DESMOND INVESTMENTS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Dated: April 30, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the year ended December 31, 2014 and is prepared as at April 30, 2015. This MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2014 and 2013 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings. These Financial Statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in this filing. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharges its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings
- The Company's strategies and objectives
- The Company's cost reductions and other financial operating objectives
- The availability of qualified employees for business operations

- General business and economic conditions
- The Company's ability to meet its financial obligations as they become due
- The positive cash flows and financial viability of its operations
- The Company's ability to manage growth
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward looking statements. The forward-looking statements contained in this document are made as of the date of this MD&A.

CORPORATE OVERVIEW

The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 25, 2011. Following the completion of its Initial Public Offering ("IPO") on December 14, 2011, Desmond Investments Ltd. (the "Company") was classified as a Capital Pool Company as defined by the TSX Venture Exchange ("Exchange") Policy 2.4. On December 15, 2011 the common shares commenced trading on the Exchange under the symbol DLC.P. On April 28, 2014, in connection with the completion of the Company's Qualifying Transaction ("QT"), the Company's trading symbol changed to DLC. The Company's head office and registered and records office address is 1600 – 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1C3.

On April 17, 2014, the Company completed its QT with the acquisition of EmVest nuts (Pty) Ltd. ("EmVest") by way of a share exchange agreement, whereby EmVest became a wholly owned subsidiary of the Company. Following this acquisition, the Company changed the name of its wholly owned South-African subsidiary from EmVest Nuts (Pty) Ltd to Superior Macadamias (Pty) Ltd ("Superior Macs"). Superior Macs is a company incorporated pursuant to the laws of South Africa whose principle operations constitute the processing and sale of macadamia nuts from a wholly owned processing facility based in the Mpumalanga Province of South Africa.

OUTLOOK AND PROPOSED TRANSACTION

Upon completion of the Company's QT, a thorough maintenance program was carried out at the processing facility, during which the facility lay dormant. The result of this maintenance schedule, which has now been carried out successfully, combined with the timing of completion of the QT, meant that no significant processing activity was undertaken at Superior Macs during fiscal 2014. Superior Macs has now received confirmed orders for processed nuts from long-standing European clients. It is anticipated that these orders will be processed in the coming harvest season, being March to July 2015.

In addition to the macadamia processing activities, the Company engaged in the following strategic growth opportunities. On December 22, 2014, the Company entered into a definitive share purchase agreement ("the "Vos Agreement") to acquire all the shares of AP Vos & Sons (Pty) Limited and its related companies ("Vos"). The Vos Agreement contemplates a purchase price of US$32,500,000 in cash in exchange for all the issued and outstanding share capital of Vos. Vos and its related companies are private, family owned and operated, farming operations of mixed fruit and macadamia nut orchards in South Africa. The property consists of approximately 1300 hectares located close to Desmond's existing macadamia nut processing factory in the province of Mpumalanga, South Africa. A concurrent financing will be conducted in connection with the Transaction in order to satisfy the purchase price requirements, the terms of which remain to be agreed. Finder's fees may be payable in connection with the financing, subject to compliance with the Exchange's policies and subject to Exchange approval.

In conjunction with the Vos Agreement, on March 2, 2015, the Company entered into definitive share purchase agreement (the "Qeton Agreement") to acquire all of the shares of Qeton Ltd., a private Irish Company, in exchange for the issuance of 170,8333,333 shares of Desmond. This transaction ("Transaction") is at arm's length and is expected to constitute a reverse takeover under the policies of the Exchange. The completion of the Transaction is subject to a number of conditions, including but not limited to receipt of all required shareholder, regulatory and third party consents, including Exchange acceptance, and satisfaction of other customary closing conditions. As such, there can be no assurance that the Transaction will be completed as proposed or at all.

SELECTED ANNUAL INFORMATION[1]

Annual information for the latest annual fiscal period from date of inception is outline below:

	For the year ended December 31, 2014	For the year ended December 31, 2013[2]	For the year ended December 31, 2012[2]
Loss and comprehensive loss	$ (273,682)	$ (161,711)	$ (310,567)
Loss per share	$ (0.02)	$ (0.06)	$ (0.12)
Total assets	$ 1,179,565	$ 293,743	$ 380,519
Total liabilities	$ 224,071	$ 89,239	$ 14,304

[1]*The information presented is derived from the Company's annual audited Financial Statements for which the financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").*
[2]*The weighted average number of common shares outstanding used for the calculation of loss per share excludes the 10,000,000 common shares held in escrow that were contingently cancellable (see Share Capital section for further details of the escrow terms).*

SUMMARY OF QUARTERLY RESULTS[1,3]

	4th Quarter Ended December 31, 2014	3rd Quarter Ended September 30, 2014	2nd Quarter Ended June 30, 2014	1st Quarter Ended March 31, 2014[2]
(a) Income/(loss) and comprehensive income/(loss) for the period	$(162,960)	$23,367	$(102,571)	$(31,518)
(b) Loss per share	$(0.01)	$0.00	$(0.01)	$(0.01)
	4th Quarter Ended December 31, 2013[2]	**3rd Quarter Ended September 30, 2013[2]**	**2nd Quarter Ended June 30, 2013[2]**	**1st Quarter Ended March 31, 2013[2]**
(a) Loss for the period	$(84,295)	$(19,164)	$(35,198)	$(23,054)
(b) Loss per share [2,3]	$(0.03)	$(0.01)	$(0.01)	$(0.01)

[1] - *Financial information prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.*
[2] - *The weighted average number of common shares outstanding used for the calculation of loss per share, excludes the 10,000,000 common shares held in escrow which were contingently cancellable (see Share Capital section for further details of the escrow terms).*
[3] - *Numbers have been rounded to the next decimal for presentation purposes.*

The losses for fiscal 2013 relate to filing, transfer agent and professional fees associated with maintaining a public company together with due diligence costs associated with the EmVest acquisition. Following April 17, 2014, the Company's operating results include the activities of its wholly owned subsidiary Superior Macs.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2014

The following is an analysis of the Company's operating results for the three months ended December 31, 2014, and includes a comparison against the three months ended December 31, 2013.

Expenses:

Operating expenses for the three months ended December 31, 2014 were $50,901 compared to $nil for the same period in the previous year.

General and administration expenses for the three months ended December 31, 2014 were $53,020 compared to $84,925 for the same period in the previous year.

Finance costs for the three months ended December 31, 2014 were $1,198 compared to $nil for same period in the previous year. These costs relate to interest on Superior Macs `s bank indebtedness balance which bears interest at prime plus 0.6% per annum, as of December 31, 2014 a total of 11.6%.

Other income for the three months ended December 31, 2014 was ($43,393) compared to $630 for same period in the previous year. The full amount of the current period`s income relates to the adjustment for laboratory services provided by Superior Macs operating facility.

Foreign exchange loss for the three months ended December 31, 2014 was $2,659 compared to $nil for same period in the previous year. The current period's result reflects the foreign exchange impact of the Company's US dollar cash balances.

Income/ (loss) and comprehensive income/ (loss) for the period
As a result of the activities discussed above, the Company experienced a net loss of $160,301 and comprehensive loss of $162,960 for the three months ended December 31, 2014, compared to a net loss and comprehensive loss of $84,295 for the same period in the previous year; representing an increase of $76,006 and $78,665 respectively.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2014

The following is an analysis of the Company’s operating results for the year ended December 31, 2014, and includes a comparison against the year ended December 31, 2013.

Expenses:

Operating expenses for the year ended December 31, 2014 were $116,008 compared to $nil for the same period in the previous year. The current period’s results reflect the activity of the Company’s Superior Macs subsidiary, acquired on April 17, 2014.

General and administration expenses for the year ended December 31, 2014 were $183,720 compared to $163,423 for the same period in the previous year. The $20,297 increase is largely a result of the increase of transfer agent and filing fees.

Finance costs for the year ended December 31, 2014 were $8,700 compared to $nil for same period in the previous year. These costs relate to interest on Superior Macs `s bank indebtedness balance which bears interest at prime plus 0.6% per annum.

Other income for the year ended December 31, 2014 were $36,909 compared to $1,712 for same period in the previous year. The significant portion of current period`s income relates to laboratory services provided by the Superior Macs operating facility.

Foreign exchange loss for the year ended December 31, 2014 was $2,163 compared to $nil for same period in the previous year. The current period’s result reflects the foreign exchange impact of the Company’s US dollar cash balances.

Loss and comprehensive loss for the period
As a result of the activities discussed above, the Company experienced a net loss of $271,519 and comprehensive loss of $273,682 for the year ended December 31, 2014 compared to $161,711 for same period in the previous year; representing an increase of $109,808 and $111,971 respectively, which is primarily due to the acquisition of Superior Macs.

SHARE CAPITAL

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

Issued and outstanding:

On April 17, 2014, the Company completed a non-brokered private placement of convertible debentures in the amount of $428,501, which automatically converted into 2,856,675 units of the Company at a price of $0.15 per unit. Each unit is comprised of one common share and one full warrant. Each warrant is exercisable to purchase an additional common share of the Company at a price of $0.20 until April 17, 2016.

On April 17, 2014, the Company issued 4,545,455 non-voting restricted preferred shares to the former shareholders of Superior Macs, having an estimated fair value of $681,818, based on the recently completed financing price of $0.15 per share. 50% of these non-voting preferred shares will be converted into common shares of the Company on April 17, 2015, and the remaining 50% will convert into common shares on April 17, 2016.

As a result of these activities, the Company has 15,356,675 common shares and 4,545,455 preferred shares issued and outstanding as at December 31, 2014 and the date of this MD&A.

Escrow shares:

10,000,000 of the Company’s common shares were held in escrow. 10% of the escrow shares were released on a pro-rata basis to the shareholders upon final acceptance of the Company’s QT by the Exchange, which occurred on April 25, 2014, and the remainder of these escrowed shares will be released in six equal tranches of 15% every six months thereafter for a period of 36 months.

December 31, 2013		10,000,000
Released on April 25, 2014	10%	(1,000,000)
Released on October 25, 2014	15%	(1,500,000)
Balance, December 31, 2014		**7,500,000**
Released on April 25, 2015	15%	(1,500,000)
Balance, as at the date of this MD&A		**6,000,000**

Release dates:		
October 25, 2015	15%	1,500,000
April 25, 2016	15%	1,500,000
October 25, 2016	15%	1,500,000
April 25, 2017	15%	1,500,000
Balance in escrow as at the date of this MD&A		**6,000,000**

All of the escrow shares were considered contingently cancellable until such time as the Company completed its QT and accordingly they were not considered to be outstanding shares for the purposes of the loss per share calculations for the periods prior to the Company's QT, being April 17, 2014.

Stock Options:

The Company has a stock option plan under which it is authorized to grant to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

On January 26, 2015, the Company granted an aggregate of 1,200,000 incentive stock options exercisable at $0.15 each to directors and officers of the Company. All options granted are exercisable over a two year term, and shall vest immediately.

A summary of the Company's stock option activity is as follow:

	Number of Stock	Weighted Average Exercise Price
Balance, December 31, 2013 and 2012	**1,200,000**	**$ 0.15**
Stock options expired	(1,200,000)	0.15
Balance as at December 31, 2014	**-**	**-**
Stock options granted	1,200,000	$ 0.15
Balance as at the date of this MD&A	**1,200,000**	**$ 0.15**

At the date of this MD&A, stock options outstanding and exercisable are as follows:

Grant Date	Number of options	Exercise Price	Expiry date	Remaining contractual life (years)
January 26, 2015	1,200,000	$0.15	January 25, 2017	0.58

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions may have a material effect on the fair value of the Company's stock options.

During the year ended December 31, 2014, the Company recorded share-based payment compensation of $nil (December 31, 2013 - $nil).

Warrants:

At the date of this MD&A, a summary of warrants outstanding is as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, December 31, 2013 and 2012	**-**	**$ -**	
Warrants issued	2,856,675	$ 0.20	April 17, 2016
Balance as at December 31, 2014 and the date of this MD&A	**2,856,675**	**$ 0.20**	

At the date of this MD&A, warrants outstanding are as follows:

Grant Date	Number of Warrants	Exercise Price	Expiry date	Remaining contractual life (years)
April 17, 2014	2,856,675	$0.20	April 17, 2016	0.98

LIQUIDITY AND CAPITAL RESOUCES

The Company defines capital as consisting of shareholder's equity (comprised of issued share capital, deficit, and accumulated other comprehensive cost) and cash. The Company`s objectives when managing capital are to safeguard the Company`s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company`s management to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at December 31, 2014, the Company does not have any long term debt outstanding and is not subject to any externally imposed capital requirements or debt covenants.

The Company incurred a comprehensive loss of $273,682 for the year ended December 31, 2014 (for the year ended December 31, 2013 - $161,711), which resulted in the consumption of cash from operating activities of $432,284 for the year (for the year ended December 31, 2013 - $102,503). The increase in use of cash in operating activities for the year ended December 31, 2014 relative to the same period in the prior year is largely a result of the additional cost to complete the Company's recently completed QT along with the operating activities of the Company's new subsidiary Superior Macs. Completion of the acquisition of the Company's subsidiary Superior Macs was performed by way of a share exchange and as such had no impact to the Company's cash balances. These operating cash requirements were financed by the net proceeds of $357,854 from the Company's private placement share issuance of 2,856,675 units at a price of $0.15 per unit. Each unit is comprised of one common share and one full warrant. Each warrant is exercisable to purchase an additional common share of the Company at a price of $0.20 until April 17, 2016. From these proceeds, the Company also repaid $17,100 in bank indebtedness during the year. These activities resulted in overall net decrease in cash of $62,181 for the year ended December 31, 2014; leaving the Company with a cash balance of $188,151 as at December 31, 2014 from which to fund future operating costs.

At December 31, 2014, the Company has $22,220 in working capital deficiency from which to meet its obligations, repay its liabilities, and to fund on-going operating costs. This working capital is likely insufficient to fund the Company's operating requirements within the next year. The Company's ability to finance its future operating requirements is significantly dependent on the Company's ability to achieve profitable returns from its operating activities. Without these returns, the Company will remain dependent upon the on its existing cash balances, collection of its receivables, and other possible sources of cash; such as the exercise of stock options, the exercise of warrants, new share issuances, and/or future debt financing. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. These facts may cast doubt about the Company's ability to continue as a going concern.

Following the Company's acquisition of the Superior Macs subsidiary, the Company undertook a maintenance program at the subsidiary's processing facility. These activities meant that no significant processing activities could be performed at Superior Macs' facilities during the second quarter. In addition, due to the timing of the Company's acquisition of Superior Macs and the maintenance program, the Company was not able to be in production during the 2014 harvest season which had a major impact to the operation's operating results for the year. As at December 31, 2014, the Company has successfully completed its maintenance program and has secured orders from long-standing European clients for the upcoming May to July 2015 harvest season. Management anticipates sufficient liquidity from future sales revenue to fund the Company's on-going operating requirements for the next year.

The Financial Statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The accompanying financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate, adjustments may be necessary to the carrying amounts and/or classification of assets and/or liabilities and the reported expenses in these financial statements. Such adjustments could be material.

RISKS AND UNCERTAINTIES

Foreign Operations

All or substantially all of the Company`s operations are located in South Africa, and as a result, the Company`s operations are exposed to various levels of political, social, economic, and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to: changing and unstable political, social and financial conditions, war, terrorism, civil disputes, protests, riots, insurrection, labour unrest, corruption, robbery, production and price controls, import or export controls, currency exchange and currency transfer controls, currency remittances, changes in taxation, government regulations and policies that may restrict employment and the supply of goods and services to citizens and other specific groups, arbitrary nullification of existing licenses, concessions, permits, contracts and other property rights, arbitrary mandates to address shifts in political, social and financial policies and attitudes that directly or indirectly affect the Company`s business operations, financial condition or prospects, nationalism and isolationism, trade embargoes, higher rates of inflation, unstable monetary policies, unstable foreign exchange rates and uncertainties with respect to local legal system and respect of the rule of law. The occurrence of or adverse change in these or similar matters will likely have an adverse effect on the business, operations, financial condition of the Company, including but not limited to the loss, destruction, damage and injury to property and personnel, an impairment, reduction, cessation of operations, the loss of potential opportunities, increased costs and inefficiencies and reduced financial results and flexibility. In addition, failure to comply with anti-corruption and anti-bribery legislation of Canada and other jurisdictions may result in significant fines, penalties and other sanctions.

Agricultural Business

The Company`s inputs and outputs are tied to agricultural processes and commodity prices and are therefore exposed to a high degree of risk, often characterized by potential disruption that could result in total crop failure, seasonal windows, perishable inventories, commodity pricing and low margins which require economies of scale and efficiencies for optimal results. In particular, small changes in commodity pricing can have disproportionate effects on profitability and financial results. There can be no assurances that the Company outputs can be sold at prices generating sufficient return on investment or cash flows, and that any operational or financial results can, in subsequent years, be repeated, sustained, or improved upon.

Disruptions

The Company is subject to both natural and man-made disruptions to its operations, including but not limited to drought, storms, frost and other adverse weather conditions, fires, floods, insect swarms, pestilence, crop failure and other acts of God, industrial accidents, strikes, lock-outs, labour shortages, power shortages, fuel shortages, title or access disputes, including aboriginal or native disputes, wars, terrorism, civil disputes, protests, riots, insurrection, governmental regulations or requirements restricting or otherwise adversely altering free market or normal operations and other adverse events or occurrences beyond the control of the Company. these or similar matters may have a direct impact on farming operations which provide the Company inputs but may also have an indirect impact on other aspects of the Company`s business such as transportation, storage, food processing and distribution, marketing and sales efforts, monetary payments. The occurrence of or an adverse change in these or similar matters will likely have an adverse effect on the business, operations, financial condition, financial results and prospects of the Company. There can be no assurances that these disruptions will not occur, that any such disruption would not be of indefinite duration, and that any such disruption will not result in the loss of an entire seasonal crop yield or complete failure of the Company`s business.

Insurance

It may not be possible for the Company to fully insure itself against all operational risks and losses, and the Company may ultimately decide or be forced to not take out various insurance policies due to high premiums or for other reasons. Should such uninsured damages or losses occur, they could have a substantial adverse affect on the Company, including the complete failure of the business.

Competition

The Company competes with a number of companies for personnel, land acquisitions, equipment, raw materials, services and sales contracts. These companies may have greater financial resources, established and diversified operations, history, goodwill, and other factors that will give them a competitive advantage over the Company. There can be no assurances that the Company will be able to secure resources, services and sales in an environment of increased competition by such competitors.

Government Regulation

The Company`s Superior Macs operations will be subject to government legislation, policies and controls. These may include but are not limited to regulations in respect of land use, water use and irrigation rights, fertilizer, hormone, pesticide and antibiotic controls, food inspections, food standards and other environmental and health and safety laws. In addition, any delays in receiving any necessary license, concession, permit or other regulatory approval may cause operational delays resulting in, among other things, inefficiencies, increased costs and untenable crop schedules. The exercise of discretion by government authorities under existing regulations, modification of existing regulations and the implementation of new regulations affecting the industry are beyond the control of the Company and could have an adverse impact on the business, operations, financial condition, financial results and prospects of the Company.

Failure to comply with applicable laws and regulations may result in enforcement actions resulting in forfeiture of property, payment of administrative, civil and criminal fines and penalties, payment of damages and compensation, and the imposition of corrective measures requiring capital and other expenditures, changes in procedures or other remedial actions.

Environmental Exposure

Superior Macs operations have the potential to affect surrounding lands. In the event that Superior Macs operations result in loss or damage to neighbouring landowners or other affected persons, Superior Macs may be required to compensate those affected and to take remedial actions that would require significant expenditures, changes in procedures or other remedial actions, which individually or in the aggregate could have an adverse impact on the business, operations, financial condition, financial results and prospects of the Company.

Exchange rate Fluctuations

The Company reports its financial statements in Canadian dollars. In contrast, all or substantially all of its operations are located in South Africa, and thus its operational currency is the South African Rand. In addition, certain of its input costs and sales may be denominated in other currencies, such as the US dollar. As a result, fluctuations in exchange rates, which can be volatile, can have a material effect on working capital, cash flow and reported financial condition and financial results.

Lack of Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company’s Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders
The Company may from time to time issue equity securities to finance its operations, acquisitions and other working capital requirements. The issuance of equity securities will result in the dilution of the equity interests of existing shareholders. There can be no assurances that equity securities can in any instance be issued on terms favourable or acceptable to the Company, as the case may be, and if such issuance is nonetheless required, the result will be additional and possibly excessive dilution to the equity interests of existing shareholders.

Dependence of Key Personnel
The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Lack of Trading
A listing of the Common Shares on the Exchange is not a guarantee of liquidity. If an active trading market for the Common Shares does not develop, the liquidity of the Common Shares may be limited and it may be difficult if not impossible for a holder of Common Shares to sell Common Shares. There can be no assurances that an active trading market for the Common Shares will develop or if developed will be sustained for any period of time.

Volatility of Share Price
Market prices for shares of TSX Venture Exchange companies are often volatile. Factors such as announcements of financial results, and other factors could have a significant effect on the price of the Company's shares.

FINANCIAL INSTRUMENTS

Fair Value

The Fair values of its receivables, accounts payable and accrued liabilities, bank indebtedness, and taxes payable approximate their carrying values due to their short term maturity. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

Financial Risks Factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

I. **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2014, the Company has working capital deficiency of $22,220 (December 31, 2013 - $204,504). This is insufficient to fund the Company's operating costs for the next year. The

Company's ability to finance its future operating requirements is significantly dependent on the Company's ability to achieve profitable returns on its operating activities. Without these returns, the Company will remain dependent upon the continued financial support of its debtors and shareholders. The Company, as at December 31, 2014 is moderately exposed to liquidity risk.

II. 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 is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and bank indebtedness that are denominated in US dollars and South African RAND. A 1% fluctuation in the US/dollar against the Canadian dollar exchange rate would have an insignificant impact on the Company's cash balance and foreign exchange gain or loss for the year. A 10% fluctuation in the SA RAND against the Canadian dollar would affect accumulated other comprehensive loss for the year of approximately $6,918.

III. Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company places its cash with institutions of high-credit worthiness. Management has assessed there to be a low level of credit risk associated with its cash balances.

IV. Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in interest rates. The Company's bank indebtedness bears interest at prime plus 0.6% (as of December 31, 2014 a total of 11.6%). As at December 31, 2014, a 1% change in prime rate would have an insignificant impact to the Company's net loss and comprehensive loss.

The Company's cash and cash equivalent earns interest a nominal rate. Interest risk related to cash and cash equivalent is therefore insignificant.

NEW ACCOUNTING POLICIES

With the acquisition of the Company's operating subsidiary Superior Macs, the Company adopted the following new accounting policies during the period.

(a) Property, Plant and Equipment

Property, plant and equipment are carried at acquisition cost less accumulated depreciation and impairment losses. Depreciation is determined at rates which will reduce the original cost to estimated residual values over the expected useful life of each asset. Depreciation is recognized using a straight line basis over their expected useful lives to their estimated residual values using the following estimated useful lives:

	Estimated Useful Life
Land	Indefinite
Buildings	20 years
Plant and machinery	5 years
Furniture, fixtures and other	5 years

Property, plant and equipment that is withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off. Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of property, plant and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognized. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(b) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

(c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of the borrowing cost eligible for capitalization is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining qualifying asset less any temporary investment income from those borrowings
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalized do not exceed the total borrowing costs incurred.

The capitalization of borrowing costs commences when:

- Expenditures for the asset have occurred;
- Borrowing costs have been incurred; and
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization is suspended during extended periods in which active development is interrupted.

Capitalization of borrowing costs ceases when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

(d) Recent Accounting Pronouncements

Effective January 1, 2014, the following standard was adopted but had no material impact on the financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014.

FUTURE ACCOUNTING POLICIES

A number of new IFRS standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these financial statements. None of these are expected to have an effect on the Company's financial statements.

Effective for annual periods beginning on or after January 1, 2015

i. New standard IFRS9 Financial Instruments
   Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement

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

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

i. Fair value of the consideration given to acquire Superior Macs

The Company issued 4,545,455 non-voting restricted preferred shares to acquire Superior Macs. As this transaction was a non-monetary transaction, management relied on the recently completed financing price of $0.15 per share as a basis to estimate the fair value of these shares exchanged for the acquisition of Superior Macs; resulting in an estimated fair value of $681,818.

The excess of the purchase price over the book value of the assets and liabilities acquired with Superior Macs has been allocated to the Property, Plant and Equipment and the related deferred tax liability. Annual impairment tests may result in fair values less than the recorded costs of Property, Plant, and Equipment; and this change would be recognized as an impairment loss at the time of valuation.

ii. Deferred income tax

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

iii. Useful life of equipment

Each significant component of an item of equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past management experience, and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence.

iv. Impairment of long lived assets

The carrying value of long lived assets is reviewed each reporting period to determined whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflow from other assets or groups of assets – "CGUs") for purpose of impairment testing, require the use of estimates and assumptions for discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of long lived assets could impact the impairment analysis.

(b) Critical accounting judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

i. Determination of functional currency

The functional currency of the Company is the South African Rand. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

ii. Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

RELATED PARTY TRANSACTION

Key Personnel Compensation

Key management personnel include those person having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personal during the year ended December 31, 2014 and 2013 are as follows:

Type of Service	**Nature of Relationship**	**For the year ended December 31,**	
		2014	2013
Management fees	To a company with a director and officers in common with the Company	**$ 41,475**	$ 30,000

The following summarizes amounts due to/from key management personnel:

Nature	**Relationship**	**December 31, 2014**	December 31, 2013
Accounts payable – management fees and rent	To a company with a director and officers in common with the Company	**$ -**	**$ -**
Prepaid – Management fees	To a company with a director and officers in common with the Company	**$ -**	$ -

All others income recorded on the statements of loss and comprehensive loss was earned from related party companies.

OFF-BALANCE SHEET ARRANGEMENT

The Company currently has no off-balance sheet arrangement.

ADDITIONAL INFORMATION

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