



# Kettle River Resources Ltd.

(An Exploration Stage Company)

**Six months to October 31, 2014**

**Management Discussion & Analysis**

**December 22, 2014**

**KETTLE RIVER RESOURCES LTD.  
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 Kettle River Resources Ltd. (the Company or "Kettle River") for the six months ended October 31, 2014. The discussion should be read in conjunction with the unaudited interim financial statements of the Company and the notes thereto for six months ended October 31, 2014 and the year ended April 30, 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 May 1, 2011 with a transition date of May 1, 2010. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This information is current to October 31, 2014.

Kettle River 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 mining revenues to date. Kettle River was incorporated on October 17, 1980 pursuant to provisions of the British Columbia Company Act as Kettle River Mines Ltd. and within a short period changed its name to Kettle River Resources Ltd.

Our accompanying financial statements have been prepared using accounting principles generally accepted in Canada.

**Forward-Looking Information**

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Kettle River Resources Ltd. ("Kettle River" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to Kettle River. When used in this document, the words "anticipate", "believe", "estimate", "expect", "significant" and similar expressions, as they relate to Kettle River 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 Kettle River 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. Aside from factors identified in the annual MD&A, additional important factors, if any, will be identified in the interim reports.

**Activities on Mineral Projects**

Kettle River's main objective is to make a mineral deposit discovery. Land holdings are mainly focused on exploration in Canada for gold in the Greenwood Mining District and diamonds in the Northwest Territories.

**Exploration expenditures by property for the period ended October 31, 2014**

|                                     | Greenwood<br>Area | DHK - NWT    | Pellett Lake -<br>NWT | Silica Quarry<br>50% | Total            |
|-------------------------------------|-------------------|--------------|-----------------------|----------------------|------------------|
| Amortization                        | \$ 833            | \$ -         | \$ -                  | \$ -                 | \$ 833           |
| Assessment, filing fees, membership | -                 | -            | -                     | -                    | -                |
| Direct charges – wages              | 25                | -            | -                     | -                    | 25               |
| Exploration costs                   | 8,112             | 70           | -                     | -                    | 8,182            |
| Storage (samples& equipment)        | 1,569             | -            | -                     | -                    | 1,569            |
| Property and Mineral taxes          | 4,187             | -            | -                     | -                    | 4,187            |
| Travel & accommodation              | 320               | -            | -                     | -                    | 320              |
| <b>Sub-total:</b>                   | <b>\$ 15,046</b>  | <b>\$ 70</b> | <b>\$ -</b>           | <b>\$ -</b>          | <b>\$ 15,116</b> |
| <b>Less: government assistance</b>  | <b>(6,310)</b>    | <b>-</b>     | <b>-</b>              | <b>-</b>             | <b>(6,310)</b>   |
| <b>TOTAL:</b>                       | <b>\$ 8,736</b>   | <b>\$ 70</b> | <b>\$ -</b>           | <b>\$ -</b>          | <b>\$ 8,806</b>  |

During the six month period ended October 31, 2014 a total of \$8,806 (2013 - \$18,239) was spent on mineral property activities as shown in the above table.



## **FIRST QUARTER UPDATE: EXPLORATION ACTIVITIES**

### **DHK Diamonds Inc: (DHK) Lac de Gras area – Northwest Territories**

The DHK Company was formed together with two other junior companies to manage and explore three blocks (originally 208,000 acres) of prospective diamond property acquired in 1992 in the area of the first diamond discovery in the Canadian Northwest Territories. The property was optioned to Kennecott Canada Exploration Inc. (KCEI), carrying the DHK group's 35% interest through airborne surveys, till sampling, ground geophysics, and drill testing. Diamonds were found in most kimberlites tested. Only in the area of the Tli Kwi Cho (WO Block) did the diamond content indicate mine potential even though the 1994 bulk sampling was conducted with disappointing results. KCEI returned the property to DHK in 2000 retaining a 1% Gross Overriding Royalty (GORR). DHK entered into various agreements of varying interest, with Archon Minerals Ltd., BHP Billiton Diamonds Inc. and currently Peregrine Diamonds Ltd. The WI and DHK Claim Blocks were abandoned.

The Company holds 43.37% of DHK Diamonds Inc.

The Company reports contributions to budgets as exploration costs. During the period ended October 31, 2014 costs of \$70 (2013 - \$1,311) were incurred: Exploration costs of \$70 (2013 - \$296) and \$ Nil (2013 - \$900) for management and related expenses, and \$ Nil (2013 - \$115) for administrative travel costs.

### **WO (DO27) Joint Venture – (Peregrine Diamonds Ltd., Archon Minerals Ltd., DHK Diamonds Inc.)**

The WO property is operated by Peregrine Diamonds Ltd. (Peregrine) where they currently (as of December 22, 2014) own 72.097%, Archon Minerals Ltd (Archon) owns 17.569%, and DHK owns 10.334%.

DHK is owned 43.37% each by Dentonia Resources Ltd. and Kettle River Resources Ltd. with Cosigo Resources Ltd. (formerly Horseshoe Gold Mining Inc.) owning 13.26%. The ownership of DHK is subject to change depending on cash call contributions of which there have been none in the past year.

The interest in the WO joint venture is subject to change related to Peregrine cash calls to DHK. DHK has not contributed during the prior three years and the current interest, as of December 22, 2014, has been adjusted to 10.334%. Peregrine's presented budgets for the WO project include Ground Geophysics, Project Supervision, Operations, Land Administration, Environmental/Reclamation, Drilling, Resource and Valuation program, and Community Relations. The ongoing programs determine future budgets in the search for further kimberlites.

Located 300 kilometers north-northeast of Yellowknife, the WO property hosts the diamondiferous DO27 and DO18 diamond deposits. Summary and high lights of the property can be viewed in the 2009 MD&A or on the Company or Peregrine Diamonds websites.

### **Pellatt Lake Property (Nunavut):**

On December 13, 2013 the three leases at Pellatt Lake were allowed to lapse as a JV partner was not found. It was determined there was unlikely potential for economic diamonds considering previous exploration activity.

On Nov 12, 2010, Kettle River acquired 100% of three mineral leases 4745 (PC9 Claim tag number F49900, containing 2,610 acres), 4746 (PC10, Claim tag number F49901, containing 2,566 acres) and 4747 (PC13 Claim tag number F49904 containing 2,589 acres) totaling 3,142.38 hectares where DHK assigned its 49% interest and Peregrine Diamonds the other 51%. Other than the initial DHK commitment of a gross overriding royalty of 1% there were no obligations associated with this transaction other than the annual lease payment fees.

During the period ended October 31, 2014 costs of \$ Nil (2013 - \$25) relate to mining lease annual payments and wage costs.

### **Monument Property (formerly DHK Claim Block) south shore of Lac de Gras:**

Through an agreement dated October 24, 2003 DHK Diamonds Inc. holds a 1% gross overriding royalty on three leases (3,081.69 hectares), majority owned (57.49%) and operated by New Nadina Explorations Limited (New Nadina). The Monument property contains 12 known diamond bearing kimberlites plus one dike. Drilling has found several new kimberlites including Genie, Bling, the most recent are Trio, Gemini and Sparky kimberlites. The most recent discoveries were land based targets. Based on caustic fusion results, plans for taking larger samples will be made as well as future drill testing water-based targets during a winter program. Results are posted on the [www.nadina.com](http://www.nadina.com) website. A Land Use Permit has been granted subject to minor First Nations requirements.

### **SILVER QUEEN – 100% New Nadina Explorations Limited (Kettle River equity interest)**

The Company owns 1,782,582 free trading shares of New Nadina. The Silver Queen property was first known for its systems of historical vein production. In 2011 a copper, molybdenum, gold porphyry was discovered. Drilling in 2012-2013 has expanded the size and depth. For information regarding the New Nadina Silver Queen and Itsit programs, visit [www.nadina.com](http://www.nadina.com) website and under properties select Silver Queen.



## **SASKATCHEWAN – 50%**

The quarry lease covers an area of 54 acres, and is valid until December 2014 – application for renewal has been made. To date no income has been received from the lease. For the period ended October 31, 2014 Saskatchewan JV expenses totaled \$ Nil (2013 - \$ Nil) were expended on research.

## **Greenwood Mining Division – Southern British Columbia**

There are multiple properties within the Greenwood Area, grouped within claim blocks mostly representing historical workings. Current metal prices are reasons for revisiting these properties. The Company owns 100% interest (other than those optioned out) properties within the Greenwood Area. Within an approximate 44 square kilometer area the Company currently holds 75 Crown Grants, 1 Mineral Lease (Boston, Stafford Fr, Willamena Fr.), 28 Reverted Crown Grants covered by cell claims prospective for gold, silver and copper covered by mineral tenure. Properties are segregated by area for exploration, reporting and accounting purposes.

The largest holding is the Phoenix property that was acquired by Noranda Explorations Ltd. from Granby Mining Company in 1979 and in the mid 1990's by the Company. Upon termination of the Greenwood Area Noranda joint venture, Noranda fulfilled reclamation requirements on these properties to the satisfaction of mining and environment ministries.

During the period \$8,736 (2013-\$16,903) was expended on properties in the Greenwood Area.

The Company retains the services of consultant Linda Caron, M.Sc., P.Eng., a Qualified Person under NI 43-101 for specific exploration programs.

## **GREENWOOD MINING DIVISION – SOUTHERN BRITISH COLUMBIA – 100%**

### **Greenwood Area Expenditure breakdown by property for the period ended October 31, 2014**

|   | Phoenix          | Rads          | Bluebell      | Tailings        | Haas         | Tam<br>O'Shanter | Greenwood<br>Area<br>TOTAL |
|---|------------------|---------------|---------------|-----------------|--------------|------------------|----------------------------|
| Amortization                            | \$ 208           | \$ -          | \$ 208        | \$ -            | \$ -         | \$ 417           | \$ 833                     |
| Assessment/Recording                    | -                | -             | -             | -               | -            | -                | -                          |
| Direct charges – wages                  | -                | -             | -             | -               | 25           | -                | 25                         |
| Exploration costs                       | 6,829            | 566           | 25            | 567             | -            | 125              | 8,112                      |
| Storage (samples & equipment)           | 785              | -             | -             | -               | -            | 784              | 1,569                      |
| Property & Mineral taxes                | 2,850            | -             | 349           | 988             | -            | -                | 4,187                      |
| Travel & Accommodation                  | 320              | -             | -             | -               | -            | -                | 320                        |
| <b>Sub-total:</b>                       | <b>\$ 10,992</b> | <b>\$ 566</b> | <b>\$ 582</b> | <b>\$ 1,555</b> | <b>\$ 25</b> | <b>\$ 1,326</b>  | <b>\$ 15,046</b>           |
| <b>Less: government<br/>assistance:</b> | <b>(6,310)</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-</b>     | <b>-</b>         | <b>(6,310)</b>             |
| <b>TOTAL:</b>                           | <b>\$ 4,682</b>  | <b>\$ 566</b> | <b>\$ 582</b> | <b>\$ 1,555</b> | <b>\$ 25</b> | <b>\$ 1,326</b>  | <b>\$ 8,736</b>            |

Specific work and programs related to above properties, descriptions and their history is available under exploration on the Company website [www.kettleriver.com](http://www.kettleriver.com) and SEDAR filings.

### **Phoenix Mine Area:**

Of the 55 Crown Grants and a Mineral Lease tenure covering the Phoenix Mine Area, this former copper gold producer, surface title and various timber rights are held on approximately 350 acres.

During the period, costs of \$10,992 were expended (2013 - \$4,887), related mainly to storage \$785 (2013 - \$752), property and mineral taxes \$2,850 (2013 - \$2,668) exploration costs \$6,829 (2013 - \$447) and wage costs of \$ Nil (2013 - \$800). In 2014 recording of work programs and generation of reports with wage costs accounted for \$ Nil .

### **Phoenix Tailings property:**

This Tremblay Tailings contains approximately five million tons of tailings produced from the Granby Phoenix operations during the late 1950's and early 1960's and cover approximately 50 acres of the 336 acre land package known as the Tremblay Farm. The site was reclaimed by Noranda to satisfy mining and environmental ministries in 1979. Reclamation included soil placement on tailings surface with hardy alfalfa/grass planted and a spillway channel constructed to accommodate runoff. Tests confirm there is no



deleterious content in the tailings and an agreement is held with downstream property owners absolving liability in the event of a spill. The Company continues to monitor this property and explore the economic potential.

For further detail on the Twin Creek Tailings refer to the News Release dated August 1, 2012 related to the 43-101 reporting.

During the period costs of \$1,555 (2013 - \$4,900) relate mainly to exploration costs of \$567 (2013 - \$1,440), wage costs of \$ Nil (2013 - \$2,550) and property taxes \$988 (2013 - \$910).

#### **Bluebell-Summit (Oro Denoro) Property:**

The property is mainly comprised of 20 Crown Grants where under surface title is held. Limited exploration was conducted and costs of \$582 (2013 - \$1,169) relate to core and sample storage, mineral property taxes, wage costs and amortization. Data is currently being compiled to more easily evaluate potential for further exploration of the entire Eholt/Oro Denoro/Summit City mineral exploration holdings.

#### **Tam O'Shanter:**

On December 2, 2010, the TSX Venture Exchange accepted for filing an option agreement dated Oct. 28, 2010, (amended January 23, 2013) between Golden Dawn Minerals Inc. and Kettle River Resources Ltd., pursuant to which Golden Dawn had the option to acquire a 100-per-cent interest in the Tam O'Shanter prospect subject to cash compensation of \$240,000, the issuance of 1.5 million common shares and work commitments of \$2 million subject to a 3% NSR allowing a purchase up to 2% NSR for \$3 million.

The property consists of 46 units (3 located claims) and 7 Reverted Crown Grants located to the west of Greenwood. Prospecting and a review of compiled data led to further exploration in the area of the Wild Rose vein. Drilling and trenching took place in early 2004 consisting of 1,400 meters and intersected the Wild Rose Zone in seven of the eight drill holes.

At January 31, 2014 Golden Dawn was delinquent \$155,000 in cash payments since Nov 2011 and the share issue consideration was not been fairly dealt with. After consideration, on March 10, 2014, the Board served a Default Notice and agreement was terminated.

Tam O'Shanter property costs of \$1,326 (2013 - \$1,917) relate mainly to amortization, storage and exploration expense.

#### **Rads and Shickshock/Sailor Boy Property:**

The property consists of 2 Reverted Crown Grants and 8 located claims for a total of 10 units. During the period a geological mapping/sampling exploration program was completed by Linda Caron. Costs for period of \$566 (2013 - \$4,030 mainly related to exploration work).

#### **Excerpt from report by consultant Linda Caron, M.Sc., P.Eng., a Qualified Person under NI 43-101:**

##### **CONCLUSIONS & RECOMMENDATIONS**

“The Rads property is underlain in large part by the Triassic Brooklyn Formation, a favourable host rock for both copper-gold skarn mineralization and gold-bearing volcanogenic massive sulfide/oxide (Lamefoot-type) mineralization. No modern trenching and no drilling has been done on the property. Areas of anomalous copper, gold and zinc in rocks and in soils (from the 2005 and previous work programs) remain to be followed up, as do several chargeability anomalies.

Skarn type mineralization has been the focus of essentially all the previous exploration on the property and this remains a viable target. Elevated copper values occur within massive magnetite-garnet skarn at the Shickshock occurrence but, where sampled, precious metal values were low. The depth extent of skarn mineralization is unknown and detailed mapping is needed to the east and south of the Shickshock occurrence, to understand the relationship between this zone and the Ike occurrence to the south and to see what role, if any, the Thimble Mountain fault plays in localizing gold mineralization in the skarn or elsewhere. Gold values to 15.4 g/t Au were returned from previous sampling at the Ike zone.

Eocene-aged epithermal gold mineralization is also a viable exploration target on the property. Epithermal veining within limestone occurs in the vicinity of the Ike occurrence. Further work is warranted”



## Summary of quarterly reports

| Period (Y/E)                       | Standard of preparation | Net Income or (Loss) for the quarter | Basic and diluted earnings (loss) per share for the quarter | Total Assets  | Total Liabilities |
|------------------------------------|-------------------------|--------------------------------------|---|---------------|-------------------|
| <b>2<sup>nd</sup> Quarter 2015</b> | <b>IFRS</b>             | <b>(40,049)</b>                      | <b>0.00</b>   | <b>97,938</b> | <b>685,031</b>    |
| 1 <sup>st</sup> Quarter 2015       | IFRS                    | (20,396)                             | 0.00  | 101,595       | 643,823           |
| 4 <sup>th</sup> Quarter 2014       | IFRS                    | (22,293)                             | 0.00  | 112,870       | 617,531           |
| 3 <sup>rd</sup> Quarter 2014       | IFRS                    | (36,142)                             | 0.00  | 293,554       | 592,975           |
| 2 <sup>nd</sup> Quarter 2014       | IFRS                    | 105,086                              | 0.00  | 281,160       | 559,234           |
| 1 <sup>st</sup> Quarter 2014       | IFRS                    | (48,756)                             | 0.00  | 122,814       | 505,532           |
| 4 <sup>th</sup> Quarter 2013       | IFRS                    | (84,810)                             | 0.00  | 155,088       | 458,642           |
| 3 <sup>rd</sup> Quarter 2013       | IFRS                    | 24,809                               | 0.00  | 268,133       | 441,657           |
| 2 <sup>nd</sup> Quarter 2013       | IFRS                    | (64,699)                             | 0.00  | 249,193       | 392,636           |
| 1 <sup>st</sup> Quarter 2013       | IFRS                    | (46,349)                             | 0.00  | 255,127       | 327,447           |

### 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 six month period ended October 31, 2014.

For the current six months, the Company reported a net loss of \$60,445 or \$0.00 per share compared to a net loss of \$56,330 or \$0.00 per share in the previous year.

Operating expenses of \$60,540 (2013 - \$102,075) for the period, arising from general and administrative costs, \$51,734 (2013 - \$83,836) decreased from the previous year. During the current period, office and sundry expense increased by \$4,086, accounting, audit and legal decreased by \$7,638, licenses, insurance and transfer agent fees decreased by \$2,204, management, salary & wages decreased by \$25,402 while advertising promotion and printing decreased by \$1,260 compared with the same period last year.

Overall property exploration costs decreased to \$8,806 from \$18,239 during the same period in the previous year. 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 maintenance and care taking are expensed when incurred.

The Company had working capital deficiency of \$641,138 as at October 31, 2014 and has accumulated losses of \$14,534,288. Since inception, the Company has been successful in funding its operations and at October 31, 2014 had net issued shares of 27,716,711 for net proceeds of \$13,141,642 averaging \$0.471 per share. Kettle River shares last traded December 19, 2014 at \$0.005. There has been no change in the nature of or manner neither 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

Directors and management as of the Annual General Meeting October 1, 2014: Ellen Clements, CEO, President and Director; John Jewitt, Director; Stephen Levano, Director; and Arlene Ashton, CFO and Secretary.

### Financing Activities and Stock Options

Refer to the complete details in the October 31, 2014 Financial Statement.

### Liquidity

The financial statements for the period ended October 31, 2014 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that Kettle River 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. Kettle River 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 October 31, 2014, Kettle River had working capital deficit of \$641,138 compared to working capital deficiency of \$559,587 at April 30, 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. No reported value of fee simple holdings (surface tenure approximately 675 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 Kettle River'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 April 30, 2013 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.

To an employee who is also a director, and on Oct. 24, 2005 appointed president, \$6,000 per month which ended Dec 31, 2013. A director is paid rental for providing storage facilities for exploration equipment and samples. Two directors are paid \$200 each per month for telephone and office to offset expenses incurred in conducting company affairs. The Company provides office space and management services to a company ("New Nadina Explorations Limited") with directors in common, in consideration for a monthly fee of \$1,500 and direct charges for support staff.

Miscellaneous charges, like telephone, postage, travel are based on actual costs. At October 31, 2014, there is a receivable from New Nadina Explorations Limited for \$4,368. Also at October 31, 2014 there is a receivable from DHK Diamonds Inc. of \$3,383 for legal and other fees paid on their behalf. Advances from directors and shareholders are unsecured and bear no interest. As at October 31, 2014, \$19,283 is owed to directors.

On January 20, 2009, a loan agreement was approved by the TSX Venture Exchange whereby a director would advance up to \$75,000 to be secured by a first mortgage on the Company's property located at 1215 Greenwood Street, Greenwood, BC and bear interest at prime plus 3%. This loan has a term of 3 years and extended to January 2015. As at October 31, 2014, \$599,800 has been advanced with accrued unpaid interest on this amount of \$3,028.

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 October 31, 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. 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. As at October 31, 2014, there were 27,716,711 common shares issued and 1,375,000 options, expiring July 20, 2015 exercisable at \$0.10.

**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 October 31, 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 Kettle River 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).

