OTIS
GOLD CORP

Management Discussion and Analysis

For the nine months ended March 31, 2015

Background

This management discussion and analysis, ("MD&A"), prepared as at May 26, 2015, provides information that management believes is relevant to an assessment and understanding of the financial position of Otis Gold Corp. (the "Company" or "Otis") as at March 31, 2015. The MD&A should be read in conjunction with the audited consolidated financial statements of Otis for the year ended June 30, 2014 and the unaudited consolidated financial statements for the nine months ended March 31, 2015 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and the following MD&A are presented in Canadian dollars. The Audit Committee of the Board of Directors of the Company has approved this document pursuant to its mandate and charter.

Nature of Business

Otis Gold Corp. was incorporated under the *Business Corporations Act* (British Columbia) on April 24, 2007 as Otis Capital Corp. and changed its name to Otis Gold Corp. on January 14, 2009. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OOO, and trade on the OTCQX International ("OTCQX") under the trading symbol OGLDF. The Company is in the business of acquiring and exploring unproven mineral interests.

Forward Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward looking statements. The Company's actual results may differ significantly from those anticipated in the forward looking statements and readers are cautioned not to place undue reliance on these forward looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events.

Forward looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, risks related to the integration of acquisitions; risks related to international operations; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or 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 and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.

Exploration and Evaluation Assets

Kilgore Gold Project

The Company entered into a joint venture on the Kilgore Gold Project (or "Kilgore") located in Clark County, Idaho and the Hai and Gold Bug properties located in Lemhi County, Idaho. Initially, Kilgore was covered by 162 federal lode mining claims and the Hai and Gold Bug properties were covered by 19 federal lode mining claims. Under this joint venture agreement, the Company could earn up to a 75% joint venture interest in the Kilgore Gold Project and the Hai and Gold Bug properties, subject to a 2% net smelter royalty ("NSR"). Under the joint venture, the Company paid US $200,000, issued 1,300,000 common shares and completed over US $3,000,000 in exploration expenditures.

In December 2010, the Company purchased a 100% interest in the Kilgore Gold Project for 2,000,000 common shares (issued at their fair value of $1,320,000) and staged payments of US $1.75 million. The first payment of US $750,000 was made in January 2011, the second payment of US $750,000 was made in April 2011, and the final payment of US $250,000 was made in November 2011. As a result of this transaction, Otis now owns a 100% interest in the Kilgore, Hai and Gold Bug properties, and the prior existing 2% NSR has been eliminated.

In February 2012, the Company acquired an additional 1,880 acres of land contiguous to the Kilgore Gold Project via the direct staking of federal lode mining claims and an application for a State Land Use Permit. This increased its total Kilgore land package to 5,120 acres, comprising 197 unpatented federal lode mining claims and one 480 acre Idaho State Land Use Permit.

Kilgore is a volcanic-hosted epithermal gold system situated on the northern margin of the eastern Snake River Plain. Mineralization is hosted within Miocene age lithic tuff intruded by felsic dikes on the margin of an ancient caldera setting. Mineralization is analogous to that characterizing the Round Mountain, Nevada and McDonald Meadows, Montana, both which are multi-million ounce volcanic-hosted disseminated gold deposits. Between 1983 and 1996, Placer Dome, Echo Bay and others drilled 37,260 meters in 190 holes. This work outlined a NI 43-101 compliant resource containing 218,000 ounces of Indicated gold at a grade of 0.031 ounces per tonne (opt) and 269,000 ounces of Inferred gold at a grade of 0.028 opt. In 2008, Otis submitted a "20 site" Plan of Operation that was accepted by the Caribou-Targhee National Forest. The Company is currently implementing a program to outline a sizeable bulk mineable deposit area that can be mined by open pit methods.

In March and April 2009, Otis released favourable drilling results from four core-holes drilled in November and December 2008. The four holes totaled approximately 630 metres of drilling at the Kilgore Gold Project. The results confirm the presence of high-grade gold values from potentially mineable thicknesses and intervals within a higher-grade core zone in the Kilgore Mine Ridge area. The results also provide details regarding the attitudes and structural controls of some of the quartz stockwork vein-type gold mineralization present.

In December 2009, the Company completed a further 12 core drill holes totaling approximately 3,100 metres of drilling in the Mine Ridge Area. The majority of the holes contain mineralized thickness and average grades substantially greater than the majority of the intervals previously released. These new intervals could serve to increase the overall size and grade of the Kilgore bulk-tonnage deposit, further enhancing the deposit economics. Additionally, a Controlled Source Audio-Frequency Magnetotellurics ("CSAMT") geophysical survey was completed in November 2009 in the Dog Bone Ridge area (immediately to the southwest of the Mine Ridge area) which identified the presence of numerous sizable and geologically significant resistivity anomalies.

The 2010 drill program consisted of approximately 7,700 metres - approximately 6,650 metres was spread amongst 35 core holes, conducted in the Mine Ridge area utilizing two core rigs, and approximately 1,100 metres was spread amongst 5 holes at certain Dog Bone Ridge geophysical targets. The drill results from the Mine Ridge area showed significant gold mineralization and the deposit has increased to over 365 metres in length in a northerly direction and remains open to the south, north, northwest and east. These results continue to support a high degree of confidence concerning continuity of mineralization throughout the deposit that should result in an increase in the overall size and economic viability of the Mine Ridge deposit. At Dog Bone Ridge, the Company intercepted a 138 metre interval of anomalous gold in 1 of the 5 target holes and plans further drill testing in this area. The Company also released positive metallurgical results and a favourable environmental pre-feasibility study indicating that there are no material impediments to permitting an open pit, heap leach mine at Kilgore.

In 2011, 41 core holes were drilled totaling approximately 9,200 metres. 28 of the 41 holes were mineralized and the remaining holes serve to delimit the outer boundary of the deposit; an additional 2 holes were drilled as metallurgical test holes. Highlights of the 2011 drill program include:

- The core of the Mine Ridge deposit has increased by 74% in length, from 460 metres to approximately 800 metres in a northwest-southeast direction;
- The Mine Ridge deposit remains open to the north, northwest and southeast, resulting in significant potential for deposit expansion;
- 28 of 41 holes intercepted significant mineralization; and
- A discovery hole was drilled in the Prospect Ridge target, located immediately to the southeast of the Mine Ridge deposit area.

The Company also collected soil samples from the “North Soil Grid” and the “South Soil Grid” situated along the strike projection of the Northwest Fault, known to be the feeder to the Kilgore "Mine Ridge" Deposit. The results from the North Soil Grid display strong linear gold-in-soil anomalies that trace the extension of the Northwest Fault for a minimum of 400 metres to the northwest and represent the surface manifestation of feeder faults that supplied the gold-rich hydrothermal fluids into the deposit’s host rocks. Results from the South Soil Grid identify a large, and previously untested, anomalous area in the Prospect Ridge target area.

On July 31, 2012, the Company released a National Instrument 43-101 Resource Estimate (NI 43-101); this was the first resource estimate prepared by Otis since acquiring the property in the fall of 2008. The updated resource estimate includes all historical drilling, plus an additional 92 HQ core holes (totaling 19,630 m) drilled by Otis between 2008 through 2011.

Highlights of the NI 43-101 were:

- An Indicated Resource of 520,000 oz Au in 27.35 million tonnes at a grade of 0.59 g/t Au; this new Indicated Resource represents an increase of 138% in the number of ounces and 328% in the number of tonnes over the 2002 Estimate; and
- An Inferred Resource of 300,000 oz Au in 20.23 million tonnes at a grade of 0.46 g/t Au; this new Inferred Resource represents an increase of 12% in the number of ounces and 131% in the number of tonnes over the 2002 Estimate.

The results from Otis’ drilling programs have moved previously defined Inferred resources into the Indicated category and have added new resources to both the Indicated and Inferred categories.

In November 2012, the Company conducted a drilling program consisting of 1,009 metres (3,310 feet) of drilling in 6 reverse circulation holes designed to offset and extend the 100-metre-plus thick, near-surface intercepts encountered in Otis discovery core holes drilled into the North Target area in 2011. All six holes drilled are mineralized, with four containing significant bulk-tonnage thicknesses and gold grades.

Collectively, Otis’ new drill results serve to further define and extend the recently discovered North Target portion of the Kilgore Deposit, where all of the thick, bulk-tonnage intercepts remain open-ended to the northwest along the strike of the deposit. Significant room for expansion of the deposit through additional drilling of the open-ended mineralization remains in this area. The new intercepts, along with Otis’ original 2011 North Target area discovery intercepts, are the thickest, some of the shallowest, and some of the highest-grade bulk tonnage hits drilled by the Company at Kilgore since acquiring the property in 2008.

In January 2015, the Company received approval to construct approximately 1,200 metres of new roads to be built on the North Target discovery area. Once permitted and constructed, this new road network will allow access to the North Target area for future drilling. Additionally, the Company is currently evaluating various methods to accelerate the development of the Kilgore Gold Project.

Oakley Project. The project consists of 2 primary targets – the Blue Hill Creek property and the Cold Creek property.

Blue Hill Creek (or "BHC"): On June 11, 2008, the Company entered into an agreement in principal to acquire a 100% interest in the Blue Hill Creek Gold Project located in Cassia County, Idaho; the property consists of 36 unpatented federal lode mining claims and an adjacent 80 acre Idaho State lease.

The Blue Hill Creek precious metal system, containing an Inferred resource of 235,000 ounces of gold grading 0.016 ounce per tonne, is part of a larger, north-trending, 5-mile-long by 1-mile-wide belt of scattered gold anomalies along a north-trending, Basin-and-Range mountain block, which serves as the westernmost extension of the Albion metamorphic core complex. The geology of the property is dominated by the lower member of the Tertiary Salt Lake Formation where auriferous chalcedonic sinter, and a thick section of mineralized epiclastic and tuffaceous volcanic rock host the precious metal mineralization. A recently completed Controlled-Source-Audio-Frequency Magnetotellurics ("CSAMT") geophysical survey indicated the presence of a sizable and geologically significant 1.5 kilometre-long low-resistivity anomaly. These feeders are adjacent to mineralized rock and may constitute drill targets. A NI 43-101 qualifying report on the property has been filed with the Exchange.

Up to June 30, 2012, the Company had paid a total of US $218,000 and has issued 6,000,000 common shares (at their estimated fair value of $2,550,000) to acquire an undivided 70% interest in BHC. In January 2013, the Company purchased the remaining 30% interest in the Blue Hill Creek Property in exchange for:

a. US $20,000 payable within 14 days of regulatory approval, for a 10% interest (paid) ; and
b. US $60,000 within 10 days of the receipt of the $115,000 payment due in 2014 from Lateral Gold Corp. as referenced below, for the remaining 20% interest.

A 2.5% net smelter royalty ("NSR") will be paid to the vendors on production of gold from BHC. At any time, the Company may buy the NSR, or a portion thereof, for US $1,000,000 per percentage point (i.e. $2,500,000 for the entire NSR).

In July 2014, the Company signed a Letter of Intent (the "Agreement") to joint venture its Blue Hill Creek Project with Radius Gold Inc. ("Radius").

The Agreement allows Radius to earn a 70% interest in Blue Hill Creek in exchange for a total of $525,000 in cash and a cumulative total of $5,000,000 in exploration expenditures over four years as follows:

a) A cash payment of US$30,000 (received) on execution of the Agreement;

b) US$500,000 in exploration expenditures on the Property in the first year and a cash payment of US$50,000 on the first-anniversary date,

c) An additional $1,000,000 in exploration expenditures on the Property in the second year and a cash payment of US$100,000 on the second-anniversary date,

d) An additional US$1,500,000 in exploration expenditures on the Property in the third year and a cash payment of US$100,000 on the third-anniversary date, and

e) A final US$2,000,000 in exploration expenditures on the Property in the fourth year and a final cash payment of US$245,000.

All expenditures are cumulative, and there are no partial earn-ins.

Cold Creek: The Cold Creek Gold Project, located in Cassia County, Idaho, comprises 53 unpatented federal lode mining claims located approximately 5 miles north of the Company's Blue Hill Creek Gold Project. Otis acquired the claims in exchange for payment of the costs associated with staking the property.

The Cold Creek precious metal system lies on the western margin of the Albion metamorphic core complex. Alteration and gold mineralization are hosted within a conglomeratic sandstone. The Cold Creek zone consists of a northwest-trending, fault bounded graben, filled by more than 450 feet of Tertiary sedimentary rocks which unconformably overlie Paleozoic sedimentary rocks. Pervasive silicification with locally strong stockwork chalcedonic quartz veins are the primary alteration types. Fine-grained pyrite is ubiquitous in the pervasively silicified and oxidized rock. Surface dimensions of these altered measure at least 1,000 feet x 3,000 feet. Surface gold values to 0.06 opt are present. A total 38 reverse circulation holes were completed by both Meridian and WestGold in the Cold Creek Area. A historically reported, non-NI 43-101 compliant open-ended 50,000 ounce gold resource exists which is in need of step-out drilling. Although considered relevant, the reader is cautioned that this resource estimate does not comply with the guidelines of National Instrument 43-101 and Otis is not treating it as such.

In January 2013, the Company signed a Letter of Intent to Joint Venture its Oakley Project ("Oakley) with Lateral Gold Corp. ("Lateral"). The agreement allows Lateral to earn up to an initial 70% interest in Oakley in exchange for a combination of cash, property expenditures and Lateral shares as follows:

Year	**Cash**	**Shares**	**Exploration Commitments**
2013 (TSXV approval)	$50,000 (received)	200,000 (received)	
2014	$115,000	250,000	$300,000
2015	$250,000	500,000	$700,000
2016	$250,000	1,500,000	$1,300,000
2017	$250,000	2,500,000	$1,500,000
2018			$1,900,000

The agreement also requires that Lateral shall provide NI 43-101 compliant Resource Estimates on or before both the 3rd & 4th anniversary dates and a Preliminary Economic Assessment by the 5th anniversary date, at which time the 70% interest will have been earned.

Upon Lateral earning a 70% interest, the agreement provides Lateral with an additional option to earn a further 10% in exchange for $1,500,000 in cash ($500,000 to be paid within 90 days of earning its 70% interest and a further $1,000,000 to be paid within 24 months of earning its 70% interest), and 2,000,000 Lateral common shares (500,000 shares to be issued within 90 days of earning its 70% interest and a further 1,500,000 shares to be issued within 24 months of earning its 70% interest).

Upon earning an 80% interest, Lateral has a right to earn the final 20% interest in exchange for the issuance of an additional 5,000,000 Lateral shares and a cash payment based on a multiple of $10 per ounce of any NI 43-101 inferred gold ounces contained in a future NI 43-101 resource estimate on the Blue Hill Creek section of the Oakley Project up to a maximum of 235,000 ounces Au, with both to be made within 6 months of achieving the 80% interest. Additionally, an NSR of 2.5% will be issued in favour of Otis in connection with any lands subject to this agreement that are not already encumbered by royalty agreements.

On April 29, 2014, the Company terminated the Option Agreement between the Company and Lateral Gold Corp. As a result, Otis will retain its existing 80% interest in the Oakley Property.

Management's estimates of mineral prices, mineral resources, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of deferred mineral property costs.

Selected Financial Data

The table below presents selected financial information for the Company's most recently completed quarters.

	Jan – Mar. Q3/15	Oct. – Dec. Q2/15	July - Sept. Q1/15	Apr – June Q4/14	Jan – Mar. Q3/14	Oct. – Dec. Q2/14	July - Sept. Q1/14	Apr – June Q4/13
Net Income (Loss)	$ (40,415)	$ (44,154)	$(103,620)	$(128,616)	$(197,492)	$(151,537)	$(90,104)	$(152,002)
Net Income (Loss) per share	$(0.00)	$(0.00)	$(0.00)	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)
Total assets	$16,332,724	$16,330,977	$16,387,850	$16,489,035	$16,211,326	$16,330,470	$16,160,180	$16,268,833
Total liabilities	$86,740	$44,578	$57,296	$54,861	$30,857	$42,495	$27,089	$45,638

Analysis of the nine months ended March 31, 2015 versus the nine months ended March 31, 2014

The nine months to March 31, 2015 have been highlighted by continuing cost reductions in all areas of the business in order to conserve cash. Expenses were $183,952 in the current period compared to $428,924 in the same period of 2014. The $244,972 reduction was in several major areas – declines of $70,512 in management fees as no fees have been charged for the last 5 months, $89,986 in share-based compensation costs for stock options granted in 2014, $21,449 in office expenses, and $41,353 in professional fees. During the first nine months of fiscal 2015, the Company earned interest income of $540 and incurred foreign exchange losses of $4,778; these items resulted in a net loss in the nine months ended March 31, 2015 of $188,190 or $0.00 per share. During the nine months ended March 31, 2014, the Company earned interest income of $348, incurreded foreign exchange losses of $10,009, and lost $548 on the sale of equipment, resulting in a net loss of $439,133 or $0.01 per share.

Analysis of the three months ended March 31, 2015 versus the three months ended March 31, 2014

In the three months ended March 31, 2015, the Company incurred expenses of $39,484, a significant reduction from expenses of $203,325 in the same period of 2014. The major decreases were $40,072 in management fees as no fees were charged during the quarter and $89,986 in share-based compensation costs for stock options granted in 2014. During the third quarter of fiscal 2015, the Company incurred foreign exchange losses of $931, resulting in a net loss in the three months ended March 31, 2015 of $40,415 or $0.00 per share. During the three months ended March 31, 2014, the Company earned interest income of $39 and realized foreign exchange gains of $5,704, resulting in a net loss of $197,492 or $0.01 per share.

Share Capital

As at March 31, 2015, the Company had 62,490,925 common shares issued and outstanding. There were 4,585,000 share purchase options outstanding at prices ranging from $0.07 to $0.52 and expiry dates ranging from August 2015 to March 2019. There were also 12,343,143 share purchase warrants outstanding at a price $0.10 with expiry dates in April and October 2015. On May 25, 2015, the Company shares closed at $0.035 on the TSX Venture Exchange.

At the Company's Annual General Meeting held in December 2012, shareholders approved a shareholder rights plan. The rights under the shareholder rights plan will become exercisable only if a person, together with its affiliates, associates and joint actors, acquires or announces its intention to acquire 20% or more of the Company's outstanding common shares, other than by permitted bid. If a take-over bid does not meet the permitted bid requirements of the shareholder rights plan, the rights will entitle shareholders to purchase one additional common share of the Company at an effective 50% discount to the market price of the common shares at that time.

Financial Condition/Capital Resources

The Company had a working capital deficit of $45,029 as at March 31, 2015, including $27,255 invested in short term investments maturing in less than one year. Funds that are considered excess to current operating needs are invested in Canadian bank interest bearing short term investments that are highly liquid with maturities of up to one year; the investments are cashable at any time without penalty.

During the nine months ended March 31, 2015, the Company spent $100,722 on its Kilgore Gold property and $62,357 on its Oakley property; the Company also received $32,550 from its joint venture partner on the Cold Creek project of the Oakley property. In July 2014, the Company signed a Letter of Intent to joint venture its Blue Hill Creek Project with Radius Gold Inc. which allows Radius to earn a 70% interest in Blue Hill Creek in exchange for a total of $525,000 in cash and a cumulative total of $5,000,000 in exploration expenditures over four years.

In the immediate term, the Company's ability to continue as a going concern is dependent upon its ability to raise additional capital to fund its ongoing business operations and exploration projects. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of recoverability of amounts capitalized to exploration and evaluation assets, property, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, decommissioning provisions, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the March 31, 2015 interim consolidated financial statements.

Financing Transactions

The Company did not complete any financing transaction during the nine months ended March 31, 2015. During the year ended June 30, 2014, the Company completed 2 private placements as follows:

a) In October 2013, the Company completed a non-brokered private placement of 6,300,000 units at $ 0.05 for gross proceeds of $ 315,000. Each unit consisted of one common share and one share purchase warrant exercisable at $ 0.10 for 18 months. Finder's fees of $ 4,000 were paid and 81,000 finder's warrants were issued, exercisable at $ 0.10 for 18 months.

b) In April 2014, the Company completed a non-brokered private placement of 5,717,143 units at $0.07 for gross proceeds of $ 400,200. Each unit consisted of one common share and one share purchase warrant exercisable at $ 0.10 for 18 months. Finder's fees of $ 12,250 were paid and 245,000 finder's units were issued. Each finder's unit consisted of one common share and one share purchase warrant exercisable at $0.10 for 18 months.

Transactions with Related Parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

Key management personnel compensation

During the nine months ended March 31, 2015 and 2014 the following amounts were incurred with respect to the Company's President and Chief Financial Officer:

Nine months ended March 31,	2015	2014
Management fees	$ 50,000	$ 112,500
Consulting fees	21,000	27,000
Share-based compensation	-	28,750
	$ 71,000	$ 168,250

As at March 31, 2015, $9,537 remained unpaid and has been included in accounts payable and accrued liabilities.

Subsequent to March 31, 2015, the Company received shareholder loans totaling $1,950. These loans are non-interest bearing and are repayable on demand.

Risk Factors

The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains to conditions currently known to management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Risks Inherent in the Mining and Metals Business

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines. Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Title claims can impact the exploration, development, operation and sale of any natural resource project. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse governmental action. The Company's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry. In addition, insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Company.

Mineral Resources and Recovery Estimates

Disclosed resource estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations. The Company estimates its mineral resources in accordance with the requirements of applicable Canadian securities regulatory authorities and established mining standards. Mineral resources are concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk are less likely to be accurately estimated or recovered than mineral reserves. The mineral reserve and resource figures are estimates based on the interpretation of limited sampling and subjective judgements regarding the grade and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, foreign exchange rates and future metal prices. The sampling, interpretations or assumptions underlying any reserve or resource figure may be incorrect, and the impact on mineral resources may be material. In addition, short term operating factors relating to mineral resources, such as the need for orderly development of orebodies or the processing of new or different ores, may cause mineral resource estimates to be modified or operations to be unprofitable in any particular fiscal period. There can be no assurance that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating resources.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available to the Company or at all.

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean up costs arising out of contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. There can be no assurances that the Company will be at all times in compliance with all environmental regulations or that steps to achieve compliance would not materially adversely affect the Company. Environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly strident environmental regulation. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, could require increased financial resources or compliance expenditures or otherwise have a material adverse effect on the Company. Changes in environmental legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution.

Legal proceedings

The nature of the Company's business may subject it to numerous regulatory investigations, claims, lawsuits, and other proceedings. The result of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on the Company.

Foreign currency

The Company has operations in Canada and the United States subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian and the United States dollars, and the fluctuation of the Canadian dollar in relation to United States dollars will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

As at March 31, 2015, the Company had cash balances of $252 in US dollars and US $11,737 in accounts payable and accrued expenses. The Company will purchase US dollars as the need arises in order to fund its exploration and development activities in the USA. Corporate expenditures are incurred primarily in Canadian dollars.

Credit

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by depositing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Interest rate

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

Changes in Accounting Policies

Adoption of Accounting Standards and Interpretations

The Company has adopted the following new accounting standards and interpretations effective July 1, 2013. These changes were made in accordance with the applicable transitional provisions and had no impact on the financial statements.

(i) IFRS 10 *Consolidated Financial Statements*. IFRS 10 defines a single concept of control as the determining factor in whether an entity should be included within the consolidated statements of a parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

(ii) IFRS 11 *Joint Arrangements*. IFRS 11 focuses on the rights and obligations of an arrangement rather than its legal form, as is currently the case. The standard distinguishes between joint operations, where the joint operator accounts for the assets, liabilities, revenues and expenses relating to its involvement, and joint ventures, which must be accounted for using the equity method.

(iii) IFRS 12 *Disclosure of Interests in Other Entities.* IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint operations, joint ventures, associates and unconsolidated structured entities.

(iv) IFRS 13 Fair Value Measurements. IFRS 13 is a new standard that applies to both financial and non-financial items measured at fair value. It defines fair value, sets out a single framework for measuring fair value and requires disclosures about fair value measurements. Previously, a variety of fair value techniques and disclosures were possible under the requirements of separate applicable IFRSs.

Accounting Standards and Interpretations Issued but Not Yet Adopted

The following is an overview of accounting standard changes that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards on its financial statements.

- IFRS 9 - *Financial Instruments*. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes. The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized cost or fair value.

- IFRS 15 – *Revenue from contracts with customers.* IFRS 15 is effective for annual periods beginning on or after January 1, 2017. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.