Management's Discussion and Analysis
For the Year Ended August 31, 2015

Date: December 18, 2015

This Management Discussion and Analysis ("MD&A") relates to the financial position and results of operations of Cap-Ex Iron Ore Ltd. ("Cap-Ex" or the "Company") for the year ended August 31, 2015. This MD&A should be read in conjunction with the Company's audited annual financial statements for the year ended August 31, 2015 (the "Financial Statements"). The Financial Statements and related notes have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all references to currency in this MD&A are in Canadian dollars.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Adrian Smith, P. Geo., the Company's Chief Geologist, is a qualified person as defined under National Instrument 43-101, has reviewed and approved the scientific and technical information in this MD&A.

Overview of the Company

Cap-Ex is a mineral resource company engaged in the exploration of iron ore properties (the "Properties") covering an area of approximately 7,245 hectares in the Labrador Trough region, near the town Schefferville, Quebec. The Labrador Trough is one of the major iron ore producing regions in the world, situated in Canada in the Province of Newfoundland and Labrador and the Province of Quebec.

The Properties are divided into two regional groups: The Schefferville properties and the Lac Connelly property. The Schefferville Properties are located in Newfoundland and Labrador and were comprised of the Redmond, Snelgrove and Block 103 properties. The Lac Connelly Property is located in Quebec. Block 103 is strategically located close to existing railway to a shipping port and is a multi-billion tonne deposit.

In fiscal 2015, the Company allowed the claims related to the Lac Connelly property to lapse. As such, the property was fully written-off.

Summary of Properties

The Schefferville Properties:

Block 103

The Block 103 iron ore property covers 7,245 hectares within the Labrador Trough, 30 kilometres northwest of the mining town of Schefferville near the border of Quebec, Canada. Block 103 lies immediately north and parallel to Tata Steel/New Millennium Iron Corp.'s LabMag magnetite deposit and southeast of their KeMag magnetite deposit, which have a combined mineral resource of approximately 7 billion tonnes of measured and indicated resources and 2 billion tonnes of inferred resources. Block 103 is strategically located close to an existing railway that runs south linking to the shipping port of Sept Iles, Quebec.

Block 103 lies predominantly within the Schefferville Lithotectonic Zone, which includes the Greenbush Zone, however, the western edge of the claim block lies west of the Stakit Lake Fault in the Tamarack Lithotectonic Zone. The Tamarack Zone, which also hosts the LabMag and Kemag deposits, typically has only the one instance of the Sokoman Iron Formation with no thrust-fault repetition. The Schefferville Lithotectonic Zone is known in the extensive geological literature to host multiple shallow-east-dipping thrust fault that repeats the stratigraphy, including the iron oxide members of the Sokoman Formation. This fault-repetition creates the potential for significantly more tonnage per unit surface area, and these occurrences have been observed in the drilling results throughout the Greenbush Zone.

Greenbush Zone

The drilling program on Block 103's Greenbush Zone to date has enabled the Company to outline an area that hosts significant magnetite mineralization. The outlined area, called the Greenbush Zone, is underlain by a continuous magnetite bearing horizon (Sokoman Formation). (Refer to Greenbush Zone Map, which can be found at www.cap-ex.ca). The following interpretation of the Greenbush Zone is based on the 2011 and 2012 drill program results and primarily the 2011/2012 laboratory results:

- The Greenbush Zone hosts strong magnetite mineralization that has been identified to cover an area of approximately 30 square kilometres. This Zone features very strong, coincident magnetic and gravimetric airborne anomalies, which show remarkable reliability as drilling targets. All 108 drill holes within the zone have encountered significant mineralization from 45 to 350 metres in true thickness.
- The average length of the core intercepts of magnetite mineralization encountered in the 108 holes drilled in the Greenbush Zone is 190 metres.
- The average grade of the mineralization is 30.5% total iron and the Davis Tube concentrate grades average 68.2% iron and DTWR of 30.6% with a very low contaminant level.
- The holes drilled in the mineralized zone show evidence multiple (5-12) stratigraphic repetitions by listric thrust faults from the east-northeast repeating the stratigraphic sequence of the iron formation and enclosing formations to form a thickened mineralized sequence.
- In most holes, the mineralization starts near the surface and is open in all directions, including depth.

On February 4, 2013, the Company released the results of the initial NI 43-101 mineral resource estimate on an area within the Greenbush Zone which was the primary focus of the 2012 exploration program. Watts, Griffis and McOuat ("WGM"), Consulting Geologists and Engineers of Toronto, Ontario estimated an inferred resource of 7.2 billion tonnes at 29.2% total iron (18.9% magnetic iron). This resource estimate is based on a cut-off grade of 12.5% magnetic iron (magFe%). The inferred resources cover an area with a strike length of approximately 4 kilometres (km) and a width of 2.5 km. Mineralized zones are open towards the northwest and southeast and at depth.

Northwest Zone

- The Northwest Zone is also located on the Company's wholly owned Block 103 iron ore property. This new zone is located approximately 2 kilometres west of the Greenbush Zone, in the northwest portion of Block 103 on the west side of the Stakit Lake Fault. The geology of the Northwest zone is very simple, forming a single horizon that strikes NW-SE and dips very gently (0-10 degrees) to the northeast.
- The Northwest Zone was tested by 6 diamond drill holes in 2011 over 5.3 kilometres of strike, with drill spacing ranging from 300 to 2,100 metres. All holes intersected mineralization between 90 and 148 metres with average grade of 31% total iron. The most southern hole DDH103-17 intersected 148 metres and is open in mineralization at depth. The presumed width is between 0.5 to 1.5 kilometres and is open to the south with potential to increase strike to 9 kilometres.
- New Millennium Iron Corp (NR12-07) drill results indicate the Northwest Zone along with the LabMag and KeMag deposits which is reported to essentially constitute one large continuous body of iron ore mineralization. (Refer to Northwest Zone map on the Company website: www.cap-ex.ca)

During the year ended August 31, 2014, the Company wrote-down the Block 103 property by $24,778,202 based on management's review of these properties. The Company does not have any current exploration plans and accordingly, wrote down the Schefferville Properties to $350,000 which was based on the proceeds received from Tata Steel Minerals Canada Limited ("TSMC") (see terms of agreement below).

In September 2014, the Company entered into an agreement with TSMC in respect of roadway access and direct shipping iron ore exploration over the Company's Schefferville property located in Western Labrador. Under the agreement, the Company has agreed to assist TSMC in obtaining surface rights for a roadway through the property to connect adjoining properties of TSMC. TSMC shall be solely responsible for all work, costs and expenses required to build the roadway and for continued use of roadway, including maintenance.

Under the terms of the agreement, TSMC agreed on the following:

- Pay $350,000 (received in October 2014) to the Company on execution of the agreement; and
- Incur $450,000 of exploration costs by no later than September 30, 2015 (incurred by TSMC)

TSMC has the right to advise the Company any time on or before September 30, 2015 that it wishes to enter into a joint venture agreement concerning the Schefferville property whereby both parties will negotiate in good faith for a period of 90 days (until December 31, 2015). However, if TSMC does not wish to continue with the exploration plan or both parties cannot agree on a joint venture agreement, TSMC will pay $200,000 to the Company in full satisfaction of its exploration commitment.

In March 2015, the Company released the results of a ground gravity survey conducted by TSMC on the Company's Block 103 property. The ground gravity survey, performed in October and November of 2014, was designed to explore for DSO (direct shipping ore) by targeting airborne anomalies with high gravity readings associated with a low magnetic background.

The ground gravity survey was successful in the detection/confirmation of anomalies that suggested the presence of buried masses of iron with densities exceeding 2.67 grams per cubic centimetre characteristic of DSO-type deposits. All of the selected airborne targets showed values that would be expected from DSO-type, large-tonnage iron deposits. In addition, new gravity anomalies were identified that were not observed in the airborne survey.

Measurements from 887 gravity stations were collected by the Quebec-based geophysical consulting company Geosig Inc. Its geophysicist commented, "Gravity anomalies on the ground gravity survey are much stronger and more obvious than the airborne survey, leaving no doubt about their existence." (Geosig Block 103 ground gravity survey work report). Based on the positive results from this survey, in-field geological verification including drilling is highly recommended.

The ground gravity survey, although successful in identifying anomalies, was not able to survey all the proposed DSO targets identified from the airborne survey due to weather-based time constraints. This leaves the possibility to further increase the number of quality gravity anomalies for future field verification and drilling.

As at August 31, 2015, the Company recorded an impairment of the exploration and evaluation properties of $70,280 resulting in a nominal value of $1 as the Company does not have current exploration plans.

As an initial follow up on the recent ground gravity program in the summer of 2015 TSMC completed 3-diamond drill holes testing only one area on the eastern edge of the Block 103 property near the newly constructed access road. Currently, TSMC is processing the core and will provide a complete report on the drilling once the core has been logged and assayed.

Block 103-Greenbush Zone Initial NI 43-101 Resource Report

On February 4, 2013, the Company released the results of its initial, independent NI 43-101 mineral resource estimate on its wholly-owned Block 103 property in Labrador. WGM estimated an inferred resource of 7.2 billion tonnes at 29.2% total iron (18.9% magnetic iron). This resource estimate is based on a cut-off grade of 12.5% magnetic iron (mag Fe%). The inferred resources cover an area with a strike length of approximately 4 km and a width of 2.5 km within the "Greenbush Zone" currently identified to be approximately 30 km^2. Based on the magnetic airborne survey previously completed, the overall Block 103 property covers a strike length of approximately 12 km. Mineralized zones are open towards the northwest and southeast and at depth.

On February 4, 2013, the Company announced preliminary metallurgical results based on analysis and interpretation by BBA Inc. of test work available to date on the Greenbush Zone within the Block 103 Property. The test work was performed over a range of particle sizes and included dry and wet Low Intensity Magnetic Separation (LIMS) bench tests and Davis Tube (DT) tests. Composite samples representing the northern and eastern sectors of the deposit were prepared from 78 drill core samples obtained from 22 drill holes. The test work was performed by COREM in Quebec City, Quebec and by SGS Mineral Services in Lakefield, Ontario, both independent laboratories.

The Block 103 deposit is predominantly composed of magnetite and a process flowsheet based on progressive particle size reduction and magnetic separation, which is conventional and proven for this type of mineralization, is being developed. Based on laboratory test results, metallurgical performance for the operation has been projected as follows:

Magnetite Recovery	93.7%
Concentrate Iron Grade	70.0%
Concentrate Silica Grade	3.4%
Concentrate Liberation Size P100	75µ
Ore Hardness SMC (Axb) BWi (kWh/t at p80-32um)	37 15.5

These results are in line with similar deposits in the region. Results to date suggest that the concentrate that will be produced and that will feed the pelletizing plant will have the following chemical composition:

Fe	**SiO_2**	**Al_2O_3**	**MgO**	**CaO**	**Na_2O**	**K_2O**	**Ti**	**Mn**	**P**	**Cr**
70%	3.40%	0.08%	0.10%	0.11%	0.07%	0.01%	0.02%	0.046%	0.006%	0.02%

The aforementioned results are based on the northern and eastern sectors of the deposit and are deemed to reasonably represent the first thirty years of operation according to the mine development plan envisioned at this time.

Overall Performance

Operating expenses for the year ended August 31, 2015 were $382,956 versus $861,162 in the comparative year ended August 31, 2014. The lower costs is part of the Company's cost cutting initiatives given current market condition which has resulted in lower (1) consulting fees (2) investor relation fees (3) office and administration costs and (4) professional fees. In addition, the Company also recognized lower share-based compensation in the current year as the fair value associated with vested options was lower than the fair value of vested options in the comparative year.

The Company recognized a net and comprehensive loss of $536,207 in the year ended August 31, 2015 versus a net and comprehensive loss of $29,299,994 in the comparative year ended August 31, 2014. The significantly lower net loss in the current year is attributable to the (1) settlement of debt with shares which resulted in a gain of $364,805 and (2) lower value associated with impairment of exploration and evaluation properties of $70,281 versus $28,468,792. These events that resulted in a smaller net loss in the current year was partially offset by (1) reduced other income of $5,625 versus $26,305 in the comparative year and (2) a loss of $453,430 in connection with the disposal of property and equipment.

The total net increase in cash during the year ended August 31, 2015 was $186,539 compared to a decrease of $892,527 in the comparative year ended August 31, 2014. The increase in cash in the current year came from the Company's investing activities whereby the Company disposed of property and equipment, released restricted cash and received proceeds from the TSMC agreement. However, the cash inflow from such investing activities was partially offset by exploration and evaluation property expenditures of $111,865 (compared to $640,195 in the prior year). The net increase was reduced by cash used in (1) operating activities of $297,817 (versus $182,332 in the comparative year) and (2) financing activities of $89,979 (versus $70,000 in the comparative year) where the Company repaid $135,777 of loans (versus $70,000 in the comparative year) and received net proceeds from share issuances of $45,798.

During the year ended August 31, 2015, the Company had a net recovery of $279,719 in exploration expenditures compared to net expenditures of $205,458 in the comparative year ended August 31, 2014. In the current year, the Company recorded an equipment recovery of $41,584 and recovery of exploration expenditures of $350,000 from proceeds received in connection with the TSMC agreement. The recovery was partially offset by expenditures of $111,865 in the current year (whereas the Company had expenditures of $181,618 in the comparative year). The Company has no current exploration plans and, therefore, recorded an impairment of exploration and evaluation properties of $70,281.

Selected Annual Information

All financial information in this MD&A has been prepared in accordance with IFRS.

The following financial data is derived from the Company's annual audited financial statements for the years ended August 31, 2015, 2014 and 2013:

	2015 $	2014 $	2013 $
Revenues	-	-	-
General and administrative expenses	(382,956)	(861,162)	(4,004,776)
Loss and comprehensive loss	(536,207)	(29,299,994)	(6,188,270)
Basic and diluted loss per common share	(0.02)	(1.20)	(0.31)
Working capital (deficit)	205,707	(710,493)	67,582
Exploration and evaluation properties	1	350,001	28,613,335
Total assets	348,793	1,348,333	30,805,202
Total liabilities	104,378	985,325	1,317,649

All of the Company's projects are at the exploration stage and, to date, the Company has not generated any revenues other than interest income.

At August 31, 2015, the Company had not yet achieved profitable operations and has accumulated losses of $33,634,718 (2014 – $34,137,819) since inception. The loss incurred during the year resulted in a net loss per share (basic and diluted) for the year ended August 31, 2015 of $0.02 (2014 - $1.20).

Results of Operations

The following table sets forth selected financial information from the Financial Statements for year ended August 31, 2015 and 2014:

	For the year ended August 31,	
	2015	**2014**
	$	**$**
Expenses		
Consulting fees	68,660	309,164
Depreciation	75,225	100,473
Investor relations	20,919	54,152
Office and administration	82,792	134,582
Professional fees	52,368	69,516
Share-based compensation	64,121	175,449
Travel and related	18,871	17,826
Total	(382,956)	(861,162)

As an exploration company, the Company has yet to generate any revenue from its planned operations and has, to date, incurred annual net losses from operating and administrative expenses.

The table below details the changes in major expenditures for the year ended August 31, 2015 as compared to the corresponding period ended August 31, 2014.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting fees	Decrease of $240,504	Effective January 1, 2014, the Company temporarily suspended the monthly payments to directors and officers of the Company for an indefinite period.
Investor relations	Decrease of $33,233	Reduced the number of investor relations firms to assist in raising investor awareness as part of cost saving measures.
Office and administration	Decrease of $51,790	Decrease due to the implementation of cost saving measures.
Share-based compensation	Decrease of $111,328	Stock options vested during the current period have lower fair values.

Quarterly Information

	Three Months Ended			
	Aug 31, 2015 **$**	**May 31, 2015** **$**	**Feb 28, 2015** **$**	**Nov 30, 2014** **$**
Revenue	-	-	-	-
Income (loss) and comprehensive income (loss)	(394,660)	(94,447)	(96,871)	49,771
Basic and diluted earnings (loss) per share	(0.02)	(0.00)	(0.00)	0.00

	Three Months Ended			
	Aug 31, 2014 **$**	**May 31, 2014** **$**	**Feb 28, 2014** **$**	**Nov 30, 2013** **$**
Revenue	-	-	-	-
Income (loss) and comprehensive income (loss)	(1,808,674)	(23,176,745)	(3,955,954)	(358,621)
Basic and diluted earnings (loss) per share	(0.07)	(0.96)	(0.16)	(0.01)

Variances quarter over quarters can be explained as follows:

- During the quarter ended August 31, 2015, the Company recognized a loss on disposal of property and equipment of $427,967.
- During the quarter ended November 30, 2014, the Company recognized a gain on settlement of debt with shares and a reversal of impairment of exploration and evaluation properties.
- Given the difficult market conditions, the Company continues to implement cost saving measures to decrease general and administrative expenses.
- General and administrative expenses decreased primarily due to the following:
    - Decreased consulting fees along with office and administration costs associated with transitioning the primary office to Vancouver and suspension of directors and officer fees; and
    - Decreased investor relations expenses.
- The Company recorded significant write downs of exploration and evaluation properties as follows:
    - During the quarter ended August 31, 2014, recorded a further write down of $1,697,094 associated with the Schefferville Properties;
    - During the quarter ended May 31, 2014, recorded a write down of $23,081,108 associated with the Schefferville Properties; and
    - During the quarter ended February 28, 2014, recorded a write down of $3,690,590 associated with the Redmond property making up the Schefferville Properties.

Liquidity and Capital Resources

The Company is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances its exploration activities by raising capital from equity markets from time to time.

The Company's liquidity and capital resources at the following dates are as follows:

	August 31, 2015	August 31, 2014
	$	$
Cash	301,836	115,297
Restricted cash	-	72,500
Amounts receivable	6,016	18,925
Prepaid expenses	2,233	2,333
Total current assets	310,085	209,055
Accounts payables and accrued liabilities	104,378	849,548
Loan – current portion	-	70,000
Working capital (deficit)	205,707	(710,493)

The Company has financed its operations to date through the issuance of common shares and a bank loan (which was fully paid off in September 2014). The Company seeks to raise capital through various means including the issuance of equity and/or debt.

As at August 31, 2015, the Company had a working capital position of $205,707 (2014 – working capital deficit of $710,493) and a cash position of $301,836 (2014 - $115,297). During the year ended August 31, 2015, the Company improved their working capital position through the (1) issuance of 10,950,000 common shares to settle total outstanding debt of $672,500 and (2) completion of a private placement financing through the issuance of 1,000,000 units at a price of $0.05 per unit for gross proceeds of $50,000. In addition, the Company also received proceeds of $350,000 in connection with the TSMC agreement and sold various property and equipment which resulted in the receipt of $263,700.

The Company does not currently have any revenue generating assets or operations. The Company will require additional financial resources to explore, quantify and develop its exploration and evaluation assets. The continued operations of the Company and the recoverability of the amounts reported for resource property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development programs, and upon future profitable production.

Fourth Quarter

The operating and administrative expenses for the quarter ended August 31, 2015 totaled $108,795. The major expenses for the quarter ended August 31, 2015 were consulting fees of $56,660, office and administration expenses of $15,051 and professional fees of $25,469.

During the quarter ended August 31, 2015, the Company sold property equipment (garage and land) for gross proceeds of $200,000. In addition, 610,000 stock options with expiry dates ranging between February 6, 2018 and October 20, 2019, with exercise prices ranging from $0.05 to $0.08, were forfeited.

Related Party Transactions

During the year ended August 31, 2015, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

i. Incurred exploration and evaluation properties expenditures of $34,300 (2014 - $42,711) to Sunrise Drilling Ltd., a company controlled by Andrew Bowering, Brett Matich, and Graham Harris, directors of the Company. Included in accounts payable and accrued liabilities at August 31, 2015 is $10,750 (2014 - $266,065) owing to this company.
ii. Paid or incurred consulting fees of $25,000 (2014 - $70,000) to a company controlled by Andrew Bowering, a director of the Company. As at August 31, 2015, $2,036 (2014 - $122,500) was included in accounts payable and accrued liabilities owing to this company.
iii. Paid or incurred consulting fees of $25,000 (2014 - $70,000) to Graham Harris, a director and officer of the Company. As at August 31, 2015, $nil (2014 - $122,500) was included in accounts payable and accrued liabilities owing to Graham Harris.
iv. Paid or incurred consulting fees of $nil (2014 - $70,000) to a company controlled by Brett Matich, a director of the Company. In addition, the Company also paid or incurred consulting fees of $nil (2014 - $2,848) to Brett Matich. As at August 31, 2015, $nil (2014 - $122,500) was included in accounts payable and accrued liabilities owing to this company and $nil (2014 - $2,056) was owing to Brett Matich.
v. Paid or incurred consulting fees of $nil (2014 - $30,000) to a company controlled by Martin Burian, an officer of the Company. As at August 31, 2015, $nil (2014 - $45,000) was included in accounts payable and accrued liabilities owing to this company.
vi. Paid or incurred consulting fees of $9,000 (2014 - $nil) to Brian Morrison, a director of the Company. As at August 31, 2015, $1,575 (2014 - $nil) was included in accounts payable and accrued liabilities owing to Brian Morrison.
vii. Paid or incurred consulting fees of $nil (2014 - $38,000) to Jasvir Kaloti, a former officer of the Company. As at August 31, 2014, $nil (2014 - $66,500) was included in accounts payable and accrued liabilities owing to Jasvir Kaloti.
viii. Incurred rent expenses of $nil (2014 - $52,500) to 0937614 BC Ltd. and $51,000 (2014 - $29,500) to Redhill Resources Corp., companies related by way of common directors.

Summary of key management personnel compensation:

	For the year ended August 31,	
	2015	**2014**
	$	$
Consulting fees	59,000	280,848
Share-based compensation	45,245	47,007
	104,245	**327,855**

The following amounts were incurred with respect to officers, directors and companies controlled by officers and directors:

	For the year ended August 31, 2015	2014
	$	$
Exploration and evaluation property expenditures	34,300	42,711
Rent	51,000	69,638
	85,300	**112,349**

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Commitments, Contingencies and Litigation

Management Contracts

In June and July 2013, the Company signed five separate consulting agreements with certain officers and directors of the Company to provide management consulting and exploration services to the Company for a period of 5 years. The agreements require total combined payments of $69,500 per month. Included in each agreement is a provision for a two year payout in the event of termination without cause and two year payout in the event of a change in control. Beginning in January 2014, the Company, and the officers and directors of the Company agreed to temporarily suspend the monthly payments for an indefinite period. In May 2014, an officer resigned from her position, and as such the related consulting agreement was terminated. The termination of the consulting agreement reduced the monthly required payment by $9,500.

During the year ended August 31, 2015, the Company incurred reduced fees in connection with two directors for consulting services from January to June 2015 totalling $50,000.

Litigation

The Company is not currently involved in any legal disputes.

Critical Accounting Estimates

The preparation of the Financial Statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances.

These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the audited financial statements materially and involve a significant level of judgment by management.

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

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation, and recognition of deferred tax amounts.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

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

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project. Management also considered the results of our initial resource calculation and PEA, the price movement for iron ore over the past two years and our planned future strategy for the Schefferville property. Through previous periods, management determined that exploration, evaluation and related costs incurred on the Schefferville Properties may have had future economic benefits and these costs were therefore capitalized.

As at August 31, 2015, management assigned a carrying value of $1 to the Schefferville Properties as there are no current exploration plans for these properties. As a result, the Company recorded an impairment $70,280 related to the Schefferville Properties during the year ended August 31, 2015.

Valuation of share-based compensation

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

Income taxes

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

Changes in Accounting Policies

The Company will monitor the development of the relevant IFRS standards and change its accounting policies accordingly. During the year ended August 31, 2015, there were no changes to the Company's accounting policies.

Future Accounting Standards Not Yet Adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year August 31, 2015. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's Financial Statements for the year ending August 31, 2016 or later:

- IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

Financial Instruments and Financial Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, restricted cash, amounts receivable, accounts payable and accrued liabilities and loans. The fair value of these financial instruments, other than cash and restricted cash, approximates their carrying values due to the short-term nature of these instruments. Cash and restricted cash are measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including but not limited to the following:

a) *Currency risk* - The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company has determined that there is very limited currency risk at this time.

b) *Credit risk* - Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions. The Company's financial instruments are not exposed to significant credit risk.

c) *Interest rate risk* - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash.

d) *Liquidity risk* - Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) *Commodity price risk* - The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of iron. The Company monitors iron prices to determine the appropriate course of action to be taken.

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

While the Company's financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations, there are conditions and events that may cast doubt about the validity of that assumption.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore. Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because operations costs are greater than projected. Current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

No Revenues

To date the Company has recorded no revenues from operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Licenses and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Iron Ore Prices

The profitability of the Company's operations will be dependent upon the market price of mineral iron ore. Iron ore prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of iron ore and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of iron ore has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Environmental

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the Company and increase costs of projected.

Competition

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others, and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Share Price Fluctuations

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Outstanding Share Data

In September 2014, the Company completed a share consolidation on the basis of one new post-consolidation common share for every four pre-consolidation common shares (4:1). All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

As of the date of this MD&A, the Company has:

a) 36,391,999 common shares outstanding;
b) 1,000,000 warrants outstanding with an expiry date of October 27, 2016 and an exercise price of $0.05.
c) 1,630,000 stock options outstanding and exercisable with expiry dates ranging between February 6, 2018 and October 20, 2019, with exercise prices ranging from $0.05 to $0.08.

Other MD&A Requirements

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's audited financial statements for the year ended August 31, 2015

This MD&A has been approved by the Board effective December 18, 2015.

Cautionary Statement on Forward Looking Information

Certain statements in this document contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of iron ore and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology 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 information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. There can be no assurance that such information 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 information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.