

# NEW NADINA EXPLORATIONS LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS For the Year Ended August 31, 2014

December 17, 2014

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

The following Managements' Discussion and Analysis (MD&A) is dated December 17, 2014, for the year ended August 31, 2014 and should be read in conjunction with the Company's accompanying audited financial for the year ended August 31, 2014 and August 31, 2013.

As at September 1, 2011, the Company was mandated under National Instrument 52-107 to change its accounting and reporting principles to International Financial Reporting Standards ("IFRS"). The audited financial statements for the year ended August 31, 2014 have been prepared in accordance with International Reporting Standards, as issued by the International Accounting Standards Board, and its interpretations. Accordingly, the accounting policies set out in Note 2 of the financial statements have been applied consistently to all periods presented. Results for the period ended August 31, 2014 are not necessarily indicative of future results.

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. 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.

NOTE: Cu equivalent values referenced were based on commodity prices current at February 1, 2013. These were: Au: \$53.68 USD/gram; Cu: \$8.17 USD/kilogram; Mo: \$24.30 USD/kilogram. Based on these values 1 ppm Au is equivalent in value to 6,570 ppm Cu and 1 ppm of Mo is equivalent in value to 2.974 ppm Cu. To get the Cu-Eq value, the Au and Mo values are converted to equivalent ppm Cu values, added together and then converted to a percentage.

### **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 to await decision of Madam Justice Donegan.

Until a decision to the contrary is granted the land owner(s), the Company will abide by the Sept 6, 2013 SRB decision and continue to work respecting that decision.

**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. Our 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 recoveries for the year ended August 31, 2014 totalled \$77,296 compared to expenditures of \$1,426,949 for the similar period in 2013. On a project to date basis, New Nadina's Silver Queen expenditures to August 31, 2014 have amounted to \$7,961,782.

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

In May 2002, the Company completed a Letter Agreement whereby they acquired certain mineral claims in the Mackenzie District Mining Division, NWT. The property is subject to 2% gross overriding royalty. New Nadina holds 57.49% interest, 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 the year ended August 2014 the Company has expended \$20,911 (2013 - \$8,610) on direct costs applicable to this property less recoveries of \$9,145 for a net expenditure of \$11,766.

### **Saskatchewan Silica Sand Lease (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 year ended August 31, 2014 Saskatchewan JV expenses totalled \$2,652 (2013 - \$363).

### **Selected Annual Information and Summary of quarterly reports**

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

### Selected Annual Information – Audited statements

Year ended August 31st	Income or (Loss) from Continued Operation and Net Income (loss)	Basic and Fully diluted Earnings (Loss) per share from Continued Operation and Net Income (loss)	Total Assets	Total Liabilities
<b>2014</b>	<b>(17,629)</b>	<b>(0.00)</b>	<b>434,727</b>	<b>69,648</b>
2013	(1,602,156)	(0.02)	449,715	67,007
2012	(1,031,639)	(0.02)	461,222	254,163

### Fourth Quarter results (From NNA Annual report Annual discussion)

Net loss for the fourth quarter ended August 31, 2014 was \$78,803 (\$0.00 per share) compared to a net loss of \$424,919 (\$0.01 per share) in 2013, a difference of \$381,374. This decrease is attributed mostly to administration costs, recovery of expenses and joint operator fees.

Administration costs increased to \$17,559 in the fourth quarter 2014 from \$9,499 in 2013. Printing, stationery and office costs were \$4,619 from \$763 in 2013 however, overall printing costs decreased during the year. During the fourth quarter in 2014, reimbursement from Joint Venture parties to cover administration expenses was \$9,145 compared to \$3,322 in 2013.

The following table sets out financial information for the last 8 most recently completed quarters of the Company's interim financial statements which are prepared in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standard Board.

### Selected quarterly information

Period	Net loss (earnings) for quarter \$	Basic and diluted loss (earnings) per share \$	Total assets \$
<b>4<sup>th</sup> Quarter 2014</b>	<b>78,803</b>	<b>0.00</b>	<b>434,727</b>
<b>3<sup>rd</sup> Quarter 2014</b>	<b>(200,942)</b>	<b>(0.00)</b>	<b>472,092</b>
<b>2<sup>nd</sup> Quarter 2014</b>	<b>46,534</b>	<b>0.00</b>	<b>277,644</b>
<b>1<sup>st</sup> Quarter 2014</b>	<b>93,234</b>	<b>0.00</b>	<b>329,919</b>
4 <sup>th</sup> Quarter 2013	424,919	0.02	449,715
3 <sup>rd</sup> Quarter 2013	224,212	0.00	566,988
2 <sup>nd</sup> Quarter 2013	827,843	0.00	858,528
1 <sup>st</sup> Quarter 2013	412,511	0.00	1,654,393

### Discussion of Operations and Financial condition Year

During the year ended August 31, 2014, the Company sustained a loss of \$17,629 (\$0.00 per share) compared to a loss of \$1,602,156 for the similar period in 2013 (\$0.02 per share). This difference of \$1,584,527 is attributed mostly to an exploration recovery of \$62,878 compared to expenditures of \$1,415,171 in the prior year.

The difference is attributed to: Camp rental income of \$ Nil (2013 - \$46,280), a decrease in stock compensation expense to \$ Nil from \$75,131, a decrease in legal, audit and accounting to \$31,936 from \$36,860 and a decrease in licenses, fees and other to \$9,509 from \$22,525. Printing, stationery and office costs decreased to \$20,415 from \$30,293 in 2013 and interest income decreased to \$2,952 from \$4,953. There were decreases in travel and promotion to \$1,372 from \$3,368. Joint Venture reimbursements of administration expenses and promotional services were \$9,145 (2013 – \$20,751).

Also, drilling costs decreased to \$249 in 2014 from \$1,044,765, and general exploration costs decreased from \$257,637 in 2013 to \$164,359 in 2014. Property, assessment and taxes increased to \$1,218 from \$1,177 in 2013. Geochemical/geophysics decreased from \$4,713 in 2013 to \$ Nil in 2014 and camp/worksite preparation costs decreased to \$9,270 from \$57,191 in 2013.

Amounts due to directors and shareholders totalled \$37,925 at August 31, 2014 compared to amounts advanced of \$19,678 on August 31, 2013.

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.

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 economically feasible ore body. 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.

### Investing Activities

There were no investing activities during the year ended August 31, 2014.

### Financing Activities

There were no shares issued during the year ended August 31, 2014, for financing activities during year ended August 31, 2013 refer to capital stock.

### Capital stock

	Number of Shares		Value
<b>Balance end of period August 31, 2012</b>	<b>67,159,828</b>	<b>\$</b>	<b>11,616,594</b>
Shares issued - flow through	5,500,000		550,000
Units issued - private placement	10,000,000		928,338
Shares allotted and issued – exercise of warrants	300,000		45,000
Units issued – for debt	1,526,740		122,980
<b>Balance end of period August 31, 2013 and 2014</b>	<b>84,486,568</b>	<b>\$</b>	<b>\$13,262,912</b>

- (1) On September 10, 2012 a total of 300,000 shares issued at \$0.15, realizing \$45,000, for exercise of warrants from August 2010 and October 2010 private placements.
- (2) On September 21, 2012 a total of 1,526,670 shares issued at \$0.10 per share, for debt settlement to one creditor, with a hold period to January 22, 2013. Also issued were 1,526,670 warrants, good for two years, with an exercise price of \$0.10 for year one and price of \$0.15 for year two. Warrant expiry date September 21, 2014.
- (3) On November 6, 2012 total of 10,500,000 shares issued at \$0.10 realizing \$1,050,000 consisting of:
  - 10,000,000 non-flow through shares were issued at \$0.10 realizing \$1,000,000 and the issue of 5,000,000 common share purchase warrants, each warrants entitling the holder to purchase one additional common share of the Company for a period of 2 years, with an exercise price of \$0.15. Warrant expiry date November 6, 2014.
  - 500,000 flow through common shares were issued realizing \$50,000. The hold period for free trading was to March 7, 2013.
- (4) On November 14, 2012 a total of 5,000,000 flow-through shares issued at \$0.10 realizing \$500,000. These shares hold period was to March 15, 2013.

### Shares issuable under share purchase warrants

	2014		2013	
	Number of Warrants	Weighted Price \$	Number of warrants	Weighted Price \$
Opening balance	6,526,740	0.14	1,100,000	0.15
Granted	-		* 6,526,740	0.14
Expired	-		(1,100,000)	0.14
Closing balance to August 31, 2014	* 6,526,740	0.14	6,526,740	0.14
Weighted average years to expiry	0.15		1.15	

\* Note: 6,526,740 warrants have expired subsequent to year end.

At August 31, 2014 the weighted average remaining contractual life of share purchase warrants is 0.15 years (2013 – 1.15 years) and the weighted average exercise price is \$0.14 (2013 - \$0.14).

## Shares issuable under stock options

	2014		2013	
	Number of Options	Weighted Price \$	Number of Options	Weighted Price \$
Opening balance	6,250,000	0.125	4,450,000	0.14
Granted	-		* 2,500,000	0.10
Expired / cancelled	<u>(1,400,000)</u>	0.14	<u>(700,000)</u>	0.10
Closing balance	<u>4,850,000</u>	0.121	<u>6,250,000</u>	0.125
Weighted average years to expiry	<u>2.63</u>		<u>3.24</u>	

\* Note: 200,000 options have expired subsequent to year end.

As of August 31, 2014, all 4,850,000 shares issuable have vested (2013 – 6,250,000). On August 31, 2014 the weighted average remaining contractual life of stock options is 2.63 years (2013 – 3.24 years) and the weighted average exercise price is \$0.121 (2013 - \$0.125).

### Liquidity

The financial statements for the period ended August 31, 2014 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company 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 August 31, 2014, the Company had working capital of \$126,117 compared to a working capital of \$114,234 at August 31, 2013.

### Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's "Statement of Operations and Deficit" and the "Schedule of Exploration Expenses by Property" contained in its "Audited Financial Statements for August 31, 2013" and its "Interim 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 below as in Note 8 of the "Audited Financial Statements for August 31, 2014.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Years ended August 31	
	2014	2013
Share-based compensation	\$ -	\$ 75,131
Charged by the President's, Ellen Clements, private company for exploration management services and equipment rental	60,325	155,125
Paid to directors John Jewitt and William Meyer, for reimbursement of incidental office expenses	4,800	3,800

Other related party transactions:

From time to time, the Company engages the services of Kettle River, a company with two directors in common; to manage exploration projects being carried out on the Company's properties, to perform office-related duties and for use of office space, office equipment and exploration equipment. During the year ended August 31, 2014 Kettle River Resources Ltd. charged the Company \$45,345 for these services (2013 - \$52,920). Amounts due to Kettle River do not bear interest, are unsecured and are due on demand. At August 31, 2014 \$2,394 (2013 - \$2,509) was owed to Kettle River.

At August 31, 2014 \$37,925 (2013 - \$19,678) was owed for management services and expense reimbursements. Of this amount \$35,932 (2013 - \$11,358) was payable to a company controlled by the president of the Company and \$1,994 (2013 - \$8,320) was payable to directors of the Company. The amounts are unsecured, do not bear interest, and are due on demand.

### **Changes in Accounting Policies**

The financial statements for the year ended August 31, 2014 followed the same accounting policies and methods of application used in the previous year presentation.

### **Management and Directors**

On December 4, 2014 David R. Huck was added to the Board. Directors and officers are: Ellen Clements, President and CEO, John Jewitt, William Meyer and David R. Huck are directors; Arlene Ashton is Secretary and CFO.

David Huck resides in Kelowna and through his consulting firm, SigmaGroup, serves various contracts mainly focusing on Organizational Development. A brief mention of his background includes employment as a Trust Officer managing significant trust funds while on the Investment Board of a large Trust Company, serving on boards of several private companies, a placer gold mining company and a U.S. public company where he acted as Chief Financial Officer. He has functioned on several volunteer boards and currently serves on two non-profits boards.

### **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 and information available on the Company website. [www.nadina.com](http://www.nadina.com)

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

The Company's financial instruments consist of cash and cash equivalents, receivables, reclamation deposits, payables and accruals, due to Kettle River Resources Ltd. and due to related parties. 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.

### **Approval**

The Board of Directors of the Company 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 in .pdf on the Company website [www.nadina.com](http://www.nadina.com) and [www.sedar.com](http://www.sedar.com).