

# NEW NADINA EXPLORATIONS LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS

Three months to November 30, 2014

January 27, 2015

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# NEW NADINA EXPLORATIONS LIMITED

## INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

This management's discussion and analysis is intended to supplement the unaudited interim financial statements and the financial condition and operating results of New Nadina Explorations Limited (the Company or "New Nadina") for the three months ended November 30, 2014. The discussion should be read in conjunction with the unaudited interim financial statements of the Company and the notes thereto for three months ended November 30, 2014 and the year ended August 31, 2014. The unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company. The Company adopted IFRS on September 1, 2011 with a transition date of September 1, 2010. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This information is current to November 30, 2014.

New Nadina has continued its efforts to date with a sole business objective to identify, evaluate and explore mineral properties having high potential for the discovery of economic mineral deposits. The goal would be to involve a major mining company in the early stages of a discovery for the creation of value for our shareholders. We remain a publicly traded company without any substantive operations, and thus, have realized no significant mining revenues to date. New Nadina has a year end of August 31st, was incorporated on April 7, 1964 under the Company Act of British Columbia. On December 20, 1977 the name changed from Nadina Explorations Limited NPL to New Nadina Explorations Limited NPL. At that time a one for four roll back occurred where 2,380,005 issued shares of the former company resulted in 595,001 of the new company. On April 9, 1985 the company converted from a specially limited company to a limited company under the name of New Nadina Explorations Limited.

The Company is principally engaged in the acquisition, exploration and development of mineral and diamond properties in British Columbia, Saskatchewan, Northwest Territories, and formerly in Nunavut, and accordingly has no revenue from any of its properties. The Company trades on the TSX Venture Exchange under the trading symbol "NNA" and is extra-provincially registered in the Province of Saskatchewan and extra-territorial registered in the Northwest Territories.

### Forward-Looking Information

This management discussion and analysis ("MD&A") contains certain forward-looking statements and formation relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company as of reporting period under this disclosure. When used in this document, the words "anticipate", "believe", "estimate", "expect", "significant" and similar expressions, as they relate to the Company or its management are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and developments of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

### Mineral Project Activity

#### Silver Queen Property – Central British Columbia (100%)

The Company owns 100% interest in 17 crown-granted and 45 tenure claims covering 18,852 hectares in the Omineca Mining Division, near Owen Lake, British Columbia. The Silver Queen property is located at kilometre 43 on the all-weather Morice/Owen forest service road that originates in Houston B.C. continuing 125 kilometres south to Huckleberry Mine.

Limited production at the property (early 1970's) was from the north end of No.3 Vein through the Bradina Joint Venture. Since then significant surface and underground exploration has proven extended length and depth of the No.3 vein system that carries potentially economic concentrations of silver and locally gold.

In 2010, an all season camp was established concurrent with prospecting, soil sampling and limited ground geophysics (EM) followed by a 26 hole drill program that targeted the vein system.

#### **Itsit - Hidden copper-molybdenum-gold porphyry discovered in 2011**

The mission to substantiate previous explorers' dreams of the Silver Queen hosting a large bulk tonnage deposit came to fruition in 2011 when further exploration consisting of prospecting, sampling, airborne (700 line km) time-domain electromagnetic geophysics (ZTEM) followed by ground geophysics using the Titan 24 IP (Induced Polarization), DCIP and Magnetotelluric (MT) system led to the discovery of a hidden copper-molybdenum-gold porphyry deposit.

A zone of high chargeability was identified southeast of the Silver Queen No.3 Vein system (Anomaly B - Itsit). The anomaly was drill tested in 2011 and in 2012-13 following further IP geophysics. The drilling identified porphyry style copper, molybdenum and gold stockwork mineralization hosted by a quartz-feldspar porphyry intrusion. This discovery was subsequently named the Itsit porphyry. Holes 11S-03, 11S-06 and 11S-13 intersected encouraging grades. Between November 12, 2012 and February 23, 2013 six HQ/NQ2 diamond drill holes (4,413.3 m) were completed.

At this date, eight drill holes in an area roughly 650 meters SW-NE by 500 meters NW-SE have intersected significant Co-Mo-Au mineralization in the approximately two by one and a half kilometer system which remains open in all directions including depth.

A complete table of Itsit drill hole results are available in the April 4, 2013 News Release, summarized in previous MD&A reports and displayed on a map on the Company website.

### **PLANNED EXPLORATION PROGRAM AND ACTIVITY**

A work permit is in place to include drilling and trenching. Financing and a joint venture partner are being sought to fund the recommended program set out below. Until then, continued reclamation and site maintenance will ensue.

A follow-up recommended program would encompass testing a resistivity low anomaly located further north of the Itsit anomaly edge. No soil geochemical analysis for gold has been conducted in the area of this anomaly and sampling would utilize a reverse circulation drill as well over the Itsit areas of extensive overburden cover. Results would direct core drilling to test the shallowest bulge/centre of the resistivity low looking for a possible epithermal gold zone. Further drilling would target extensions of the higher copper grade mineralization intersected in hole 11S-03 and possible down-dip displacements of the upper part of the Itsit porphyry style mineralization.

### **LANDOWNER LAWSUITS, SURFACE RIGHTS BOARD (SRB) DECISION AND CHRONOLOGY**

**November 9, 2012:** A petition was filed in the Supreme Court of British Columbia by land owners holding the surface rights over certain Silver Queen mineral claims, C. Donald Christmann and 0712249 B.C. Ltd., against the Mine Inspector with Ministry of Mines and the Company seeking judicial review of the amended Ministry of Mines permit issued to the Company, and both a permanent and interim order stopping the Company from conducting any and all mining activities authorized under such permit. At the hearing of an *ex parte* application for an interim injunction, the court ordered that the matter should not proceed without notice to New Nadina, and ordered that Christmann serve the petition materials on New Nadina before proceeding any further.

**November 28, 2012:** The Court ordered that by consent the Petition (above) be dismissed and the parties entered into an informal settlement agreement with the effect that the Company could continue its mandate to explore the Silver Queen mineral claims and complete the exploration program currently underway.

**April 24, 2013:** Subsequent to the above Petition, C. Donald Christmann and 0712249 BC Ltd submitted to the Surface Rights Board of BC (SRB) claiming that a large portion of the area covered by the New Nadina exploration permit is “under cultivation” within the meaning of the Mineral Tenure Act, and therefore not subject to right of entry for mining activity. Mediated telephone conference meeting pre-arbitration attempts to resolve private landowner issues were unsuccessful. The parties disagreed and the mediator recommended the issue to the SRB for a decision.

**June 3 – 6, 2013:** Surface Rights Board hearing took place at Smithers, BC.

**September 6, 2013:** The BC Surface Rights Board agreed with the Company’s position that once the seasonal opportunity to harvest or pasture a crop has passed, land is no longer considered “land under cultivation” within the meaning of the Mineral Tenure Act until such time as cultivation activities for the purpose of raising and harvesting or pasturing a crop begin again the following season. This interpretation allows New Nadina access to such areas after the crop, if any, has been harvested or once the time has lapsed to harvest and also in early fall and winter.

**October 25, 2013:** C. Donald Christmann and 0712249 BC Ltd.\* are not satisfied with the decision of the SRB and have now filed a Petition with the Supreme Court of B.C. against New Nadina Explorations Limited and Cheryl Vickers in her capacity as Chair of the Surface Rights Board to set aside parts of the decision. The petition is seeking such changes to redefine “Land Under Cultivation” as set out in the Mineral Tenure Act be land that is improved or is being improved for the purposes of crop production including:

- a. land lying fallow for a period of time as part of an agriculture plan;
- b. land being rested in order to deal with invasive weeds;
- c. land on which the present season’s crop has been harvested; and
- d. land on which the opportunity to harvest the present season’s crop has been lost due weather, disease, or the like.

New Nadina believes this latest application is yet another tactic to obstruct the Company’s exploration plans, and it is confident that it has succeeded in obtaining the required approval to proceed with its exploration as planned.

The decision of the SRB continues to be in effect during this challenge by the surface landholders and New Nadina will continue to update its shareholders on the developments of the proceedings. Proposed court date during week of June 9, 2014 is expected.

\* As of December 23, 2013 BC Registry Services shows the directors of 0712249BC Ltd as:

Charles Donald Christmann of Patagonia AZ, USA, Director, Secretary  
 Gary Blaine Thompson of Houston, BC., Director, President and  
 Mary Elizabeth MacGregor of Kamloops, Director & solicitor (Registered Office of the company).

**June 11, 2014:** The Company presented at the BC Supreme Court hearing in Kamloops BC. Madam Justice Donegan presiding.

**November 24, 2014:** A decision from the BC Supreme Court, dated November 19, 2014, has dismissed the Petition brought by C. Donald Christmann and 0712249 B.C. Ltd., awarding costs to New Nadina. The Court found that such an interpretation would go beyond the ordinary and grammatical sense of the phrase in the context of overall legislative scheme, and would be inconsistent with the intent of the Legislature. The Court also stated that the legislation clearly allows New Nadina, as a recorded mineral tenure holder with a permit under s.10 of the Mines Act, to enter private lands. The land owner may apply to the SRB for the settling of entry conditions and compensation. (refer to October 25, 2013 note).

**December 12, 2014:** Notice received where C. Donald Christmann and 0712249 BC Ltd, on December 3, 2014 filed an appeal regarding the decision of Madam Justice Donegan of the BC Supreme Court of Appeal. Christmann holds the surface rights over some of the Silver Queen mineral tenures and is objecting to the right of any access mainly claiming the lands are 'lands under cultivation'. Plans to explore and develop the underground vein system on the Silver Queen property or work on Crown owned land are not affected by the landowner appeal. New Nadina expects the Court of Appeal to hear the case sometime in the summer of 2015. New Nadina legal counsel has reviewed in detail the decision of Madam Justice Donegan substantiating that it is correct and that the landowner's appeal is unlikely to succeed.

**Current:** Silver Queen expenditures for the three month period ending November 30, 2014 totaled \$45,367 compared to \$68,401 for the similar period in 2013. On a project to date basis total Silver Queen expenditures by this company to November 30, 2014 amounted to \$8,007,149 (August 31, 2014 amounted to \$7,961,782).

### **Monument Diamond Property - Lac de Gras, Northwest Territories (57.49%)**

The Company owns 57.49% of certain mineral leases in the Mackenzie District Mining Division, NWT. The property is subject to 2% gross overriding royalty. New Nadina is the operator of the joint venture where two parties hold the remaining 42.51%.

The property is located at Lac de Gras, approximately 300 km north of Yellowknife, accessible by float and ski plane and winter ice road. The property now has 12 proven diamond bearing kimberlites. An all season camp is positioned on the south shore of Lac de Gras.

A five year Type A Land Use Permit expires September 2017. It is hoped that further drill testing of potential kimberlite targets will occur. Another joint venture partner is being sought for a program to conduct ground geophysics, to drill a number of untested anomalies and acquire larger samples from proven kimberlites.

**For a History Recap and Property summary see website nadina.com**

For the three month period ending November 30, 2014 the Company has expended \$7,698 (2013 - \$678) on direct costs applicable to this property less recoveries of \$2,919.

### **Saskatchewan Silica Sand Lease (50%)**

The silica Quarrying Mineral Lease covers an area of 54 acres and is valid until December 2019. To date, no income has been received from the lease. For the three month period ending November 30, 2014 our 50% share of expenses totaled \$429 (2013 - \$226).

### **Summary of quarterly reports**

<b>Period</b>	<b>Standard of preparation</b>	<b>Net Loss or (Income) for the quarter</b>	<b>Basic and diluted earnings (loss) per share for the quarter</b>	<b>Total Assets</b>	<b>Total Liabilities</b>
<b>1st Quarter 2015</b>	<b>IFRS</b>	<b>67,894</b>	<b>0.00</b>	<b>360,565</b>	<b>63,380</b>
4 <sup>th</sup> Quarter 2014	IFRS	78,803	(0.00)	434,727	69,648
3rd Quarter 2014	IFRS	(200,942)	0.00	472,092	28,210
2 <sup>nd</sup> Quarter 2014	IFRS	46,534	(0.00)	277,644	34,704
1st Quarter 2014	IFRS	93,234	(0.00)	329,919	40,445
4 <sup>th</sup> Quarter 2013	IFRS	424,919	(0.01)	449,715	67,007
3rd Quarter 2013	IFRS	224,212	(0.00)	566,988	46,691
2nd Quarter 2013	IFRS	827,843	(0.00)	858,528	114,019

## **Discussion of Operations and Financial condition**

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's interim financial statements and related costs. The current period figures are for the three month period ended November 30, 2014.

During the period ended November 30, 2014, the company lost \$67,894 (\$0.00 per share) compared to a loss of \$93,234 for the similar period in 2013 (\$0.00 per share). This difference of \$25,340 is attributed to lower exploration and administration costs received in this quarter.

Joint Venture reimbursements increased from \$ Nil in 2013 to \$2,919 in the current quarter.

Administration costs decreased to \$17,111 in the period ended November 30, 2014 from \$23,929 for a similar period in 2013.

The difference is attributed to: a decrease in legal, audit and accounting to \$7,493 from \$9,931 and a decrease in licenses, fees and other to \$1,401 from \$3,168. Printing, stationery and office costs decreased to \$5,735 from \$7,021 in 2013 and interest income increased to \$1,196 from \$286. Amounts due to directors and shareholders totaled \$400 at November 30, 2014 compared to amounts advanced of \$400 on November 30, 2013.

Acquisition costs and exploration expenditures relating to mineral properties are written off as incurred. Payments received for exploration rights on the Company's mineral properties are treated as cost recoveries and are credited to reduce the cost of exploration expenditures related to the mineral claims with any excess, on an aggregate basis, recorded as income. Option payments are recorded as incurred. Ongoing reclamation and site restoration costs including site care and maintenance are expensed when incurred.

The Company had a working capital of \$64,125 as at November 30, 2014 and has accumulated losses of \$15,568,459. Since inception, the Company has been successful in funding its operations and at November 30, 2014 had net issued shares of 84,486,568 for net proceeds of \$13,217,244 averaging \$0.156 per share. New Nadina shares traded at \$0.015 on November 27, 2014. There has been no change in the nature of or manner in which business is conducted nor in business conditions which would affect the Company's financial results.

## **Risks**

The Company is engaged in the exploration, development and exploitation of mineral resources for precious metals and diamonds. The properties of the Company are without a known body of commercial ore. The exploration programs undertaken and proposed constitute an exploratory search and there is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. The amounts shown as property acquisition costs represent acquisition and holding cost, less amounts written off, and do not necessarily represent present or future values.

## **Management changes during the period**

The Annual General Meeting of the Company was held on January 26, 2015. The board of directors and the officers as follows: Ellen Clements, President and CEO, John Jewitt, William Meyer and David Huck are directors and the CFO and Secretary is Arlene Ashton.

## **Financing Activities and Stock Options**

Refer to the complete details in the November 30, 2014 Financial Statement.

## **Liquidity**

The financial statements for the period ended November 30, 2014 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that New Nadina 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. New Nadina has incurred operating losses over the last several fiscal years, has limited financial resources, no source of operating cash flow and no assurances that sufficient funding, including adequate financing, will be available to further explore its mineral property projects and to cover the overhead costs necessary to maintain a public company in good standing. At November 30, 2014, New Nadina had working capital of \$64,125 compared to working capital of \$126,117 at August 31, 2014.

### **Critical accounting estimates**

The Company capitalizes all costs relating to the acquisition, exploration and development of its mineral properties. Should commercial production commence, these cost will be amortized. When a property is abandoned or when there is indication of impairment, all related costs are charged to operations. The Company compares the carrying value of its property, plant and equipment to estimated net recoverable amounts. Should the assets' carrying value exceed their estimated recoverable amount, all amounts related to the impairment are charged to operations.

The Company's financial assets and liabilities are cash and cash equivalents, receivables, reclamation bond, tax credits recoverable and accounts payable and accrued liabilities. The fair values of these financial instruments are estimated to be their carrying values due to their short-term nature. Neither reported value of fee simple holdings (surface tenure approximately 100 acres) nor any timber value has been recorded on the balance sheet.

CICA Handbook section 3870 Stock-Based Compensation and Other Stock-Based Payments establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock based payments made in exchange for goods and services. Compensation expense is determined using Black-Scholes Option Pricing Model based on estimated fair values of all stock-based awards at the date of grant and is expensed to operations over each award's vesting period.

The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected stock price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

### **Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning New Nadina's general and administrative expenses and resource property costs is provided in the Company's Statement of Loss and Deficit and the Schedule of Resources Property Costs contained in its Audited Financial Statements for August 31, 2014 available on its SEDAR page at [www.sedar.com](http://www.sedar.com)

### **Transactions with Related Parties**

Related party transactions are negotiated in the best interest of the Company at arms length basis market terms and are detailed in Note 8 of the Financial Statements.

Two directors are paid \$200 per month for telephone and office to offset expenses incurred in conducting company affairs and one director is paid \$500 per month for telephone, office and certain consulting. The President's private company charges for Project Operator, including supplies and equipment, and Kettle River Resources Ltd. provides office space and management services to the company ("New Nadina Explorations Limited") with directors in common, in consideration for a monthly fee of \$1,500 and direct charges for support staff. Advances from directors and shareholders are unsecured and bear no interest. As at November 30, 2014, \$400 is owed to directors.

These transactions were recorded at the exchange amount, being the consideration established and agreed to by the related parties and are on terms and conditions similar to non-related entities.

### **Changes in Accounting Policies**

The financial statements for the period ended November 30, 2014 followed the same accounting policies and methods of application used in the previous period presentation.

### **Investor relations**

There were no particular investor relation activities undertaken or contracts entered into during the period although the Company is currently investigating an investor relation position. Investor relation functions were accomplished through directors whose duties include dissemination of news releases and provision of information as requested by interested parties.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash and cash equivalents, other amounts receivable, marketable securities, accounts payable and shareholders' and directors' loans. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

## Outstanding share data

The Company is authorized to issue unlimited common shares without par value.

Issued Shares as at November 30, 2014	<b>84,486,568</b>
<b>Options granted:</b>	4,650,000
<b>Warrants to purchase common shares:</b>	<u>-</u>
<b>Fully diluted as of November 30, 2014</b>	<b>89,136,568</b>

<u>OPTIONS:</u>	<u>GRANTED</u>	<u>EXPIRY DATE</u>	<u>EXERCISE PRICE</u>
	2,150,000	July 21, 2016	\$0.15
	<u>2,500,000</u>	February 14, 2018	\$0.10
<b>Total:</b>	<b>4,650,000</b>		

## Disclosure controls and procedures

As required by National Instrument 52-109, management is responsible for the design, establishment and maintenance of disclosure controls and procedures over the public disclosure of financial and non-financial information regarding the Company and internal ability of its financial reporting to provide reasonable assurance regarding the integrity of the Company's financial information and reliability of its financial reporting. Management maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

The Company's Management, with the participation and under the supervision of its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have designed the disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, is made known to them on a timely basis; and designed internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting.

An evaluation of the effectiveness of the Company's disclosure controls and procedures was conducted as of January 31, 2009. Based on the results of that evaluation, the Company's CEO and CFO have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective in providing reasonable assurance that the material information relating to the Company was made known to them on a timely basis and was processed and disclosed within the appropriate reports and time periods. The Company's Management believes that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. Due to inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. Accordingly, because of inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

There has been no change in the Company's internal control over financial reporting during the quarter ended November 30, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. However, the lack of segregation of duties between the management and Board of Directors consisting of the same parties creates the potential for the possibility of material weakness.

## Approval

The Board of Directors of New Nadina has approved the disclosure contained in this report. A copy of this MD&A will be provided to anyone who requests it. Financial Statements of the Company are available on their website (under news) and at [www.sedar.com](http://www.sedar.com).