was changed from 595 Howe Street, 10th Floor, Vancouver, B.C. V6C 2T5 to P.O. Box 10068, Pacific Centre, 609 Granville Street, Suite #1600, Vancouver, B.C. V7Y 1C3.

**RESULTS OF OPERATIONS**

The Company has no producing properties and has not earned any revenue to date other than nominal interest from its cash accounts or the disposition of its assets. The Company is continuing to search for prospective properties and opportunities while maintaining a practical cash burn in order to meet its near term financial commitments.

For the three months ended May 31, 2015 ("Q2 2015"), the Company reported a net and comprehensive loss of $22,637 or $0.00 per share compared to $48,383 or $0.00 loss per share for the same three month period in 2014 ("Q2 2014"). The net and comprehensive loss for the six months ended May 31, 2015 ("YTD 2015") totalled $37,750 or $0.00 per share compared to $82,665 net and comprehensive loss or $0.00 per share for the six months ended May 31, 2014 ("YTD 2014"). Cash outflows from operations for YTD 2015 were $39,489 compared to $78,386 for YTD 2014. The $25,746 decrease in the net and comprehensive loss for Q2 2015 and Q2 2014 is primarily attributed to reduced general and administrative costs.

***Expenses***

Management and consulting fees for Q2 2015 and Q2 2014 were $3,000 and $24,0000 respectively. This significant decrease reflects the reduced compensation of the newly appointed President and Chief Executive Officer and Chief Financial Officer. The management fee as a whole represents the level of support required to maintain the Company in good standing with the securities regulators while it completes its search to acquire economically viable mineral properties that are aligned with the Company's strategic vision.

Consulting and travel expenses for Q2 2015 and YTD 2015 were $nil and Q2 2014 and YTD 2014 expenses amounted to $483 and $926 respectively. Management is continuing to limit its spending on business development and prospective property investigation activities.

Rent, salaries and wages, and office expenses for Q2 2015 and YTD 2015 were $8,988 and 15,050 respectively, compared to $5,883 for Q2 2014 and $11,313 for YTD 2014. The increase was due to increased rent expense. While rent expenses increased, $nil salaries and wages and decreased office expenses offset a portion of this. Management is continuing to effectively manage its limited cash resources and maintain a practical cash burn.

Transfer agent and regulatory filing fee expenses dropped to $5,108 for Q2 2015 from $6,384 for Q2 2014. The decrease quarter over quarter relates to lower transfer agent fees.

**SUMMARY OF QUARTERLY RESULTS**

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

| Quarter Ended | Revenue | Net income (loss) | Net (loss) per share – basic[1] |
|---|---|---|---|
| May 31, 2015 | $Nil | $ (22,637) | $0.00 |
| February 28, 2015 | $Nil | $ (15,113) | $0.00 |
| November 30, 2014 | $Nil | $ (10,737) | $0.00 |
| August 31, 2014 | $Nil | $ (43,938) | $0.00 |
| May 31, 2014 | $Nil | $ (48,383) | $0.00 |
| February 28, 2014 | $Nil | $ (34,282) | $0.00 |
| November 30, 2013 | $Nil | $ (37,390) | $0.00 |
| August 31, 2013 | $Nil | $ (43,993) | $0.00 |

[1] Diluted loss per share amounts would be the same as the basic loss per share as the dilutive factors would be anti-dilutive.

It is the nature of junior exploration companies, as with the Company, that there are no sales or revenues. There can be significant variances in the Company's reported loss from quarter to quarter arising from factors that are difficult to anticipate in advance or to predict from past results. Mineral expenditures can vary from quarter to quarter depending on when option payments are due and the stage of the exploration program (e.g. drilling may slow down for a period of time while results are analyzed, resulting in lower costs during that period). Additionally, the granting of incentive stock options, which results in the recording of amounts for stock-based compensation can be quite large in relation to other general and administrative expenses incurred in any given quarter.

During Q2 2015, the Company incurred a net and comprehensive loss of $22,637 or $0.00 per share compared to a net comprehensive loss of $48,383 or $0.00 per share for Q2 2015. Overall, general and administrative expenses are decreasing, with the sole exception of rent expenses. For more information on the operating expenses, refer to page 8 under "Additional Disclosure for Venture Issuers Without Significant Revenue".

**LIQUIDITY AND CAPITAL RESOURCES**

The Company does not have any operations that generate cash flow. The Company's financial success relies on management's ability to find economically viable mineral deposits. This process can take many years and is largely based on factors that are beyond the control of the Company.

In order to finance its exploration activities and corporate overhead, the Company is dependent on investor sentiment remaining positive towards the exploration business generally, and towards Amato in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment which include, but are not limited to, a positive climate for mineral exploration, a company's track record and the experience and caliber of a Company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 to the Company's audited consolidated financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

The unaudited condensed interim consolidated financial statements of the Company for the six months ended May 31, 2015 were prepared on the assumption that the Company and its subsidiaries will be able to realize its assets, discharge its liabilities and meet its future obligations in the normal course of business. Accordingly, the financial statements do not include any adjustments to the recoverability and reclassification of recorded assets, or the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

To date, the Company has financed its activities through brokered and non-brokered private placements and its initial public offering. Debt financing has not been used to fund property acquisitions and exploration and the Company has no current plans to use debt financing to fund these activities.

*Cash and Financial Condition*

The Company's cash and cash equivalents balance was $502,412 as at May 31, 2015 compared to $541,901 at November 30, 2014. The decrease of $39,489 for operation expenditures.

The Company had working capital of $495,914 as at May 31, 2015 compared with working capital of $533,664 as at November 30, 2014. The decrease in the working capital of $37,750 is due to operational expenditures.

The Company's financial instruments are cashable at any time and, as such, there are no restrictions on availability of funds. The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

*Investing Activities*

For the three and six months ended May 31, 2015, the Company did not incur any mineral property expenditures.

*Financing Activities*

During YTD 2015 and YTD 2014, the Company did not conduct any brokered or non-brokered financings as it had sufficient cash on hand to satisfy its near-term obligations. The Company has continued to evaluate its current project proposals to determine its funding requirements for the next 12 - 18 months.

*Disclosure of Outstanding Share Data*

At the date of this MD&A, the Company had 40,486,656 common shares issued and 2,200,000 stock options outstanding.

For a detailed summary of the stock options outstanding as at May 31, 2015, refer to Note 5(c) in the Company's condensed interim consolidated financial statements for the six months ended May 31, 2015.

*Outlook*

The Company expects that its current capital resources will be sufficient to support existing administrative and operational costs for the next twelve months. Upon the completion of a successful negotiation of a new property acquisition, management will determine if additional equity or other non-dilutive financing is required to meet the Company's financial commitments going forward. If additional financing is required, there is no assurance that working capital together with equity market financings will be adequate or viable to fund the Company's financial obligations, given the volatility experienced in the global securities markets during the past few years. These financial obligations include, but are not limited to, property acquisition and related exploration activities; payments pursuant to the terms of property acquisition agreements; and, corporate overhead.

While the interim financial statements for the six months ended May 31, 2015 were prepared on the basis of accounting principles applicable to a going concern, current market conditions, including limited availability of financing opportunities, cast substantial doubt upon the validity of this assumption.

Management reviews all approved work plans and budgets for various exploration projects at regular intervals throughout the year and revises the budgets for individual projects in response to exploration success (or the lack thereof) on such projects.

Due to the current low valuation of precious metal reserves, Management and the Board of Directors are in the process of identifying opportunities to acquire such reserves, with the intent to develop each prospective project, add shareholder value and, ultimately, executable and profitable exit strategies.

## TRANSACTIONS WITH RELATED PARTIES

Included in expenses are the following transactions with certain officers and companies controlled by directors of the Company:

| | Three Months Ended May 31, 2015 | Three Months Ended May 31, 2014 | Six Months Ended May 31, 2015 | Six Months Ended May 31, 2014 |
|---|---|---|---|---|
| Management Fees | - | $ 15,000 | - | $ 30,000 |
| Consulting Fees | 3,000 | 9,000 | 6,000 | 15,000 |
| Rent | 6,000 | 3,000 | 12,000 | 6,000 |
| | $ 9,000 | $ 27,000 | $ 18,000 | $ 51,000 |

Management and consulting fees are compensation to officers for their service.

## RISKS AND UNCERTAINTIES

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. Exploration activities seldom result in the discovery of a commercially viable resource. Exploration activities are also expensive. Exploration activities are subject to environmental risks. There can be no assurance that the Company's working capital will be sufficient to reclaim potential environmental liability created by exploration. The Company currently has limited working capital and incurs significant expenses on an on-going basis by virtue of being a public company, and this represents a significant risk factor. The Company will therefore require additional financing to carry on its business, and such financing may not be available when it is needed. The Company disclaims any obligation to revise any forward looking statements as a result of information received after the fact or regarding future events except as required by law.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the amounts reported in the audited consolidated financial statements. These critical accounting estimates represent management estimates that are uncertain and any changes in these estimates could materially impact the Company's financial statements. We continuously review our estimates and assumptions using the most current information available.

The readers should refer to Notes 2 and 3 of the November 30, 2014 annual audited consolidated financial statements for more information on the Company's accounting policies.

## FUTURE ACCOUNTING PRONOUNCEMENTS

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after

January 1, 2014 or later periods. The following standards are effective for the Company's annual reporting period beginning December 1, 2014 unless otherwise noted:

(i) Effective for annual periods beginning on or after January 1, 2014

- Amendments to IAS 32, *Financial Instruments: Presentation*, provide clarification on the application of offsetting rules.
- Amendments to IAS 36, *Impairment of Asset*, clarify the recoverable amount disclosure 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.
- Amendments to IFRS 8, *Operating Segments*, to require disclosure of judgments made by management in aggregating operating segments.

(ii) Effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 9, *Financial Instruments, Classification and Measurement*, addresses classification and measurement of financial assets.

The Company plans to adopt these standards as soon as they become effective for the Company's reporting period. Management is currently assessing the impact these standards could have on future financial statements.

## OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no material off-balance sheet arrangements.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Please refer to Note 10 in the accompanying Company's audited consolidated financial statements for the year ended November 30, 2014 for a discussion of the financial instruments used by Amato, including, but not limited to, the nature of the instruments used, their associated risks and how the Company manages the risks.

## ADDITIONAL SOURCES OF INFORMATION

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

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Analysis of Operating Expenses

| | Three Months Ended May 31, 2015 | Three Months Ended May 31, 2014 | Six Months Ended May 31, 2015 | Six Months Ended May 31, 2014 |
|---|---|---|---|---|
| Business Development | | | | |
| Advertising and Promotion | $ 60 | $ 205 | $ 540 | $ 385 |
| General and Administrative | | | | |
| Management Fees | 3,000 | 24,000 | 6,000 | 45,000 |
| Professional Fees | 5,453 | 10,054 | 8,202 | 10,054 |
| Transfer Agent and Filing Fees | 5,108 | 6,384 | 6,221 | 12,069 |
| Insurance | 1,167 | 3,138 | 4,167 | 6,491 |
| Rent | 6,000 | 3,000 | 12,000 | 6,000 |
| Office Expenses | 2,988 | 2,402 | 3,050 | 4,337 |
| Salaries and Wages | - | 481 | - | 976 |
| Travel | - | 483 | - | 926 |
| General and Administrative | 23,716 | 49,942 | 39,640 | 85,853 |
| **Total Operating Expenses** | $ 23,776 | $ 50,147 | $ 40,180 | $ 86,238 |