MUSKRAT MINERALS INCORPORATED
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SECOND QUARTER ENDED DECEMBER 31, 2014

The following is a discussion of the audited consolidated financial condition and results of operations of Muskrat Minerals Incorporated ("MMI" or "the Corporation") for the second quarter ended December 31, 2014. This discussion and analysis should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended June 30, 2014 and the Corporation's unaudited interim financial statements for the second quarter ended December 31, 2014 and the related notes thereto for the period then ended.

The Corporation's principle asset is a 40.2% interest in Grand River Ironsands Inc. ("GRI"). GRI owns 64.6% (67.2% at June 30, 2014 and 74.85% at June 30, 2013) of North Atlantic Iron Corporation ("NAIC"), a joint venture investing to become a vertically integrated pig iron producer with an iron sands project in Labrador and Newfoundland. GRI also owns 100% of Forks Specialities Metal Inc. ("FSM"), which owns and operates two electric arc smelting furnaces in Pennsylvania, USA.

The consolidated financial statements are presented in Canadian dollars which is also the Corporation's and its subsidiaries' functional currency and have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at December 31, 2014.

Additional information about MMI can be found on SEDAR at www.sedar.com and on the Canadian Securities Exchange at www.cnsx.ca

This MD&A is dated as of February 23, 2014 and contains discussion of material events up to and including that date.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

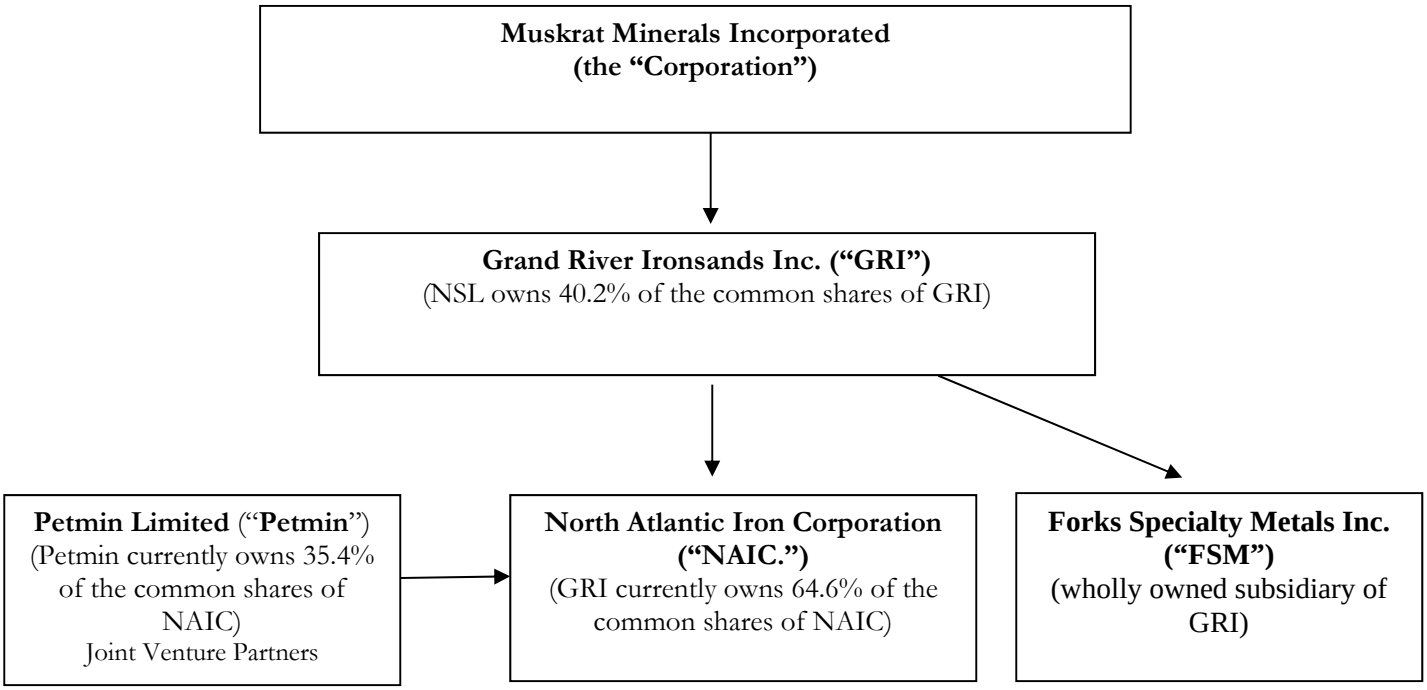
The following discussion and analysis contains forward-looking statements which reflects management's expectations regarding the Corporation's future growth, results of operations, performance, and business prospects and opportunities. Although the forward-looking statements reflect management's current assumptions based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Corporation cannot be certain that actual results will be consistent with these forward looking statements. Forward-looking statements involve significant known and unknown risks, assumptions and uncertainties that may cause the Corporation's actual results, performance, prospects, and opportunities in future periods to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other things, market demand, commodity pricing, regulatory matters, currency risks, liability claims, integration of new operations, financing risks, and interest rate risks. Although the Corporation has attempted to identify important risks and factors that could cause actual results to differ materially from those described in the forward-looking statements, there may be other factors and risks that may cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results may differ materially from those anticipated in such statements. Certain factors that may impact operations are also discussed. Such comments will be affected by, and may involve, known and unknown risks and uncertainties that may cause the actual results of the Corporation to be materially different from those expressed or implied. Accordingly, readers should not place undue reliance on forward-looking statements. These forward looking statements are made as of the date of this MD&A and, except as required by law, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

CORPORATE OVERVIEW

MUSKRAT MINERALS INCORPORATED (the "Corporation") is a publicly listed Corporation, trading on the Canadian Securities Exchange (the "CSE"), with a ticker symbol "YYR". Headquartered in Toronto, Canada, the Corporation owns 40.2% of Grand River Ironsands Inc. ("GRI"). GRI in turn owns 64.6% (67.2% at June 30, 2014

and 74.85% at June 30, 2013) of North Atlantic Iron Corporation ("NAIC"), which is investing to become a vertically integrated pig iron producer with an iron sands project in Labrador and Newfoundland. GRI also owns 100% of Forks Speciality Metals Inc. ("FSM"), which owns and operates two electric arc smelting furnaces in Pennsylvania, USA.

Below is a chart of the corporate structure of the Corporation and its wholly and partially owned subsidiaries, along with the current and potential joint venture partners hereinafter explained:



CURRENT BUSINESS ACTIVITIES

The Corporation has a 40.2% shareholding in GRI, a private company which was incorporated on March 24, 2001, in the Province of Nova Scotia, pursuant to the *Companies Act* (Nova Scotia). As of time of issuance of this MD&A, GRI has a 64.6% shareholding (undiluted and potentially 50.1% fully diluted) in NAIC, a joint venture investing to become a vertically integrated pig iron producer. In addition, NAIC is involved in the exploration and development of an iron sands project near Happy Valley-Goose Bay, NL, Canada which could provide feed stock for NAIC's intended pig iron production facility. GRI and its subsidiary, NAIC, entered into a share purchase agreement with Petmin (JSE: PET), a publicly traded mining company in South Africa, dated September 15, 2010, as amended, whereby GRI contributed its mineral claims to NAIC and Petmin acquired shares in NAIC through cash investments. Petmin invests its contributions to NAIC. Since entering into the Joint Venture agreement with GRI, Petmin has invested a total of US$20 million into NAIC and currently holds a 35.4% ownership position. Its latest investment was made on February 17, 2015 (US$1.0 million) and US$4 million remains outstanding. Petmin has an option to acquire up to 40% of NAIC for a total of US$25 million (US$21 million invested to date). Following the completion of its US$25 million investment, Petmin has the option to acquire an additional 9.9% of the common shares of NAIC, at a fair market price, increasing its potential ownership of NAIC to 49.9% on a fully diluted basis.

OVERVIEW OF NAIC

GRI and its North Atlantic Iron Corporation (NAIC) JV partner, Petmin Ltd. (South Africa's largest anthracite coal producer), have made their intentions to build a merchant pig iron plant in North America widely known. Their site selection process has taken longer than anticipated as rapidly adjusting market prices have caused adjustments to the final decision. The second plant will be built North of the Ohio River (on Lake Erie) or on the St. Lawrence Seaway. Final negations are close and a decision imminent.

Project partners have been engaged with three quality engineering firms to undertake the independent work for the Preliminary Feasibility Study "PFS". This process to select the firm has concluded and Hatch Engineering has been selected. It is expected that the PFS work will take less than 6 months. Concurrently, efforts on permitting will begin once a site is selected from two potential host communities. The business case for the two sites remain compelling and negotiations are focused on areas that would yield a definitive benefit for deciding on the best location.

NAIC will continue to meet with a number of steel mills (electric arc furnace operators) to assess their interest in working with NAIC towards advancing its pig iron project. Additionally, discussions will commence shortly with off-takers and traders as well as potential capital markets partners. It is expected an additional $20-30 million will be required to finalize the Bankable Feasibility Study and Permitting on the second pig iron plant. It is expected the project will initially source iron ore concentrates from the open market due to the lower prices currently projected into the foreseeable future. NAIC believes this strategy provides the shortest timeline to production and cash flow. Efforts will continue on the Labrador sands to be used as feedstock for a second plant or to eventually vertically integrate the second production facility.

NAIC is the joint venture entity that holds the mineral claim licenses for mineral sands located in Happy Valley-Goose Bay, NL Canada. NAIC's goal is to become a vertically integrated North American pig iron producer, which may utilize mineral sands owned by NAIC as the primary feed stock. The joint venture project includes the mining of the mineral sands; the separation and production of iron sands; the development of a pig–iron making process; the construction, commissioning and operation of pig iron smelting plant; and all transportation and logistics systems. This fully integrated pig iron production solution is herein referred as the "Project" or "Joint Venture" or "Joint Venture Project".

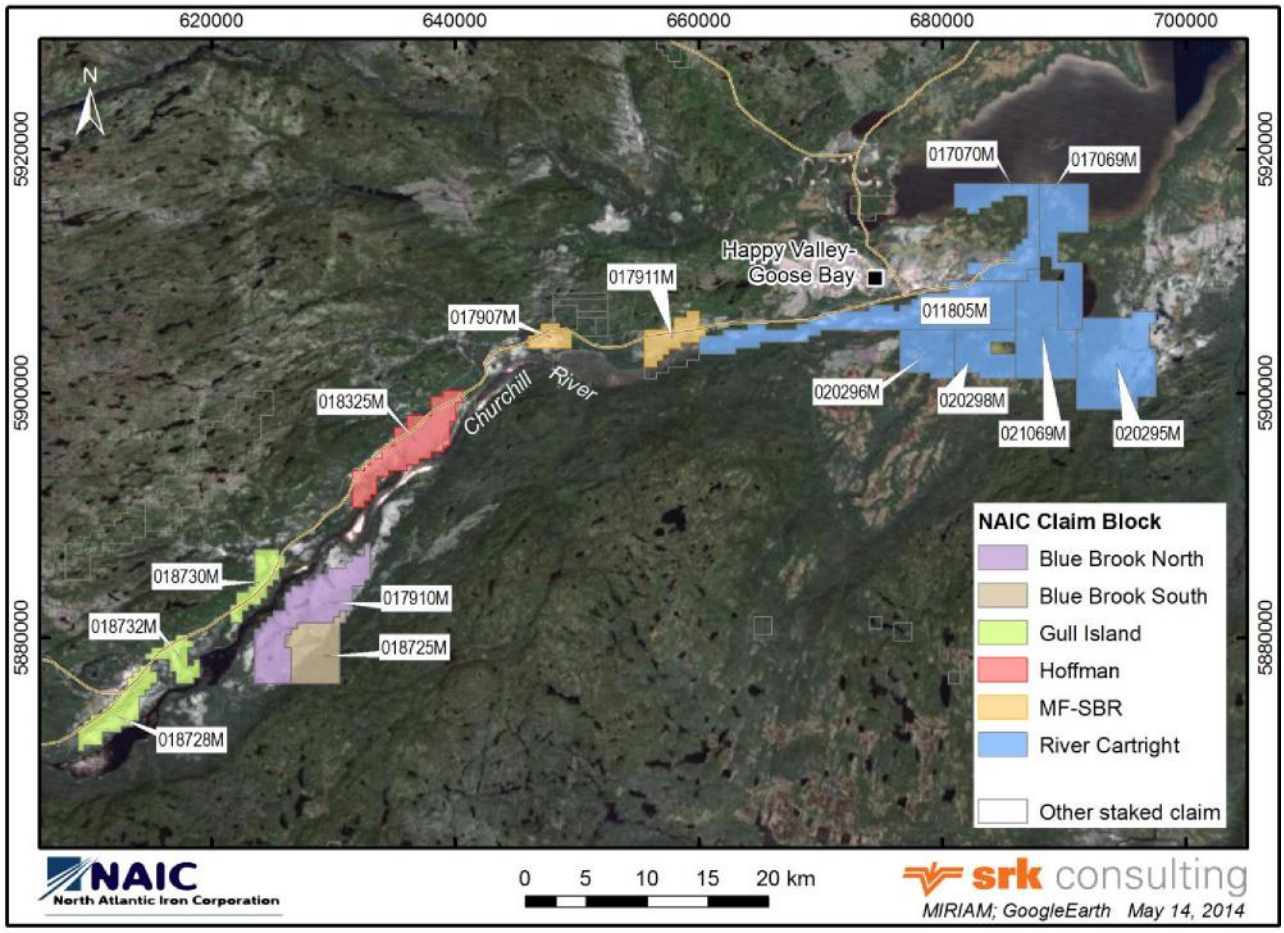
NAIC's exploration properties are located in the Goose Bay region of Newfoundland and Labrador. The claims are located in central Labrador immediately to the east, west, south, southwest and southeast of the Town of Happy Valley-Goose Bay. The claims extend west of Muskrat Falls along the lower Churchill River to Hamilton Inlet and from the Churchill River to the boundary of the proposed Mealy Mountains National Park. The property comprises 1,490 claims in 15 claim blocks with a total area of approximately 372 square kilometres.

Claim No	No Claims	Issued	Status	Renewal Date	NTS Map
River Claims					
011805M	233	2003-05-08	Active	2018-05-08	13F/07, 13F/08
017069M	120	2003-11-03	Active	2018-11-03	13F/08
017070M	106	2003-11-13	Active	2018-11-03	13F/08
Cartwright Claims					
020295M	187	2008-05-07	Active	2018-05-27	13F/01, 13F/08
020296M	67	2008-05-27	Active	2018-05-27	13F/01, 13F/08
021069M	140	2008-05-27	Active	2018-05-27	13F/01, 13F/08
017911M	68	2008-05-27	Active	2018-05-27	13F/01, 13F/08
Upriver Claims					
018325M	114	2011-01-06	Active	2016-01-06	13F/03, 13F/02
018725M	84	2011-04-08	Active	2016-04-08	13F/03
018728M	66	2011-04-08	Active	2016-04-08	13C/14, 13F/03
018730M	44	2011-04-08	Active	2016-04-08	13F/03
018732M	36	2011-04-08	Active	2016-04-08	13F/03
017907M	23	2010-08-23	Active	2015-08-23	13F/07
017910M	158	2010-08-23	Active	2015-08-23	13F/03
017911M	44	2010-08-23	Active	2015-08-23	13F/02, 13F/07
Total	**1,490**				

Mineral claim deposits are licenses held by NAIC with the province of Newfoundland and Labrador that required a deposit and commitment by NAIC to inject a prescribed amount of exploration expenditures into the land designated by the license within a five year time frame. As at the date of the MD&A the Corporation has injected the prescribed amount of exploration expenditures into the land except where noted.

The Porcupine Strand claims have been excluded from the outstanding mineral claims of NAIC due to the ongoing dispute and counter claim with the federal government. GRI received notice that the federal government intends to establish the Mealy Mountain National Park which will encompass the lands to which GRI has staked these claims. While the plans for the park have not yet been approved or finalized, GRI has maintained the claims in a current status. The Government of Newfoundland has been providing extensions of work commitments and renewal fees under the legislation pending resolution of the Mealy Mountain Reserve claim by GRI.

Distribution of North Atlantic's Claim Blocks along the Churchill River



On June 17, 2014 the corporation filed on SEDAR "NI 43-101" highlighting resource estimates from three major mineral blocks contained within the Corporation's Labrador mineral claims , together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The "NI 43-101" was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the "NI 43-101" document for detailed resources estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation.

PROJECT BACKGROUND AND OPERATIONAL HIGHLIGHTS

- A pilot separation plant in Happy Valley-Goose Bay was commissioned in 2012, to produce iron ore concentrate from NAIC's iron sands resource. Concentrate was transported to the United States and elsewhere to be used as feedstock for significant direct reduction and smelting tests. The majority of the testing occurred at GRI, wholly owned subsidiary FSM in Easton, PA. FSM acquired two 1MW submerged arc furnaces ("SAF") in 2013 to provide demonstration scale versions of what NAIC plans to use in a

commercial pig iron production plant. The FSM facilities undertook the extensive smelting tests required to prove the technical and economic viability of producing pig iron from NAIC's iron sands.

- With 5 melt campaigns completed – with the last 3 campaigns witnessed by Hatch Engineering – NAIC has consistently demonstrated an ability to produce high purity pig iron using a lower grade iron ore concentrate (lower cost), along with a lower grade thermal coal (lower cost). This achievement supports the corporate focus of NAIC to target becoming a vertically integrated low cost manufacturer.

- The first planned pig iron plant will be located outside of Labrador with a future plant still planned for Labrador when economically feasible. GRI is currently undertaking a detailed work program in Labrador, with a view of broadening the size and scope of the mineral resource near Happy Valley-Goose Bay, NL. As well, efforts are focused on the opportunity to economically separate additional minerals in the sands that may be contained within NAIC's resource claims. These could include minerals commonly found in other iron sands resources including garnets, zircon, rutile, vanadium, and fracking sands. Testing is underway with SGS Canada Incorporated in Lakefield, Ontario and a prominent mineral sands and separation team in China. To date, revenues from these minerals are not factored into the PEA nor have they been included in the "43-101". Mining and separation approaches, for the iron concentrate, have been assessed and future work will refine the approaches and economics if other minerals are included. Additionally, work will continue on key infrastructure requirements, such as port, power, and access roads.

- Given that the Company will be acquiring iron ore concentrate from the merchant market, discussions with potential providers and testing of their respective iron ore for the pig iron manufacturing plant is also underway. Iron ores from two producers have been tested along with steel mill reverts (waste material containing iron ore) and those results will soon be received.

- The work to complete the Preliminary Feasibility Study (PFS) for NAIC's first pig iron production facility has commenced together with an independent Site Specific Comparative Assessment for the final two potential sites. This site comparison is expected to be concluded before the end of March and a site decision made shortly thereafter. It is expected that the full PFS work will take less than 6 months following the site selection.

The Company continues to monitor the progress of Grand River Ironsands Incorporated (GRI), and through GRI, the issuers' indirect shareholding in North Atlantic Iron Corporation (NAIC). The emphasis of NAIC is to be a pig iron producer, having access to its own supply of raw material (iron ore concentrate) only using its captive supply of iron ore concentrate when appropriate.

The 2015 efforts on the Labrador mineral sands resource, will be primarily two fold – as stated, to establish the potential economics of other valuable minerals other than the iron products; secondly, to better understand the economic and operational issues related to the port infrastructure, locating a plant and transport solutions.

The key goals for the next 12 to 18 months will be to (i) finalize the site selection and initiate the permitting process for the first pig iron making facility; (ii) complete the Preliminary Feasibility Study (PFS) at the chosen site; (iii) review the project economics and complete and publish the Preliminary Economic Assessment; (iv) complete the Bankable Feasibility Study; (v) assess the interest of strategic partners for partnering, off-take and other possible business arrangements; (vi) initiate a capital raise campaign and other corporate related requirements with all partners to the project.

In addition, the Corporation may seek growth opportunities for its shareholders by investing in related projects in Newfoundland and Labrador, and/or by continuing to increase its ownership of GRI.

FINANCIAL SUMMARY

The Corporation is in the mining and exploration sector through its interest in GRI.

The interim unaudited consolidated financial statements for the three month period ended December 31, 2014 include the accounts of the Corporation and the following entities:

- 40.2% Grand River Ironsands Incorporated ("GRI")
  A company incorporated in Nova Scotia and engaged in the exploration and development of mineral deposits
  - 100% Forks Specialty Metals Inc. ("FSM")
    A company incorporated in Pennsylvania and engaged in iron ore smelting and testing.
  - 67.2% (65.9% at the date of this MD&A) North Atlantic Iron Corporation ("NAIC")
    A corporation incorporated in Newfoundland and Labrador and engaged in the exploration and development of mineral deposit and production.

Effective August 11, 2014 the Issuer's wholly owned subsidiaries, VR Interactive International Inc. (VRII) and 3053229 Nova Scotia Limited (NSL), were wound up into the Issuer.

The following discussion addresses the operating results and financial condition of the Corporation for the three months ended December 31, 2014. This discussion and analysis is qualified in its entirety by reference to and should be read in conjunction with the Corporation's unaudited interim financial statements for the three months ended December 31, 2014 and the audited consolidated financial statements for the year ended June 30, 2014 and the related notes thereto, as well as reference to the forward looking statements within this report. All results in this report are presented in Canadian dollars, unless otherwise indicated.

HIGHLIGHTS

Following is a summary of the major financial highlights for the three months ended December 31, 2014, and to the date of this MD&A

- On October 24, 2014, Petmin purchased 15 additional common shares in NAIC for a consideration of US$1,000,000, increasing their shareholding to 34.1%, thereby reducing GRI's investment in NAIC to 65.9%.

- Hatch engineering has been selected to conduct a Preliminary Feasibility Study (PFS) for NAIC's first pig iron production facility. In addition Hatch Engineering are currently undertaking a Site Specific Comparative Assessment for NAIC for the final two potential sites. This site comparison is expected to be concluded before the end of March, 2015 and final site selection made shortly thereafter. The PFS should be completed within 6 months of the site selection decision.

- The Corporation has recently taken steps to outsource its FSM smelting facility in Easton PA, resulting in the Corporation's first external contract revenue during the quarter in the amount of $66,000USD ($73,399CDN equivalent) The Corporation will continue to seek revenue or joint venture opportunities to leverage its investment in FSM.

- On February 17, 2015, Petmin purchased 15 additional common shares in NAIC for a consideration of US$1,000,000, increasing their shareholding to 35.4%.

Financial and operational results

The following tables summarize selected quarterly financial results from operation for the current quarter as well subsequent quarters for the last 24 months. The results are only consolidated for the fourth quarter of fiscal 2013 making comparisons to prior years difficult.

Selected Consolidated Operating Results				
	Second Quarter		Year to Date	
	31-Dec-14 $'s	31-Dec-13 $'s	31-Dec-14 $'s	31-Dec-13 $'s
Revenue	73,399	-	73,399	-
Expenses				
General & Admin	1,141,710	930,954	1,396,259	1,133,515
Operating	356,742	(139,180)	974,714	234,707
Operating loss before under noted	**(1,425,053)**	**(791,774)**	**(2,297,574)**	**(1,368,222)**
Depreciation	(9,008)	(9,561)	(18,017)	(19,138)
Interest	(7,222)	(12,194)	(11,704)	(18,475)
Consolidated income (loss)	**(1,441,283)**	**(813,529)**	**(2,327,295)**	**(1,405,835)**
Unrealized gain(loss) on investments	(72,946)	-	(164,841)	-
Income tax recovery	343,631	-	646,782	-
Non-controlling interest	416,915	190,246	854,352	482,661
Income (loss) attributable to MMI	**(753,683)**	**(623,283)**	**(991,002)**	**(923,174)**
Income (Loss) per share	(0.0437)	(0.036)	(0.057)	(0.054)
Avg. Weighted Shares O/S	**17,251,015**	**17,251,015**	**17,251,015**	**17,251,015**

Overall performance for the second quarter and year to date ended December 31, 2014

Net loss attributable to MMI shareholders for the second quarter and year to date was $753,683 and $991,002 respectively compared to $623,283 and $923,174 for the prior year. There was no provision made for income tax recovery in the prior periods which would have had the impact of reducing net loss in prior periods substantially. When taking into account the income tax recovery, the increase in the current year loss for the quarter and year to date ended December 31, 2014 resulted from the increased operating activity of GRI and its operating subsidiaries NAIC and the inclusion of FSM, which was not fully operational in the prior periods.

Revenue

The Corporation had $73,399 revenue from the outsourcing of its smelting facility in Easton, PA (FSM). The corporation will continue to take advantage of any outsourcing or joint venture of those facilities. The Corporation does not expect any significant revenues in the immediate future from its principle line of business, the production of pig iron.

General and Administration

For the second quarter and year to date the Corporation had general and administrative expenses $1,141,701 and $1,396,259 respectively compared to $930,954 and $1,133,515 for the prior year. The current period results reflect the costs associated with the increased activity of GRI, NAIC and the ramp up of FSM.

Operating

For the second quarter and year to date the Corporation had operating expenses of $356,742 and $974,714 respectively compared to ($139,180) and $234,707 for the prior year. The prior periods reflect the reallocation of previous period operating expenditures to capital assets. In addition, the current period results reflect the costs associated with the increased activity of GRI, NAIC and the ramp up of FSM.

Amortization

For the second quarter and year to date the Corporation had amortization expense of $9,008 and $18,017 respectively compared to $9,561 and $19,138 for the prior year. These amounts do not include amortization that was capitalized during the year.

Interest Expense

For the second quarter and year to date the Corporation had interest expense of $7,222 and $11,704 respectively compared to $12,194 and $18,475 for the prior year. These amounts do not include interest expense that was capitalized during the year.

Selected Quarterly Financial Data

The following table reports the operating results for the last eight quarters. The adjustments and restatements necessary to reflect the consolidation of the Corporation with GRI and its subsidiaries were all recorded in the June 30, 2013 quarter.

Selected Quarterly Financial Data								
	31-Dec 2014	30-Sep 2014	30-Jun 2014	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013	31-Mar 2013
Revenue	73,399	-	-	-	-	-	-	-
Expenses								
Gen & Admin	1,141,710	254,551	538,759	209,305	930,954	207,964	622,119	39,911
Operating Expenses	356,742	617,972	1,321,441	116,739	(139,180)	368,484	1,166,238	-
Operating loss before under noted	**(1,425,053)**	**(872,523)**	**(1,860,200)**	**(326,044)**	**(791,774)**	**(576,448)**	**(1,788,357)**	**(39,911)**
Share of Loss in associate	-	-	-	-	-	-	234,494	(112,923)
Depreciation	(9,008)	(9,009)	10,198	(9,551)	(9,561)	(9,577)	(7,189)	(216)
Interest expense	(7,222)	(4,482)	(19,002)	6,234	(12,194)	(6,281)	(19,594)	(17)
Gain on conversion of debt	-	-	622,153	-	-	-	-	-
Unrealized gain(loss) on investments	(72,946)	(91,895)	(263,483)	-	-	-	-	-
Gain on Debt forgiveness	-	-	-	-	-	-	373,463	-
Gain on acquisition of control	-	-	-	-	-	-	8,709,672	-
Bargain purchase gain	-	-	-	-	-	-	2,784,620	-
Income tax recovery	343,631	303,151	812,343	-	-	-	1,058,339	-
Consolidated Income (Loss)	**(1,170,598)**	**(674,758)**	**(697,991)**	**(329,361)**	**(813,529)**	**(592,306)**	**11,345,447**	**(153,067)**
Non-controlling interest	416,915	437,438	796,918	**11,713**	**190,246**	**292,415**	**355,912**	**-**
Net Income (Loss)	**(753,683)**	**(237,320)**	**98,927**	**(317,648)**	**(623,283)**	**(299,891)**	**11,701,359**	**(153,067)**
Income (Loss) per share	($0.044)	($0.017)	$0.006	($0.018)	($0.036)	($0.017)	$0.678	($0.009)
Avg. Weighted Shares O/S	**17,251,015**	**17,251,015**	**17,251,015**	**17,251,015**	**17,251,015**	**17,251,015**	**17,251,015**	**17,251,015**

Segmented Information

	Corporate		GRI		NAIC		FSM		Eliminations		Consolidated	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	$	$	$	$	$	$	$	$	$	$	$	$
Revenue - external customers	-	-	-	-	-	-	73,399	-	-	-	73,399	-
Revenue - intersegment	-	-	106,616	39,394	50,983	-	927,761	580,447	(1,085,360)	(619,841)	-	-
	-	-	106,616	39,394	50,983	-	1,001,160	580,447	(1,085,360)	(619,841)	73,399	-
Operating expenses	503,997	724,972	585,506	108,907	576,232	659,760	990,479	540,944	(285,241)	(666,359)	2,370,973	1,368,224
	(503,997)	(724,972)	(478,890)	(69,513)	(525,249)	(659,760)	10,681	39,503	(800,119)	46,518	(2,297,574)	(1,368,224)
Depreciation and Amortization	-	(361)	(2,171)	(2,893)	(13,214)	(15,884)	(235,452)	18,261	232,160	(18,261)	(18,677)	(19,138)
Interest and bank charges	(82)	(75)	(1,699)	(5,845)	(660)	(5,845)	(9,263)	(8,081)	-	1,371	(11,704)	(18,475)
Unrealized gain (loss) on investments	-	-	(164,841)	-	-	-	-	-	-	-	(164,841)	-
Segmented Loss before Taxes	(504,079)	(725,408)	(647,601)	(78,251)	(539,123)	(681,489)	(234,034)	49,683	(567,959)	29,628	(2,492,796)	(1,405,837)
Total assets	4,158,100	4,369,237	5,363,020	6,215,572	58,852,838	55,205,369	2,818,107	2,803,514	(10,077,549)	(8,568,807)	61,114,517	60,024,885
Total liabilitites	9,831,707	11,804,187	2,001,103	1,488,553	596,160	565,997	3,353,349	1,588,811	(2,699,289)	(1,756,798)	13,083,030	13,690,749

The Corporation's Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Corporation's income taxes are monitored on a consolidated level and are not allocated to operating segments.

Geographical segments

The above segments are managed on a worldwide basis, but operate in two principal geographical areas, namely, Canada and the United States.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Non-current assets	31-Dec-14 $	31-Dec-13 $
Canada	57,488,590	55,795,202
United State of America	2,119,071	1,903,183
Total non-current assets	**59,607,661**	**57,698,385**

Selected Consolidated Financial Information

Selected items from the Consolidated Balance Sheet as at December 31, 2014, with comparable numbers for the prior two fiscal years.

Selected Consolidated Balance Sheet Items			
	Quarter Ended December 31, 2014 $'s	Year End June 30, 2014 $'s	Year End June 30, 2013 $'s
Cash	553,608	1,977,562	1,055,880
Other receivables	238,335	62,598	121,236
Prepaid and other deposits	405,265	431,837	438,357
Investment and loan receivable	309,646	474,487	115,818
Iron interests	57,267,457	56,191,752	53,548,968
Mineral claim deposits	334,045	334,045	434,677
Property and equipment	2,006,159	2,089,440	2,032,209
Accounts Payable	(1,884,957)	(1,390,611)	(1,557,740)
Directors and Shareholder advances	-	-	-
Long term debt	(1,555,529)	(1,453,032)	(1,425,900)
Deferred Taxes	(9,642,544)	(10,289,326)	(11,101,669)
Shareholders' Equity (Deficiency)	18,760,914	18,947,830	16,754,680
Shareholders' Equity associated with Non controlling interests	29,270,572	29,480,922	26,907,155

All monetary assets are located in Nova Scotia. Investment in GRI, a Nova Scotia private company whose operate an iron sands project, located in Newfoundland and Labrador, and a smelting facility in Pennsylvania, USA. Details of significant balance sheet items are detailed below.

Prepaid and Other Deposits

The prepaid and other deposits in the amount of $360,721 consists principally of a rent security deposit for the smelting facility in Forks, PA, prepaid liability and environmental insurance, and various utilities prepaid.

Iron interests

Iron Interests				
	Balance 30-Jun-14	Additions	Deletions	Balance 31-Dec-14
	$	$	$	$
Labrador Mineral Sands	56,076,731	1,075,705	-	57,152,436
Porcupine Strand	115,021	-	-	115,021
	56,191,752	1,075,705	-	57,267,457

The Happy-Valley, Goose Bay mineral sands relate to 15 licenses held by NAIC, which include Churchill River, Mud Lake, Muskrat Lake, Goose Bay, and Hamilton River. The Porcupine Strand property was acquired from a former director of GRI for $NIL cash consideration other than reimbursement of staking costs. The property consists of four mineral licenses covering approximately 3.5 square kilometers in Happy-Valley, Goose Bay. NAIC received notice that the federal government intends to establish the Mealy Mountain National Park which will encompass the lands to which NAIC has staked these claims. While the plans for the park have not yet been approved or finalized, NAIC has renewed the claims as recently as November 2010, but has been refused exploration permits in this regard. NAIC anticipates receiving compensation sufficient to recover any investment it has made in these claims to date.

Mineral Claim Deposits

Mineral claim deposits are licenses held by NAIC with the province of Newfoundland and Labrador that required a deposit and commitment by NAIC to inject a prescribed amount of exploration expenditures into the land designated by the license within a five year time frame. If NAIC fulfills their commitment, the deposit will be fully refundable; if NAIC doesn't fulfill their commitment, they will forfeit the deposit, at which time the cost will be written off. As at December 31, 2014 the Corporation has injected the prescribed amount of exploration expenditures into the land except where noted.

Mineral claim deposits				
	Balance 30-Jun-14	Additions	Balance Deletions	Balance 31-Dec-14
	$	$	$	$
Mineral claim deposits	334,045	-	-	334,045
NAIC is required to inject the folloing exploration expenditures:				
		2015		633,532
		2016		54,991
		2017		105,396
		2023		72,242
		2024		60,300

Property and Equipment

Description	Cost			Accumulated Depreciation			Net Book	Net Book
	Balance 30-Jun-14	Net Additions	Balance 31-Dec-14	Balance 30-Jun-14	Depreciation	Balance 31-Dec-14	Value 30-Jun-14	Value 31-Dec-14
Computer hardware	15,138	-	15,138	5,651	1,424	7,075	9,487	8,063
Automotive equipment	6,295	-	6,295	1,888	661	2,549	4,407	3,746
Industrial equipement	2,623,540	166,896	2,790,436	581,607	244,731	826,338	2,041,933	1,964,098
Office furniture and equipment	42,658	-	42,658	9,045	3,361	12,406	33,613	30,252
	2,687,631	**166,896**	**2,854,527**	**598,191**	**250,177**	**848,368**	**2,089,440**	**2,006,159**

Accounts Payable

The accounts payable balance at December 31, 2014 was $1,884,957 compared to $1,390,611 at June 30, 2014. The increase at December 31, 2014, is mainly the result of the accrual of $288,000CDN related to the $1.7CDN million contact for the Preliminary Feasibility Study.

Income taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in rates is included in the statement of comprehensive income in the period which included the substantive enactment 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.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no revenue generating operations from which it can internally generate funds. To date, the Corporation's ongoing operations have been predominantly financed through sale of its equity securities by way of private placements and or shareholders loans and advances. There can no assurances that equity financing or other sources of capital will be available or available on terms acceptable to the Corporation if and when required.

Currently the Corporation had approximate cash on hand of $1,435,000 CDN equivalent.

The Corporation expects that it will operate at a loss for the foreseeable future, but believes the current cash will be sufficient for it to complete discretionary activities, and fund its currently anticipated general and administrative costs, through the next 6 -12 months.

The Corporation believes that outside sources for debt and additional equity capital, if needed, will be available to finance ongoing operations and expansion. The form of any financing will vary depending upon prevailing market and other conditions, and may include short or long-term borrowings from financial institutions, or the issuance of additional equity or debt securities. However, there can be no assurance that funds will be available on terms acceptable to the Corporation and its actions with respect to these activities will be guided accordingly.

Long-Term Debt

NAIC received an interest-free repayable loan from ACOA, a government agency, in the amount of $500,000. The loan is repayable in five annual equal and consecutive installments commencing nine months after the end of the fiscal year in which 'Project Success' is achieved. It is anticipated that 'Project Success' will be achieved in the fiscal year ending June 30, 2015 and repayments will commence in December 2015. The carrying value of the loan has been discounted using an effective interest rate of 9%.

FSM received a loan from the State of Pennsylvania in the amount of US$1, 600,000 ($1,682,880) to partially finance the acquisition of industrial equipment in Forks Township, Pennsylvania. The loan bears interest at 1% and is repayable in monthly principal installments of US$14,017, commencing March 1, 2013, maturing on February 1, 2023. The carrying value of the loan has been discounted using an effective interest rate of 9%.

Share Capital

A summary of the Corporation's common shares outstanding as of December 31, 2014 are presented below:

COMMON STOCK ISSUED AND OUTSTANDING		
Authorized: Unlimited number of common shares without par value	Number of Shares	Amount
Issued and outstanding December 31, 2014 and December 31, 2013	**17,251,015**	**$ 8,948,978**

There were no stock issuances during the period.

Stock Options

Under the Corporation's employee stock option program, the Board of Directors may, at its discretion, grant options to purchase common shares to directors, officers, employees or consultants of the Corporation. At the Annual General Meeting of Shareholders ("AGM") held on November 30, 2012 shareholders approved the number of shares reserved for issuance under the Plan be increased to a maximum of 20% of the issued and outstanding shares, as of the record date, in accordance with the Stock Option Plan approved by Shareholders. However, only 10% can be issued to insiders of the Corporation. Vesting periods are determined by the Board of Directors at the time of the grant and can range up to 3 years from the date of the grant.

The Corporation has reserved 3,450,203 common shares pursuant to the stock option plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan. Compensation costs of options granted under the stock option plan are measured at the granting date based upon a fair value of the award and is recognized over the related service period.

On May 28, 2012, 144,000 options were granted to Directors and Officers under the stock purchase plan at an exercise price of $0.65. These options vested immediately.

On November 30, 2012, 450,000 options were granted to Directors and Officers under the stock option plan at an exercise price of $0.65. These options vested immediately.

On December 6, 2013, 985,000 options were granted to directors, officers, and employees under the stock purchase plan at an exercise price of $0.85. These options vested immediately and expire in 10 years.

On December 8, 2014, 535,000 options were granted to directors, officers, employees and consultants under the stock purchase plan at an exercise price of $0.75. These options vested immediately and expire in 10 years. The fair value of these option was estimated at the date of grant using the Black-Scholes pricing model with the following

weighted average assumptions; risk free interest rates of 1.44%; dividend yields of nil; volatility factor of 157.51%; share prices of $0.75; and a weighted average expected life of the option of 5 years. The expected volatility is based on historical volatility of the Company's shares since March 30, 2012.

A summary of the Corporation's outstanding stock option and changes during the three month period ended December 31, 2014 and the prior fiscal year ended June 30, 2014 are presented below:

Continuity of Stock Options Issued and Outstanding				
	December 31, 2014		June 30, 2014	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning balance	**1,579,000**	**$0.77**	**594,000**	**$0.73**
Cancelled during the year	-	-	-	-
Issued during the year	535,000	$0.75	985,000	$0.85
Ending Balance	**2,114,000**	**$0.77**	**1,579,000**	**$0.77**

Options outstanding at December 31, 2014 are as follows:

Grant Date	Expiry Date	Exercise Price	Issued December 31, 2014	Exercisable December 31, 2014
May 28, 2012	May 28, 2022	$0.65	144,000	144,000
Nov. 30, 2012	Nov. 30, 2022	$0.65	450,000	450,000
Dec. 06, 2013	Dec. 06, 2023	$0.85	985,000	985,000
Dec. 08, 2014	Dec. 08, 2024	$0.75	535,000	535,000
Total			**2,114,000**	**2,114,000**

Continuity of Stock Based Payment Reserve for the six month period ended December 31, 2014 and fiscal year June, 30, 2014 are presented below:

Continuity of Stock Based Payment Reserve		
	31-Dec-14	30-Jun-14
Beginning balance	**$ 913,000**	**$ 288,000**
Reclassification of expired options	-	-
Stock Compensation Expense	371,000	625,000
Ending balance	**$ 1,284,000**	**$ 913,000**

Grand River Ironsands Incorporated Stock Options

The Board of Directors of GRI has established a 10% rolling stock option plan under which options to purchase common shares are granted to directors, officers, consultants and key employees of GRI. Options to acquire common shares are granted at prices as determined by the Board of Directors. Options expire five years from the date of the grant.

At December 31, 2014, there were 2,356,433 common shares reserved pursuant to the stock option plan, of which 2,356,000 options to acquire common shares have been issued and are outstanding under the plan. Any unexercised options that expire or are forfeited become available again for issuance under the plan.

A summary of the GRI's outstanding stock option and changes are presented below:

Continuity of Stock Options Issued and Outstanding				
	December 31, 2014		June 30, 2014	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Beginning Balance	**1,862,000**	**$1.47**	**1,842,000**	**$1.25**
Cancelled/expired during the year	-	-	(480,000)	$1.25
Issued during the year	494,000	$2.10	500,000	$2.10
Ending Balance	**2,356,000**	**$1.60**	**1,862,000**	**$1.47**

Options outstanding at December 31, 2014:

		Exercise	Issued	Exercisable
Grant Date	Expiry Date	Price	December 31, 2014	
Dec. 31, 2010	Dec. 31, 2015	$1.25	390,000	390,000
Sept. 02, 2011	Sept. 02, 2016	$1.25	415,000	415,000
May 31, 2012	May 31, 2017	$1.25	495,000	495,000
Nov. 05, 2012	Nov. 05, 2017	$1.25	87,000	87,000
Dec. 06, 2013	Dec. 06, 2018	$2.10	475,000	475,000
Dec. 08, 2014	Dec. 08, 2019	$2.10	494,000	494,000
Total			**2,356,000**	**2,356,000**

On December 8, 2014, 494,000 options were granted to directors, officers, employees and consultants under the stock purchase plan at an exercise price of $2.10. These options vested immediately and expire in 5 years. GRI does not calculate and expense the fair value of options issued due to the fact there is no public market for the shares and therefore no liquidity or basis for established fair value.

CRITICAL ACCOUNTING POLICIES

General

The accounting policies have been reviewed with the Corporation's Audit Committee and are as described in Note 2 to the consolidated financial statements.

Basis of Presentation and Consolidation

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). As the financial statements represent the Corporation's initial presentation of its annual results and financial position under IFRS, they were prepared in accordance with IFRS 1, second-time

Adoption of International Financial Reporting Standards. These accounting policies are based on the IFRS standards and IFRIC interpretations that are applicable at December 31, 2014.

International Financing Reporting Standards (IFRS)

IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). 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, 2015. Management anticipates that this standard will be adopted in the Company's consolidated financial statements from the date of application and has not yet considered the impact of the adoption of IFRS 9.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the consolidated financial statements; and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates and assumptions used in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from those estimates. Following is a list of critical accounting estimates and assumptions that the Corporation believes could impact its reported financial position, results of operations and cash flows.

Management of Capital

The Corporation defines capital that it manages as the aggregate of its loans from directors and shareholders, ACOA long-term debt, share capital, contributed surplus and deficit. Its objectives when managing capital are to ensure that the Corporation will continue as a going concern, so that it can provide returns to its shareholders.

The Corporation manages its capital structure and makes adjustments to it in light of economic conditions. The Corporation, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Corporation is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Corporation's overall strategy with respect to management of capital remains unchanged.

Stock-based compensation and other stock-based payments

The Corporation has a stock option plan for directors, officers, consultants and employees. The Corporation recognizes the value of stock options over their vesting periods as compensation expense. This accounting policy is applied prospectively to all stock options awarded to employees and directors that call for settlement by issuance of equity instruments. The fair value of stock options and other stock-based compensation is determined using the Black-Scholes option pricing model. Once fair value is measured, the value is expensed over the period the options vest and contributed surplus is increased by the corresponding amount. Any consideration paid on the exercise of stock options is credited to capital stock and the related fair value amount of stock-based compensation is transferred from contributed surplus to capital stock.

Non employees

The Corporation recognizes stock-based compensation issued to non-employees as an asset or expense based on the fair value of the equity instrument issued.

Government financing

The Corporation makes periodic applications for financial assistance under available government assistance programs in the jurisdictions in which the Corporation operated. Grants related to capital expenditures are reflected as a reduction of the cost of the related assets. Grants related to current operating expenditures are generally recorded as a reduction of expenditures at the time the eligible expenditures are incurred. Repayable interest free loans are carried at discounted present value with the offsetting benefit credited against the property, plant and equipment for capital programs and grants for current operating programs.

RISK FACTORS

Limited Business History

The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Corporation has limited financial resources and there is no assurance that additional funding shall be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Corporation can generate revenues, operate profitably, or provide a return on investment, or that it shall successfully implement its plans.

Additional Funding Requirements

The Joint Venture shall require additional financing to continue its operations. There can be no assurance that GRI, NAIC or its joint venture partners shall be able to obtain adequate financing in the future, or that the terms of such financing shall be favourable for further evaluation, exploration and development of its projects or investments. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development and the indirect property interests of the Corporation with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, shall depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources.

Property Commitments

The property of NAIC in which the Corporation has an indirect interest is subject to work commitments and may be subject to other land payments, royalties and/or work commitments to the land claim holder, the Innu Second Nation. Failure by GRI and NAIC to meet their payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests and dilution.

Potential Joint Ventures

Due to the cost of establishing and operating mining operations, the Corporation may enter into joint ventures in respect of certain mineral exploration properties that may be acquired by the Corporation. Any failure of such joint venture partners to meet their obligations to the Corporation or to third parties could have a material adverse effect on the joint ventures and the Corporation as a result. In addition, the Corporation may be unable to exert influence over strategic decisions made in respect

Resources and Reserves

On June 17, 2014 the corporation filed on SEDAR "NI 43-101" highlighting resource estimates from three major mineral blocks contained within the Corporation's Labrador mineral claims , together with extensive mineral analysis, processing tests, smelting, and melt tests conducted over the last 12-24 months. The "NI 43-101" was prepared by SRK Consulting (Canada) Inc. supplemented by technical assistance and review for processes and mineral testing by Hatch Engineering of Mississauga, ON. Please refer to the "NI 43-101" document for detailed resources estimates, detailed mineral analysis, and detailed results from the smelting and melt tests conducted by the Corporation. Ultimately, even if the Corporation has success in identifying mineral resources on any properties it may acquire, the economics of potential projects may be affected by many factors beyond the capacity of it to anticipate and control, such as the marketability of the mineral products under profitable conditions, government

regulations relating to health, safety and the environment, the scale and scope of royalties and taxes on production. One or more of these risk elements could have an adverse impact on costs of an operation which, if significant enough, could reduce or eliminate the profitability of a particular project.

Properties Remote

The property of NAIC is located in a remote area with limited infrastructure. Exploration activities on such projects are particularly vulnerable to delays and additional costs due to weather conditions, labour shortages and other unforeseeable issues.

Operational Risks

The Corporation shall be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins and encountering unusual or unexpected geological conditions and technological failure of exploration methods. This lack of insurance coverage could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Competition for Mineral Acquisition Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, better established mining companies with substantial capabilities and greater financial and technical resources, the Corporation may be unable to acquire rights to exploit additional attractive mining properties on terms that the Corporation considers acceptable. If the Corporation is not able to acquire such interests, this could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Exploration and Development Activities May Not be Successful

Exploration for and development of mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. The Corporation cannot ensure that its future exploration and development programs shall result in profitable commercial mining operations.

Properties May be Subject to Defects in Title

Although the Corporation is not aware of any existing title uncertainties with respect to the property, there is no assurance that such uncertainties shall not result in future losses or additional expenditures, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Environmental, Health and Safety Risks

Mining and exploration companies such as the Corporation must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

Governmental Regulation and Policy Risks

Mining operations and exploration activities, refining, conversion and transport in Canada are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Since legal requirements change, are subject to interpretation and may be enforced in varying degrees in practice, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations.

Commodity Price Fluctuations

The price of commodities varies on a daily basis but long term averages are the best method of estimating future prices. However, price volatility could have dramatic effects on the Corporation's results of operations and the ability of the Corporation to execute its business plan.

Currency Fluctuations

The Corporation presently maintains its accounts in Canadian dollars. The Corporation's future operations may make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

Key Personnel

The senior officers of the Corporation are critical to its success. In the event of the departure of a senior officer, the Corporation believes that it shall be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Corporation grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Corporation's business activity grows, it shall require additional key financial, administrative and mining personnel as well as additional operations staff. If the Corporation is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price shall not occur. It may be anticipated that any quoted market for the shares of the Corporation shall be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of the Corporation's shares shall be affected by such volatility. An active public market for the Corporation's shares might not develop or be sustained after completion of the Proposed Transactions.

Legal Proceedings

There are no outstanding legal proceedings against the Corporation.

Market for Securities

The Common Shares of the Corporation are listed and posted for trading on the Canadian National Stock Exchange (CNSX) under the trading symbol "YYR".

Cash Flow Requirements

The long-term debt repayments or payments under various operating leases for the next five years are as follows:

Contractual Obligations in CDN$ December 31, 2014					
Description	Total	Less than one year	1-3 years	4-5 years	After 5 years
Loan- ACOA	$ 500,000	$ -	$ 100,000	$ 200,000	$ 200,000
Loan -State of Pennsylvania	1,634,955	208,573	419,824	419,824	586,733
Plant Rental -Forks Township, Pennsylvania	2,717,872	899,496	1,818,376	-	-
	$ 4,852,827	$ 1,108,069	$ 2,338,200	$ 619,824	$ 786,733

Conversion Rate used was $1.24 CDN. Refer to Note 9 of the interim unaudited financial statements at December 31, 2014 for detailed terms and repayments requirements for the Atlantic Canada Opportunity Agency (ACOA) and State of Pennsylvania loans.

Transactions with Related Parties

The Corporation incurred the following related party expenditures for the second quarter and year-to-date ended December 31, 2014.

The compensation expense associated with key management and directors for services is as follows:

		Quarter ended		Year-to-date	
		31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Relationship	Purpose of Transaction	$	$	$	$
Directors of the Company	Directors Fees	10,500	5,600	10,500	5,600
Key Management Personnel	Management Fees	41,250	41,250	82,500	82,500
Directors and Officers -MMI	Stock based compensation	371,000	625,000	371,000	625,000
Key operating personnel	Consulting fees	293,771	219,809	392,881	552,457
Key operating personnel	Salaries and benefits	132,687	13,862	259,586	25,760
		849,208	905,521	1,116,467	1,291,317
Capitalized		24,230	20,237	44,039	244,012
Operating expenses		824,978	885,284	**1,072,428**	**1,047,305**

Key management personnel includes the President, Vice President and the Chief Financial Officer of MMI, the President, Chief Executive Officer, Chief Financial Officer and Chief Corporate Affairs, Geologist, and Chief Operating Offer for GRI.

These transactions with related parties have been valued in the consolidated financial statements at the estimated fair value, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Proposed Transactions

As at the date of this MD&A there are no proposed transactions that the board of directors or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with and that have not been publicly disclosed.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by Multilateral Instrument 52-109 issued by the Canadian Securities Exchange Administrators ("MI52-109"), MMI's Chief Executive Officer (CEO) and MMI Chief Financial Officer (CFO) will be filing annual certificates " Certification of Disclosure of Issuers' Annual and Interim Filings" concurrent with the completion of filing its annual filings. The certifying officers have concluded that disclosure controls and procedures are effective at June 30, 2012. Upon completion of its filings, the signed certificates will be available on SEDAR.

The CEO and CFO are reasonably certain that all information is made known to them and those procedures have been implemented to provide reasonable assurance of the reliability of the financial reporting and preparation of the financial statements for external reporting.

The Board of Directors together with an independent and highly qualified audit committee provide direct oversight responsibilities for the review of the quarterly and annual financial statements.

Changes Internal Control over Financial Reporting

The Certifying Officers have indicated that there were no significant changes in the Corporation's internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interest of insiders in material transactions, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders, and in the Corporation's comparative financial statements for its most recently completed financial year.

This document may contain forward-looking statements, which may include sales, earnings, and profitability comments. These statements may contain words such as "anticipated", "expected", "could", "should", "may", "plans", "will", or similar expressions that are based on and arise out of our experience, our perception of trends, current conditions and expected future developments as well as other factors. These statements are not a guarantee of future performance. By their very nature, forward-looking statements involve uncertainties and risks that the forecasts and targets will not be achieved.

Readers are cautioned not to place undue reliance on forward looking statements as a number of important factors, as disclosed herein and in the Corporation's other continuous disclosure documents, could cause actual results to differ materially from those expressed in such forward looking statements. The Corporation includes in publicly available documents filed from time to time with securities commissions, and the CNSX Exchange, a thorough discussion of the risk factors that can cause the Corporation's anticipated outcomes to differ from actual outcomes. The Corporation disclaims any intention or obligation to update or revise forward-looking statements.

Public Securities Filings

Other information about the Corporation, including the annual information form and other disclosure documents, reports, statements or other information that is filed with Canadian securities regulatory authorities can be downloaded in portable document format (PDF) from the SEDAR web site for Canadian regulatory filings at www.sedar.com additional information is also available on the Canadian Securities Exchange at www.cnsx.ca

CORPORATE PROFILE

Board of Directors

J. Paul Allingham
David J. Hennigar
C.H. (Bert) Loveless
Francis H. MacKenzie
Jean-Marc MacKenzie
Paul R. Snelgrove
K. Barry Sparks
E. Christopher Stait-Gardner

Corporate Officers

David J. Hennigar, Chairman
Francis H. MacKenzie, President & Chief Executive Officer
C.H. (Bert) Loveless, Vice President
Lorne S MacFarlane, Chief Financial Officer
Lina Tannous, Secretary

Corporate Head Office

Muskrat Minerals Incorporated
Attn: K. Barry Sparks
1600 - 141 Adelaide Street West
Toronto, ON M5H 3L5
Fax Number: (902) 484-7599
Phone Number: (902) 499-7150

Mailing Address

Muskrat Minerals Incorporated
Attn: Lorne S. MacFarlane
380 - 311 Bedford Highway
Halifax, NS B3M 2L4

Corporate Information

Bankers	Bank of Montreal, Main Branch, Halifax, Nova Scotia
Lawyers	RBC Law, Halifax, Nova Scotia
Auditors	Collins Barrow, Toronto LLP
Transfer Agent & Registrar	Equity Financial Trust Company, Toronto, Ontario

Stock Exchange

Canadian Securities Exchange ("CSE")
Trading Symbol: YYR

Shareholder Information

Contact Person:	C H Bert Loveless
Contact Telephone Number:	(902) 471 -8028
Contact E-Mail Address:	bert@muskratminerals.ca.