



RATHDOWNEY RESOURCES LTD.

THREE AND SIX MONTHS ENDED JUNE 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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1 **DATE**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Rathdowney Resources Ltd. (the "Company" or "Rathdowney") for the six months ended June 30, 2016 (the "Interim Financial Statements"), which are publicly available at www.sedar.com.

This MD&A is prepared as of August 26, 2016. 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. Additional information on assumptions for the Preliminary Economic Assessment is available in the Technical Report (full reference in section 2.1 below).

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.

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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 advancing its Olza zinc-lead-silver project ("Project Olza" or the "Project"). The Company holds a 100% interest in Project Olza through wholly-owned subsidiary, Rathdowney Polska Sp z o.o. The Project Olza property covers an area of more than 150 square kilometres in the Upper Silesian Mining District in Poland.

Rathdowney acquired Project Olza because of the presence of significant Mississippi Valley Type ("MVT") zinc-lead deposits that had been identified by Polish State companies (including the Polish Geological Institute or "PGI") through some 180,000 metres of drilling carried out in the area during the 1950s to 1980s. PGI also completed several historical estimates of the zinc-lead resources, which were reported under a Soviet-style classification system.

Following review of the historical database, Rathdowney carried out a focused exploration program, involving drilling and other studies was completed from 2011 through 2013. Significant mineral resources were estimated in the area of initial drill testing, comprising 24.4 million tonnes ("Mt") in the inferred category grading 7.02% Zn+Pb¹ (at a 2.0% Zn cut-off). Preliminary metallurgical test work completed on core from the drill area also returned positive results, indicating that standard

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

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flotation treatment without pre-concentration would produce high quality zinc and lead concentrates.

Since that time, Rathdowney has been focused on studies designed to support permitting and advance the project toward development. Work has included compilation and analysis of an extensive hydrogeological database and collection of flora and fauna data for environmental baseline studies. Engineering and mine planning studies have included a 2015 Preliminary Economic Assessment (“PEA”) indicating strong potential financial returns for a 6,000 tonnes per day (“tpd”) underground mine with on-site processing facilities at Project Olza. The PEA recommended advancing Project Olza to a feasibility level of study in a phased approach, using the PEA as a basis for the refining and optimizing the Project.

Additional drilling was carried out in 2014-2015 shows potential for expansion of the mineral resources at Zone 5, one of the zones that comprise the current Olza mineral resource. Important geotechnical data was also collected for planning infrastructure development in that area.

Market conditions have been challenging for resource companies for the past several years. As a result, management has carefully deployed cash resources to advance the project while seeking to secure additional financing.

Subsequent to the end of the quarter, the Company closed the [first] tranche of a private placement financing (see further details in section 2.2 below), for gross proceeds of \$1.36 million.

2.1 Project Olza, Poland

Project Olza Project Olza comprises the Zawiercie, Rokitno and Chechlo exploration permits (“concessions”). The concessions are 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 Project 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 complex. A railway line runs through the Olza Project-area, providing access to the local facilities and to other smelters by way of the national rail system and ports on the Baltic Sea.

Mineral Resources

The current mineral resource estimate is based on Rathdowney and Polish State drilling, including historical data received as recently as July 16, 2014 (the effective date), along a mineralized trend on

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the Zawiercie and Rokitno concessions. Results of the current estimate 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.

Sample preparation and assaying of Rathdowney drill holes used for the estimate were done at ISO 17025:2005 accredited Omac Laboratories Ltd. (Stewart Group/ALS Laboratory Group) in Loughrea, Ireland. Further details are provided on the Company's website at www.rathdowneyresources.com

David Gaunt, P.Geol, a qualified person not independent of the Company is responsible for the estimates. The estimate at 2% Zn cut-off was audited and verified and restated at February 2015 by independent QP - L. Roberts, MAusIMM (CP) of SRK Consulting (UK) Ltd and used for the PEA.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Rathdowney's drilling has included analysis for silver which returned significant results. Silver was not analyzed during historical drilling so is not included in the current resource estimate. There is opportunity for silver to provide additional value to the Project.

Rathdowney's 2014-2015 drilling program indicates potential to increase the mineral resources in the area of Zone 5.

Preliminary Economic Assessment

The Preliminary Economic Assessment ("PEA")² on Project Olza was prepared by SRK Consulting (UK) Limited ("SRK") with metallurgy and mineral processing aspects completed by Melis Engineering Limited ("Melis").

The proposed development scenario for Project Olza is a conventional underground mine using room and pillar methods at a production rate of 6,000 tpd or 2.16 million tonnes per year ("Mtpa").

² Project Olza Preliminary Economic Assessment Assumptions and Inputs

- Base Case metal prices used for zinc are US\$ 1.10/lb in Year 1 and 2 and US\$ 1.00/lb in remaining Life of Mine ("LOM"); and for lead are US\$1.09/lb in Year 1, US\$1.00/lb in Year 2 and USD 0.95/lb in remaining LOM. Assumptions are based the median price forecast among over 30 independent banks and investment dealers specialized in commodity market analysis.
- 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 as of the effective date of December 31, 2014.

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Projected costs in the PEA include construction of a processing facility, utilizing Semi-Autogenous Grinding (“SAG”) and ball milling followed by standard flotation treatment to produce two marketable low iron zinc and lead concentrates that would be shipped to a European smelter. Estimated initial capital cost is US\$227 million with sustaining capital of US\$51 million. Total operating costs are estimated to be US\$69.88/t, which include an on-site (infrastructure, mining and milling) cost of US\$47.42/t and an off-site (TC/RCs, transportation, handling and freight) cost of US\$22.47/t.

The PEA projects an after-tax internal rate of return of 30% with a 2.4 year payback of initial capital and a net present value at an 8% discount rate of US\$170 million.

The estimated life of mine production developed by the PEA is tabulated below.

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

The PEA production is forecast to be over a project life of 8 years based on the current mineral resource in the area of Rathdowney’s 2011-2013 drilling. Extensive historical drilling conducted by the Polish government has documented widespread zinc-lead mineralization outside of the current resource-area. In the areas where confirmatory drilling was carried out by Rathdowney, there has been good correlation with the results from the historical drilling, as shown by the positive results from drilling in 2014-2015 in the area of Zone 5. Therefore, the potential to increase mineral resources and extend the project life with additional drilling is considered to be excellent.

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.

Additional details on the PEA can be obtained from 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, effective date December 31, 2014 which is filed on the Company’s profile at www.sedar.com.

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Environment and Permitting

The objective of the Rathdowney's environmental program is to assess the existing conditions in the area of Project Olza and to provide the necessary data for an Environmental Impact Assessment and mine planning activities. The work includes studies of flora and fauna, surface and ground water quality and quantity, hydrology, climate, air quality and soil conditions in the Project area.

Specialists from the AGH Krakow University of Science and Technology in Poland were engaged to conduct a hydrological assessment, involving data collected from hundreds of existing hand-dug and drilled wells and surface water sources. The regional hydrological model developed from the study will be utilized for overall water management for the site as well as more site specific planning for the proposed mine.

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 250 square kilometres, will assist Rathdowney and its consultants to understand existing site conditions and to plan to avoid or mitigate any effects of mine development.

Community Engagement

Rathdowney established a local team and began community engagement activities in 2010. Some 2,000 documented meetings have been held since that time, including consultation with individual landowners, community groups and government. Information on planned programs and results as well as proposals for advancement of the project are presented and discussed.

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 rebalanced its risk profile of its project portfolio while maintaining significant exposure to successful discoveries by farming out its early-stage Irish exploration properties. 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, Rathdowney will retain a 2% NSR royalty on minerals extracted from the areas covered by the Prospecting Licences.

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The current property holdings consist of 12 properties held under Option by Teck Ireland.

Investment in Heatherdale Resources Ltd.

In July 2012, the Company also invested in the later-stage Niblack copper-gold-zinc-silver project in Alaska, USA, by acquiring 22 million common shares in Heatherdale Resources Ltd. ("Heatherdale"). Currently, Rathdowney holds an interest of approximately 16% in Heatherdale and has two representatives on the Heatherdale Board.

Rathdowney believes that its investment in Heatherdale provides shareholders with a low cost long term opportunity to participate in a project with excellent potential.

Drilling by Heatherdale from 2009-2012 significantly expanded Niblack's mineral resources in the Lookout and Trio Zones. Existing underground infrastructure provides access to the Lookout deposit. In 2013, Heatherdale has signed Memorandum of Understanding agreements with local and state government agencies to assist in assessing infrastructure sites that would support development at Niblack. The Niblack 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 to authorize the Alaska Industrial Development and Export Authority ("AIDEA"), subject to completion of due diligence, to issue bonds of up to US\$125 million to finance certain infrastructure and construction costs of the Niblack Project at the Gravina Island Industrial Complex, and infrastructure at the Niblack 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 Niblack Project.

2.3 Financing

Loans

On January 8, 2016, the Company announced that it has entered into Loan Agreements with respect to a \$335,000 loan (the "Loan") with non-arm's length directors and an unrelated lender of the Company (the "Lenders") to fund general working capital.

The Loan is unsecured, will bear interest at a rate of 15% per annum and is repayable on September 30, 2016 or earlier at the discretion of the Company upon the successful completion of a financing. In connection with the Loan, Rathdowney will issue to the Lenders 1,970,527 share purchase warrants, each entitling the holder to acquire one common share of Rathdowney at a price of \$0.17 per share. These share purchase warrants will expire on January 18, 2017 and subject to a four month hold period, commencing on the date of issuance.

During the three months ended June 2016 the Company entered into a loan agreement with a certain director totaling \$78,000 which bears interest at a rate of 18% per annum. The loan is unsecured and has a six-month term.

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Private Placement

On June 23, 2016, the Company announced that it plans to complete a private placement of up to approximately 31,579,000 Units of the Company at a price of \$0.19 per Unit (the "Issue Price") for proceeds of up to approximately \$6 million. Each Unit ("Unit") shall consist of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant shall entitle the holder to purchase one additional Share (a "Warrant Share") at a price of \$0.24 per Warrant Share for a period of two years from the date of closing of the Offering, which is expected to be by mid July 2016. The Agents of the brokered portion of any brokered portion of the Offering have an option to offer for sale up to an additional 15% of the Units, at the Issue Price.

On August 19, 2016, the Company announced that it had closed the first tranche of the unit private placement announced previously on June 23, 2016 consisting of 7.19 million Units issued as part of the Company's President's List for gross proceeds of \$1.36 million.

The Units, Shares and Warrant Shares, and the Broker Warrants will be subject to applicable resale restrictions, including a four month hold period from date of closing of the Offering under applicable Canadian securities laws.

Proceeds will be used to advance Polish permitting activities and further refine mining engineering work to progress the Company's Olza zinc-lead-silver project towards feasibility and completion of permit licensing, as well as for general corporate working capital purposes.

2.4 Market Trends

Rising demand, particularly for zinc, in combination with decreasing supply related to the closure of some major zinc mines in the world over the next few years, is expected to widen the gap between mine supply and the demand for zinc in the medium term, as well as drawing down the large stocks of zinc. With Project Olza, Rathdowney is among a short list of junior exploration companies that are well placed in terms of location and stage in the development pipeline to help mitigate this looming squeeze in the zinc supply.

Zinc and lead prices improved steadily through most of 2011. Prices were variable in 2012 and 2013, and increased in 2014. Although forecasters had predicted that declining zinc production would boost prices even further in 2015 and 2016, prices were variable to improving in the first half of 2015, then decreased in the latter part of the year. Zinc prices have increased so far in 2016. Recent closing price is US\$ 0.86/lb.

Lead prices were variable in 2015 and have been variable to improving so far in 2016. Recent closing price is US 0.81/lb.

Silver prices trended upward in 2011, reaching as high as US\$43/oz. Prices ranged between US\$26/oz and US\$35/oz between October 2011 and December 2012, and trended downward in 2013. Prices were variable in 2014 and 2015, with an overall decrease in the average price. Prices have been variable to improving in 2016. The recent closing price is US\$19.70/oz.

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Average annual prices over the past five years as well as the average prices so far in 2016 for zinc, lead and silver are shown in the table below:

	Zinc US\$/lb	Lead US\$/lb	Silver US\$/oz
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	0.87	0.81	16
2016 to the date of this MD&A	[0.85]	[0.79]	[17]

Source: www.metalprices.com

3 SELECTED ANNUAL INFORMATION

Not required for interim MD&A.

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.

Summary of quarterly results	Jun 30 2016	Mar 31 2016	Dec 31 2015	Sep 30 2015	June 30 2015	Mar 31 2015	Dec 31 2014	Sep 30 2014
Exploration expenses ⁽¹⁾	\$ 270	\$ 311	\$ 449	\$ 578	\$ 1,664	\$ 1,605	\$ 1,551	\$ 733
Administrative expenses ⁽¹⁾	511	466	471	559	772	556	441	354
Share based payments	-	4	9	38	44	93	108	126
Operating loss	781	781	929	1,175	2,480	2,254	2,100	1,213
Impairment loss	-	-	-	550	-	-	7	-
Other items ⁽²⁾	64	33	(2)	35	31	21	60	(233)
Net loss	845	814	927	1,760	2,511	\$ 2,275	\$ 2,167	\$ 980
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.01

Notes:

- (1) Excluding share based payments
- (2) Other items include interest income and foreign exchange differences and may include other non-recurring transactions such as gains on disposal of equipment.

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Discussion of Quarterly Trends

The Company's quarterly operating losses followed an overall decreasing trend from Q3 2014 through Q2 2016, as the Company completed drilling, mineral resource estimation, and metallurgical test-work for its 2013 program in Poland, and then ramped up again from Q4 2014 to Q2 2015 as the Company undertook a drilling program in Poland. This drilling program was completed in Q2 2015, which led to significantly decreased expenditures from Q3 2015 to and Q2 2016.

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

The impairment loss in Q3 2015 represents a revaluation loss relating to the Company's investment in common shares of Heatherdale Resources Ltd.

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 interim consolidated financial statements and related notes. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

Results for the Six Months Ended June 30, 2016 vs. 2015

The loss for the six months ended June 30, 2016 was \$ 1.7 million, compared to a loss of \$ 4.7 million for the same period of the previous year. The higher loss in the prior period was mainly due to higher exploration expenses relating to the 2014-2015 drilling program.

Exploration and Evaluation Expenses

Exploration and evaluation expenses for the six months ended June 30, 2016 decreased to \$581,341, compared to \$3,268,779 for the same period of the previous year, in line with the decrease in exploration activities in the current period, compared to the prior period.

An analysis of the exploration and evaluation expenditures, excluding share-based payments, for the six months ended June 30, 2016 and 2015 is as follows:

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Six months ended June 30, 2016	Project Olza	Irish properties	Other (i)	Total
Assay and analysis	\$ -	\$ -	\$ -	\$ -
Drilling	-	-	-	-
Engineering	14,847	-	63,529	78,376
Geological and permitting	49,107	-	1,554	50,661
Property fees and assessments	-	-	-	-
Site activities	165,737	13,680	14,700	194,117
Sustainability	194,812	-	55,922	250,734
Travel	7,453	-	-	7,453
Total	\$ 431,956	\$ 13,680	\$ 135,705	\$ 581,341

Six months ended June 30, 2015	Project Olza	Irish properties	Other (i)	Total
Assay and analysis	\$ 98,562	\$ -	\$ -	\$ 98,562
Drilling	1,077,195	-	-	1,077,195
Engineering	713,463	-	-	713,463
Geological and permitting	501,155	-	16,250	517,405
Property fees and assessments	21,755	-	-	21,755
Site activities	287,507	19,155	-	306,662
Sustainability	428,716	-	-	428,716
Travel	105,021	-	-	105,021
Total	\$3,233,374	\$ 19,155	\$ 16,250	\$ 3,268,779

Note:

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

Administrative Expenses

Administrative expenses decreased to \$976,785 for the six months ended June 30, 2016, compared to \$1,327,457 for the same period in 2015. Administrative expenses in the current six month period were lower mainly due to lower office and administration expenses and lower shareholder communication activities in comparison to the same period in the previous year.

Results for the Three Months Ended June 30, 2016 vs. 2015

The loss for the three months ended June 30, 2016 was \$ 0.8 million, compared to a loss of \$ 2.5 million for the same period of the previous year. The higher loss in the prior period was mainly due to higher exploration expenses relating to the 2014-2015 drilling program.

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Exploration and Evaluation Expenses

Exploration and evaluation expenses for the three months ended June 30, 2016 decreased to \$270,042, compared to \$1,664,259 for the same period of the previous year, in line with the decrease in exploration activities in the current period, compared to the prior period.

An analysis of the exploration and evaluation expenditures, excluding share-based payments, for the three months ended June 30, 2016 and 2015 is as follows:

Three months ended June 30, 2016	Project Olza	Irish properties	Other ⁽ⁱ⁾	Total
Assay and analysis	\$ -	\$ -	\$ -	\$ -
Drilling	-	-	-	-
Engineering	14,847	-	8,600	23,447
Geological and permitting	16,695	-	680	17,375
Property fees and assessments	-	-	-	-
Site activities	96,377	6,847	9,500	112,724
Sustainability	89,295	-	22,880	112,175
Travel	4,321	-	-	4,321
Total	\$ 221,535	\$ 6,847	\$ 41,660	\$ 270,042

Three months ended June 30, 2015	Project Olza	Irish properties	Other ⁽ⁱ⁾	Total
Assay and analysis	\$ 58,213	\$ -	\$ -	\$ 58,213
Drilling	533,989	-	-	533,989
Engineering	385,670	-	-	385,670
Geological and permitting	275,853	-	6,750	282,603
Property fees and assessments	13,281	-	-	13,281
Site activities	145,582	9,169	-	154,751
Sustainability	166,212	-	-	166,212
Travel	69,540	-	-	69,540
Total	\$ 1,648,340	\$ 9,169	\$ 6,750	\$ 1,664,259

Note:

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

Administrative Expenses

Administrative expenses decreased to \$510,526 for the three months ended June 30, 2016, compared to \$771,435 for the same period in 2015. Administrative expenses in the current three month period were lower mainly due to a reduction in office and administration expenses and shareholder communication expenses compared to the same period in the previous year.

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6 LIQUIDITY

At June 30, 2016 and December 31, 2015, the Company had cash and cash equivalents totalling approximately \$0.1 million. In January 2016, the Company has entered into a loan agreement for the amount of \$335,000 with non-arm's length directors and officers of the Company. In April 2016, the Company entered into an additional loan of \$78,000 (see section 2.3 Loans).

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.

As at June 30, 2016, the Company had cash and cash equivalents of \$68,277 (December 31, 2015 - \$85,572), a working capital deficit, and a shareholders' deficiency. 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 complete the exploration and development of these projects, obtaining the necessary permits to mine, on future profitable production of any mine and the proceeds from the disposition of the mineral property interests. General market conditions for junior exploration companies have resulted in depressed equity prices.

These material uncertainties cast significant doubt on the ability of the Company to continue as a going concern.

Of the total current liabilities of the Company at June 30, 2016 \$1,513,665 (December 31, 2015, \$860,963) is payable to a related party (note 10(b) of the Interim Financial Statements) and \$433,257 (December 31, 2015 - Nil) is loans payable to certain directors and an unrelated lender (note 7 of the Interim Financial Statements).

While the Company is seeking equity and/or long-term debt funding, it is meeting its short-term liquidity needs through short-term borrowing from its directors and an unrelated lender; accordingly, the Company has entered into certain loan agreements during the current quarter (note 7 of the Interim Financial Statements) and announced a private placement in process (see section 2.3 private placement).

Management believes that it is able to maintain its core mineral rights in good standing for the next 12 month period. Additional debt or equity financing will be required to fund exploration or development programs. There can be no assurance that the Company will be able to obtain additional financial resources or achieve positive cash flows. If the Company is unable to obtain adequate additional financing, it will need to curtail its expenditures further, until additional funds can be raised through financing activities

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 June 30, 2016.

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 10 of the Interim Financial Statements. 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
Andrew Ing	Chief Financial Officer	Employee
Trevor Thomas	General Counsel and Corporate Secretary	Employee

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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 10 of the Interim Financial Statements as filed on SEDAR.

Heatherdale Resources Ltd. ("Heatherdale")

Description of the relationship

At June 30, 2016 and December 31, 2015, 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.

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Individual	Role within the Company	Role within Heatherdale
Lena Brommeland	Director	Director
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

Not required.

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

The required disclosure is provided in note 2 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2016. These are also available at www.sedar.com.

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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 three and six months ended June 30, 2016.

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 three and six months ended June 30, 2016.

Capital management

The Company's policy is to maintain a strong capital base to sustain future development of the business. Due to challenging capital markets, the Company has faced reduced liquidity and is

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temporarily in a deficit position, however management continues to manage capital with the intention to secure financing for further 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 three and six months ended June 30, 2016. The Company is not subject to any externally imposed capital requirements.

Fair value

At June 30, 2016 and December 31, 2015, Company's available-for-sale financial assets were carried at fair value based on unadjusted quoted prices in active markets, which is level 1 of the fair value hierarchy (note 6 of the Interim Financial Statements).

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, 3,487,325 share purchase options outstanding and 1,970,527 share purchase warrants issued.

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 required disclosure is provided in the "Risk Factors" section of the Company's Management's Discussion and Analysis (the "MDA") for the year ended December 31, 2015. Management has not identified any additional risk factors other than the disclosure provided in the MDA.