MGX MINERALS INC.

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FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF DECEMBER 31, 2014 TO ACCOMPANY THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MGX MINERALS INC. (THE "COMPANY") FOR THE PERIOD ENDED OCTOBER 31, 2014.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the period ended October 31, 2014, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undo reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

2015 in Review

The Company's appointed directors are Jared Lazerson, Andrew Kikauka, Michael Reimann, Lyndon Patrick and Hugh David Read. The officer appointed is Jared Lazerson as President, Chief Executive Officer and Secretary. Michael Reimann is appointed Chief Financial Officer while Andris Kikauka is VP of Explorations.

The main activity of the period ended October 31, 2014 for the Company was to continue conducting exploration and development activities on the Fran and Driftwood properties

The Company will continue to develop its exploration strategies with a view to maximizing shareholder value and focusing on its long term goal of moving the Company into production.

Overall Performance and Description of Business

The Company is an exploration stage company located at Suite 303, 1080 Howe Street, Vancouver, British Columbia, Canada V6Z 2T1, engaged in the acquisition, exploration and development of mineral resource properties located in Canada.

On July 4, 2014, the Company completed a reverse takeover transaction (the "RTO" or the "Transaction") by Manto Gold Corp. ("Manto" or the "Subsidiary"). In connection with closing of the Transaction, "Defiant Minerals Corp." ("Defiant") has changed its name to "MGX Minerals Inc." and Manto became the wholly-owned subsidiary of the Company.

The Transaction was completed by way of a statutory plan of arrangement pursuant to the *Business Corporations Act* (British Columbia). Under the plan of arrangement, the Company acquired all of the outstanding securities of the Subsidiary from former security holders of the Subsidiary in exchange for securities of the Company on a one for one basis (after Defiant consolidated its issued and outstanding shares on a 1:23 basis) pursuant to the arrangement agreement dated November 6, 2013 and amended on April 2, 2014 between the Company and the Subsidiary. The Supreme Court of British Columbia made a final order on May 15, 2014 approving the plan of arrangement. The Transaction, which was an arm's length transaction, resulted in the reverse takeover of the Company by former shareholders of the Subsidiary and in the Subsidiary becoming a wholly-owned subsidiary of the Company.
The value of net monetary liabilities of Defiant (a legal parent) assumed in exchange for all of the issued and outstanding common shares of Manto (a legal subsidiary) is set out as follows:

Cash	$ 203
Accounts payable	(30,210)

Due to related parties	(23,817)
Loan payable	(5,364)
Net liabilities assumed	$ (59,188)

In accordance with IFRS 3, Business Combinations, the substance of the transaction was a reverse acquisition of a non-operating company. The transaction does not constitute a business combination since Defiant does not meet the definition of a business under the standard. As a result, under IFRS the transaction is accounted for as a capital transaction with Manto being identified as the acquirer with the transaction being measured at the fair value of the equity consideration issued to Defiant.

IFRS 2, Share-based Payments, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Since Manto shareholders have issued shares with a fair value in addition to the net liabilities assumed, IFRS 2 would indicate that the total is recognized in comprehensive loss as a reverse acquisition transaction cost.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse takeover transaction. By reference to a most current completion of a private placement right before a completion of the Qualifying Transaction, the fair value of each Manto common share at the time of the Qualifying Transaction was $0.10. Accordingly, the value of the 2.336% (i.e. 598,805 shares) of the share capital owned by former owners of Defiant at the time of the Qualifying Transaction was $59,881.

The amount assigned to reverse acquisition transaction cost is $119,069, being the total of the fair values of the equity consideration ($59,881) and the net identifiable liabilities of Defiant ($59,188). Under IFRS, this amount is included in the statement of comprehensive loss.

Consideration	$ 59,881
Net monetary liabilities assumed	59,188
Unidentifiable assets acquired	$ 119,069

Results of Operations

Selected Quarterly Information – For the period ended October 31, 2014 and 2013

Period Ended:	**October 31, 2014** IFRS	**October 31, 2013** IFRS
Financial Results:		
Exploration expenses	$ 86,126	$ -
Net loss for the year	(116,603)	(159)
Basic and diluted loss per share	(0.00)	(0.00)
Period Ended:	**October 31, 2014**	**July 31, 2014**
Balance Sheet Data:		
Cash	26,575	91,939
Total assets	505,262	555,865
Accounts payable	17,927	9,527
Accrued liabilities	16,400	14,800
Shareholders' equity	441,911	502,514
Period Ended:	**October 31, 2014**	**October 31, 2013**
Cash Flow Data:		
Increase (decrease) in cash for the period	(65,364)	(27,070)

The company did not have any sales, discontinued operations, extraordinary items, and cash dividends during the period. Material factors affecting operations and mineral property expenditures are described elsewhere in the MD&A.

Results of Operations – For the quarter ended July 31, 2014

For the three months ended October 31, 2014, the Company incurred a loss of $116,603 (2013: $159). Significant expenses included

- Exploration expense of $86,126 (2013: $nil) - The increase in expenses is mainly due to increase in exploration activities in Q1 2015
- Professional fees of $11,432 (2013: $nil) – The Company incurred significant professional fees since the Company is now listed and needs professionals' service on financial statements preparing and other regulator compliances.

Summary of Quarterly Results:

2015/14 Quarterly Results:	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	$ -	$ -	$ -	$ -
Loss and comprehensive loss	-	-	-	(116,603)
Basic and diluted loss per share	-	-	-	(0.00)
Total assets	-	-	-	505,262
Working capital	-	-	-	6,482

2014/13 Quarterly Results:	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	$ -	$ -	$ -	$ -
Loss and comprehensive loss	(245,330)	(61,046)	(1,493)	(1,744)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	555,865	545,422	586,014	590,122
Working capital	70,085	(92,293)	(30,764)	(30,788)

2013/12 Quarterly Results:	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	$ -	$ -	$ -	$ -
Loss and comprehensive loss	(67,864)	-	-	-
Basic and diluted loss per share	(0.00)	-	-	-
Total assets	593,691	-	-	-
Working capital	(51,576)	-	-	-

* No exercise or conversion is assumed during the years in which a net loss is incurred, as the effect is anti-dilutive.

Project Summaries and Activities

CANADA

Wels Property *(Yukon Territory)*

Pursuant to an option agreement dated June 6, 2011, Gorilla Resources Corp. was granted an option to acquire a 100% interest in the Wels property located in Whitehorse, Yukon Territory, Canada. On April 23, 2012, Gorilla Resources Corp. assigned all the benefits, rights and obligations under the option agreement to Gorilla Minerals Corp. Gorilla Minerals Corp. then entered into an option agreement with the Company to purchase the 24 nickel mineral claims on the Wels Property.

The Company subsequently paid $1,000 in option payments to Gorilla Minerals Corp and then defaulted on the option agreement which has consequently lapsed.

Fran Property *(British Columbia)*

The Company entered into an option agreement (the “Option Agreement”) on May 24, 2013 and amended on June 30, 2013, to acquire a 100% undivided interest in the Fran Claims (the “Fran Property”). The Fran Property consists of 15 contiguous mineral tenures that are located within the Omineca Mining District 60 kilometres north of Fort St. James, British Columbia.

In order to acquire its 100% undivided interest in the Fran Property, the Company must pay Manto Resources Inc. (the “Optionor”) a total of $40,000 in cash, issue 24,877,310 shares of the Company to the Optionor, incur up to $100,000 of exploration expenditures on the property. The Optionor was a company controlled by a director of the Company.

During the period ended July 31, 2013, the Company issued 24,823,310 shares with a fair market value of $497,546, which was recorded as acquisition cost in Mineral properties on the Statement of Financial Position, and advanced $30,000 to the Optionor.

On March 31, 2014, Wayne Tyner gave up 4,155,861 shares in the Company, with a fiar market value of $83,117 in exchange for a Development agreement effective March 31, 2014.The acquisition cost of the Fran property was reduced to $414,429. The agreement grants Wayne Tyner and his company 0997650 B.C Ltd the right to mine and mill on a portion of the Fran property. The annual advance against net smelter return payments previously required of the Company is now the responsibility of 0997650 B.C Ltd starting March 31, 2015.

During the three months ended October 31, 2014, the Company incurred exploration expenditures of $nil (2013 - $nil) of geological consulting expense and royalty advance payments on the Fran Property.

Driftwood Claims *(British Columbia)*

The Company entered into an option agreement (the “Option Agreement”) on July 7, 2014 to acquire a 90% interest in the Driftwood Claims (the “Driftwood Property”). Pursuant to the agreement and in order to complete the acquisition, MGX is required to perform $300,000 in exploration and development work on the Driftwood Mineral Claims by July 1, 2017, pay $50,000 in cash to the vendors by July 1, 2016 and issue 900,000 common shares of MGX to the vendors by July 1, 2016 (including 300,000 upon the execution of the agreement (issued at a fair value of $30,000 in July, 2014). It which was recorded as acquisition cost in Mineral properties on the Statement of Financial Position.

During the three months ended October 31, 2014, the Company incurred exploration expenditures of $86,126 (2013 - $nil) of geological consulting expense and royalty advance payments on the Fran Property.

New Opportunities

The Company continues to evaluate mineral properties and is focused on deposits in Canada with economic merit and good logistics will be considered for acquisition.

Outstanding Share Data

The Company has an authorized share capital of an unlimited number of common shares, of which 26,324,457 were issued and outstanding as at October 31, 2014 and 26,324,457 as at the date of this report.

Related Party Transactions

As at October 31, 2014, the Company had a receivable of $960 (July 31, 2014: $960) from a company with common directors.

As at October 31, 2014, the Company had a receivable of $3,064 (July 31, 2014: $3,064) from a former parent company.

As at October 31, 2014, the Company had a prepaidment of $6,111 (July 31, 2014: $1,500) to the directors of the Company.

During the three months ended October 31, 2014, the Company incurred $1,100 (October 31, 2013: $nil) in management fees from a company owned by a director of the Company.

During the three months ended October 31, 2014, the Company incurred $23,340 (October 31, 2013: $nil) in geological consulting fee from directors of the Company.

Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital and cash flow:

As at	**October 31, 2014**	**July 31, 2014**
Cash	$ 26,575	$ 91,939
Working capital	6,482	70085
Period Ended	**October 31, 2014**	**October 31, 2013**
Cash provided by (used in) operating activities	$ (121,364)	$ (27,070)
Cash provided by investing activities	-	-
Cash provided by financing activities	56,000	-
Change in cash	$ (65,364)	$ 27,070

On March 31, 2014, the Company cancelled 4,155,861 common shares with a value of $0.02 per share, for total value of $83,117. The shareholder gave up these shares in exchange for a Development agreement that provides him with the right to mine and mill on a portion of the Fran property. (See Note 5)

On March 31, 2014, the Company issued 54,000 shares with of $0.02 per share, for total value of $1,080 to acquire mineral properties through option agreement.

On April 15, 2014 and July 2, 2014, the Company issued 689,536 common shares with a value of $0.10 per share, for total value of $68,954 in settlement of debt.

On April 21, 2014, the Company held a private placement and issued 600,000 common shares with a value of $0.10 per share, for total gross proceeds of $60,000.

On June 20, 2014, the Company held a private placement and issued 250,000 common shares with a value of $0.10 per share, for total gross proceeds of $25,000.

On July 2, 2014, the Company issued 300,000 shares with of $0.10 per share, for total value of $30,000 to acquire mineral properties through option agreement.

On July 4, 2014, the Company entered into a reverse take-over transaction and issued 598,805 shares at a fair value of $59,881 take-over transaction and acquired 1,038,341 shares of Defiant Minerals Corp at a value of $103,835.

On August 29, 2014, 200,000 stock options with an exercise price of $0.10 per option were exercised, for total gross proceeds of $20,000.

On August 28, 2014, the Company held a private placement and issued 50,000 flow-through shares with a value of $0.25 per share, for total gross proceeds of $12,500.

On September 2, 2014, the Company held a private placement and issued 50,000 flow-through shares with a value of $0.25 per share, for total gross proceeds of $12,500.

On September 3, 2014, the Company held a private placement and issued 20,000 flow-through shares with a value of $0.25 per share, for total gross proceeds of $5,000.

On October 27, 2014, the Company held a private placement and issued 42,000 flow-through shares with a value of $0.25 per share, for total gross proceeds of $10,500.

On October 31, 2014, the Company held a private placement and issued 24,000 flow-through shares with a value of $0.25 per share, for total gross proceeds of $6,000.

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital asset is a resource property. Exploration expenditures are expensed as incurred.

The Company's resource property agreement is an option agreement and the exercise thereof is at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see "Project Summaries and Activities" in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Proposed Transactions

The Company has no proposed transactions that will materially affect the performance of the Company.

Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash within three months.

(b) Mineral Properties

Recognition and Measurement

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees and advance royalty payments.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company may occasionally enter into option-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would otherwise be undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted as a gain on disposal.

(c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(d) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

(e) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting periods, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company has classified cash as fair value through profit or loss.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. These liabilities include accounts payable and accrued liabilities, due to related parties and loans payable. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument’s original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in the income statement.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses recognized for equity securities are not reversed.

(f) Loss Per Share

Basic earnings or loss per share is computed by dividing the earnings or loss for the period by the weighted average number of common shares outstanding during the relevant period. The treasury stock method is used for the calculation of diluted earnings or loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

(g) Comprehensive Income

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources, and comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the balance sheet.

(h) Share Capital

The Company records proceeds from share issuances net of issue costs in shareholders’ equity. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders’ equity.

(i) Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(j) Critical Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of mineral properties</u>

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

<u>Determination of functional currency</u>

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

<u>Valuation of share-based payments</u>

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

(k) Future Changes in Accounting Standards

The following standards have been issued but are not yet effective:

(i) Financial instruments

IFRS 9 – Financial instruments was issued by the IASB in October 2010 and will replace *IAS 39 – Financial instruments: recognition and measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Financial Instruments

(a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	October 31, 2014 $	July 31, 2014 $
Loans and receivables:		
Cash	$26,575	$91,939
Due from related parties	-	-
	$26,575	$91,939
Financial liabilities, measured at amortized cost:		
Accounts payable	$ 17,927	$ 9,527
Accrued liabilities	16,400	14,800
Due to related parties	4,024	4,024
Loans payable	25,000	25,000
	$63,351	$53,351

(b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at July 31, 2014, the fair values of financial instruments measured on a recurring basis include cash, determined based on level one inputs and consisting of quoted prices in active markets for identical assets. The fair values of other financial instruments, which include accounts payable and accrued liabilities, due to related parties and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish mineral reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at October 31, 2014, the Company has a $26,575 (July 31, 2014: $91,939) cash balance to settle current liabilities of $38,351 (July 31, 2014: $28,351).

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST/HST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Foreign currency exchange rate risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Financial and Disclosure Controls and Procedures

During the year ended July 31, 2014, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's annual financial statements for the year ended July 31, 2014 (together the "Annual Filings").

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Other

Additional information relating to the Company's operations and activities can be found by visiting www.sedar.com.

Trends

Trends in the industry can materially affect how well any junior exploration company is performing and by the capital markets which have made the raising of finance difficult. Company management believes that the trend remains positive and that prices will be higher over time.

Outlook

The outlook for precious metals is good. The capital markets are prospect for financing the Company's are challenging but management believes the Company will continue as a viable entity. The Property will require significant investment as it transitions into development stage projects.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.