



AUGUSTINE
VENTURES INC.

Augustine Ventures Inc.

Management Discussion and Analysis

For the three months period ended February 28, 2015

April 24, 2015

**AUGUSTINE VENTURES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTHS PERIOD ENDED FEBRUARY 28, 2015**

INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) of Augustine Ventures Inc. (“Augustine” or the “Company”) is dated April 24, 2015 and provides an analysis of the Company’s performance and financial condition for the three months period ended February 28, 2015 as well as an analysis of future prospects. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee, comprised of independent directors. The audit committee reviews this disclosure and recommends its approval by the Board of Directors.

This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three months ended February 28, 2015 and the audited financial statements of the Company for the year ended November 30, 2014 together with the notes thereto and the auditors’ report thereon (the “Financial Statements”). All amounts in the Financial Statements and MD&A are presented in Canadian dollars unless otherwise specified. The Financial Statements, along with Certifications of filings, news releases and other information, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements that are based on the Company’s expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below under “Risk Factors”. Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

OVERALL PERFORMANCE

Principal Business and Corporate History

Augustine is a Canadian junior gold exploration Company engaged in the acquisition, evaluation and exploration of mineral properties in Canada. The Company was established in 1997 as Black Mountain Minerals Inc. by statutory amalgamation of Triangle Capital Energy Corp. and Per-X Minerals Inc. pursuant to the provisions of the Business Corporations Act (Ontario). The Company’s name was changed from Black Mountain Minerals Inc. to Augustine Ventures Inc. on November 30, 2006. The Company is listed on the Canadian Securities Exchange (“CSE”) and commenced trading under the symbol “WAW” on June 14, 2011.

Augustine is currently engaged in gold exploration in Wawa, Ontario. The property interest consists of an option to earn up to a 75% interest in the Surluga Project which encompasses 2,426 hectares in McMurray Township, southeast of the Town of Wawa. Over 95 percent of the property consists of leases and/or patents for both mineral and surface rights that are easily accessible. The property has a gold resource of 1.1 million ounces at 1.5 g/t contained in 22.4 million tonnes (as per a NI 43-101 Mineral Resource Estimate) with known depth extension to 600 meters, a history of past production from the known vein deposits and a large number of untested but documented gold occurrences.

Augustine acquired the Surluga Project pursuant to the terms of an option agreement (the “Option Agreement”) dated April 16, 2009 entered into between Citabar Limited Partnership (“Citabar”), Citadel Gold Mines Inc. (Citadel”), Delta Uranium Inc. (“Delta”) and Delta Precious Metals (Ontario) Inc. (“DPMI”), and also pursuant to the terms of an assignment agreement (the “Assignment Agreement”) dated September 15, 2010 entered into between Delta, DPMI, Citadel, Citabar and the Company. Pursuant to the terms of the Assignment Agreement Citabar and Citadel consented to Delta and DPMI assigning their rights under the Option Agreement to the Company, whereby Delta and DPMI grant the Corporation the exclusive right to earn an undivided 60% interest in the Surluga Project. A compensation agreement dated September 22, 2010 (the

“Compensation Agreement”), as amended on November 25, 2010 (the “Amending Compensation Agreement”), was entered into between Delta, DPMI and the Corporation for the Assignment Agreement.

In consideration for Citabar’s consent, the Company has agreed to issue an aggregate of 1,000,000 common shares to Citabar as follows:

1. 250,000 common shares on the date that the Ontario Ministry of Northern Development, Mines and Forestry (“MNDMF”) consents to the transfer of the Surluga Property from Citadel to Citabar (the “Consent Date”) (which such shares have been issued); and
2. an additional 250,000 common shares on each of the first, second and third year anniversary of the Consent Date The 250,000 common shares pertaining to each of the first, second and third anniversaries were issued.

Pursuant to the Compensation Agreement and Amending Compensation Agreement, the Company has agreed to pay Delta an aggregate of \$100,000 and issue an aggregate of 3,810,000 common shares of which the \$100,000 has been paid and the 3,810,000 common shares have been issued.

On October 12, 2012, the Company amended the Option Agreement (the “Amending Agreement”) with Citabar, and extended the date to have spent a total of \$2,000,000 in eligible expenditure on its Surluga Project from November 10, 2012 to June 30, 2013. For consideration of Citabar entering into the Amending Agreement, the Company issued 500,000 common shares to Citabar.

On March 18, 2013, the Company reached a Second Amending Agreement with Citabar to amend the Option Agreement. Under the Second Amending Agreement, the Company has an option to earn an undivided 60% interest in the Surluga Property from Citabar by expending an aggregate of \$4.0 million in eligible expenditures on or before November 30, 2013. Under the Second Amending Agreement, the Company also shall have the right to acquire an additional undivided 15% ownership interest on the Surluga Project by expending an additional \$4.0 million in eligible expenditures (for an aggregate total of \$8.0 million in eligible expenditures) on or before June 30, 2015. In consideration for amending the Option Agreement and upon the successful closing of a planned \$3.5 million private placement, the Company agreed to issue to Citabar such number of common shares of the Company that would result in Citabar owning, in the aggregate, 30% of the issued and outstanding common shares of the Company, excluding shares that Citabar or its affiliates owned prior to the \$3.5 million private placement.

Effective October 21, 2013, the Company reached a Third Amending Agreement with Citabar to further amend the original Option Agreement and Second Amending Agreement. Under the Third Amending Agreement, Citabar agreed to extend the date to earn an undivided 60% interest in the Surluga Project from Citabar by expending an aggregate of \$4 million in eligible expenditures from November 30, 2013 to June 30, 2014. subject to the Company demonstrating to the satisfaction of Citabar, in Citabar's sole discretion, that the Company have firm commitments of sufficient financing by December 15, 2013 and having received the proceeds of such funding by January 15, 2014. Subsequent to the year ended November 30, 2013, the Company received a waiver from Citabar to waive those requirements in consideration for amending the Option Agreement, the Company shall, upon having spent sufficient funds so as to earn in a 60% interest in the Surluga Project, issue to Citabar such number of the Company's common shares that will represent 30% of the issued and outstanding common shares of the Company, independent of the shares already owned by Citabar and any of its wholly owned subsidiaries and affiliates.

On July 14, 2014, the Company reached a Fourth Amending Agreement with Citabar to further amended the Option Agreements by Citabar and extended the date for the Company to earn the undivided 60% interest in the Surluga Project from Citabar through expending by aggregation \$4.0 million in eligible expenditures from June 30, 2014 to March 31, 2015. The extension to said date is subject to the Company demonstrating to the satisfaction of Citabar, in Citabar’s sole discretion, that the Company has received the cash proceeds of at least \$2.6 million on or before November 30, 2014.

On December 11, 2014 the Company entered into an Assumption Assignment and a restated Joint Venture Agreement with Red Pine Exploration (RPX on the TSX-V) or “Red Pine” and Citabar with the following terms and conditions:

- 1) Red Pine is required to incur \$2.1 million in eligible exploration expenditures on Surluga property by June 30, 2015 in order to earn in a 30% interest in the Surluga Project, upon which Augustine and Citabar would hold 30% and 40%, respectively;
- 2) Red Pine has the right to earn one-half of an additional 15% interest (or 7.5%) in the Surluga Project by incurring a further \$2.0 million in eligible exploration expenditures on Surluga property by June 30, 2016, so long as a total of \$4.0 million is spent in the aggregate by Red Pine and Augustine, which could be increased up to the entire 15% interest if all of such additional \$4.0 million is incurred by Red Pine; Red Pine also has the right to earn a pro rata interest in

Augustine's existing interests in all mineral properties acquired by Augustine, including any future acquisitions, within an area of influence defined as a 5 kilometer radius from the perimeter of the Surluga Project by satisfying certain criteria;

- 3) Upon earning in 30% interest, Red Pine will be the Manager under the terms of the Joint Venture Agreement (JVA), which constitutes part of the Option Agreement, as amended by the Assumption Agreement;

This Assumption Assignment replaces the Fourth Amending Agreement.

In addition, the Company has acquired a 100% undivided interest in an additional 182 claim units totalling 2,912 hectares adjacent to its Surluga Project known as the Oakley Lake Property. The Company also holds a 100% interest in 4 patented mining claims located in Brackin Township, Ontario. The carrying value of \$1 was impaired and the property has been written off during 2013.

Results of Operations – Projects Review

Surluga Project, Wawa, Ontario

The Company completed a NI 43-101 Mineral Resource Estimate on the Surluga Property. A full description of the property is found in the NI 43-101 report dated October 25, 2011 entitled, "A Technical Review and Mineral Resource Estimate for the Jubilee – Surluga Property, Near Wawa, Ontario, Canada for Augustine Ventures Inc.", by Clifford J. Duke, P. Eng. Of Watts, Griffis and McOuat (amended October 15, 2012) (the "WGM Report").

A summary of the WGM Report is provided below.

Project Location and Description:

The Surluga Property is located around 47.98°N 84.75°W, about two kilometers east of the Town of Wawa, Ontario. The Property lies entirely within McMurray Township, astride highway 101. The Property is accessed off of Highway 101 by a gravel road that was the road to the formerly producing Jubilee and Surluga Mines.

The Surluga Property consists of three contiguous groups. The largest block, consisting of 150 Patented Claims and Crown Leases, and one Un-patented claim, extends from Wawa lake south to include Bond and Mountain Lakes. A second small block of three Crown Leases touches the main block corner to corner, and extends west under Anderson Lake up to the town of Wawa. The third block of 7 patented claims lies immediately to the south of the main block. The total area of the Property is approximately 2,426 ha.

Citabar holds surface rights to about 2,000 ha of the mineral dispositions. The surface rights generally cover old mine areas including shafts and tailings impoundments. The surface rights have been severed from some small areas within the claims. Citabar continues to hold the timber rights to a small number of claims.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Town of Wawa is located on the Trans-Canada Highway 17, 225 km north of Sault Ste. Marie, near the north shore of Lake Superior. Highway 101 leads east from the Trans-Canada highway toward Timmins. The property is accessed off of Highway 101 by a gravel road that was the road to the formerly producing Jubilee and Surluga mines.

Lake Superior has a moderating effect on the local weather. Temperatures are highest in August, averaging 14.9°C, and lowest in January, averaging -14.8°C. Total annual precipitation averages 1,002 mm, with 329 mm falling as snow between September and May.

The Town of Wawa has a population of 3,204. There are an equal number of people living in the surrounding region, including the towns of Chapleau, White River, Dubreuilville, and six First Nation communities. The town of Wawa has a rich mining heritage going back to the late 1800s. Iron mining in Wawa stopped in 1998, leaving behind much of the infrastructure necessary to support a mining operation, including power lines, railways, harbor, and an airport. The Algoma Central Railway provides regular service between Sault Ste. Marie and Hawk Junction, about 15 km from the site. The Michipicoten harbor is a natural deep water harbour formerly used to ship iron ore to market.

The mining infrastructure on the site has been removed as part of Citadel Closure Plan. The tailings pond at Minto Lake is present and maintained subject to the Closure Plan. The original all weather access road to the Surluga mine site is in place and in good condition.

Wawa is located in the Canadian Shield, at an elevation of about 287 m above sea level ("ASL"). The terrain is hilly, with local steep ridges, and local elevations vary between 260 m and 400 m ASL. The property is forested predominantly with spruce, pine, birch and poplar.

Environmental Liabilities

The Surluga Property is the site of considerable historical production. There have been a number of shafts sunk, and a tailings facility has been developed at Minto Lake. The previous owner, Citadel, has completed a program of environmental cleanup, removed the mining infrastructure, and filed a Closure Plan with the MNDFM (now the Ministry of Northern Development and Mines, herein referred to as "MNDM"). MNDM allowed the transfer of ownership of the property from Citadel to Citabar, and indicated that an amendment to the Closure Plan filed by Citadel is not required.

A Closure Plan Compliance Report for 2013 was completed by a third party consultant ("exp" report dated March 31, 2014) confirming that the property remains in compliance with the Closure Plan and that the Certificate of Approval for the tailings disposal system is still in good standing. Subsequently, a final inspection report by MNDM on January 15, 2015 identified minor cleanup items still outstanding on closure of mining infrastructure. The third party consultant ("exp"), on behalf of Citabar, submitted a schedule to MNDM on March 6, 2015 to address all the outstanding items during the 2015 construction season. All costs for such work are borne by Citabar and are secured by a letter of credit posted with the Ontario government.

History

Prior to 2007 exploration drilling along the Jubilee Shear consisted of 49,549 m of diamond drilling in 279 surface holes, and 48,768 m in 1,502 underground diamond drill holes. In 1998, the Ontario Geological Survey flew the Surluga Property as part of a helicopter-borne geophysical survey. Magnetic and three frequency electromagnetic data were recorded. A mining history of the property was summarized by Rupert (1990). It is outlined below:

- 1880s Numerous mining locations acquired in the area by "Princes of Commerce".
Very few technical records.
- 1895 The Ontario government adopted a claiming system to encourage mining title acquisition by other classes of citizens.
- 1897-1902 A staking rush occurs in the Wawa area. Most local prospects are reported as legally defined new discoveries in this period.
- 1901 Grace Mine (Algoma Commercial Co.) started operations.
- 1899-1903 Mariposa and Minto shafts are sunk.
- 1902 Longbottom and other veins are located near the Parkhill mine but their development is deterred by property boundaries.
- 1901-1912 Intermittent production from the Grace mine.
- 1910-1922 Many claims in the area are abandoned.
- 1922-1926 The area is re-staked and heavily promoted, primarily by the Power and Mines Syndicate and Corporation, owner of the Grace mine, the Michael Syndicate, part owner of the Parkhill, Minto, and Jubilee mines, the Pioneer Mining Corporation, part owner of the Parkhill mine, and Cooper Gold Mines Limited, part owner of the Minto and Jubilee mines.
- 1930-1938 Parkhill Gold Mines Limited sank a shaft and produced gold from the Parkhill mine.
- 1930-1934 The Minto mine produced gold for Minto Gold Mines Limited.
- 1934-1939 The Jubilee mine was operated by Minto Gold Mines Limited.
- 1934-1937 Darwin Gold Mines Ltd. produced gold from the Grace mine.
- 1961-1987 Surluga Gold Mines (later renamed Citadel Gold Mines) explored the property north of Ward Lake, and developed the Surluga mine. Production began in 1969. Over 350 surface and 900 underground diamond drill holes were bored.

- 1980-1986 Dunraine Mines Limited acquires the Parkhill mine and the Vansickle mine, and drilled 39 additional diamond drill holes. The Parkhill mine is partially dewatered.
- 1980-1983 Dunraine Mines Limited acquires the Grace mine property and drills 37 diamond drill holes.
- 1988 Citadel purchases the Parkhill and Grace mine properties.
- 1987 Citadel options the Vashaw Claims.
- 1988-1990 Citadel conducts surface stripping programs on the Parkhill, Darwin and Vashaw claim groups.
- 1987-1989 Citadel diamond drill program includes one hole along the Darwin Shear and 5 holes along a suspected splay off the Darwin Shear, north of Ward Lake.
- 1989 Citadel produces gold from the Surluga mine for 8 months. The tailings area is developed at Minto Lake. On closing the remaining resources were estimated at 710,000 short tons at a grade of 0.125 oz/short ton. WGM has not audited this estimate. This estimate is considered historical as it pre-dates the NI 43-101 standard. This historical estimate is presented here for historical completeness, and should not be relied upon.
- 1989 Van-Ollie Mines Limited acquires the neighboring Vansickle mine property. An extensive stripping program is conducted on the Vansickle, Sunrise and Mickelson veins, and 5,113 feet is diamond drilled in 30 holes.

The following additional exploration work has been carried out since the Rupert (1990) summary:

2007 Citabar completed 12 diamond drill holes, and two wedged holes, for a total of 9,282 m of core were drilled. All the holes were NQ size, except for hole 07-393B which was reduced to BQ size because of problems with the wedging procedure. The drill holes targeted the down dip extension of the Jubilee Shear zone.

2011 Augustine conducted an 18 hole drill program for a total of 2,944 m of core to verify the historical data on the Surluga claims. Five (5) of the holes were set to target the mineralization north of the Jubilee mine workings, while the remaining 13 holes were designed to twin existing diamond drill holes.

In addition, 412 km of helicopter borne electromagnetic-magnetic survey were flown by Geotech Ltd using a VTEM® system.

2013 to present In preparation for the next drilling program, Augustine has conducted geological modeling work to incorporate both the data from its drilling program and data from re-logging and re-sampling core from historic drilling (approximately 279 surface holes and 1,505 underground drill holes) from the former Surluga mining operation between 1987 and 1990. This work is on-going and the results are encouraging with respect to understanding the geology and increasing confidence in extending the resource with the planned next stage of exploration drilling.

In December 2014, drilling commenced on the property in accordance with a joint venture agreement with a third party (see details under Drilling).

Geological Setting – The Regional, Local and Property Geology

The Archean Age Superior Province forms the centre of the North American continent, the collision zones along which elements of the Precambrian Canadian Shield were amalgamated. The rocks are primarily Mesoarchean and Neoproterozoic in age, and have been significantly affected by post-Archean deformation along the boundaries marked by Proterozoic orogens, such as the Trans-Hudson and Grenville orogens. Major internal fault zones, such as the Kapuskasing Structural Zone also cross the province. Proterozoic and younger activity consists of rifting along the margins, the emplacement of mafic dyke swarms, compressional reactivation, and large scale rotations. Trends in the Superior Province are generally easterly in the southern areas. The great potential for base metals, gold, and other commodities in the Superior Province continues to attract mineral exploration.

The Surluga Property is located in the Michipicoten Greenstone Belt, within the Wawa sub-province of the Archean Superior Province. The Michipicoten Greenstone Belt is divided into three volcanic and intrusive cycles, typical of Archean greenstone belts within the Superior Province. Notable past and current producing mineralization within the Michipicoten

greenstone belt includes gold and iron. Minor deposits of nickel, copper and diamonds are also present within the greenstone belt. The Surluga Property volcanic and intrusive rocks are considered to be part of Cycle 1 and have been dated as approximately 2.745 Ga years old.

The Surluga Property lies within the Michipicoten greenstone belt, a structurally and stratigraphically complex assemblage of volcanic, sedimentary and intrusive rocks that have been metamorphosed to greenschist and amphibolite facies. Several suites of plutonic rocks ranging in composition from gabbro to monzogranite and syenite occur in and around the Michipicoten greenstone belt. The rocks have been repeatedly deformed and metamorphosed. Early structures include major recumbent folds, thrusts and associated cleavages. Later upright folds were superimposed, and the latest structures include northeast trending shear zones that host auriferous vein systems and northerly trending sinistral faults.

The Surluga Property is located over the Jubilee Stock, interpreted as an intrusion emplaced within a caldera structure of the host felsic to intermediate volcanic rocks. An intrusive event consisting of abundant dykes and irregular bodies of mafic to intermediate composition postdates the stock.

Both volcanics and intrusives were folded and deformed prior to the development of several gold bearing planar faults. The Jubilee Shear and Darwin Shear are prominent northeast-southwest trending fault structures, possibly related to each other as they appear offset by the Parkhill Fault. The Parkhill Fault trends southeast-northwest, beneath the town of Wawa, and is associated with a diabase dyke. The Parkhill Shear strikes eastward, perpendicular to the Parkhill Fault. These shear structures host the gold mineralization on the property, although their role in the formation of the gold deposits is not clear. The Jubilee Shear, which hosts the Surluga mine, swells from 6m to 60m in width, and dips about -45° to the northeast at surface, flattening to -30° at depth. Widths of the shear zone are greatest in the diorites, and less in areas of volcanic units. Most wall rocks of the Jubilee Shear are dioritic intrusive with inclusion of andesite flows or felsic tuff. In a few places, the sheared wall rocks are gabbros.

A late Proterozoic intrusion of hypabyssal diabase, carbonatite, and lamprophyre completes the assemblage.

Mineralization

Gold production from the Surluga Property has been associated with quartz veins and silicification within shear zones. The character of these veins varies between locations, and appears to be related to the host rock type, width and intensity of shearing. The Jubilee Shear is a series of sub-parallel segments in en-echelon arrangement. The mineralization ranges from 6 m to 60 m in width where parts of the en-echelon zones overlap. The shear zone contains mostly sericitic or mylonitized wall rock with some sodic alteration. Gold rich zones in the Jubilee Shear are elongated and plunge to the south. They consist of poorly defined thin brown lenses of alteration, surrounding smokey to white quartz veins. These lenses are small, typically a few centimetres to 6 m wide, and carry 2-4% fine pyrite, and lesser amounts of arsenopyrite and copper. Gold bearing quartz veins are often banded, drag folded and deformed. They appear to be the oldest quartz vein component in the shear zone. Several generations of more abundant younger quartz veins are barren of gold, including the "pinto", or quartz-tourmaline veins. From these observations, Helmstaedt (1988) concluded that the deposition of the auriferous gold and the accompanying potassic alteration are distinctly earlier events that predated the ductile deformation stage of the Jubilee zone.

Deposit Type

The Surluga deposit is the product of an auriferous quartz rich hydrothermal system that has seen considerable post-deposition deformation. An early fault in the volcanic caldera was the site of hydrothermal deposition of an auriferous quartz stockwork. Post-deposition ductile shearing of the stockwork deformed the deposit into rod-shaped gold rich lenses. Later periods of additional movement along the Jubilee Shear resulted in salmon red alteration along fractures and local fault gouges. The significant body of low grade gold dispersed within the Jubilee Shear is likely the product of extensively deformed auriferous quartz veinlets from the original stockwork that have been extensively fractured and dislocated, and are no longer recognizable.

Exploration Work

In addition to the mining and exploration work summarized above, in 1998, the Ontario Geological Survey flew the Surluga Property as part of a helicopter-borne geophysical survey. Magnetic and three frequency electromagnetic data were recorded. Mr. Peter Irwin of Resource Data Management Inc. ("RDM") compiled a three dimensional model of the Surluga mine for Citabar in 2004. RDM used the existing drill hole database, and digitized the mine levels from mine plans. Mineralized zones greater than 1 g Au/t were outlined. The model highlighted the potential for mineralization down plunge to the southeast of the existing mine workings. In 2007, Citabar drilled 9,282 m in 14 diamond drill holes to test the model. The Jubilee Shear

appears to continue to dip to the east at depth, along the southern section of the shear. Augustine has re-logged and re-sampled the core and is currently incorporating the data into the updated geological model.

In January of 2011, 412 km of helicopter borne electromagnetic-magnetic survey were flown by Geotech Ltd using a VTEM® system. The lines were flown east-west at 100 m intervals, and tied together with north-south lines at 1,000 m intervals.

Drilling

Prior to 2007 exploration drilling along the Jubilee Shear consisted of 49,549 m of diamond drilling in 279 surface holes, and 48,768 m in 1,502 underground diamond drill holes. Most of the holes are documented on plans and sections that were drawn in the course of mine production. In addition, Augustine has been able to locate some surface drill hole collars where there are records of surface holes being drilled. This suggests good survey control of the historical drilling in the database. The underground workings are not currently accessible, so the quality of the underground drilling must be inferred from the quality of the available data, which seems to be good.

There were 12 diamond drill holes, and two wedged holes, drilled in the summer and fall of 2007. A total of 9,282 m of core was drilled. All the holes were NQ size, except for hole 07-393B which was reduced to BQ size because of problems with the wedging procedure. The drill holes targeted the down dip extension of the Jubilee Shear zone.

Down hole surveys were carried out 4 or 5 times in each hole, more often when wedging was being attempted. Deviation was within reasonable limits. Core logging was completed on site by three different geologists. Augustine has noted that there is a large discrepancy between the nomenclature used by each of the geologists, and proposes to relog and resample the core. A lack of storage space prompted Citabar to dispose of some of the core that was considered to be unmineralized.

In the spring of 2011, Augustine conducted an 18 hole drill program to verify the historical data on the Surluga claims. Five of the holes were set to target the mineralization around the Citadel Jubilee mine, while the remaining 13 holes were designed to twin existing diamond drill holes. Discovery Diamond Drilling Ltd. of Morinville AB was contracted to drill 2,944 m of NQ size core. The holes were surveyed every 10 m down the hole using a Flex- IT® down hole survey tool. The drill hole collar locations were located with a SXBlue WAS Area based GPS survey instrument. The core was transported by Augustine personnel by truck to the core shack in Wawa, where it was logged and sampled.

A summary of the resource found in the NI 43-101 Mineral Resource Estimatet is provided below:

Cutoff Grade Au g/t	Tonnage (t x 1,000)	Au (g Au/t)	Contained Au (oz x 1,000)
5	378	7.69	94
2	4,651	3.33	498
1	12,503	2.11	847
0.5	22,355	1.49	1,072
0.2	32,169	1.14	1,182

On July 10, 2012, the Company announced that it has identified a number of specific targets that could increase the gold resource potential of its Surluga Project. Previous and ongoing work demonstrates that there is potential to significantly increase the gold resource of the Surluga deposit along strike and down dip. In addition, recently completed work by Augustine has defined a new geological model, that when applied, demonstrates the presence of historically untested and poorly tested targets around the Surluga deposit and elsewhere within the Surluga Project, including the recently acquired Oakley Lake claims. The next phase of exploration and drilling will test these new targets with a view to substantially increasing the inferred gold resource.

On June 11, 2013, the Company announced its work plan aimed at enhancing the development of the Surluga Project. Based on the latest geological modeling work, Management is increasingly confident that its previously announced NI 43-101 resource of 22.355 million tonnes at 1.49 grams per tonne gold containing 1.07 million ounces extends in both directions at shallow depths based on previous drill core and assay data that are being re-logged and re-sampled. As part of its phased exploration program outlined in the 25 October, 2012 NI 43-101 Technical Report, the Company plans to balance the continuing exploration program with qualification studies and targeted drilling to help assess the feasibility of putting the known gold resource into production.

Subsequent to fiscal 2014, the Company announced recent exploration work on the property pursuant to execution of an Assumption Agreement, wherein Red Pine Exploration (Red Pine) is conducting exploration work on the property to earn in a 30% interest in the property. The exploration work to date by RPX has been announced by the Company in news releases

on December 17, 2014; January 6 and 27, 2015; February 10, 12 and 27, 2015 and April 10, 2015.

The drilling program is being conducted by Red Pine to better define the mineralization and alteration mineralogy on the property. The results to date confirm the gold grades reported by historical underground drilling, and also that these mineralized zones were not mined.

Red Pine plans to incorporate the results of their drilling work into an updated resource calculation for the Surluga Gold Deposit that is currently been prepared for Red Pine by SRK Consulting (Canada) Inc. and Ronacher McKenzie Geoscience.

SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial information from the Company's three most recently completed fiscal years:

ANNUAL INFORMATION (\$)	Years Ended November 30,		
	2014	2013	2012
Total revenue	-	-	-
Net loss	(853,373)	(668,752)	(1,264,340)
Basic and diluted loss per share	(0.02)	(0.02)	(0.04)
Total assets	3,231,002	3,164,834	2,792,810
Total liabilities	1,555,656	1,219,650	726,986
Shareholders' equity	1,675,346	1,945,184	2,065,824

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows selected financial information related to the Company for the periods indicated. The information contained in this table should be read in conjunction with the Company's financial statements. An analysis of the information contained in this table is set out below under "Results of Operations" and "Liquidity and Capital Resources".

Three Months Ended	Revenues	Net Loss		Total Assets	Long Term Liabilities
		Total	Per Share		
28-Feb-15	Nil	(185,316)	0.00	3,368,694	Nil
30-Nov-14	Nil	(508,547)	0.00	3,231,002	Nil
31-Aug-14	Nil	(113,804)	0.00	3,280,583	Nil
31-May-14	Nil	(100,750)	0.00	3,310,700	Nil
28-Feb-14	Nil	(130,272)	0.00	3,145,565	Nil
30-Nov-13	Nil	(117,872)	0.00	3,164,834	Nil
31-Aug-13	Nil	(133,510)	0.00	2,961,014	Nil
31-May-13	Nil	(232,558)	(0.01)	2,934,700	Nil

RESULTS OF OPERATIONS – FINANCIAL PERFORMANCE

The Company has no revenue or operating cash flow and relies on external financings to generate capital. As a result of its activities, the Company continues to incur net losses.

For the three months period ended February 28, 2015, the Company incurred net and comprehensive loss of \$185,316 (2014 - \$130,272). The increase of the loss for Q1 2015 as compared to 2014 was mainly due to a non-cash loss of \$52,449 recorded on disposal of assets due to moving office and disposal of redundant assets by the end of January 2015. The Company recorded \$1,749 in depreciation (2014 - \$4,979). Directors' fees for the period was \$12,500 (2014 - \$12,500). General and administrative expenses increased to \$20,394 (2014 - \$8,748), increased mainly in advertisement and promotion (\$1,250), office supplies (\$3,020), IT supplies (\$3,100), meals and entertainment (\$340), interest and bank charges (\$340), insurance (\$1,000) and miscellaneous expenses (\$2,600), primarily caused by the increased commercial activities relating to the Company's mineral properties and financing efforts together with the Company's moving into and setting up a new office. The Company recorded interest expense of \$4,675 (2014- \$5,368) in the three months period ended February 28, 2015. All promissory notes were settled in February 2015 through issuance of the Company's common shares, decreasing

interest expense as compared to the same period of 2014. Management fees were \$12,000 (2014 - \$30,000) as 1) 50% of the Company's CEO's management fee were assessed being related to Surluga property exploration activities and recorded as exploration cost; and 2) one management position has been outsourced and regrouped into professional fees. During the three months ended February 28, 2015, the Company expensed \$30,425 for professional fees, which contains outsourced professional fees of \$17,175, accrued 2015 annual audit fee 7,000 and accrued 2015 annual legal fees of \$6,250. (2014 - \$8,200). The Company paid a net \$17,625 in rent and occupancy costs (2014 - \$22,031) reflecting the Company's moving into its new office by the end of January 2015 with lower occupancy cost. Salaries and benefits were Nil (2014 - \$12,096), as no employees were hired since April 2014. The Company paid \$29,261 for shareholder services and public the Company costs (2014 - \$26,350).

During the three months ended February 28, 2015 and 2014, the Company expended and capitalized the following amounts in exploration expenses on its Surluga Project:

	Three months ended February 28,	
	2015	2014
Consulting fees	\$ 12,750	\$ 25,000
Premises and accommodation	12,709	8,910
Travel	-	2,582
Claims taxes and fees	29,385	43,822
Miscellaneous	1,448	889
Total	\$ 56,292	\$ 81,203

LIQUIDITY AND CAPITAL RESOURCES

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

As at February 28, 2015, the Company had a working capital deficiency of \$729,104 (November 30, 2014 - \$1,513,775) which included cash and cash equivalents of \$62,411 (November 30, 2014 - \$2,375). As at February 28, 2015 and November 30, 2014, the Company also held \$10,000 as a Guaranteed Investment Certificate as collateral on the credit amount of a credit card issued by a major financial institution with an aggregate credit limit of \$10,000, as long as the credit card is active. The cash will be used to satisfy the Company's obligations under its option on the Surluga Project (see "Commitments and Contingencies" below) and for routine administrative expenses in conjunction with future financing proceeds.

In the three months ended February 28, 2015, the Company in aggregate received of \$43,000 evidenced by promissory notes, on top of total \$343,190 promissory notes brought forward on November 30, 2014. The loans are bearing interest at a rate of 8%-9% per annum, due in June, September and December 2015. In February 2015, the Company has settled all of its promissory notes liabilities through cash or issuance of its common shares.

On February 7, 2013, the Company closed an offering of 800,000 Non Flow Through Units and 400,000 Flow Through Units at the price of \$0.10 per unit for gross proceeds of \$120,000. Each Non Flow Through Unit consisted of one common share and one common share purchase warrant. Each Flow Through Unit consisted of one flow through common share and one half warrant. Each whole warrant entitles the holder to purchase one common share of Augustine at an exercise price of \$0.20 per share at any time until February 7, 2015. Each warrant is subject to an accelerator clause whereby at Augustine's option, the holder must exercise their warrants within 30 calendar days in the event that Augustine's shares trade at or above \$0.40 per share for 15 consecutive trading days. The Company paid cash commissions and expenses of \$19,600 and issued 96,000 compensation warrants.

On February 28, 2013, Augustine closed a non-brokered private placement of 1,200,000 Flow Through Units at the price of \$0.10 per unit for gross proceeds of \$120,000. Each Flow Through Unit consisted of one flow through common share and one half warrant. Each whole Warrant entitles the holder to purchase one common share of Augustine at an exercise price of \$0.20 per share at any time until February 28, 2015. Each Warrant is subject to an accelerator clause whereby at Augustine's option, the holder must exercise their Warrants within 30 calendar days in the event that Augustine's shares trade at or above \$0.40 per share for 15 consecutive trading days. No fees or commissions were paid in connection with this private placement.

On July 4, 2013, the Company closed an offering of 5,000,000 Non Flow Through Units and 1,000,000 Flow Through Units at the price of \$0.05 per unit for gross proceeds of \$300,000. Each Non Flow Through Unit consisted of one common share and one common share purchase warrant. Each Flow Through Unit consisted of one flow through common share and one half warrant. Each whole warrant entitles the holder to purchase one common share of Augustine at an exercise price of \$0.10 per share at any time until July 4, 2015. The Company paid cash commissions of \$37,068 and issued 480,000 compensation warrants.

On March 6, 2014, the Company closed on an offering of 4,305,000 flow-through units (“FT Units”) at the price of \$0.05 per FT Unit and 945,000 non-flow-through units (“NFT Units”) at the price of \$0.05 per NFT Unit for gross proceeds of \$262,500 on March 6, 2014. Each FT Unit consisted of one flow through share and one non-flow through warrant to purchase one common share of the Company exercisable at \$0.05 per share until March 5, 2017. Each NFT Unit consisted of one common share and one warrant to purchase one common share of the Company exercisable at \$0.05 per share until March 5, 2017. In connection with the financing, Augustine paid a cash commission of 8% of the funds raised and broker warrants in the amount of 8% of the FT Units and NFT Units issued through the offering. Each broker warrant allows the holder to acquire one NFT Unit of the Company at a price of \$0.05 per common share until March 5, 2017.

On February 9, 2015 and February 25, 2015, in two tranches the Company closed a private placement financing with total offering of 1,500,000 flow-through unit (“FT Units”) at the price of \$0.05 per FT Unit and aggregate of 930,000 non-flow-through units (“NFT Units”) at the price of \$0.05 per NFT Unit for gross proceeds of \$121,000. In addition, the Company has also issued in aggregate of 4,911,110 NFT units at the price of US dollar \$0.045 per NFT unit for gross proceeds of US dollar \$221,000. Each FT Units consisted of one flow-through share of and one non-flow-through warrants to purchase one commons share of the Company at an exercise price of \$0.05 per warrant share at any time on or before February 9 or 25, 2019. Each NFT Unit consisted of one common share and one warrant to purchase one common share of the Company exercisable at \$0.05/US\$0.045 per share at any time on or before February 9 or 25, 2019. In connection of the closing of private placement offering, the Company has paid IBK Capital a cash commission of 8% of the funds raised through FT and NFT Units offered together with the broker warrants represented 8% of the FT Units and NFT Units, excluding the NFT Units issued to the US subscribers, issued through the above offering. Each broker warrant allows the holder to acquire on NFT Unit of the Company at an exercise price of \$0.05 per NFT Unit at any time on or before February 9, 2019. In addition, the Company has issued an aggregate of 12,311,956 units (the “Debt Units”) to certain creditors of the Company in exchange for the cancellation of an aggregate of \$615,597 in debt owing to the creditors. Each Debt Unit consisted of one common share and on common share purchase warrant (a “Debt Warrant”), among which 7,009,428 Debt Warrants can be exercised at a price of \$0.10 per Debt Warrant Share at any time until close of business on February 9, 2019; 5,062,528 Debt Warrants can be exercised at a price of \$0.05 per Debt Warrant Share at any time until close of business on February 25, 2019; and 240,000 Debt Warrants can be exercised at a price of \$0.10 per Debt Warrant Share at any time until close of business on February 25, 2019.

Going Concern

At present, the Company’s operations do not generate cash flow and its financial success is dependent on management’s ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company’s control. In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in obtaining financing in the past, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. The annual financial statements do not include any adjustments to the recoverability and classification of reduced asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. The Company is not subject to material externally imposed capital constraints.

COMMITMENTS AND CONTINGENCIES

Office leases

Since February 1, 2015, the Company signed a new office sublease agreement with monthly office lease of \$1,200 on a month to month basis.

Surluga property

Pursuant to the acquisition agreements of the Surluga property in 2009 and the amendments agreements giving effective afterwards, the Company has a minimum commitment as of March 2015 to spend \$16,316 remaining exploration expenditures to earn its 30% interest in the property, given that Red Pine will fully commit to its obligation of spending eligible expenditures in total of \$2.1 million in earning 30% interest of the property as well.

The Company reached a second amending agreement dated March 18, 2013 (the “Second Amending Agreement”) with Citabar Limited Partnership (“Citabar”) to amend the previous Option Agreement. Under the Second Amending Agreement, the Company has an option to earn an undivided 60% interest in the Surluga Property from Citabar by expending an aggregate of \$4.0 million in eligible expenditures on or before November 30, 2013. Under the Second Amending Agreement, the Company also shall have the right to acquire an additional undivided 15% ownership interest on the Surluga Project by expending an additional \$4.0 million in eligible expenditures (for an aggregate total of \$8.0 million in eligible expenditures) on or before June 30, 2015. In consideration for amending the Option Agreement, the Company shall, upon the closing of the recent announced \$3.5 million private placement, issue to Citabar such number of common shares of the Company that would result in Citabar owning, in the aggregate, 30% of the issued and outstanding common shares of the Company, excluding shares that Citabar and its affiliates already own. The issuance of the shares to Citabar is subject to any and all necessary regulatory and other approvals.

On October 21, 2013, the Company reached a third amending agreement (“Third Amending Agreement”) with Citabar to extend the November 30, 2013 to incur the aggregate expenditure of \$4.0 million to June 30, 2014 and left other terms regarding the acquisition of the additional 15% ownership interest unchanged.

On July 14, 2014, the Company reached a Fourth Amending Agreement with Citabar to further amended the Option Agreements by Citabar and extended the date for the Company to earn the undivided 60% interest in the Surluga Project from Citabar through expending by aggregation \$4.0 million in eligible expenditures from June 30, 2014 to March 31, 2015. The extension to said date is subject to the Company demonstrating to the satisfaction of Citabar, in Citabar’s sole discretion, that the Company has received the cash proceeds of at least \$2.6 million on or before November 30, 2014.

On December 11, 2014 the Company entered into an Assumption Assignment and a restated Joint Venture Agreement with Red Pine Exploration (RPX on the TSX-V) or “Red Pine” and Citabar with the following terms and conditions:

- 1) Red Pine is required to incur \$2.1 million in eligible exploration expenditures on Surluga property by June 30, 2015 in order to earn in a 30% interest in the Surluga Project, upon which Augustine and Citabar would hold 30% and 40%, respectively;
- 2) Red Pine has the right to earn one-half of an additional 15% interest (or 7.5%) in the Surluga Project by incurring a further \$2.0 million in eligible exploration expenditures on Surluga property by June 30, 2016, so long as a total of \$4.0 million is spent in the aggregate by Red Pine and Augustine, which could be increased up to the entire 15% interest if all of such additional \$4.0 million is incurred by Red Pine;
- 3) Red Pine also has the right to earn a pro rata interest in Augustine’s existing interests in all mineral properties acquired by Augustine, including any future acquisitions, within an area of influence defined as a 5 kilometer radius from the perimeter of the Surluga Project by satisfying certain criteria;
- 4) Upon earning in 30% interest, Red Pine will be the Manager under the terms of the JVA, which constitutes part of the Option Agreement, as amended by the Assumption Agreement;

This Assumption Assignment replaces the Fourth Amending Agreement..

SHARE CAPITAL

As at April 24, 2015, the Company had the following outstanding share capital:

Common shares	66,929,856
Stock options	8,525,000
Warrants	31,403,066
Compensation warrants	2,194,400

Common shares summary:

Date	Description	Number
30-Nov-12	Balances	33,376,790
07-Feb-13	Private placement	1,200,000
28-Feb-13	Private placement	1,200,000
04-Jul-13	Private placement	6,000,000
09-Nov-13	Issued for mining property	250,000
30-Nov-13	Balances	42,026,790
06-Mar-14	Private placement	5,250,000
30-Nov-14	Balance	47,276,790
09-Feb-15	Private placement	6,341,110
09-Feb-15	Debt settlement	7,009,428
27-Feb-15	Private placement	1,000,000
27-Feb-15	Debt settlement	5,302,528
19-Mar-15	Balance	66,929,856

Stock options summary:

Issue Date	Number	Exercise Price	Expiry Date
Apr. 30, 2013	2,525,000	\$0.10	Apr. 30, 2016
Sept.10, 2014	6,000,000	\$0.065	Sept.10, 2019
Total	<u>8,525,000</u>		

Warrants summary:

Issue Date	Number	Exercise Price	Expiry Date
22-Mar-12	1,000,000	\$0.25	21-Mar-16
04-Jul-13	5,500,000	\$0.10	04-Jul-15
06-Mar-14	5,250,000	\$0.05	05-Mar-17
09-Feb-15	2,430,000	\$0.05	09-Feb-19
09-Feb-15	3,911,110	US\$0.045	09-Feb-19
09-Feb-15	7,009,428	\$0.10	09-Feb-19
27-Feb-15	1,000,000	US\$0.045	25-Feb-19
27-Feb-15	5,062,528	\$0.05	25-Feb-19
27-Feb-15	240,000	\$0.10	25-Feb-19
Total	<u>31,403,066</u>		

Compensation warrants summary:

Issue Date	Number (a)	Exercise Price	Expiry Date
22-Dec-10	492,000	\$0.20	note (b)
08-Feb-11	312,000	\$0.20	note (b)
23-Mar-11	216,000	\$0.20	note (b)
22-Mar-12	80,000	\$0.20	21-Mar-16
04-Jul-13	480,000	\$0.05	04-Jul-15
06-Mar-14	420,000	\$0.05	05-Mar-17
09-Feb-15	194,400	\$0.05	09-Feb-19
Total	<u>2,194,400</u>		

- (a) These compensation options were issued in conjunction with private placements that occurred on those dates. Each compensation option entitles the holder thereof to acquire one Unit at their respective exercise price consisting of one common share and one common share purchase warrant.
- (b) For these 3 listed dates only, each compensation option entitles the holder thereof to acquire one Unit at an exercise price of \$0.20 per Unit (the "Unit") for a period of two years from the date that the Company completes either (i) a distribution to the public of common shares in Canada pursuant to a prospectus and the concurrent listing of the common shares for trading on a recognized stock exchange, or (ii) another transaction as a result of which all outstanding common shares, or the securities of another issuer issued in exchange for all such outstanding common shares, are traded on a recognized stock exchange and are freely tradable (subject to control block restrictions) (the "Liquidity Event").

Each Unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.40 expiring two years from the Liquidity Event.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements or obligations other than mineral property option payments and exploration expenditures commitments.

RELATED PARTY TRANSACTIONS

The Company’s key management includes CEO, CFO and Directors of the Board. For disclosure purpose, Citabar and its key management are considered as the Company’s related parties as well due to their significant shareholdings and/or abilities to contribute to the Company’s decision making process. Transactions with related parties include:

- 1) Management fees to CEO and CFO;
- 2) Director fees to the directors of the Company;
- 3) Promissory notes with interest rate of 8% - 9% per annum issued to CEO, Citabar and key management of Citabar for the purpose of maintenance of the Company’s operating fund

The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing, unsecured and with no fixed repayment terms. The balances outstanding are as follows:

	As at	
	February 28, 2015	November 30, 2014
Management fees due to officers	\$ 236,250	\$ 386,000
Directors fees due to directors ²⁾	11,182	122,941
Promissory notes ¹⁾	-	343,190
	<u>\$ 247,432</u>	<u>\$ 852,131</u>

- 1) In the three months period ended February 28, 2015, the interest accrued on promissory notes was \$4,675 (three months period ended February 28, 2014 – 5,368). All promissory notes of the Company were settled in the three months period ended February 28, 2015 through issuance of the Company’s common shares.
- 2) In the three months period ended February 28, 2015, \$122,629 of director fees was settled through issuance of the Company’s common shares.

For the three months period ended February 28, 2015 and 2014, total remuneration paid to key management personnel is as follows:

	For the three months ended February 28,	
	2015	2014
Management fees	\$ 19,500	\$ 30,000
Director fees	12,500	12,500
	<u>\$ 32,000</u>	<u>\$ 42,500</u>

\$7,500 of the management fee paid to the CEO of the Company in the three months period ended February 28, 2015 were related to the managing activities of the exploration and evaluation and recorded as exploration costs.

In connection with the closing of its private placement financings on February 9, 2015 and February 25, 2015, the Company has settled total \$514,652 of the related party liabilities, including directors fees of \$122,629; management fees of \$161,250 and promissory note debt of \$230,773 through issuance of total 12,311,956 Debt Units to the creditors, with each Debt Unit consisted one common share and one common share purchase warrant (a "Debt Warrant"). For details please read note Liquidity and Capital Resources.

PROPOSED TRANSACTIONS

As is typical of the mineral exploration and evaluation industry, the Company continues to review property and competitor the Company information in search of future opportunities in terms of new property acquisitions and business partnerships. Although no transactions are in progress currently, the Company endeavors to continue research into potential opportunities and to keep business relationships open should opportunities arise.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ACCOUNTING POLICIES

Critical Accounting Estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) the recoverability of accounts receivable that are included in the statement of financial position;
- (ii) the recoverability of exploration and evaluation expenditures incurred on the Company's property interests;
- (iii) although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title and such properties may be subject to prior agreements or transfers and title may be affected by undetected issues;
- (iv) the estimated useful lives and residual value of property and equipment which are included in the financial statements and the related depreciation included in profit or loss;
- (v) the inputs used in accounting for share based payment transactions and in valuation of warrants included in financial assets at fair value through profit or loss;
- (vi) management's position that there are no income tax considerations required within these unaudited condensed interim financial statements; and
- (vii) management's judgment in determining the functional currency of the Company as Canadian Dollars.

Critical accounting judgments

Income taxes and recovery of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Restoration, rehabilitation and environmental obligations

Management's assumption of no material restoration, rehabilitation and environmental exposure, is based on the facts and circumstances that existed in the current and prior periods.

Going concern assumption

Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Accounting policies

Please refer to the Company's audited financial statements for a full discussion of its significant accounting policies.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2014. Many are not applicable or do not have a significant impact on the Company and have been excluded from the table below.

IAS 32 'Financial instruments, Presentation' – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

Management has adopted the above standards in the Company's financial statements for the period beginning December 1, 2013, and has determined that there is no impact of the adoption of these standards or amendments on the financial statements of the Company.

Future accounting changes

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

FINANCIAL INSTRUMENTS AND RISK EXPOSURES

The Company's financial instruments consist of cash and cash equivalents, sundry receivables, accounts payable and accrued liabilities, and due to related parties.

Financial assets and financial liabilities were as follows:

	As at February 28, 2015				As at November 30, 2014			
	Other liabilities (\$)	Loans and receivables (\$)	Assets/(liabilities) at fair value through profit/loss (\$)	Total	Other liabilities (\$)	Loans and receivables (\$)	Assets/(liabilities) at fair value through profit/loss (\$)	Total
Cash and cash equivalents	-	-	62,411	62,411	-	-	2,375	2,375
Sundry receivables	-	93,069	-	93,069	-	28,571	-	28,571
Accounts payable and accrued liabilities	637,845	-	-	637,845	703,525	-	-	703,525
Restricted cash	-	-	10,000	10,000	-	-	10,000	10,000

Due to related parties	247,432	-	-	247,432	852,131	-	-	852,131
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The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk, interest rate risk and market risk, which includes commodity and equity price risks. Risk management is carried out by the Company's management with guidance from the Audit Committee. It is management's opinion that the Company is not exposed to significant credit risk, currency or market risks arising from the financial instruments.

Currency risk

As the majority of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is mainly held through a chartered Canadian financial institution.

The majority of the Company's sundry receivables are comprised of sales tax refunds due from government authorities in Canada and deposits held with service providers in the form of advances. The tax receivable is in good standing and was not past due as of February 28, 2015. Management believes that the credit risk concentration with respect to this financial instrument is low.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. As at February 28, 2015, the Company had a working capital deficiency of \$729,104 (November 30, 2014 - \$1,513,775). It is management's opinion that the Company is exposed to liquidity risk in that it had a working capital deficiency; however, it continues its discussions with its creditors to delay formal demands for payment of their receivables.

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 not exposed to interest rate risk due to the short-term nature of its financial instruments.

Commodity price and equity price risk

The Company is not exposed to commodity price risk with respect to prices for gold and other precious metals because the Company is not in the production stage and the Company does not hold any of above commodities. The Company is also not exposed to equity price risk because it does not hold any investment in marketable securities that are subject to equity price fluctuation.

Sensitivity analysis

The Company believes the sensitivity to a plus or minus 1% change in interest rates would not have a significant impact on the reported net loss for the three months period ended February 28, 2015 because other than the related party loans, which have a fixed interest term, none of the Company's assets or liabilities bear interest.

RISK FACTORS

Natural resource sector

Investments in natural resource companies involve a significant degree of risk. The degree of risk increases substantially where the Company's properties are in the exploration as opposed to the development stage. The Company's property is in the exploration stage and is without a known body of commercial ore. The proposed exploration programs are for exploratory searches for ore.

Exploration and evaluation

Mineral exploration and evaluation involves a high degree of risk and few properties which are explored are ultimately

developed into producing mines.

With respect to the Company's properties, should any ore reserves exist, substantial expenditures will be required to confirm ore reserves which are sufficient to commercially mine its current properties, and to obtain the required environmental approvals and permitting required to commence commercial operations. Should any resource be defined on such properties there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable saleable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control.

The ability of the Company to sell, and profit from the sale of any eventual production from any of the Company's properties will be subject to the prevailing conditions in the marketplace at the time of sale. The global ore marketplace is unregulated and subject to changing attitudes of consumers and other end-users on the basis of economic conditions. Many of these factors are beyond the control of the Company therefore represent a market risk which could impact the long term viability of The Company and its operations.

Flow through shares of the Company

Flow through shares are intended to provide to the holders who acquire such shares certain Canadian income tax benefits as described herein. In the event that the Company does not incur sufficient expenditures as eligible CEE within the time specified in the agreements between the Company and such holders, such holders will not receive all or a portion of such benefits at all or for a particular taxation year when they expected to use such benefits. The factors that could contribute to the Company not incurring sufficient CEE include the potential lack of drilling equipment and the shortage of labour.

Capitalization and commercial viability

The Company will require additional funds to further explore and, if successful, develop and mine the Surluga Property and any additional properties that may be acquired. The Company may not have sufficient funds to carry out the completion of its exploration program, and may have to obtain other financing or raise additional funds. The Company has limited financial resources, and there is no assurance that additional funding will be available to the Company to carry out the completion of all the activities of its exploration program, for additional exploration or for the substantial capital that is typically required in order to place a property into commercial production. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and evaluation of its properties.

Title matters

While the Company has performed its own due diligence with respect to title of the Surluga Property, this should not be construed as a guarantee of title. The Surluga Property may be subject to prior unregistered agreements of transfer or aboriginal land claims, and title may be affected by undetected defects.

Competition

Significant and increasing competition exists for mining opportunities internationally. There are a number of large established mining companies with substantial capabilities and far greater financial and technical resources than the Company. The Company may be unable to acquire additional attractive mining properties on terms it considers acceptable and there can be no assurance that the Company's exploration and acquisition programs will yield any new reserves or result in any commercial mining operation.

Conflicts of interest

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the

Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

No history of earnings

The Company has no history of earnings, and there is no assurance that the Surluga Property or any other mineral properties that it may acquire will generate earnings, operate profitably or provide a return on investment in the future. The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. The future dividend policy of the Company will be determined by its directors.

Potential profitability depends upon factors beyond the control of the Company

The potential profitability of mineral properties is dependent upon many factors beyond the Company's control. For instance, world prices of and markets for ore are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of ore may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of the Company.

Environmental risks and other regulatory requirements

The current or future operations of the Company require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Operating hazards and uninsurable risks

In the course of exploration, development and production of mineral properties, certain risks, including unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company.

The Company is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company periodically evaluates the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

Foreign countries and regulatory requirements

The Company may acquire properties located in other countries where mineral exploration activities may be affected by

varying degrees of political instability and haphazard changes in government regulations such as tax laws, business laws and mining laws. Any changes in regulations or shifts in political conditions would be beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, and mine safety.

Currency fluctuations

The Company maintains its accounts in Canadian currency. If the Company acquires properties in other countries, its operations may be subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company does not engage in currency hedging activities.

First Nations Issues

The Company had received a written letter of support from First Nations' representatives local to the Company's Surluga Project in 2013. The Company's management regularly consults with and informs the local First Nations band regarding any issues that may have an impact on them, and has received continued support for the Company's current and proposed future activities. However, unforeseen circumstances in the future could potentially have an effect on the Company's operations.

DISCLOSURE OF INTERNAL CONTROLS AND PROCEDURES

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the period presented by the unaudited condensed interim financial statements, and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the period presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

SUBSEQUENT EVENTS

Exploration Updates

On April 10, 2015, the Company announced recent exploration work performed by Red Pine Exploration ("Red Pine") on the property pursuant to execution of an Assumption Agreement, wherein Red Pine is conducting exploration work on the property to earn in a 30% interest in the property. In that announcement, Red Pine states that the winter/spring 2015 drill program is continuing with 2,500 metres ("m") of drilling completed as part of the planned program total of more than 3,000 metres ("m") on the Surluga Gold Deposit. The program's primary focus is to provide infill drilling results that can be used to expand the grade and size of the mineral resource at Surluga due to gaps in the historic data. Red Pine has a regulatory requirement to issue its own NI 43-101 resource report no later than June 12, 2015. Results for holes SD15-07 through SD-

15-13 have now been received and assays are pending for the remaining holes.

Significant intervals and composite assay results expected to be included in the revised resource report by Red Pine are summarized below:

Intervals greater than 15 grams per tonne (“g/t”) gold

Hole ID	From (m)	To (m)	Length (m)*	Gold (g/t)
SD-15-07	67.00	68.00	1.00	16.60
SD-15-10	228.39	229.40	1.01	16.20
SD-15-11	195.50	196.50	1.00	53.20
SD-15-11	216.00	217.00	1.00	51.70

Composites greater than 5 g/t gold

Hole ID	From (m)	To (m)	Length (m)*	Gold (g/t)
SD-15-07	63.00	68.00	5.00	5.64
SD-15-07	247.00	249.00	2.00	5.89
SD-15-08	327.35	329.35	2.00	5.84
SD-15-10	227.40	230.40	3.00	5.54

Composites greater than 1 g/t gold

Hole ID	From (m)	To (m)	Length (m)*	Gold (g/t)
SD-15-07	60.00	93.00	33.00	1.03
SD-15-07	195.00	197.00	2.00	1.18
SD-15-07	233.00	264.00	31.00	1.14
SD-15-08	45.00	47.00	2.00	1.47
SD-15-08	323.00	335.22	12.22	1.04
SD-15-10	198.00	200.20	2.20	1.16
SD-15-10	221.00	237.60	16.60	1.02
SD-15-11	160.82	162.00	1.18	1.42
SD-15-12	144.25	145.50	1.25	1.64
SD-15-12	149.10	153.10	4.00	1.20
SD-15-13	169.00	179.55	10.55	1.16

*True width has not been calculated for each individual intercept, but true width is generally estimated at 85%-95% of drilled width.

Quentin Yarie, President and Chief Operating Officer of Red Pine commented in the announcement, “Our current program is focused on filling in the gaps in the historic data of the Surluga Gold Deposit as it provides the greatest opportunity for immediately increasing the size and grade of the resource. Having completed the required infill drilling, we are now once again drilling our targeted new zones of mineralization.”

The following new insights of the work to date was cited by Red Pine. Past exploration has focused exclusively on the delineation of gold mineralization within the Surluga Gold Deposit’s Jubilee Shear. During Red Pine’s current exploration program however, gold mineralization was identified in both the hanging wall and footwall. This material was previously excluded in resource calculations as it was deemed to be barren.

In the hanging wall, gold mineralization is found both in subsidiary shears, and with disseminated pyrite. The shear hosted gold is similar to that found within the Jubilee Shear, but the pyrite association in diorite has more of an affinity with Archean Porphyry Gold systems such as Iamgold’s Côté Lake project. These findings are significant in that they identify gold mineralization in previously discounted material, and should therefore positively influence waste to ore ratios in future evaluations.

Hanging wall drill intersections

Hole ID	From (m)	To (m)	Length (m)*	Gold (g/t)
SD-15-07	50	52	2	0.8
SD-15-07	59	86	27	1.27
SD-15-07	170	173.7	3.7	0.525
SD-15-07	195	203	6	0.46
SD-15-08	43	49	6	0.665
SD-15-08	92.7	108.74	16.04	0.2

In the footwall, gold mineralization has been identified in high grade quartz-tourmaline tension veins. These tension veins are postulated to have been emplaced as fracture ‘fillings’ between the Jubilee Shear and the Hornblende Shear (a subparallel shear ~300-450 metres to the west of the Jubilee). These findings are significant in that they extend prospective gold mineralization further to the west than previously identified.

Footwall drill intersections:

Hole ID	From (m)	To (m)	Length (m)*	Gold (g/t)
SD-15-11	195.50	196.50	1.00	53.20
SD-15-11	216.00	217.00	1.00	51.70

*True width has not been calculated for each individual intercept, but true width is generally estimated at 85%-95% of drilled width

In addition to identifying gold mineralization in both the hanging wall and footwall of the Surluga Gold Deposit, structural analysis of oriented drill core has revealed that lode gold mineralization within the Surluga Gold Deposit is concentrated in vein arrays. Different structures are controlling the spatial distribution of these high grade gold zones. The main structures are a stretching lineation related to drag folding along shear zones, favorable contact zones between the diorite and a mafic fine-grained intrusion and intersection lineation between different sets of shear zones. Red Pine’s geoscientists believe they can use this information to more accurately target gold mineralization in the future.