

**LONG HARBOUR EXPLORATION CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE**  
**THREE MONTH PERIOD ENDED JANUARY 31, 2015**

Management of Long Harbour Exploration Corp. (the "**Company**") is pleased to present a summary of the Company's activities for the three month period ended January 31, 2015 and any pertinent events up to the date of this report. The Company was incorporated on April 26, 2004 under the Business Corporations Act (British Columbia) as Long Harbour Capital Corp. On June 9, 2011, the Company changed its name from Long Harbour Capital Corp. to Long Harbour Exploration Corp.

The following discussion and analysis of the results of operations and financial condition ("**MD&A**") for the Company should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three month period ended January 31, 2015 and consolidated annual financial statements for the year ended October 31, 2014, which were prepared in accordance with International Financial Report Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and related notes thereto (collectively, the "**Financial Statements**"). The financial information in this MD&A is presented in Canadian dollars and is derived from the Financial Statements.

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of operation or other risk factors beyond the Company's control. Actual results may differ materially from the expected results.

Additional information related to Long Harbour Exploration Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

This report is dated March 27, 2015.

## **DESCRIPTION OF BUSINESS**

The Company is a Vancouver-based company focused on pursuing non-mining sector business opportunities in companies generating, or near to generating, positive cash flow and, or, highly prospective exploration properties in the precious metals and mineral sectors.

The Company had held a 100% interest in five mineral dispositions in the Athabasca Basin in northern Saskatchewan. Four of the claims are referred to as the 2Z Lake Property and the other claim as the Madison Property, collectively (the "Properties"). Although the Properties maintain high exploration potential the Company concluded it best to sell the Properties and receive shares in a listed company with greater expertise in developing Athabasca Basin uranium projects. On April 25, 2014 the Company announced that it had entered into an agreement with NexGen Energy Ltd. ("NexGen") to sell a 75% interest in the Properties. In addition, NexGen has an option (the "Option") to acquire from the Company the remaining 25% interest in the Properties.

During 2014, Long Harbour Exploration Corp received a consideration equal to \$135,000 from NexGen for the 75% interest in the Properties in the form of NexGen common shares, which is a publicly traded company listed on the TSX Venture Exchange (TSX.V: NXE). NexGen is company focused on exploration and development of early stage uranium properties in the Athabasca Basin of Saskatchewan. The Company received 361,930 shares of NexGen at a weighted average price of \$0.373. In addition, NexGen agrees to issue to the Company an additional \$45,000 in NexGen shares, at a price in context of market pricing, upon exercise of the Option. The transaction not only provides the Company with working capital,

but also the ability to share in potential equity upside generated from the Properties, as well as other uranium properties controlled by NexGen.

The transaction has provided the Company with near term liquidity, helped stabilize its balance sheet allowing it to focus on evaluating business opportunities in the mining exploration and non-mining sectors. Given limited market liquidity for junior exploration projects the Company has shifted focus to projects with nearer term cash flow or platforms that would allow the Company to facilitate development.

## **MINERAL PROPERTIES**

### ***2Z Lake Property, Saskatchewan***

On May 11, 2011, the Company entered into an agreement with the Saskatchewan Syndicate for the purchase of 100% interest in four mineral dispositions in the Athabasca Basin in northern Saskatchewan known as the 2Z Lake property. The property covers 354 hectares which border, and is surrounded by, properties controlled by Denison Mines, UEX Corporation and Hathor Exploration, which was subsequently purchased by Rio Tinto in January 2012. The property is within close proximity to Hathor's Roughrider deposit and adjacent to its Milliken property. To acquire the interest, the Company has paid \$350,000 in cash and issued 1,000,000 common shares with a fair value of \$200,000. The Company has also paid a finder's fee of \$49,500 in connection with the purchase. The property is subject to 2.0% net smelter returns interest and 2% gross overriding royalty.

The Company announced on April 25th, 2014 that it had sold 75% of its ownership in the 2Z Lake Property to NexGen, and now maintains a 25% stake.

### ***Madison Property, Saskatchewan***

On June 1, 2011, the Company entered into an agreement with the Saskatchewan Syndicate for the purchase of a 100% interest in the Madison uranium property located in the Athabasca basin in Northern Saskatchewan. The property covers 1,347 hectares and is within five kilometers of the Company's 2Z Lake property. The property is situated approximately 28 kilometers south of McClean Lake Sue mine and deposits, and 30 kilometers east of the Cigar Lake mine. To acquire the interest, the Company has paid \$20,000 in cash and issued 300,000 common shares with a fair value of \$60,000. The Company has also paid a finder's fee of \$8,300 in connection with the purchase. The property is subject to a 2.0% net smelter returns interest and 2% gross overriding royalty.

The Company announced on April 25th, 2014 that it had sold 75% of its ownership in the Madison Property to NexGen, and now maintains a 25% stake.

During the three month period ended January 31, 2015, there were no significant activities undertaken by the Company, as it continues to restructure and seek new opportunities.

**DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION**

**Selected Annual Information – Prepared under IFRS**

	Years ended October 31,		
	2014	2013	2012
	\$	\$	\$
<b>Financial results</b>			
Comprehensive earnings (loss) for the year	162,584	(852,686)	(476,928)
Basic earnings (loss) per common share	0.06	(0.48)	(0.03)
<b>Balance sheet Data:</b>			
Cash	7,952	1,936	54,199
Total assets	130,646	6,054	778,545
Total liabilities	86,641	188,615	185,457
Shareholders' equity	44,005	(182,561)	593,078

**Results of Operations**

The Company incurred a comprehensive loss of \$5,887 for the three month period ended January 31, 2015, compared to income of \$110,251 during Q1 of the previous year.

During 2014, the Company recorded a gain of \$110,251 (2015: \$305) related to the settlement or extinguishment of debt. Excluding this gain on debt settlements, the loss was \$10,176 during Q1 2015 compared to a loss of \$14,667 in Q1 of 2014. The loss in both years was primarily due to operations, including:

- Consulting fees of \$3,000 (2013: \$nil) as a result of management fees accrued;
- Depreciation of \$nil and \$265 related to office equipment;
- Office expenses of \$2,957 and \$5,277 reflecting a reduction in activities generally;
- Professional fees of \$4,219 and \$7,909 reflect a reduction in transfer agent fees primarily, as well as professional fees to prepare for the Company's annual audit; and
- Share based payments of \$nil and \$1,216 relating to options vesting in 2014.

The Company realized gain of \$3,984 (2014: \$nil) relating to an increase in the fair value of securities held for sale, which is included in comprehensive income.

**Summary of Quarterly Results – Prepared under IFRS**

	2014 Fiscal Year			2015 Fiscal Year
	April 30	July 31	October 31	January 31
Net Income for the period	(14,680)	100,560	(33,547)	(5,887)
Net Income per share	(0.01)	0.04	(0.02)	(0.00)

  

	2013 Fiscal Year			2014 Fiscal Year
	April 30	July 31	October 31	January 31
Net Income for the period	30,112	(21,993)	(852,686)	110,251
Net Income per share	0.01	(0.01)	(0.49)	0.05

**Liquidity**

As of January 31, 2015, the Company had working capital of \$38,116 (October 31, 2014: \$44,003). Long-term, the Company's ability to continue as a going concern may be dependent upon its ability to raise additional capital to fund its ongoing business operations. This represents a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. To support its operations beyond fiscal 2015, the Company may need to pursue additional funding through a combination of sources including in the capital markets. The Company is also reviewing and evaluating its operating activities on an ongoing basis to capture any budget efficiencies – particularly in light of the current uncertain global economic conditions.

On April 25, 2014 the Company announced that it had sold a 75% interest in, and an option (the "Option") to acquire the remaining 25% interest in the Properties. The Company received common shares in NexGen, a publicly traded company that is listed on the TSX Venture Exchange (TSX.V: NXE), equal to \$135,000. In the event that NexGen exercises the Option, it is also required to issue to the Company shares in NexGen equivalent to \$45,000.

The Company received 361,930 shares of NexGen at a weighted average price of \$0.373. These shares are reflected as available for sale securities in the financial statement of the Company, and provide the Company with near term working capital liquidity and strengthened its balance sheet; however, the Company cannot guarantee that the amount will be sufficient to fund the it going forward and may require to raise additional funds in order to maintain its business operations.

The Company's investment policy is to hold excess cash in highly liquid, short-term, interest-bearing instruments, such as Government of Canada Treasury bills or debt instruments issued by major Canadian chartered banks, with initial maturity terms of less than one year from the original date of acquisition, selected with regard to the Company's anticipated liquidity requirements.

**Capital Resources**

The Company does not currently have an active business generating positive cash flows. The Company is reliant on equity financing to provide the necessary cash to pursue its business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

**Commitments**

There are no material commitments as of January 31, 2015.

**Outstanding Share Data**

a) Authorized Share Capital: Unlimited common shares without par value.

b) Issued and Outstanding:

	Shares	Value
		\$
Balance, October 31, 2013	1,786,443	2,399,694
Private placement	1,300,000	65,000
Share issue costs		(4,217)
Balance, October 31, 2014 and January 31, 2015	<u>3,086,443</u>	<u>2,460,477</u>

No shares were held in escrow as of January 31, 2015 and October 31, 2014..

**Stock Options**

There were 65,000 stock options outstanding at January 31, 2015 and October 31, 2014. These stock options are exercisable into the same number of common shares at a weighted average exercise price of \$1.82 per share. Notwithstanding the expiry date, the options will terminate 30 days following the option holder ceasing to hold any position with the Company. In the event of the option holder's death prior to termination of the option, the option may be exercised by the option holder's legal representatives up until the date, which is 12 months after the date of death.

	Options Outstanding	Weighted Average Exercise Price
Balance, October 31, 2012	112,500	\$ 2.00
Expired	(25,000)	2.27
Balance, October 31, 2013	<u>87,500</u>	\$ 1.88
Expired	(22,500)	2.00
Balance, October 31, 2014 and January 31, 2015	<u>65,000</u>	<u>\$ 1.84</u>

There were no options granted during the period or year ended October 31, 2014

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The following is a summary of stock options outstanding and exercisable at January 31, 2015 and October 31, 2014:

Number of share options outstanding	Exercise Price	Number of share options exercisable	Expiry date
22,500	\$2.00	57,500	September 30, 2016
12,500	\$2.00	12,500	March 18, 2015
30,000	\$1.65	30,000	March 18, 2015
<u>65,000</u>	<u>\$1.84</u>	<u>65,000</u>	

**Share Purchase Warrants**

During the year ended October 31, 2014, the Company completed a non-brokered private placement raising gross proceeds of \$65,000 through the issue of 1,300,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and one warrant entitling the holder to purchase one common share at a price of \$ 0.05 for a period of two years.

The following is a summary of warrant transactions during the year ended October 31, 2014 and the three month period ended January 31, 2015:

	Share Purchase Warrants	Finder's Compensation Warrants	Weighted average exercise price
			\$
Balance, October 31, 2012	314,083	14,160	3.10
Expired	(314,083)	(14,160)	3.35
Balance, October 31, 2013	40,000	-	1.25
Expired	(40,000)	-	1.25
Issued	1,300,000	-	0.05
Balance, October 31, 2014 and January 31, 2015	<u>1,300,000</u>	<u>-</u>	<u>0.05</u>

**Related Party Disclosures**

A number of key management personnel hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

a) Transactions with Key Management Personnel

During the three month period ended January 31, 2015 and 2014, the following amounts were incurred with respect to the Company's Chief Executive Officer and Chief Financial Officer:

	2015	2014
	\$	\$
Consulting fees	3,000	-
Professional fees	2,210	-
Share-based payments	-	1,216
	5,210	1,216

As at January 31, 2015, total consulting and professional fees of \$19,010 (October 31, 2014 - \$13,800) remained unpaid and has been included in accounts payable and accrued liabilities.

b) Transactions with Other Related Parties

During the three month period ended January 31, 2015 and 2014, the following amounts were incurred with respect to other officers and directors:

	2015	2014
	\$	\$
Consulting fees	-	-
	-	-

As at January 31, 2015 and October 31, 2014, \$ Nil remained unpaid and has been included in accounts payable and accrued liabilities.

During the year ended October 31, 2014, various officers and directors agreed to write off \$111,784 (2013: \$69,944) of amounts due to them by the Company.

**Financial and Other Instruments**

The Company's financial instruments consist of cash, investments and accounts payable and accrued liabilities. Pursuant to IFRS 7, fair value of assets and liabilities measured on a recurring basis includes cash and investments determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of all receivables and payables approximate their current fair values because of their nature and respective maturity dates or durations.

### **Financial risk management**

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk and interest rate risk.

#### *Credit risk*

Credit risk is the risk of an unexpected loss if counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with Canadian and foreign banks that are believed to be creditworthy. The Company does not believe it is exposed to significant credit risk

#### *Liquidity risk*

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages its liquidity by continuously monitoring and forecasting cash flows and by maintaining adequate cash to meet anticipated cash needs. As of October 31, 2014, the Company had working capital of \$44,003 (2013: deficiency of \$186,103).

#### *Interest rate risk*

Interest rate risk arises when the fair value of a financial instrument is subject to change due to changes in market rates of interest. The Company is not exposed to significant interest rate risk.

### **Critical Accounting Estimates**

In preparing the financial statements, management is required to make certain estimates, judgments and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Significant estimates are used for, but not limited to determination of impairment for capitalized mineral property expenditures, and fair value of investments.

### **Off Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements during the year.

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

General and administration expenses - The required disclosure is presented in the Condensed Statement of Comprehensive Loss forming part of the unaudited consolidated financial Statements for the three month period ended January 31, 2015 and in the discussion of the financial results of the Company presented above.

**Common Shares Outstanding**

The Company has the following shares outstanding:

	January 31, 2015	Report Date
Common shares	3,086,443	3,086,443
Stock Options	65,000	65,000
Warrants	1,300,000	1,300,000
Fully Diluted	<u>4,451,443</u>	<u>4,451,443</u>

**Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).**