MARGARET LAKE DIAMONDS INC.
(Formerly JDV Capital Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS
November 30, 2014

1.1 Date

This Management Discussion and Analysis ("MD&A") of Margaret Lake Diamonds (formerly JDV Capital Corp.) (the "Company") has been prepared by management as of January 28, 2015 and should be read in conjunction with the condensed interim financial statements and related notes thereto of the Company for the six months ended November 30, 2014 and 2013, and the audited financial statements and related notes thereto of the Company for the years ended May 31, 2014 and 2013, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial data presented in the MD&A are prepared in accordance with IFRS and presented in Canadian dollars.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", believe", outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's current and future expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of its airborne geophysical survey results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually explored and/or developed. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

1.2 Over-all Performance

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on February 9, 2011.

On September 6, 2011, the Company completed its Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") raising $200,000 through the issuance of 2,000,000 pre-consolidated common shares of the Company at a price of $0.10 per share.

The Company's common shares were approved for listing on the Exchange and commenced trading effective September 7, 2011 under the symbol JAI.P.

Effective September 10, 2013, the Exchange suspended the common shares of the Company for failure to complete a qualifying transaction ("QT") by the 24 month anniversary date of September 9, 2013. Pursuant to the Exchange Policy 2.4 Capital Pool Company, on November 15, 2013, the Company transferred its listing to the NEX board of the Exchange, cancelled 1,550,000 pre-consolidated escrow seed shares and returned them to its treasury. Effective December 10, 2013, the Company commenced trading under the symbol JAI.H.

Effective March 27, 2014, the Company changed its name to Margaret Lake Diamonds Inc., consolidated its issued and outstanding shares on a 2 old for 1 new basis, and changed its symbol to DIA.H. All shares and per share references in these financial statements have been retroactively restated accordingly.

On April 22, 2014, the Company received final approval from the Exchange for its QT. Pursuant to an assignment agreement dated March 14, 2014 (the "Assignment Agreement") with Harsbo Minerals Ltd. ("Harsbo"), the Company was granted the sole and exclusive option (the "Option") to acquire up to a seventy percent (70%) undivided interest in nineteen (19) mineral claims located in the Northwest Territories, Canada, known as the Margaret Lake Diamond Property (the "Margaret Lake Property"), which lies contiguous and to the north and west of Kennady Diamonds Inc.'s Kennady North Project. In consideration of the assignment of the Option, on closing the Company issued Harsbo 6,000,000 escrow shares, releasable under the terms of a value escrow agreement. As a result of closing the QT, the Company is no longer a Capital Pool Company, and has been listed as a "Tier 2" mining issuer on the Exchange trading under the symbol "DIA".

During the 2014 exploration season, the Company earned an initial 60% interest in the Margaret Lake Property. To earn its 60% interest, the Company was required to make cash payment in lieu of filing assessment work in 2013 and incur not less than $1,000,000 in expenditures by October 13, 2014. The Company has exceeded the expenditure requirement, having undertaken ground till sampling, an airborne geophysical survey and bathymetry analysis on the Margaret Lake Property this season. Further analyses of the exploration programs are included in the sections below.

On August 28, 2014, the Company signed a property option agreement with Canterra Minerals Corporation ("Canterra") (the "Marlin Property Option Agreement") whereby the Company has been granted the right to acquire an aggregate of 49% right, title and interest in and to Canterra's Marlin Property (the "Marlin Property") in the Northwest Territories. The Company also staked and owns a 100% interest in four additional claims to the north and contiguous to the Margaret Lake Property totaling 3,483 hectares (the "Kirk Lake Property").

Concurrent with the closing of the QT, the Company completed the following equity financings:

- In April 2014, a flow-through private placement of 3,000,000 units at a price of $0.10 per share for gross proceeds of $300,000;

- In April 2014, a private placement of 9,000,000 units at a price of $0.10 per unit for gross proceeds of $900,000. Each unit consisted of one common share and one-half share purchase warrant; each warrant entitles the holder to purchase one common share at a price of $0.25 per share for a two year period;

- In October 2014, a flow-through private placement of 1,160,000 flow-through shares at a price of $0.28 per share for gross proceeds of $324,800; and

- In October 2014, a private placement of 1,070,000 units at a price of $0.25 per unit for gross proceeds of $267,500. Each unit consisted of one common share and one-half share purchase warrant; each warrant entitles the holder to purchase one common share at a price of $0.30 per share for a one year period.

The proceeds of the private placements were used for the 2014 diamond exploration programs on the Margaret Lake, Marlin Lake and Kirk Lake properties.

The Company has filed a Filing Statement dated April 16, 2014 in respect of the QT and a Technical Report dated March 27, 2014 by Gary Vivian, M.Sc.,P.Geo. on the Margaret Lake Property on SEDAR. The Company also filed an assessment report with the Government of Northwest Territories to register the 2014 work program on the Margaret Lake Property.

Margaret Lake Property

The Margaret Lake Diamond Property is located 300 kilometers east-northeast of Yellowknife, Northwest Territories in the District of MacKenzie. The Property lies just 78 km north of the East Arm of Great Slave Lake and is bounded to the south by both the Kennady Diamonds and De Beers/Mountain Province Diamonds Gahcho Kué joint venture ground packages. The land package comprises nineteen (19) mineral claims totalling 48,720.2 acres or 19,716.37 hectares.

The Margaret Lake Property covers a portion of the southeastern Slave Geological Province, an Archean terrane ranging in age from 4.03 Ga to 2.55 Ga (Bleeker et al., 1999). The area consists of predominantly granitic to granodioritic intrusions, high-grade gneisses and migmatites, along with primarily sedimentary supracrustal rocks to the east.

The emplacement of kimberlite bodies in the area is believed to have occurred approximately 542 Ma during the Cambrian Period. 87Rb-87Sr geochronology indicates that the age of the 5034 pipe in the Gahcho Kué cluster is 542.2 ± 2.6 Ma (Heaman et al., 2003). Erosional processes since emplacement have had the significant effect of stripping the kimberlites down to their root zones, preserving only the hypabyssal and diatreme facies.

The Company has earned 60% interest in the Margaret Lake Property by making cash payments in lieu of filing assessment work ($102,312 paid by Harsbo) and incurring over $1,000,000 in qualified exploration expenditures by October 13, 2014, pursuant to the terms of the underlying option agreement between Harsbo and Margaret Lake Diamonds Ltd. ("MLD"),

The Company may earn an additional 10% interest for a total 70% undivided interest in the Margaret Lake Property by incurring an additional $1,000,000 in exploration expenditures by October 13, 2015. There are no option payments, share consideration, or royalties payable. The Company will continue to be the operator of all exploration programs on the Margaret Lake Property.

After either the 60% or, if elected, the 70% earned-in, the Company and MLD may enter into a joint venture to further explore and develop the Property.

In addition, MLD has the right and option, but not the obligation, to sell its undivided 30% right, title and interest in and to the Property to the Company in consideration of the issuance of common shares of the Company having a value of $3,000,000 based on the volume weighted trading price of the Company's common shares for the ten trading days immediately preceding the date MLD gives the Company notice of its intention to so transfer its 30% interest. This vend-in right is open for exercise until March 31, 2016.

Marlin Property

On August 28, 2014, the Company signed the Marlin Property Option Agreement with Canterra, whereby the Company has been granted the right to acquire an aggregate of 49% right, title and interest in and to Marlin Property in the Northwest Territories. The Exchange approved the transaction on September 5, 2014.

The Company may exercise two options under the agreement, the first allows the Company to earn a 30% interest and the second is to earn a further 19% interest. The Company can exercise the first option, and thereby to earn 30% right, title and interest in and to the Marlin property for the following consideration:

(a) Cash payments totalling $80,000 as follows:
   - i) $20,000 upon signing the agreement (paid);
   - ii) $20,000 on or before September 15, 2014 (“Payment Date”) (paid);
   - iii) $20,000 one year from the Payment Date; and
   - iv) $20,000 two years from the Payment Date.

(b) Share issuances totalling 300,000 shares as follows:
   - i) 100,000 common shares on or before September 15, 2014 (issued); and
   - ii) 200,000 additional common shares on or before September 15, 2015.

(c) Incurring $1,000,000 in exploration expenditures as follows:
   - i) $500,000 on or before September 15, 2015 ($465,130 incurred to date), of which $100,000 must be advanced to Canterra by September 20, 2014 (paid and $71,858 expensed); and
   - ii) $500,000 on or before September 15, 2016.

The Company may earn an additional 19% interest in the Marlin Property by paying Canterra an additional $20,000 and incurring an additional $750,000 in exploration expenditures on or before September 15, 2017, the end of the third year.

After either the 30% or, if elected, the 49% earned-in, the Company and Canterra anticipate to form a joint venture for the purpose of continuing exploration and development of the Marlin Property. Upon execution of a joint venture agreement, the Company will issue Canterra a further 300,000 common shares.

Project Development Concept

The focus of the 2014 exploration program on the Margaret Lake Property was to define potential kimberlite intrusive targets. Up until exploration activity ceased on the Margaret Lake Property, no kimberlites had been discovered but kimberlites commonly occur in clusters, the structural ground preparation underlying the property is extensive, and there appear to be unresolved kimberlite indicator mineral trains.

The proximal location to Gahcho Kué and the recent exploration results from Kennady Diamonds Inc. has encouraged the Company to be aggressive in an exploration program that would allow it to identify potential kimberlite bodies within their project area. Potential economies of scale could be gained with the operators in the close proximity to the Margaret Lake Property.

The 2014 exploration program consisted of the airborne gravity gradiometer survey using the HeliFalcon gravity gradiometer system over the entire Margaret Lake Property, the northern portion of the Marlin Property and Kirk Lake area. The survey encompassed approximately 4,932.7 line kilometers in total, flown at 75 metre line spacing to obtain high-definition gravity-gradiometry and magnetic gradiometry.

A digital terrain model together with detailed bathymetric analysis, using WorldView2 high-resolution satellite imagery, has also been conducted for the Margaret Lake Property and Marlin ground. This will enhance data interpretation and potential target definition. Geophysical data has been processed by the contractor and is now undergoing analysis by a geophysical consultant to define potential kimberlite targets.

The Company also completed a till sampling program taking 160 samples across the Margaret Lake Property. These samples are awaiting processing for indicator mineral recoveries and analysis.

On the Marlin Property, a total of 126 till samples were collected by Canterra and results have produced a 1.0 x 1.0 x 1.4 mm off-white, modified octahedral diamond, as well as several anomalous indicator minerals including pyropes recovered from neighbouring samples.

Potential drill targets which can be identified from this work will be investigated further with diamond or RC drilling utilizing heli-portable equipment. A land use permit from the Mackenzie Valley Land and Water Board will be required prior to drilling.

The following table summarizes the Company's exploration and evaluation asset expenditures to date:

	Margaret Lake	Marlin Property	Kirk Lake	Total
Acquisition Costs:				
Balance, May 31, 2013	$ –	$ –	$ –	$ –
Additions:				
6,000,000 common shares	600,000	–	–	600,000
500,000 finders' fee shares	50,000	–	–	50,000
Legal and regulatory costs	77,872	–	–	77,872
Balance, May 31, 2014	727,872	–	–	727,872
Additions:				
Cash payments	–	40,000	16,000	56,000
100,000 common shares	–	28,000	–	28,000
Legal and regulatory costs	–	11,153	–	11,153
Balance, November 30, 2014	**$ 727,872**	**$ 79,153**	**$ 16,000**	**$ 823,025**

	Margaret Lake	Marlin Property	Kirk Lake	Total
Deferred exploration costs:				
Balance, May 31, 2013	$ –	$ –	$ –	$ –
Additions:				
Technical reports	11,000	–	–	11,000
Airborne survey	27,465	–	–	27,465
Balance, May 31, 2014	38,465	–	–	38,465
Additions:				
Airborne survey	757,671	354,719	138,393	1,250,783
Bathymetry	61,050	38,553	–	99,603
Till sampling	54,903	71,858	–	126,761
Data analysis	16,150	–	–	16,150
Exploration consulting	32,000	–	–	32,000
Balance, November 30, 2014	**$ 960,239**	**$ 465,130**	**$ 138,393**	**$ 1,563,762**
Total, May 31, 2014	$ 766,337	$ –	$ –	$ 766,337
Total, November 30, 2014	**$ 1,688,111**	**$ 544,283**	**$ 154,393**	**$ 2,386,787**

1.3 Selected Annual Information

For the year ended May 31,	2014	2013	2012
Interest income	$ 595	$ 1,638	$ 1,687
Net Loss	$ (251,351)	$ (148,451)	$ (122,087)
Loss per share	$ (0.05)	$ (0.15)	$ (0.16)
Total assets	$ 1,972,358	$ 118,456	$ 264,108
Total long term liabilities	$ Nil	$ Nil	$ Nil
Cash dividends declared per share for each class of share	$ Nil	$ Nil	$ Nil

1.4 Results of Operations

Six months ended November 30, 2014 and 2013

During the six months ended November 30, 2014, the Company reported a comprehensive loss of $41,022 or $0.00 per share as compared to a loss of $26,082 or $0.01 per share during the same period last year, an increase in loss of $14,940. The increase in loss was primarily due to increases in operating expenses of $106,732, which were offset by deferred income tax recovery of $92,168 (2013 - $Nil) as a result of the amortization of flow-through premium liabilities recorded in connection to the April 2014 and October 2014 flow-through private placements.

The Company's net loss for the six months ended November 30, 2014, not factoring in non-cash transactions of stock-based compensation expense, accretion and interest expense accrued on convertible debt and deferred income tax recovery of flow-through liabilities, was $92,286 (2013 - $26,082), an increase of $66,204. The increase resulted from increased operating expenses related to the completion of the QT and exploration activities of the Company.

Total interest income for the six months ended November 30, 2014 was $63 compared to $439 during the same period last year. The Company earns interest on its fully redeemable investment in a guaranteed investment certificate through a financial institution. The decrease in interest income was a result of the lower balances of the investment.

Total general and administration expenses increased by $106,732 due to increases in accretion of convertible debt of $6,137, interest expense of $9,205, consulting fees of $2,450, office and administration of $13,733, professional fees of $22,486, rent of $6,000, stock-based compensation expense of $25,562, transfer agent fees of $3,606 and travel and promotion of $19,512 offset by a decrease in regulatory fees of $1,959.

The Company recognized accretion expense of $6,137 (2013 - $Nil) and interest expense of $9,205 (2013 - $Nil) on a convertible loan with the principal amount of $204,000 bearing interest at 9% per annum (see section 1.9 Transactions with Related Parties).

Consulting fees were paid for design of the corporate website.

Office and administration expenses increased due to increased monthly administrative fees, pursuant to the rent and administrative services contract dated May 1, 2014 (see section 1.9 Transactions with Related Parties), and increased business activities of the Company.

Professional fees increased due to an increase in legal fees of $19,538 for the legal services provided in connection with acquisition of mineral properties, negotiation of exploration agreements, private placements and the annual general meeting of the shareholders of the Company. In addition, an increase in auditing fees of $2,947 due to higher audit fees for the year ended May 31, 2014.

The Company recognizes compensation expense for all stock options granted, using the fair value based method of accounting and any cash paid on the exercise of stock options is added to the stated value of common shares. The Company recorded stock-based compensation expense of $25,562 (2013 – $Nil) on the vested portion of the options granted to directors, officers and employees of the Company in April 2014.

Travel and promotion increased due to increases in marketing and advertisement.

Three months ended November 30, 2014 and 2013

During the three months ended November 30, 2014, the Company reported a loss of $25,802 or $0.00 per share as compared to a loss of $19,361 or $0.01 per share during the same period last year, an increase in loss of $6,441. The increase in loss was primarily due to increases in operating expenses of $41,090, which were offset by deferred income tax recovery of $34,800 (2013 - $Nil) as a result of the amortization of flow-through premium liabilities recorded in connection with the October 2014 flow-through private placement.

Total general and administration expenses increased by $41,090 due to increases in accretion of convertible debt of $3,051, interest expense of $4,577, consulting fees of $2,450, office and administration of $5,316, professional fees of $6,360, rent of $3,000, stock-based compensation expense of $5,347, transfer agent fees of $2,596 and travel and promotion of $13,795 offset by a decrease in regulatory fees of $5,402.

The increase in operating expenses during the quarter ended November 30, 2014 was due to increased business activities of the Company and included significant increases in legal fees for services provided in connection with the private placements and properties' option agreements, monthly rent and administrative services fees and interest expense and accretion of the note payable.

1.5 Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the last eight reported quarters.

Quarter ended	Interest Income	Loss	Loss per share
November 30, 2014	$ 31	$ (25,802)	$ (0.00)
August 31, 2014	32	(15,220)	(0.00)
May 31, 2014	90	(216,450)	(0.04)
February 28, 2014	66	(8,819)	(0.00)
November 30, 2013	182	(19,361)	(0.01)
August 31, 2013	257	(6,721)	(0.00)
May 31, 2013	283	(25,185)	(0.03)
February 28, 2013	330	(48,196)	(0.04)

Quarter End Period	**Variance Analysis**
November 30, 2014 August 31, 2014	Lower loss due to deferred income tax recovery as a result of amortization of flow-through liabilities.
May 31, 2014	Higher loss due to due diligence expenses, professional fees, regulatory and transfer agent fees incurred in connection with the completion of the QT, and stock-based compensation expense for newly granted stock options.
February 28, 2014 November 30, 2013 August 31, 2013	Lower loss as the Company did not incur any QT related costs.
February 28, 2013 May 31, 2013	Higher losses due to due diligence, corporate finance, and professional fees incurred in connection with the QT, including investigation of suitability of the proposed transaction with Starke and other related due diligence.

1.6 Liquidity and Capital Resources

The Company reported a working capital deficiency of $177,704 at November 30, 2014 compared to working capital of $899,906 at May 31, 2014, representing a decrease in working capital by $1,077,610. The decrease in working capital was primarily a result of exploration and evaluation expenditures and general administrative expenses.

Net cash decreased by $660,203 from $965,357 at May 31, 2014 to $305,154 as at November 30, 2014. During the six months ended November 30, 2014, the Company utilized its cash as follows:

(a) $126,477 was used in operating activities, consisting primarily of general and administrative expenditures and changes in non-cash items;
(b) $1,098,826 was used for exploration of mineral resource properties net of exploration advances;
(c) $565,100 was received from the private placements net of finders' fees and regulatory filing fees of $27,200.

Current assets excluding cash as at November 30, 2014 consisted of a short term investment of $11,000 (May 31, 2014 - $11,000), receivables of $58,583 consisting of interest receivable of $105 (May 31, 2014 - $42), sales taxes recoverable of $58,149 (May 31, 2014 - $25,758) and other receivables of $329, prepaid expenses of $10,835 (May 31, 2014 – $Nil) and exploration advances of $28,142 (May 31, 2014 – $203,864).

Current liabilities as at November 30, 2014 consisted of trade and other payables of $336,623 (May 31, 2014 - $46,735) mainly consisting of exploration invoices, due to related parties of $51,881 (May 31, 2014 – $5,236), convertible debt of $204,000 (May 31, 2014 - $204,000) and flow-through premium liability of $Nil (May 31, 2014 – $57,368). The flow-through premium liability was recorded in connection to the April and October 2014 flow-through private placements and was fully amortized to the statement operations and comprehensive loss during the current quarter after the Company incurred $624,800 in qualifying exploration expenditures.

At current date, the other sources of funds potentially available to the Company are through the exercise of convertible securities, with the exception of the convertible loan for shares, as listed in 1.15 Other Requirements – Summary of Outstanding Share Data. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised.

The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing. Although the Company has been successful in raising the above funds, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.8 Risk and Uncertainties

The Company is engaged in the acquisition and exploration of mineral properties. These activities involve significant risks even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control.

The primary risk factors affecting the Company include the inherent risks in the mining industry and development business, environmental and health risks, regulatory constraints, economic or political conditions and commodities price fluctuation.

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral property.

Mining activities also include risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the mineral properties the Company is investigating will be economically viable for development and production.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and short-term investment. As a majority of the Company's cash is held by a Canadian bank, there is a concentration of credit risk with one bank in Canada. While there is concentration of risk holding all funds with one institution, this risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at November 30, 2014, the Company has cash on hand of $304,233, cash held in trust of $921 and short-term investment of $11,000. Management assesses credit risk of cash and short-term investment as low.

The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of accrued interest on its short-term investments from a Canadian Chartered Bank and sales taxes recoverable.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates only in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account and short-term investments earn

interest income at variable rates. The income earned on the bank account and short-term investments is subject to the movements in interest rates. Due to the short-term maturity, the fair value of its short-term investments is relatively unaffected by changes in short term interest rates. A 1% change in interest rates will not have a material effect to the Company.

Liquidity and funding risk
Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at November 30, 2014, the Company had cash and cash equivalents of $316,154 (May 31, 2014 - $976,357) and current liabilities of $591,418 (May 31, 2014 - $306,115). Trade and other payables of $336,623 (May 31, 2014 - $46,735) are due within three months, and the convertible loan of $204,000 and accrued interest of $14,336 are payable on April 23, 2015. New funding will be required to settle its current obligations and to continue operations.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high.

1.9 Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. Key management personnel compensation comprised of:

November 30,		2014		2013
Administrative fee (a)	$	18,000	$	9,450
Office rent (a)		6,000		–
Share-based payments (d)		25,024		–
Exploration consulting (b)		30,000		–
	$	79,024	$	9,450

(a) On April 1, 2011, the Company entered into a rent and administrative services contract with Varshney Capital Corp. ("VCC"), a company partially controlled by Peeyush Varshney, a director of the Company, pursuant to which the Company was obligated to pay $1,500 per month plus taxes until the Company completes the QT. The agreement was terminated effective April 30, 2014.

On May 1, 2014, after completing the QT, the Company entered into a one year (the "Initial term") rent and administrative services contract with VCC. The Company is obligated to pay $3,000 per month plus a tax for administrative services and $1,000 per months plus applicable taxes for office premises. The agreement can be terminated with 1 months notice after the Initial Term.

During the six months ended November 30, 2014, the Company paid $18,000 (2013 - $9,450) for administrative fees and $6,000 (2013 - $Nil) in rent to VCC.

(b) The Company accrued consulting fees of $30,000 (2013 - $Nil) to Buddy Doyle, the VP of Exploration of the Company.

(c) Included in convertible debt is a short-term note payable issued to Paul Brockington, the CEO and President of the Company. Pursuant to a loan agreement dated February 18, 2014, Paul Brockington advanced $204,000 as a loan to Harsbo, the proceeds of which were used to pay a deposit for an airborne gravity gradiometer and magnetic survey to be completed on the Margaret Lake Property. The loan agreement was assigned by Harsbo to the Company under an assignment and amendment agreement dated March 26, 2014. The interest of $14,336 accrued on the note at a rate of 9% is included in due to related parties.

(d) Share-based payments are the fair value of 930,000 options that have been granted to directors and executive officers, and the related compensation expense recognized over the vesting periods.

(e) The Assignment Agreement dated March 14, 2014, pursuant to which the Company was granted the option to acquire up to a 70% percent interest in the Property, involves two companies, Harsbo and MLD, with common directors and officers, being Paul Brockington, Mark Thompson and Thomas Hasek.

1.10 Fourth Quarter

During the fourth quarter ended May 31, 2014, the Company completed its Qualifying Transaction and closed the private placements of 9,000,000 NFT Units at $0.10 per unit and 3,000,000 FT Shares at $0.10 per share, for aggregate gross proceeds of $1,200,000.

1.11 Proposed Transactions

The Company does not have any proposed transactions as at November 30, 2014 other than as disclosed elsewhere in this document.

1.12 Critical Accounting Estimates

Not applicable to Venture Issuers.

1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 2 of the audited financial statements of the Company, as at and for the year ended May 31, 2014.

New accounting standards and interpretations

The following standards are effective for the Company on June 1, 2014. There was no material impact on the financial statements arising from the implementation of these standards.

• IAS 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32). On December 16, 2011, the IASB published amendments to IAS 32, Financial Instruments: Presentation to clarify the application of the offsetting requirements.

• IFRIC 21, Levies: IFRIC 21 is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

New standard not yet adopted

IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, short-term investments, receivables, trade payables, due to related parties and convertible debt. For further discussions of the fair values of the financial instruments and financial items please see Note 12 of the condensed interim financial statements for the six months ended November 30, 2014.

1.15 Other Requirements

Summary of Outstanding Share Data as of January 28, 2015:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: Including 5,456,250 held in escrow	23,494,009
Stock options outstanding	980,000
Warrants outstanding	5,148,000
Agent's options (entitles the agent to one common share and one-half share purchase warrant)	848,000
Convertible loan	
– shares	2,040,000
– warrants	1,020,000

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Paul Brockington"

Paul Brockington
January 28, 2015