RATHDOWNEY RESOURCES LTD.

FOR THE YEAR ENDED DECEMBER 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

1 DATE

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Rathdowney Resources Ltd. (the "Company" or "Rathdowney") for the year ended December 31, 2014, which are publicly available at www.sedar.com.

This MD&A is prepared as of April 23, 2015. All currency amounts stated herein are expressed in Canadian dollars, unless otherwise specified. For dollar amounts, "$" refers to Canadian dollars and "US$" refers to United States dollars.

Cautionary Comments

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Assumptions used by the Company to develop forward-looking statements include the following: the Company's Project Olza in Poland will obtain all required environmental and other permits and all land use and other licenses, studies and development of Project Olza will continue to be positive, and no geological or technical problems will occur.

This discussion also includes the results of a Preliminary Economic Assessment of Project Olza. The Preliminary Economic Assessment was prepared to broadly quantify the project's capital and operating cost parameters and to provide guidance on the type and scale of future project engineering and development work that will be needed to ultimately define the project's likelihood of feasibility and optimal production rate. The following are the principal risk factors and uncertainties which, in management's opinion, are likely to most directly affect the conclusions of the Preliminary Economic Assessment and the ultimate feasibility of the project. The Preliminary Economic Assessment is based on the inferred resources estimated by Hunter Dickinson Services Inc. and audited by SRK Consulting (UK) Ltd. Additional exploration, process tests and other engineering and geological work will be required to estimate indicated or measured mineral resources at Project Olza and if an economically exploitable reserve can be established. Final feasibility work has not been completed to confirm the underground design, mining methods, and processing methods assumed in the Preliminary Economic Assessment. Final feasibility could determine that the assumed underground design, mining methods, and processing methods are not correct. Construction and operation of the mine and processing facilities depends on securing environmental and other permits on a timely basis. No permits have been applied for and there can be no assurance that required permits can be secured or secured on a timely basis. Data is incomplete and cost estimates have been developed in part based on the expertise of the individuals participating in the preparation of the Preliminary Economic Assessment and on costs at projects believed to be comparable, and not based on firm price quotes. Costs, including design, procurement, construction, and on-going operating costs and metal recoveries could be materially different from those contained in the Preliminary Economic Assessment. There can be no assurance that mining can be conducted at the rates and grades assumed in the Preliminary Economic Assessment. Energy risks include the potential for significant increases in the cost of fuel and electricity. The Preliminary Economic Assessment assumes specified, long-term prices levels for zinc and lead. Prices for these commodities are historically volatile, and Rathdowney has no control of or influence on those prices, all of which are determined in international markets. There can be no assurance that the prices of these commodities will continue at current levels or that they will not decline below the prices assumed in the Preliminary Economic Assessment. Prices for zinc and lead have been below the price ranges assumed in Preliminary Economic Assessment at times during the past ten years, and for extended periods of time. The project will require major financing, probably a combination of debt and equity financing. Interest rates are at historically low levels. There can be no assurance that debt and/or equity financing will be available on acceptable terms. A significant increase in costs of capital could materially and adversely affect the value and feasibility of constructing the project. Other general risks include continuity of mineralization, those ordinary to large construction projects including the general uncertainties inherent in engineering and construction cost, the need to comply with generally increasing environmental obligations, and accommodation of local and community concerns, potential environmental issues or liabilities associated with exploration, development and mining activities, exploitation and exploration successes, delays due to third party opposition, and changes in government policies regarding mining and natural resource exploration and exploitation. The Company is also subject to the specific risks inherent in the mining business, as well as general economic and business conditions. For more information on the Company, Investors should review the Company's filings that are available at www.sedar.com.

Cautionary Note to US Investors Concerning Estimates of Inferred Resources

The following section uses the term "inferred resources". The Company advises investors that although this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of economic studies, except in rare cases. **Investors are cautioned not to assume that all or any part of an inferred resource exists, or is economically or legally mineable.**

2 OVERVIEW

Rathdowney is focused on finding and developing the next generation of base metal deposits. The Company's current programs are directed toward advancing the Olza zinc-lead-silver project ("Project Olza" or "Olza") in Poland.

The Project Olza property comprises the Zawiercie, Rokitno and Chechlo exploration permits ("concessions"), covering an area of more than 150 square kilometres in Poland's Upper Silesian Mining District, a region of world-class Mississippi Valley-type ("MVT") zinc-lead deposits.

Rathdowney holds a 100% interest in Project Olza through its wholly-owned subsidiary, Rathdowney Polska Sp z o.o.

Polish State companies, (including the Polish Geological Institute or "PGI") drilled some 180,000 metres during the 1950s to 1980s in the area of Project Olza, and identified significant MVT deposits. PGI completed several historical estimates of the zinc-lead resources in these deposits, which were reported under a Soviet-style classification system. Rathdowney's technical team was attracted to the area by the high probability for confirmation of these major, historically-documented zinc-lead deposits and also by the opportunity to make new discoveries.

Rathdowney acquired concessions in 2010, acquired and reviewed the historical database and initiated a Phase I drilling program in mid-2011, with the objective of confirming the continuity and grade of the mineralization and establishing mineral resources under modern standards. This work was successful, and an initial estimate of the mineral resources in a portion of the Zawiercie and Rokitno concessions was announced based on drilling to May 2012. Phase I drilling continued through March 2013 and additional historical data was received through July 2014, leading to an updated estimate of the mineral resources in 2014.

The 2014 estimate represents a 15% increase in resource tonnes and a 9% increase in contained zinc and lead from the previous estimate. At 2.0% zinc cut-off, the current inferred mineral resource is 24.4 million tonnes (Mt) grading 7.02% Zn+Pb[1].

Preliminary metallurgical testwork was also conducted during Phase I on a composite from Rathdowney's drilling. This initial testing indicates that standard flotation treatment without pre-concentration will produce two high quality concentrates.

In 2014, the Company also recently received important authorizations from the government in Poland for Project Olza property. These include five year extensions to all of the exploration concessions comprising the 150 square kilometre property; and approval of Rathdowney's geological documentation by the Ministry of the Environment, giving the Company the exclusive right to apply for exploitation concession(s) for a period of five years.

The expanded resource base and positive initial metallurgical results provide a strong foundation for the next phase of the project. The Phase II program includes environmental baseline data collection and engineering studies designed to support permitting and advance the project toward development.

In the third quarter of 2014, Rathdowney also raised $8.61 million in to fund its Phase II activities. The non-brokered private placement financing was completed through the issuance of 27,840,000 and 6,600,000 common shares (for a total of 34,440,000 shares) at a price of $0.25 per share.

Phase II work was ongoing through 2014 and is continuing to progress in 2015. As of early 2015, an extensive hydrogeological compilation is nearing completion and the flora and fauna data collection programs were more than 50% complete.

[1] Individual grades and other details are provided in section 2.1.

In addition, in April 2015 Rathdowney announced the positive results of a Preliminary Economic Assessment ("PEA") for a 6,000 tonnes per day underground mine with on-site processing at Project Olza. The operation assessed by the PEA has a low production cost ($0.52/lb of payable zinc, net of lead by-product) and generates a strong 30% Internal Rate of Return[2].

The PEA recommends advancing Project Olza to a pre-feasibility level of study using the PEA as a basis for the refining and optimizing the approach. In 2015, Rathdowney plans to continue with drilling, geotechnical and hydrogeological investigation, environmental baseline, socioeconomic and engineering studies to support environmental assessment and project evaluation work to advance Project Olza towards eventual development.

2.1 Project Olza, Poland

The 150-square kilometre Project Olza property is located in a relatively flat-lying, partially forested region of southwestern Poland. Road accessible, the project is about one hour's drive from Krakow, a city with full services, including an international airport.

The deposits at Olza are along strike from the long-life Pomorzany zinc-lead mine and past producing Olkusz and Boleslaw mines. The property is located some 25 kilometres from the ZGH Boleslaw processing facilities complex. A railway line providing access to local facilities and connection to the national rail system and Baltic Sea ports runs through the Olza project-area.

Mineral Resources

Between June 2011 and March 2013, the Company drilled 225 holes at Project Olza. All but two of these holes were drilled along a mineralized trend on the Zawiercie and Rokitno concessions, and which have been the focus of Rathdowney's resource estimates. Rathdowney's data was compiled with data from drilling completed by the State Survey in Poland from 1950-1990. Historical data received as recently as July 16, 2014 was incorporated into the database used for the resource estimate in 2014.

[2] Further details are provided in section 2.1.

The block model for the current estimate was constrained within a wireframe of the mineralized horizon, with values for bulk density, zinc and lead interpolated using an inverse distance squared ("ID^2") method and Maptek Vulcan™ software. Classification of the mineral resource is based on a geostatistical analysis. Results at a range of cut-offs are tabulated below.

Project Olza – Inferred Mineral Resources						
Cutoff Zn%	**Tonnes (millions)**	**Zn (%)**	**Pb (%)**	**Zn+Pb (%)**	**Contained Zn (millions lb)**	**Contained Pb (millions lb)**
2.0	**24.4**	**5.53**	**1.49**	**7.02**	**2,975**	**802**
3.0	18.8	6.43	1.59	8.02	2,660	658
4.0	14.1	7.42	1.70	9.12	2,304	528
5.0	10.4	8.44	1.81	10.25	1,944	417

Note: contained metal based on 100% recovery.

Mineral Resources that have not been converted to Mineral Reserves do not have demonstrated economic viability.

David Gaunt, P.Geo., Vice President Resource and Database, HDSI, a qualified person not independent of the Company is responsible for the estimate (effective date July 16, 2015). Assaying was done at ISO 17025:2005 accredited Omac Laboratories Ltd. (Stewart Group/ALS Laboratory Group) in Loughrea, Ireland. A technical report was filed on the Rathdowney profile at www.sedar.com.

Rathdowney's drilling returned significant results for silver. Silver was not analysed during historical drilling so is not included in the current estimate. There is opportunity for silver to provide additional value to the project.

Historical drilling at Olza identified zinc-lead mineralization in a number of areas outside the East Mineralized Corridor. Drilling in these areas was done on irregular and sparse grids. This historical information and Rathdowney's results indicate excellent potential to increase the mineral resources through additional drilling.

Preliminary Economic Assessment

The Preliminary Economic Assessment ("PEA") on Project Olza was prepared by SRK Consulting (UK) Limited ("SRK") with the Metallurgy and Mineral Processing aspects completed by Melis Engineering Limited ("Melis"). Key results of the PEA, presented in US dollars ("USD"), include:

- Before tax Internal Rate of Return ("IRR") of 36% and Net Present Value ("NPV") of $221 million at an 8% discount rate;
- After tax IRR of 30% with a payback of 2.4 years. The NPV after taxes is $170 million at an 8% discount rate;
- Estimated initial capital is $227 million and sustaining capital is $51.1 million; and
- Production of marketable, low iron zinc and lead concentrates grading 56% Zn and 70% Pb, respectively.

The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the PEA will be realized.

Assumptions and Inputs

Zinc and lead price assumptions are based on the median price forecast among over 30 independent banks and investment dealers (such as BMO Capital Markets, CIBC World Markets, Credit Suisse, Deutsche Bank, Morgan Stanley and other firms specialized in commodity market analysis). Base Case metal prices used for zinc are $1.10/lb in Year 1 and 2 and $1.00/lb in remaining Life of Mine ("LOM"); and for lead are $1.09/lb in Year 1, $1.00/lb in Year 2 and $0.95/lb in remaining LOM.

Corporate income taxes assumptions are consistent with current and anticipated laws in Poland, including 19% statutory income tax rate. Royalties payable to the state treasury are consistent with the existing royalty structure in Poland.

The PEA Mineral Resource is based on the 2014 estimate by HDSI completed using "ordinary kriging" and based a resource model that incorporates holes from historical and recent work (see Rathdowney News Release dated February 2, 2015). The estimate has subsequently been audited and restated with no adjustments for the PEA by the Qualified Person, Dr Lucy Roberts MAusIMM (CP) of SRK.

SRK Audited Mineral Resource Statement for Project Olza above a 2% Zn cut-off grade						
Classification	**Mt**	**Zinc Grade Zn %**	**Lead Grade Pb %**	**Combined Grade Zn+Pb %**	**Contained Zinc Mlb**	**Contained Lead Mlb**
Inferred	24.4	5.53	1.49	7.02	2,975	802

Notes:

1. Mineral Resources are not Mineral Reserves. Mineral Resources that have not been converted to Mineral Reserves do not have demonstrated economic viability.
2. Contained metal values are based on 100% recoveries.

Preliminary cost and recovery parameters were applied and used to generate mineable shapes and quantify the diluted tonnes and grade available for the mine schedule in the PEA.

Production

The proposed development scenario for Project Olza is a conventional underground mine using room and pillar methods at a production rate of 6,000 tonnes per day ("tpd") or 2.16 million tonnes per year ("Mtpa"). The mine would be accessed by two declines, enhancing the construction/development timeline and providing long term operational efficiencies. The base case incorporates construction of a processing facility, utilizing Semi-Autogenous Grinding ("SAG") and ball milling followed by standard flotation treatment to produce two marketable concentrates that would be shipped to a European smelter.

Base Case Production Summary		
Description	**Units**	**Value**
Run of Mine Mill feed	Mt	16.1
Zinc Grade	%	4.98
Lead Grade	%	1.50
Recovery		
Zinc	%	89.0
Lead	%	88.5
Zinc concentrate	kt dry	1,275
Recovered Zinc	Mlb	1,574
Payable Zinc	Mlb	1,338
Lead concentrate	kt dry	307
Recovered Lead	Mlb	473
Payable Lead	Mlb	449

k – thousands; M – millions; t – tonnes; lb - pounds

Operating Costs

Operating cost estimates from the study (presented below in $/t of mineralized material processed) were based on information gained through direct inquiries with local suppliers and estimates of consumables derived from the technical work completed on the development and mining schedule. The total operating costs were benchmarked by SRK and HDSI against a number of mines built at other MVT zinc-lead deposits worldwide, including local Polish operations.

Operating Cost Summary		
Description	**Units**	**Value**
Mining	$/t	26.88
Milling	$/t	11.46
Environmental/Tailings Storage Facility	$/t	5.15
Site General & Administration	$/t	3.93
Total On-Site	**$/t**	**47.42**
Total Off-Site	**$/t**	**22.47**
TOTAL OPERATING COSTS	**$/t**	**69.88**

Notes: Total On-Site include mining, milling and infrastructure costs incurred to produce concentrate; Total Off-Site include TC/RCs, transportation, handling and freight costs.
Totals may not add due to rounding.

Capital Costs

The capital costs were estimated based on budget quotes for all major equipment from major equipment providers and inquiries of local suppliers; assessments of plant and equipment requirements from the technical work completed on the development and mining schedule. SRK and Rathdowney benchmarked this information with MVT operations worldwide as well as the report: "Sourcing Local Costs in Upper Silesia Area in Poland" by The Mineral and Energy Economy Research Institute of the Polish Academy of Sciences.

Capital Cost Summary				
Description	**Units**	**Initial**	**Sustaining**	**Total LOM**
Mining	$M	82.3	36.6	**118.9**
Processing	$M	59.7	-	**59.7**
Tailing storage & Water treatment facilities	$M	33.1	14.5	**47.6**
Surface facilities	$M	15.7	-	**15.7**
Contingency	$M	23.1	-	**23.1**
EPCM	$M	13.1	-	**13.1**
Sub-total	**$M**	**227.0**	**51.1**	**278.1**
Reclamation Security	$M	6.8	4.5	**11.3**
TOTAL CAPITAL COSTS	**$M**	**233.8**	**55.6**	**289.4**

Note: thirty percent contingency and fifteen percent EPCM applied to processing.

A technical report entitled "NI 43-101 Technical Report on the Preliminary Economic Assessment of the Project Olza Zinc-Lead Project, Poland by C. Bray, MAusIMM(CP), L. Roberts, MAusIMM(CP), C. Bonson, EurGeol, PGeo., H. El Idrysy, CGeol, FGS, and K Czajewski, PEng, of SRK and L. Melis, PEng, of Melis, will be filed in April on the Company's profile at www.sedar.com.

Environment and Permitting

The Phase II program is designed to advance the project and facilitate permitting for Project Olza. Work in 2014 involved environmental baseline studies, engineering studies and ongoing consultation with government and local communities.

Rathdowney has initiated comprehensive data collection programs to support engineering studies and the environmental assessment process. Baseline investigations (flora, fauna, air, ground and surface water, soil and rock, climate, land use, protected areas and monuments) have been designed to characterize existing environmental and social conditions of the project-area.

An extensive hydrological study led by the AGH Krakow University of Science and Technology ("AGH") began in 2013. The program involves desk top study as well as a survey of hundreds of existing hand-dug and drilled wells and surface water bodies, from which data on flow rates and water chemistry is being collected. Once an initial assessment of the regional hydrology has been made, AGH will propose locations for additional groundwater monitoring stations, as required. Concurrently, a regional hydrogeological model is being developed from over 1000 historical drill holes. This compilation of historical data and new data for Olza is expected to create one of the most comprehensive hydrological models in Poland.

Rathdowney commissioned the Polish NGO Fundacja Przyroda i Człowiek (Nature and Human Foundation) to conduct flora and fauna baseline studies over some 18 months. The baseline work, which extends over an area of 150 square kilometres, will continue into 2015.

Community Engagement

Rathdowney established a local team and began community engagement activities with government and local landowners in 2010. The team initially engaged with landowners about the drill holes that the Company completed during Phase I. The hydrological program has involved a survey of hundreds of wells drilled prior to Rathdowney's activities in the area. In order to facilitate this program, Rathdowney and its consultants contacted 708 households and spoke to 747 people in order to arrange access to the wells to collect data for a comprehensive hydrological model for the area.

Consultation with the broader public has also expanded as the project advanced. A series of meetings began in early 2013 to provide information on results from Phase I and the Company's plans moving forward. Since 2010, nearly 2,000 documented meetings have been held with stakeholders including some 34 local meetings involving more than 400 participants in Łazy, Zawiercie, Ogrodzieniec and Poręba municipalities.

In February 2014, Rathdowney commenced a series of additional community meetings in the villages in the project-area in order to reach a larger group of people. Sixteen meetings were held over seven months, covering all villages in the Łazy municipality and in a number of villages of Ogrodzieniec municipality, which involved more than 200 participants. This phase of meetings continued through November 2014.

2.2 Other Interests

Properties in Ireland

Rathdowney holds prospecting licenses in Ireland. The Company carried out early stage exploration work on its properties in Ireland from 2008-2010 and initial drill testing in 2011.

In 2012, the Company focused on rebalancing the risk profile of its project portfolio while maintaining significant exposure to successful discoveries. To this end, management chose to farm out its Irish exploration properties and bolster its near-term development pipeline by gaining an interest in later stage projects. Rathdowney can benefit from exploration success through retained minority interests or net smelter return ("NSR") royalties.

Agreement with Teck Ireland Ltd.

In September 2012, Rathdowney optioned 31 Prospecting Licenses that comprise the Westmeath South, Westmeath North, Galway, Laois, Longford and Meath properties (the "Prospecting Licences") located in the Irish Midlands zinc-lead district held by the Company to Teck Ireland Ltd. ("Teck Ireland"), a subsidiary of Teck Resources Limited. As part of the transaction, Teck Resources Limited completed a $350,000 investment in Rathdowney.

Teck Ireland has the option (the "Option") to acquire a 100% interest in the Prospecting Licences by incurring expenditures on the Prospecting Licences totalling € 3,500,000 on or before December 31, 2016. Upon exercise of the Option by Teck Ireland, the Company will retain a 2% NSR royalty on minerals extracted from the areas covered by the Prospecting Licences.

In 2014, Teck relinquished six Prospecting Licenses. In January 2015, Teck Ireland returned four Prospecting Licenses. The Option continues as described above on 25 properties.

Current Property Holdings

The current holdings in Ireland include 21 properties optioned to Teck and four prospecting licences at Westmeath South returned in 2015 which Rathdowney will seek to vend.

Investment in Heatherdale Resources Ltd.

In July 2012, the Company acquired 22 million common shares in Heatherdale Resources Ltd. ("Heatherdale"). Rathdowney can appoint up to two members to Heatherdale's Board of Directors and to provide input to Heatherdale's technical management group. Currently, Rathdowney holds an interest of approximately 16% in Heatherdale and has one representative on the Heatherdale Board.

Rathdowney believes that its investment in Heatherdale provides shareholders with a low cost opportunity to participate in a project with excellent potential, notwithstanding it has impaired its investment to $700,000.

Drilling by Heatherdale since 2009 has significantly expanded Niblack's mineral resources. More recently, Heatherdale has signed agreements with local and state government agencies to assist in assessing infrastructure sites that would support development at Niblack. The project enjoys strong local government and community support which, combined with existing underground infrastructure, would facilitate production in the near term.

In early May 2014, Heatherdale announced that the Alaska State Legislature unanimously passed Senate Bill 99 (the "bill") to authorize the Alaska Industrial Development and Export Authority ("AIDEA"), subject to completion of due diligence, to issue bonds of up to $125 million to finance certain infrastructure and construction costs of the Niblack Project at the Gravina Island Industrial Complex, and infrastructure at the project site. Support from AIDEA through this infrastructure financing would contribute significantly to development of the Niblack Project.

At this time, Heatherdale is seeking additional financing or a strategic partner to further advance the project.

2.3 Market Trends

In terms of zinc and lead markets, the major demand comes from China, comprising an estimated 44 percent of the global demand in 2011. Current demand, particularly for zinc, in combination with the expected closure, due to ore exhaustion, of some major zinc mines in the world over the next few years, is expected to widen the gap in the medium term between mine supply and the demand for zinc, as well as drawing down the large stocks of zinc. With the Olza zinc-lead project, Rathdowney is among a short list of junior exploration companies that are well placed to benefit from this looming squeeze in the supply of zinc concentrates.

Silver is not only a precious metal but its characteristics make it useful in a variety of industrial (in electronics) and chemical (as a catalyst) applications, and medical and consumer (as antimicrobial) products.

In 2010, zinc and lead prices weakened mid-year, and then improved steadily through most of 2011. Prices were variable in 2012 and 2013.

As a result of mine closures, zinc prices increased in 2014. Although forecasters had predicted that declining zinc production would boost prices even further in 2015 and 2016, there was some weakening of prices in early 2015, followed by improvement since mid-March. Recent zinc price is $1.00/lb.

Lead prices were variable in 2014 and in the early part of 2015, but have increased in April. Recent lead price is $0.92/lb.

An upward trend in the silver price began in 2010, and continued to late September 2011, resulting in the average for 2011 being at the highest level since 2008. Prices trended downward in 2012 and 2013. Prices have been variable in 2014 and 2015, with an overall decrease in the average price. Recent silver price is $15.86/oz.

Average annual prices since 2010 as well as the average prices so far in 2015 for zinc, lead and silver are shown in the table below:

	Zinc US$/lb	Lead US$/lb	Silver US$/oz
2010	0.98	0.97	20
2011	0.99	1.09	35
2012	0.88	0.92	31
2013	0.87	0.97	24
2014	0.98	0.95	19
2015 to date	0.95	0.83	16.64

Source: www.metalprices.com

3 SELECTED ANNUAL INFORMATION

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and are expressed in Canadian dollars.

	As at December 31		
	2014	2013 (1)	2012 (1)
Total assets	$ 7,029,030	$ 4,217,115	$ 12,899,302
Total non-current financial liabilities	$ -	$ -	$ -

	Year ended December 31, 2014	Year ended December 31, 2013 (1)	Year ended December 31, 2012(1)
Expenses (income)			
Exploration and evaluation	$ 4,049,869	$ 3,801,626	$ 8,988,023
Administration	1,638,458	2,232,784	2,172,016
Share-based payments	376,753	41,378	402,005
Foreign exchange loss(gain)	(73,075)	388,115	(223,641)
Interest income and expense	(51,391)	(58,100)	(111,846)
Impairment of AFS financial assets	7,000	2,411,000	1,435,698
Loss for the year	5,947,614	$ 8,816,803	$ 12,662,255
Basic and diluted loss per share	$ 0.06	$ 0.11	$ 0.15
Weighted average number of common shares outstanding	96,900,182	82,918,195	81,838,665

(1) Restated for change in functional and presentation currency. See note 2(l) of the audited consolidated financial statements

4 SUMMARY AND DISCUSSION OF QUARTERLY RESULTS

All monetary figures in the following table are expressed in thousands of Canadian dollars, except per-share amounts. Small differences are due to rounding.

	Dec.31 2014	Sep.30 2014(2)	Jun.30 2014(2)	Mar.31 2014(2)	Dec.31 2013(2)	Sep.30 2013(2)	Jun.30 2013(2)	Mar.31 2013(2)
Exploration expenses	$ 1,551	$ 733	$ 847	$ 919	$ 738	$ 912	$ 1,191	$ 934
Administrative	441	354	413	430	392	501	637	703
Share based payments	108	126	131	11	3	30	3	5
Operating loss	2,100	1,213	1,391	1,360	1,133	1,443	1,831	1,642
Impairment	7	-	-	-	(11)	766	229	1,427
Other (1)	60	(233)	(28)	76	138	87	206	(74)
Net loss	$ 2,167	$ 980	$ 1,363	$ 1,436	$ 1,260	$ 2,296	$2,266	$ 2,995
Loss per common share	$ 0.02	$ 0.01	$ 0.02	$ 0.02	$ 0.02	$ 0.03	$ 0.03	$ 0.04

Notes:

(1) Other items include interest income and foreign exchange differences.

(2) Restated for change in functional and presentation currency. See note 2(l) of the audited consolidated financial statements

Discussion of Quarterly Trends

The Company's quarterly operating losses followed an overall decreasing trend from Q1 2013 through Q3 2013, as the Company completed drilling, mineral resource estimation, and metallurgical test-work for its 2013 program in Poland, and then ramped up again in Q3 2014 and Q4 2014 as the Company executed its 2014 program in Poland.

Administrative expenses tended to follow the level of activity in the Company's exploration and business development activities.

The impairment loss recorded by the Company is related to its investment in Heatherdale Resources Ltd. and arises from declines in the market price of that investment

5 RESULTS OF OPERATIONS AND FINANCIAL POSITION

5.1 Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's audited consolidated financial statements and related notes. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

The loss for the year ended December 31, 2014 was $ 5.9 million, compared to a loss of $ 8.8 million in the previous year. This decrease was mainly due to a minimal impairment loss on the Company's investment in marketable securities, compared to $2.4 million in 2013.

Exploration and Evaluation Expenses

Exploration and evaluation expenses, excluding share-based payments for the year ended December 31, 2014 increased to $4,050,000, compared to $3,802,000 in the previous year. Higher exploration and evaluation expenses in current year were primarily because the Company recommenced its drilling and engineering programs at Project Olza in the last quarter of 2014.

An analysis of the exploration and evaluation expenditures, excluding share-based payments, for the year ended December 31, 2014 and 2013 is as follows:

Year ended December 31, 2014	Project Olza	Irish properties	Other (i)	Total
Drilling	$ 139,927	$ -	$ -	$ 139,927
Engineering	947,687	-	19,202	966,889
Geological and permitting	707,369	1,812	26,480	735,661
Site activities	967,680	83,433	571	1,051,684
Environmental and community relations	861,816	-	-	861,816
Other	292,939	893	60	293,892
Total	$ 3,917,418	$ 86,138	$ 46,313	$ 4,049,869

Year ended December 31, 2013	Project Olza	Irish properties	Other (i)	Total
Drilling	$ 121,156	$ -	$ -	$ 121,156
Engineering	635,712	6,685	132	642,529
Geological	1,253,279	74,452	13,957	1,341,688
Site activities	541,123	101,409	331	642,863
Environmental and community relations	837,723	-	2,464	840,187
Other	206,148	5,918	1,137	213,203
Total	$ 3,595,141	$ 188,464	$ 18,021	$ 3,801,626

(i) Includes expenses related to technical administration of the projects and other technical work not allocated to any specific project.

Administrative Expenses

Administrative expenses, excluding share-based payments, decreased to $1,638,000 for the year ended December 31, 2014, compared to $2,233,000 in 2013.

Administrative expenses in current year were lower due to cost cutting measures in administrative activities, legal and accounting, and shareholder communications expenses. We significantly curtailed many of our administrative activities. Certain advisory and shareholder communications services were eliminated or reduced. As a result, the legal, accounting and audit expenses have decreased to $61,000 for the year ended December 31, 2014, compared to $393,000 in 2013.

6 LIQUIDITY

At December 31, 2014, the Company had cash and cash equivalents totalling approximately $5.9 million, compared to cash and cash equivalents of $3.1 million at December 31, 2013. During the third quarter of 2014, the Company completed an $8.6 million private placement financing of its common shares (see section *2 Overview*).

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The Company's continuing operations are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to continue the exploration and development of its mineral property interests and to obtain the permits necessary to mine, and on future profitable production or proceeds from the disposition of its mineral property interests.

The Company has no long term debt, capital lease obligations or any other long term obligations. The Company has no material "Purchase Obligations", defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

7 CAPITAL RESOURCES

The Company has no lines of credit or other sources of financing which have been arranged but are as yet unused.

The Company had no commitments for material capital expenditures as of December 31, 2014.

8 OFF-BALANCE SHEET ARRANGEMENTS

None.

9 TRANSACTIONS WITH RELATED PARTIES

Key management personnel

The required disclosure for the remuneration of the Company's key management personnel is provided in note 11 of the audited consolidated financial statements for the year ended December 31, 2014 and 2013. These are available at www.sedar.com.

Hunter Dickinson Inc.

Description of the relationship

Hunter Dickinson Inc. ("HDI") and its wholly owned subsidiary Hunter Dickinson Services Inc. ("HDSI") are private companies established by a group of mining professionals engaged in advancing mineral properties for a number of publicly-listed exploration companies, one of which is the Company.

The following directors or officers of the Company also have a role within HDSI.

Individual	Role within the Company	Role within HDSI
Lena Brommeland	Director, Senior Vice President, General Manager	Employee
David Copeland	Director	Director
Scott Cousens	Director	Director
Robert Konski	Director, President, Chief Executive Officer	Consultant to HDSI
Paul Mann	Chief Financial Officer	Employee
Trevor Thomas	General Counsel and Corporate Secretary	Employee

The business purpose of the related party transactions

HDSI provides technical, geological, corporate communications, regulatory compliance, and administrative and management services to the Company, on an as-needed and as-requested basis from the Company.

HDSI also incurs third party costs on behalf of the Company. Such third party costs include, for example, directors and officers insurance, travel, conferences, and technology services.

As a result of this relationship, the Company has ready access to a range of diverse and specialized expertise on a regular basis, without having to engage or hire full-time experts. The Company benefits from the economies of scale created by HDSI which itself serves several clients. The Company is also able to eliminate many of its fixed costs, including rent, technology, and other infrastructure which would otherwise be incurred for maintaining its corporate offices.

The measurement basis used

The Company procures services from HDSI pursuant to an agreement dated July 2, 2010. Services from HDSI are provided on a non-exclusive basis as required and as requested by the Company. The Company is not obligated to acquire any minimum amount of services from HDSI. The fees for services from HDSI are determined based on a charge-out rate for each employee performing the service and for the time spent by the employee. Such charge-out rates are agreed and set annually in advance.

Third party costs are billed at cost, without markup.

Ongoing contractual or other commitments resulting from the related party relationship

There are no ongoing contractual or other commitments resulting from the Company's transactions with HDSI, other than the payment for services already rendered and billed. The agreement may be terminated upon 60 days' notice by either of the Company or HDSI.

Transactions with HDSI during the period

This disclosure is provided in note 11 of the audited consolidated financial statements for the year ended December 31, 2014 as filed on SEDAR.

Amounts due to or from HDSI at the end of the reporting period

Balances due	December 31, 2014	December 31, 2013
Balance due from (to) HDSI	$ (133,053)	$ 45,340

From time to time the Company may provide an advance to HDSI in order to secure access to high-demand services and personnel.

Heatherdale Resources Ltd. ("Heatherdale")

Description of the relationship

At December 31, 2014 and December 31, 2013, the Company held 22,000,000 common shares of Heatherdale, a public company listed on the TSX Venture Exchange. For additional details, refer to 2.2 Other Interests.

The following directors or officers of the Company also have a role within Heatherdale.

Individual	Role within the Company	Role within Heatherdale
Lena Brommeland	Director, Senior Vice President, General Manager	Director

Individual	Role within the Company	Role within Heatherdale
Rene Carrier	Director	Director
David Copeland	Director	Director
Scott Cousens	Director	Director
Trevor Thomas	General Counsel and Corporate Secretary	General Counsel and Corporate Secretary

Transactions during the period

There were no transactions between the Company and Heatherdale during any of the periods presented.

10 FOURTH QUARTER

The net loss for the fourth quarter of fiscal 2014 was $2,167,000, compared to a net loss of $980,000 in the third quarter of the year. The increase in loss is attributable mainly to an increase of exploration and evaluation expenses to $1,551,000 in the fourth quarter of 2014 from $733,000 in the third quarter of the year. The increase is mainly due to an increase in drilling expense from nil to $139,000, engineering expenses from $173,000 to $569,000 and site activities expenses from $133,000 to $320,000 as the Company continued to execute its drilling and engineering programs in the fourth quarter of current year.

Administration costs increased to $441,000 in the fourth quarter of 2014 from $354,000 in the third quarter of the same year, mainly due to the increased activity of the Company.

11 PROPOSED TRANSACTIONS

There is no proposed asset or business acquisitions or dispositions before the Board of Directors requiring disclosure under this section.

12 CRITICAL ACCOUNTING ESTIMATES

Not required. The Company is a Venture Issuer.

13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

As part of the equity financing which the Company completed in late August 2014, we re-assessed the functional currencies of all the entities in the Group. Substantially all of the funds were raised in Canadian dollars and all future funds transfers within the Group were to be denominated in Canadian dollars. With the decreased euro-denominated activity of the Company, we concluded a change in functional currency (to Canadian dollars), effective August 31, 2014, for certain of the entities in the Group was appropriate. For clarity of presentation, we chose to change the presentation currency effective August 31, 2014, as well. Further disclosure is provided in note 2 of the audited consolidated financial statements for the year ended December 31, 2014. These are available at www.sedar.com.

14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. There has been no change in the Company's objectives and policies for managing this risk and no significant change to the Company's exposure to credit risk during the year ended December 31, 2014.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company’s liquidity risk has been discussed in section 6 above.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. There has been no change in the Company's objectives and policies for managing this risk and no significant change to the Company's exposure to market risk during the year ended December 31, 2014.

Capital management

The Company's policy is to maintain a strong capital base to sustain future development of the business.

The capital structure of the Company consists of net assets (total cash and cash equivalent offset by total current liabilities) and equity of the Company (comprising issued capital, reserves and accumulated deficit).

There were no changes in the Company's approach to capital management during the year ended December 31, 2014.

Fair value

The carrying amounts of the Company's financial assets and liabilities carried at amortized cost approximate their fair values.

15 OTHER MD&A REQUIREMENTS

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

15.1 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

(a)	capitalized or expensed exploration and development costs	See section 4
(b)	expensed research and development costs	Not applicable.
(c)	deferred development costs	Not applicable.
(d)	general and administration expenses	See section 4
(e)	any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d)	None.

15.2 DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, there were 118,083,881 common shares of the Company issued and outstanding, and 4,736,225 share purchase options outstanding.

15.3 INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the appropriate time periods and that required information is accumulated and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

16 RISK FACTORS

The risk factors associated with the principal business of the Company are discussed below. Briefly, these include the highly speculative nature of the mining industry characterized by the requirement for large capital investment from an early stage and a very small probability of finding economic mineral deposits. In addition to the general risks of mining, there are country-specific risks associated with operating in a foreign country, including currency, political, social, and legal risk.

Due to the nature of the Company's business and the present stage of exploration and development of its projects (see description of the Company's projects in section 1.2 above), the Company may be subject to significant risks. Readers should carefully consider all such risks set out in the discussion below. The Company's actual exploration and operating results may be very different from those expected as at the date of this MD&A.

Exploration and Mining Risks

Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not reduce, including among other things, unsuccessful efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Very few properties that are explored are ultimately developed into producing mines.

The Company will rely upon consultants and others for exploration, development, construction and operating expertise.

Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Company's existing projects or any other properties the Company may acquire or its operations. Such restrictions may have a material adverse effect on the Company's business and its results of operations.

No Assurance of Future Profits and Production Revenues

The Company has no history of operations and expects that its losses will continue for the foreseeable future. The Company currently has only a small number of mineral properties. There can be no assurance that the Company will be able to acquire additional properties of sufficient technical merit to represent a compelling investment opportunity. If the Company is unable to acquire additional properties, its entire prospects will rest solely with its current projects and accordingly, the risk of being unable to identify a mineral deposit will be higher than if the Company had additional properties to explore.

There can be no assurance that the Company will ever be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's existing projects and any other properties that the Company may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties, and other factors, many of which are beyond the Company's control.

The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses unless and until such time as the Company's existing projects, and any other properties the Company may acquire, commence commercial production and generate sufficient revenues to fund continuing operations. The development of the Company's existing projects and any other properties the Company may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Title Risks

Although Poland is now a member of the European Union, its mining laws relating to the interplay of exploration and exploitation concessions acquired by private foreign investors do not yet have a history of jurisprudence which would give them the clarity and certainty comparable with the North American experience.

The Company believes it has exercised commercially reasonable due diligence in investigating titles and the applicable law with respect to zinc and lead ore resources and that it has taken the appropriate steps in acquiring its rights to explore its Polish properties and believes that it can, if exploration warrants, ultimately exploit them subject to compliance with the complex legal requirements involved in mine construction in any jurisdiction. However, due to Poland's private sector mining laws being approximately 20 years old, the Company cannot guarantee that its rights and interests in the properties will not be challenged or subject to some competing third party rights in the future.

Title to the Rokitno, Zawiercie and Chechlo concessions granted to Rathdowney Polska by the Minister of Environment in Poland for exploring and prospecting for zinc and lead ores within the specified license areas, and in respect of each such license an agreement on the establishment of mining usufruct ("right to the fruit of") was entered into between Rathdowney Polska and the State Treasury of Poland. The mining usufruct agreements give Rathdowney Polska the exclusive right to use the specified space for the purpose of prospecting and exploring for lead and zinc ores and they reserve the right of the State Treasury to establish usufruct within the same space for the purpose of conducting activities other than prospecting and exploration of lead and zinc ores, provided such other activities do not legally breach Rathdowney Polska's rights.

Rathdowney Polska had applied for these concessions using certain historical geological information owned by the State Treasury and under Polish mining law, it is possible that a third party might attempt to use the same information to apply for its own concession for mineral exploitation. Rathdowney Polska would oppose any attempt by a third party to obtain a concession for mineral exploitation of lead and zinc on the Rokitno, Zawiercie and Chechlo concessions on the grounds, among other things, that the grant of any such concession, and any activities pursuant thereto, would be a breach of Rathdowney Polska's rights pursuant to its mining usufruct agreements. The concept of what constitutes a legal breach of Rathdowney Polska's rights is not certain. Additionally, there are significant Polish legal requirements and pre-conditions to an application for a mineral exploitation concession, and the Company believes it would be a prohibitively lengthy process before a third party could put itself in a position to apply for a mineral exploitation concession in respect of Rokitno, Zawiercie and Chechlo concessions. Rathdowney Polska has signed an agreement for use of the geological information on its Rokitno and Zawiercie concessions. Additionally, Rathdowney Polska submitted the geological documentation required (in addition to other legal requirements) for the subsequent granting of a concession for mineral exploitation to the Minister of Environment. The agreement provides Rathdowney Polska with the right to use the geological documentation to which the State Treasury of Poland has title for a period of 30 months.

The geological documentation submitted by Rathdowney Polska by the Ministry of the Environment was approved on July 30, 2014, and Rathdowney Polska has the exclusive right to apply for an exploitation concession(s) for a period of five years commencing after the expiration of Rathdowney Polska’s prospecting and exploration concessions. Additionally, Rathdowney Polska will have five years priority over third parties to require the State Treasury of Poland to establish the exploitation mining usufruct right(s) for its benefit.

If Rathdowney Polska obtains exploitation concessions within the above five year exclusivity period, Rathdowney Polska will enjoy the exclusive right to use the geological information for the term of the exploitation concession(s) plus two years.

The Company believes that the term of the exploitation usufruct agreement which would be executed between Rathdowney Polska and the State Treasury of Poland should correspond to the period of the exploitation concession(s).

Rathdowney Polska is the only party that can carry out further exploration work as it has the exclusive right to explore for lead and zinc pursuant to its mining usufruct agreements. However, the Company cannot guarantee that

Rathdowney Polska's further exploration work and such modified geological information will be sufficient to obtain the benefit of such priority and exclusivity, nor can it guarantee that it could successfully block an attempt by a third party (attempting to use the historical geological information or otherwise) to endeavour to obtain a license for exploitation in respect of the Rokitno and Zawiercie concessions which competes with the Company in whole or in part.

If required, there is also a plan to extend the term of all of the exploration concessions prior to their expiry.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits which may be required to carry out exploration and development of the Company's projects.

Infrastructure Risk

The operations of the Company are carried out in geographical areas which may lack adequate infrastructure and are subject to various other risk factors. Mining, processing, 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. Lack of such infrastructure or unusual or infrequent weather phenomena, sabotage, terrorism, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Additional Funding Requirements

Further development of the Company's projects will require additional capital. The Company currently does not have sufficient funds to fully develop the projects it holds. In addition, a positive production decision at these projects or any other development projects acquired in the future would require significant capital for project engineering and construction. Accordingly, the continuing development of the Company's projects will depend upon the Company's ability to obtain funding through debt or equity financings, the joint venturing of projects, or other means. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital.

Changes in Local Legislation or Regulation

The Company's mining and processing operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, exploration, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine and worker safety, protection of endangered and other special status species and other matters. 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 mining companies affecting the environment, human health and safety of the surrounding communities.

Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Company's operations, including its ability to explore or develop properties, commence production or continue operations. Failure to comply with applicable environmental and health and safety laws and regulations may result in injunctions, fines, suspension or revocation of permits and other penalties. The costs and delays associated with compliance with these laws, regulations and permits could prevent the Company from proceeding with the development of a project or the operation or further development of a mine or increase the costs of development or production and may materially adversely affect the Company's business, results of operations or financial condition. The Company may also be held responsible for the costs of addressing contamination at the site of current or former activities or at third party sites. The Company could also be held liable for exposure to hazardous substances.

Environmental Matters

All of the Company's mining operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether.

The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

All of the Company's exploration, development and any production activities will be subject to regulation under one or more environmental laws and regulations. Many of the regulations will require the Company to obtain permits for its activities. The Company will be required to update and review its permits from time to time, and will be subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the Company's business, causing those activities to be economically re-evaluated at that time.

Groups Opposed to Mining May Interfere with the Company's Efforts to Explore and Develop its Properties

Organizations opposed to mining may be active in the locales in which the Company conducts its exploration activities. Although the Company intends to comply with all environmental laws and maintain good relations with local communities, there is still the possibility that those opposed to mining will attempt to interfere with the development of the Company's properties. Such interference could have an impact on the Company's ability to explore and develop its properties in a manner that is most efficient or appropriate, or at all, and any such impact could have a material adverse effect on the Company's financial condition and the results of its operations.

Political Risk

The Company's operations are subject to political risks and government bureaucracy.

Poland and Ireland have, from time to time, experienced economic or social instability. It is difficult to predict the future political, social and economic direction of the countries in which the Company operates, and the impact government decisions or social and economic circumstances may have on the Company's business. Any political, social or economic instability in the countries in which the Company currently operates could have a material and adverse effect on the Company's business and results of operations.

While the government of Poland has modernized its mining legislation and is generally considered by the Company to be mining friendly, no assurances can be provided that this will continue in the future. The possibility that current or future governments may adopt substantially different policies or take arbitrary action which might halt exploration, production, or extend to the nationalization of private assets or the cancellation of contracts, the cancellation of mining and exploration rights and/or changes in taxation treatment cannot be ruled out. The occurrence of any of these events could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The Company does not carry political risk insurance.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities is subject to wide fluctuations. Shares of the Company are suitable only for those who can afford to lose their investment. Factors such as announcements of exploration results, as well as market conditions in the industry or the economy as a whole, may have a significant adverse impact on the market price of the securities of the Company.

The stock market has from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operating performance of particular companies.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or of companies providing services to the Company or they may have significant shareholdings in other companies. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Currency Risk

The Company's expected future revenue, if any, will be in US dollars while some of its expenditures are in local currencies. Also, future capital raised by the Company from public offerings of securities will likely be in Canadian dollars. As a result of the use of these different currencies, the Company is subject to the risk of foreign currency fluctuations, which are affected by a number of factors that are beyond the control of the Company.

These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may materially affect the Company's financial position and operating results. Currently, the Company has not hedged against fluctuations in exchange rates; however, it may do so at a later date.

Payment of Dividends Unlikely

There is no assurance that the Company will pay dividends on its shares in the near future. The Company will likely require all its funds to further the development of its business for the foreseeable future.

Lack of Revenue and a History of Operating Losses

The Company does not have any operational history or earnings and the Company has incurred net losses and negative cash flow from its operations since its incorporation. Although management of the Company hopes to eventually generate revenues, significant operating losses are to be anticipated for at least the next several years and possibly longer. To the extent that such expenses do not result in the creation of appropriate revenues, the Company's business may be materially adversely affected. It is not possible to forecast how the business of the Company will develop.

General Economic Conditions

Global financial markets have experienced a sharp increase in volatility during the last few years.

Market conditions and unexpected volatility or illiquidity in financial markets may adversely affect the prospects of the Company and the value of the Company's shares and consequently its ability to raise funds required for the furtherance of its projects.

Reliance on Key Personnel

The Company is dependent on the continued services of its senior management team, and its ability to retain other key personnel. The loss of such key personnel could have a material adverse effect on the Company. There can be no assurance that any of the Company's employees will remain with the Company or that, in the future, the employees will not organize competitive businesses or accept employment with companies competitive with the Company.

Furthermore, as part of the Company's growth strategy, it must continue to hire highly qualified individuals. There can be no assurance that the Company will be able to attract, train or retain qualified personnel in the future, which would adversely affect its business.