PINECREST RESOURCES LTD.

Form 51-102F1: Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Expressed in Canadian Dollars)

Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Pinecrest Resources Ltd. ("Pinecrest" or the "Company") for the year ended December 31, 2014. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company including the most recent Company filings can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of April 23, 2015. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

> This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Business Overview and Overall Performance

Business overview

Pinecrest Resources Ltd. and its subsidiary engage principally in the acquisition, advancement and development of precious mineral properties particularly its Enchi Gold Project in Ghana. Pinecrest Resources Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations* Act (British Columbia) on January 18, 2010. Pinecrest is a public company listed on the TSX Venture Exchange (the "Exchange") (TSX-V: PCR) and its head office is located at Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2.

Overall performance

- For the year ended December 31, 2014, the Company recorded a net loss of $157,923 or $0.02 loss per share compared to a net loss of $612,548 or $0.11 loss per share during the same year in the prior year. The higher loss during 2013 was due to the Company writing off all capitalized costs associated with the Espiritu property as a result of the Company's decision to terminate its option agreement with Kootenay. The write-down recognized by the Company during 2013 was $486,197.

- For the year ended December 31, 2014, the Company recorded a comprehensive income of $37,339 compared to a comprehensive loss of $612,548 during the same year in the prior year. The income is due to the foreign currency translation of the Company's subsidiary's financial statements into the presentation currency.

- As at December 31, 2014, the Company had total assets of $11,495,622 (December 31, 2013 - $91,245) consisting primarily of cash and exploration and evaluation assets and a working capital of $2,517,831 (December 31, 2013 - $72,062).

(Expressed in Canadian Dollars)

- The Company completed the acquisition of the Enchi Gold Project located in southwest Ghana from Red Back Mining Ghana Limited, a wholly-owned subsidiary of Kinross Gold Corporation and Edgewater Exploration Ltd., a company with directors and officers in common.

- The Company completed a non-brokered private placement for gross proceeds of $3,600,000 through the issuance of 18 million units at a purchase price of $0.20 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $0.30 until December 4, 2016. Total share issue cost in connection with the private placement amounted to $200,964.

- The Company completed a consolidation of its share capital on a 4:1 basis, meaning four pre-consolidated shares for one post-consolidated share.

- The Company granted 3,050,000 stock options to directors, officers, consultants, and employees of Pinecrest at $0.22 per share with an expiry of five years.

- During 2015, the Company completed a preliminary economic assessment on the Enchi Gold Project.

Exploration and evaluation assets

		2014		2013
Acquisition costs				
Balance, beginning of year	$	-	$	106,000
Shares and warrants issued to Red Back Mining Ghana Limited		2,956,218		-
Shares issued and cash paid to Edgewater Exploration Ltd.		4,772,268		-
Provision for bonus payment		112,457		-
Professional and regulatory fees		515,983		-
Balance, end of year	$	8,356,926	$	106,000
Exploration and evaluation costs				
Balance, beginning of year	$	-	$	344,817
Camp costs		3,158		-
Concession fees, mining permits, and licenses		3,405		32,760
Geological		16,743		-
Management and administration		227		2,620
Resource estimate and studies		144,708		-
Salaries and wages		7,817		-
Share-based compensation		81,590		-
Travel and lodging		2,007		-
Balance, end of year	$	259,654	$	380,197
Foreign exchange impact		192,062		-
Write-off of exploration and evaluation assets		-		(486,197)
Total exploration and evaluation assets	$	8,808,642	$	-

Enchi Gold Project, Ghana

On December 4, 2014, the Company completed the acquisition of the Enchi Gold Project (the "Project") located in southwest Ghana from Red Back Mining Ghana Limited ("Red Back"), a wholly-owned subsidiary of Kinross Gold Corporation ("Kinross") (TSX: K; NYSE: KGC) and Edgewater Exploration Ltd. ("Edgewater") (TSX-V: EDW), a company with directors and officers in common. The Project was previously the subject of a joint venture between Red Back (49% interest) and Edgewater (51% interest).

Transaction Terms with Red Back Mining Ghana Limited

Pinecrest signed a definitive agreement with Red Back to acquire Red Back's 49% interest in the Project. In consideration for Red Back's interest in the Project, the Company:

- Issued 10,200,000 common shares to Red Back. The common shares were valued at $0.22 per share totaling $2,244,000 which has been classified as acquisition costs of the Project;
- Issued to Red Back an aggregate of 5,000,000 share purchase warrants, which entitles Red Back to purchase up to 5,000,000 common shares of Pinecrest at a purchase price of $0.30 per share at any time prior to December 4, 2019. The fair value of the warrants issued was $712,218 which has been classified as acquisition costs of the Project. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk free rate of 1.43%, a volatility factor of 90%, dividend of nil, and an expected life of five years;
- Agreed to pay Red Back a 2% net smelter returns royalty (the "NSR") on production from the Project, with an option for Pinecrest to acquire 1% of the NSR at any time for US$3.5 million ("Royalty Buyback Right"). This Royalty Buyback Right was indirectly assigned to Sandstorm Gold Ltd.;
- Agreed to pay Red Back US$10 for each newly defined ounce of gold contained in any new NI 43-101 measured and indicated mineral resource estimate payable within 120 days from the date Red Back receives notice from Pinecrest of the completion by Pinecrest of a Feasibility Study or any ounce of gold mined, whichever occurs first. Such amount shall be payable in cash or at Pinecrest's option, in common shares of Pinecrest provided that such issuance would not result in Red Back holding more than 20% of the issued and outstanding shares of Pinecrest. A fair value of $112,457 was assigned to the Bonus Payment as at the reporting date, which is classified as provision for bonus payment. This value was derived from management's estimate of future cash flows using the preliminary economic assessment report prepared by WSP Canada Inc.;
- Agreed to pay an arm's length party a 2% royalty, up to a maximum amount of USD$500,000, on future production from one of the Enchi Project licenses; and
- Granted Red Back a right of first refusal to process ore from the Project at Red Back's Chirano Mill, if toll processing is considered by Pinecrest.

Transaction Terms with Edgewater Exploration Ltd.

Pinecrest signed a definitive agreement with Edgewater to acquire Edgewater's 51% interest in the Project, through the purchase of all of the shares of Edgewater's Ghanaian subsidiary, Cape Coast Resources Limited ("CCRL"), which holds the interest in the Project. In consideration for Edgewater's interest in the Project, the Company:

- Issued 20,938,887 common shares to Edgewater (the "Acquisition Shares"). The common shares were valued at $0.22 per share totaling $4,606,555 which has been classified as acquisition costs of the Project;

(Expressed in Canadian Dollars)

- All shares issued to Edgewater are subject to resale restrictions of up to 12 months with 25% of the shares to be free trading on June 4, 2015, a further 25% on September 4, 2015, and the balance of 50% on December 4, 2015; and

- Paid to Edgewater a cash payment of $150,000. The cash payment was recorded as acquisition cost of the Project.

The Company accounted for its acquisition of CCRL as a purchase of assets. In accordance with IFRS 3, Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that are capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination as the Project is an exploration stage property with no defined mineral reserves and did not contain any processes. Consequently, this transaction has been recorded as an acquisition of an asset. As at December 4, 2014 (the "Acquisition Date"), the fair values of CCRL are as follows:

Fair values allocation for CCRL:		
Assets acquired:		
Cash	$	16,817
Prepaid expenses		1,338
Exploration and evaluation assets		4,741,453
Property and equipment		55,037
Liabilities assumed:		
Trade and other payables		(42,377)
Net assets acquired	$	4,772,268
Consideration paid to Edgewater	$	4,772,268

The consolidated financial statements of the Company include the accounts of CCRL from the Acquisition Date to December 31, 2014. The net income of CCRL from the Acquisition Date to December 31, 2014 is $26,953 which has been consolidated into the Company's consolidated Statement of Comprehensive Income for the year. The Company capitalized $515,983 in professional and regulatory fees associated with the acquisition of the Project. These costs have been classified acquisition costs of the Project as at December 31, 2014.

Transfer of the prospecting licenses for the Project is subject to the approval of the Minister of Lands and Natural Resources of the Republic of Ghana (the "Consent").The Company has submitted all documentation necessary to obtain consent to the transfer of the prospecting licenses to the Minerals Commission. Upon receipt of the Consent, transfer of the legal interest and title to the prospecting licenses to the Company will be completed. Until the Consent is obtained, the prospecting licenses will be held in trust by Red Back for the benefit of Pinecrest.

Government of Ghana's participation in mining lease

Where a mineral right is for mining or exploitation, the Government of Ghana shall acquire a 10% free carried interest in the rights and obligations of the mineral operations in respect of which financial contribution shall not be paid by the Government of Ghana. The Company presently holds prospecting licenses.

Espiritu Property, Mexico

On July 13, 2011, the Company entered into its option agreement with Kootenay Gold Inc. ("Kootenay"), pursuant to which Kootenay granted to the Company an option to acquire up to an undivided 50 percent interest in the two mineral concessions comprising the Espiritu property located in Sahuaripa, Sonora Mexico. The Company was the operator of the project during the term of the option. On April 15, 2013, the Company terminated its option agreement with Kootenay on the Espiritu project. During the year ended December 31, 2013, the Company wrote off all capitalized costs associated with the Espiritu project which amounted to $486,197.

Strategic alliance with Sandstorm Gold Ltd.

The Company signed a definitive agreement with Sandstorm Gold Ltd. ("Sandstorm"), which sets out the terms and conditions of an intended strategic alliance. Terms of the strategic alliance are as follows:

- Sandstorm subscribed to 10,000,000 units in the non-brokered private placement completed by Pinecrest. Sandstorm holds approximately 18% of the common shares of Pinecrest on completion of the private placement;

- Pinecrest indirectly assigned to Sandstorm all of its rights, title and interest and obligations in the Royalty Buyback Right with Red Back. No value has been assigned to the Royalty Buyback Right as at the reporting date; and

- Pinecrest granted Sandstorm a right of first refusal for a defined period of time to provide metal stream financing sought by Pinecrest with respect to gold produced from the Project, upon industry-standard terms for such financings.

Preliminary Economic Assessment – Enchi Gold Project, Ghana

The Company completed a Preliminary Economic Assessment (the "PEA" or the "Study") on the Enchi Gold Project in Ghana, West Africa. The PEA was prepared by WSP Canada Inc. ("WSP") using a base case Inferred Mineral Resource of 1.07 million ounces (oz) of gold (37.3 million tonnes grading 0.9 gram of gold per tonne (g/t Au), at a cut-off of 0.5 g/t Au). The PEA contemplates an owner operated, open pit, heap leach operation processing 3.0 million tonnes per annum (Mtpy). All currency figures are in US Dollars (US$ or $) and using a base case gold price of $1300/oz, the Study shows that the Project has net Pre-Tax cash flow of $145 million, a Pre-Tax Net Present Value (NPV) at 5% discount rate of $102 million and an Internal Rate of Return (IRR) of 33%.

Enchi Gold Project Highlights

- Pre-Tax NPV 5% of $102 Million, IRR 33%
- Life of Mine Average Cash Costs of $802/oz
- Average Annual Gold Production of 61,749 oz over an 8.7 year mine life
- Resource expansion potential to extend mine life considered to be excellent with several near surface, on-strike gold targets located outside of the current resource
- Evaluation of contract mining scenario planned to reduce initial capital requirement and enhance already attractive Project economics

PEA Highlights – Base Case $1,300/oz gold price

Average Mined Gold Grade (g/t)	0.91
Processing Rate (Mtpy)	3.0
Mine Life (years)	8.7
Life-of-Mine (LOM) Strip Ratio	3.16:1
IRR Pre-Tax (%)	33
NPV Pre-Tax (5% Discount Rate) (US$ Million)	102
IRR After-Tax (%)	24
NPV After-Tax (5% Discount Rate) (US$ Million)	62
Initial Capital Cost (US$ Million)	84
LOM Sustaining Capital Cost (US$ Million)	39
Payback (Pre-Tax)(years)	2.8
Payback (After-Tax) (years)	3.4
LOM Cash Costs (US$/oz)	802
Metallurgical Recoveries (oxide/transition/sulphide %)	75/75/73
Total Recovered Gold (oz)	538,450
Average Annual Gold Production (oz)	61,749
Peak Annual Gold Production (oz)	76,210

Note: Numbers may not add exactly due to rounding. Cash cost includes all operating costs, royalties, refining charges, environmental monitoring, tenure fees as well as general and administration costs. Cash cost excludes any capital cost, either initial or sustaining and closure and remediation costs.

Over the first two years of production, Enchi will produce an average of 74,850 ounces of gold per year at a head grade of 1.24 g/t gold, with average cash costs of $541 per ounce including royalties and refining charges. Over a project mine life of 8.7 years the current deposit would produce an average of 61,749 ounces of gold per year at an average cash cost of $802 per ounce including royalties and refining charges. The Study shows a Pre-Tax Internal Rate of Return of 33% (24% After-Tax) and a Payback Period of 2.8years (3.4 years After-Tax).

Financial Models

The financial models were completed using a base case gold price of $1300 per ounce. The Base Case Pre-Tax economic evaluation has an IRR of 33%, payback of capital in 2.8 years and a NPV of $102 million at a discount rate of 5%.

Table 1 Pre-Tax Financial Model Sensitivity Analysis

	Units	Metal Price Scenarios			
				(Base Case)	
Gold	**US$/oz**	1,200	1,250	**1,300**	1,350
NPV	**5%**	61.9	81.9	**101.9**	121.9
Payback	**Years**	3.4	3.0	**2.8**	2.7
IRR	**%**	23	28	**33**	37

The Pre-Tax financial model includes: an initial capital cost of $72.7 million, a contingency of $11.8 million (20% of direct costs); sustaining capital of $38.6 million including a contingency of $5.3 million and reclamation and closure costs of $18.3 million. The Financial Model was completed on a 100% Project basis and includes a 5% NSR to the Ghanaian Government and a 2% NSR to Red Back Mining Ghana, a subsidiary of Kinross Gold. The After-Tax financial model includes a 35% corporate tax, demonstrating a base case NPV of $62 million at a discount rate of 5%. The Government of Ghana have the right to a 10% free carry interest in the Project which is not reflected in this analysis.

(Expressed in Canadian Dollars)

The PEA is preliminary in nature, and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

The completed NI 43-101 Technical Report ("Report") was filed by WSP on April 14 2015 and included a restatement of the mineral resource estimate and present in-pit mineral resource estimate. The Report was prepared by Todd McCracken, P.Geo. (Geology), Ms. Joanne Robinson, P.Eng. (Mining), Mr. Mireno Dhe Paganon, Eng, (Metallurgical and processing), Mr. Bruce White, PrEng. (Infrastructures), Mr. Paul Vermaak, Pr.Sci.Nat, (Environmental and social aspects), and Mr. Jean-Sebastien Houle, Eng. (financial). All individuals providing certifications are Independent Qualified Persons as defined by NI 43-101.

Mr. Gregory Smith, P. Geo. Vice President, Exploration of Pinecrest is the qualified Person as defined by NI 43-101 and has prepared and approved the technical data and information.

The PEA was based on the July 15, 2014 NI 43-101 Inferred Mineral Resource estimate prepared by WSP and using a 0.5 g/t cut-off (see Table 2 for details).

Table 2 Enchi Gold Project - Inferred Mineral Resource (0.5 g/t Cut-Off)

Cut-off Au (g/t)	Zone	Tonnes	Grade Au (g/t)	Contained Gold (ounces)
0.5	Boin	15,872,000	0.96	489,892
0.5	Nyamebekyere	5,350,000	0.96	165,129
0.5	Sewum	16,135,000	0.82	423,676
	TOTAL	37,357,000	0.90	1,078,697

1. CIM definition standards were followed for the resource estimate.
2. The 2014 resource models used ordinary kriging (OK) grade estimation within a three-dimensional block model with mineralized zones defined by wireframed solids.
3. A base cut-off grade of 0.5 g/t Au was used for reporting resources with a capping of gold grades at 18 g/t.
4. A US$1,300/ounce gold price, open pit with heap leach operation was used to determine the cut-off grade.
5. A density of 2.45 g/cm^3 was applied.
6. Numbers may not add exactly due to rounding.
7. Mineral Resources that are not mineral reserves do not have economic viability

The 2014 Mineral Resource estimate was based on 52,385 metres of diamond and RC drilling in 646 holes as well as data from 102 surface trenches totalling 13,799 metres. The drilling is generally spaced at 25 to 50 metre intervals.

(Expressed in Canadian Dollars)

Selected Annual Information

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's consolidated financial statements and related costs for the years ended December 31, 2014, 2013, and 2012.

		December 31, 2014		December 31, 2013		December 31, 2012
Total revenues	$	Nil	$	Nil	$	Nil
Net loss	$	157,923	$	612,548	$	271,749
Comprehensive loss (income)	$	(37,339)	$	612,548	$	271,749
Loss per share - basic and diluted	$	0.02	$	0.11	$	0.01
Total assets	$	11,495,622	$	91,245	$	721,891
Total liabilities	$	225,914	$	19,183	$	37,281
Total shareholders' equity	$	11,269,708	$	72,062	$	684,610

Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's financial statements and related notes.

During 2014, the Company incurred $2,500 (2013 - $50,000) in management fees. The decrease in management fees during 2014 was to conserve the Company's cash position.

Share-based compensation was $71,078 during 2014 compared to nil during the prior year. The increase was due to the 3,050,000 stock options granted to directors, officers, consultants, and employees on December 4, 2014.

Other comprehensive income arising from foreign currency translation was $195,262 during 2014 compared to nil during the prior year. This resulted from the foreign currency translation of the Company's subsidiary's financial statements into the presentation currency. The functional currency of the subsidiary is US dollars while the presentation currency is Canadian dollars. The Company did not have a foreign subsidiary during the same period in the prior year.

During 2013, the Company wrote off all capitalized costs associated with the Espiritu property as a result of the Company's decision to terminate its option agreement with Kootenay. The write-down recognized by the Company during 2013 was $486,197. The Company did not recognize any impairment charges during 2014.

(Expressed in Canadian Dollars)

Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

		Revenue		Net loss		Comprehensive loss (income)		Loss per share
December 31, 2014[1]	$	Nil	$	43,316	$	(151,946)	$	0.01
September 30, 2014	$	Nil	$	10,613	$	10,613	$	0.00
June 30, 2014	$	Nil	$	65,884	$	65,884	$	0.01
March 31, 2014	$	Nil	$	38,110	$	38,110	$	0.00
December 31, 2013	$	Nil	$	12,256	$	12,256	$	0.00
September 30, 2013	$	Nil	$	14,585	$	14,585	$	0.00
June 30, 2013	$	Nil	$	29,088	$	29,088	$	0.00
March 31, 2013[2]	$	Nil	$	556,619	$	556,619	$	0.03

[1]Refer to Section 1.4, Results of Operations, for further detail on income and loss incurred during the year.

[2]Included in this loss is a write-down of $486,197 in relation to the Company's decision to terminate the option agreement with Kootenay. Refer to Section 1.2 of the MD&A for further discussion.

Liquidity

The Company currently has no operating revenues and relies primarily on equity financing. As at December 31, 2014, the Company had a working capital of $2,517,831.

Capital Resources

The Company's only source of funding has been the issuance of equity securities for cash. Management believes it will be able to raise equity capital as required, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Trading transactions

The Company's related parties consist of companies owned by management and directors. The Company had a payable balance of $1,256 as at December 31, 2014 (2013 - $Nil). All related party transactions were recorded at the amount agreed upon by the related parties.

(Expressed in Canadian Dollars)

Compensation of key management personnel

Remuneration of key management personnel during the year was as follows:

		2014		2013
Short-term benefits	$	2,500	$	78,000
Share-based payments		110,118		-
Total	$	112,618	$	78,000

Key management includes the Company's senior management and members of the Board of Directors.

		2014		2013
Management fees	$	2,500	$	50,000
Consulting		110,118		28,000
Total	$	112,618	$	78,000
Expensed in:				
General and administrative	$	73,575	$	78,000
Capitalized in:				
Exploration and evaluation assets	$	39,043	$	-
Total	$	112,618	$	78,000

Fourth Quarter

Share-based compensation was $71,078 for the quarter ended December 31, 2014 compared to nil during the same period in the prior year. The increase was due to the 3,050,000 stock options granted to directors, officers, consultants, and employees on December 4, 2014.

Other comprehensive income arising from foreign currency translation was $195,262 for the three months ended December 31, 2014 compared to nil during the same period in the prior year. This resulted from the foreign currency translation of the Company's subsidiary's financial statements into the presentation currency. The functional currency of the subsidiary is US dollars while the presentation currency is Canadian dollars. The Company did not have a foreign subsidiary during the same period in the prior year.

Proposed Transactions

None.

Critical Accounting Estimates and Change in Accounting Policies including Initial Adoption

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The areas that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Impairment of exploration and evaluation assets

Management assesses its exploration and evaluation assets for impairment indicators at the end of each reporting period. Such assessment is based on the facts and circumstances for each project, which includes a status report regarding the Company's intentions for the undeveloped property. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of operations.

Fair value of warrants and share-based payments

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and warrants issued, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting year. Proceeds from the issuance of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model. In determining the fair value of the options or warrants, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

Recent accounting pronouncements

The Company has adopted the new and revised standards and interpretations issued by the IASB listed below effective January 1, 2014. These changes were made in accordance with the transitional provisions outlined in the respective standards and interpretations.

Amendment to IAS 32, Financial Instruments: Presentation, on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements.

Amendments to IAS 36, Impairment of Assets ("IAS 36"), on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13, Fair Value Measurement ("IFRS 13"). The amendments did not have a significant effect on the Company's financial statements.

IFRIC 21, Levies, sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37, Provisions. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The Company is not currently subjected to levies so the interpretation had no impact on the Company's financial statements.

Annual Improvements 2010-2012 Cycle. In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning on January 1, 2014, and it clarifies in the basis for conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 had no impact on the Company's financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2014 are not material to the Company.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and FVTPL. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company has yet to assess the full impact of IFRS 9.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Under IFRS 15, revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. This standard has no impact to the Company's financial statements as the Company is currently not revenue producing.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(Expressed in Canadian Dollars)

Financial Instruments and Other Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist of cash, trade and other receivables, trade and other payables, and provision for bonus payment. Cash is classified as loans and receivable recognized initially at fair value. Subsequent to initial recognition, it is measured at amortized cost using the effective interest method, less any impairment losses. The fair value of all other financial instruments approximates their carrying values due to their short-term maturity or capacity of prompt liquidation. The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is relatively low. Cash is held through a large national financial institution.

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2014:

	Carrying amount	Fair value
Financial assets		
Loans and receivables		
Cash	$ 2,570,474	$ 2,570,474
Trade and other receivables	$ 16,606	$ 16,606
Financial liabilities		
Other financial liabilities		
Trade and other payables	$ 113,457	$ 113,457
Provision for bonus payment	$ 112,457	$ 112,457

Other MD&A Requirements

Additional information relating to the Company including the most recent Company filings can be located on the SEDAR website at www.sedar.com.

Additional Disclosure for Venture Issuers Without Significant Revenue

See results of operations in Section 1.4 above.

Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at April 23, 2015.

	Number Outstanding
Common shares	54,888,887
Options to purchase common shares	3,792,500
Warrants to purchase common shares	23,406,230

Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

Risk Factors

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

Estimation of Mineralization, Resources and Reserves

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. In addition, the quantity of reserves and mineralization may vary depending on commodity prices. Any material change in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a project. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's activities and profitability.

Title Matters

Any changes in the laws of Ghana relating to mining could materially affect the rights and title to the interests held there by the Company. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Funding Requirements

Mining exploration and development involves financial risk and capital investment. The continuance of the Company's development and exploration activities and its growth through the acquisition of exploration, development or production assets depend upon the Company's ability to generate positive cash flows, private and public equity financing, debt and/or other means. There is no assurance that the Company will be successful in obtaining additional financing on a timely basis or continue to generate positive cash flows.

Uninsured Risks

The mining business is subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company maintains insurance against certain risks associated with its business in amounts that it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting claim.

Foreign Operations

Operations, development and exploration activities carried out by the Company are or may be affected to varying degrees by taxes and government regulations relating to such matters as environmental protection, land use, water use, health, safety, labour, restrictions on production, price controls, currency remittance, maintenance of mineral rights, mineral tenure, and expropriation of property. There is no assurance that future changes in taxes or such regulation in the various jurisdictions in which the Company operates will not adversely affect the Company's operations. Industrial disruptions, work stoppages and accidents in the course of the Company's operations can result in future production losses and delays, which may adversely affect future profitability. The Company currently holds assets in Ghana. Although the operating environment in Ghana is considered favorable compared to that in other developing countries, with various government incentives offered to attract international investment into Ghana, there are still political risks. The risks include, but are not limited to, terrorism, hostage taking, military repression, expropriation, extreme fluctuations in currency exchange rates, high rates of inflation and labor unrest.

Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, maintenance of claims, environmental legislation, expropriation of property, land use, land claims of local people, water use and safety. The effect of these factors cannot be accurately predicted.

Exploration and Development Risks

The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties that even a combination of careful evaluation, experience and knowledge may not eliminate. There is no certainty that the expenditures made or to be made by the Company in the exploration and development of its mineral properties or properties in which it has an interest will result in the discovery of mineralized materials in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable deposits. While discovery of a base metal or precious metal bearing structure may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that exploration programs carried out by the Company will result in profitable commercial mining operations.

The Company's operations are subject to all of the hazards and risks normally incident to mineral exploration, mine development and operation, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The Company's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards such as unusual or unexpected formations, pressures or other conditions may also be encountered.

Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and, if warranted, commencement of production on properties in which it has an interest, require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, 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 applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. However, there can be no assurance that all permits which the Company may require for the conduct of mineral exploration and development can be obtained or maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any such mineral exploration or development which the Company might undertake. Amendments to current laws, regulations and permits governing operations and activities of mineral exploration companies, or more stringent interpretation, implementation or enforcement thereof, could have a material adverse impact on the Company.

Hedging and Foreign Exchange

While hedging of commodity prices and exchange and interest rates is possible, there is no guarantee that appropriate hedging will be available at an acceptable cost should the Company choose or need to enter into these types of transactions.

Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is required to file basic certificates, which it has done for the year ended December 31, 2014. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2014.

Outlook

The Enchi Gold Project covers highly prospective geology and based on the results of the geological, geophysical, geochemical, trenching, and drilling work completed to date, numerous additional targets for exploration exist. The Project hosts an inferred resource at a 0.7 g/t Au cut off of 20.6Mt grading 1.13 g/t Au containing 749,000 ounces of gold at the three main prospects Boin, Sewum, and Nyamebekyere prospects. During 2015, the Company completed a preliminary economic assessment on the Enchi Gold Project – refer to section, "Preliminary Economic Assessment – Enchi Gold Project, Ghana." With the PEA completed, the Company is presently evaluating various work program initiatives at Enchi.