

# **WPC RESOURCES INC.**

**Management Discussion and Analysis of  
Results of Operations and Financial Condition  
For the Nine-month Period Ended August 31, 2014**

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# **MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended August 31, 2014

(Dated October 30, 2014)

## **INTRODUCTION**

The following provides management's discussion and analysis of results of operations and financial condition for the nine months ended August 31, 2014 and 2013. Management's Discussion and Analysis ("MD&A") was prepared by WPC Resources Inc. (the "Company") management and approved by the Board of Directors on October 30, 2014.

## **FORWARD LOOKING STATEMENTS**

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

## **DESCRIPTION OF BUSINESS**

The Company was incorporated under the laws of the Province of British Columbia on April 13, 2007 under the name Northern Shield Metals Ltd. The Company changed its name to WPC Resources Inc. on January 24, 2008. The Company is engaged in the business of the acquisition, exploration and development of mineral properties in Canada and its objective is to locate and develop economic mineral properties of merit.

The Company entered into an acquisition agreement to acquire a 100% interest in 350 mineral claims located in Lander County and Eureka County, Nevada.

On February 12, 2010, the Company filed its final prospectus with the TSX Venture Exchange and received TSX approval on April 19, 2010. On April 20, 2010, the Company's common shares began trading on the TSX Venture Exchange under the symbol WPQ.

The Company incurred a net loss of \$202,079 (2013: \$152,536) for the nine-month period ended August 31, 2014, and had an accumulated deficit of \$4,411,050 (November 30, 2013: \$4,208,971) which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended August 31, 2014

### **SELECTED FINANCIAL INFORMATION**

#### **Selected Annual Financial Information**

|  | <b>For the year<br/>ended<br/>November 30,<br/>2013</b> | <b>For the year<br/>ended<br/>November 30,<br/>2012</b> | <b>For the year<br/>ended<br/>November 30,<br/>2011</b> |
|--|---|---|---|
| Total revenue  | Nil   | Nil   | Nil   |
| Loss before discontinued operations and extraordinary items: |   |   |   |
| (i) total for the year                                       | \$1,754,038   | \$1,584,142   | \$323,931   |
| (ii) per share   | \$0.06  | \$0.05  | \$0.02  |
| (iii) per share fully diluted                                | \$0.06  | \$0.05  | \$0.02  |
| Net loss or (income):  |   |   |   |
| (i) total for the year                                       | \$1,754,038   | \$1,584,142   | \$323,931   |
| (ii) per share   | \$0.06  | \$0.05  | \$0.02  |
| (iii) per share fully diluted                                | \$0.06  | \$0.05  | \$0.02  |
| Total assets   | \$52,580  | \$1,584,743   | \$2,712,182   |
| Total long-term financial liabilities                        | Nil   | Nil   | Nil   |
| Cash dividends declared per-share                            | Nil   | Nil   | Nil   |

### **OPERATING RESULTS**

#### **Results of Operations for the three-month periods ended August 31, 2014 and 2013**

The Company incurred administrative expenses of \$104,902 (2013 – \$51,504) for the three-month period ended August 31, 2014. Increases were realized in travel and entertainment expenses, consulting fees, regulatory fees, and shareholder relations during the current period over the prior period. These increases resulted from the Company pursuing financing in order to participate in the ULU concession agreement noted below.

The Company also incurred exploration costs of \$154,025 (2013 - \$Nil) on the ZPG property for renewal of the claims, and various related staking costs, which were offset by the payment from Shoshoni under the terms of the its agreement with the Company, as well as on the ULU concessions for expediting, mapping, geological fees, and site personnel.

On June 2, 2014, the Company announced that further to its news release dated May 20, 2014, where the Company signed a Letter of Intent with Innuksuk Exploration Inc, an Option Agreement has been reached with Elgin Mining Inc and various subsidiaries. Under the terms of the Option Agreement, the Company has the right to acquire up to 80% of the Ulu concession which is adjacent to the Hood River concession.

On June 10, 2014, the Company announced that Mr. Steve Wilkinson was nominated to the Board of Directors at the Company's AGM and appointed President. Mr. Al Fabbro resigned as President but will remain on the Board as a Director. The Company also announced the cancellation of all outstanding options.

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended August 31, 2014

Effective August 7, 2014 the Company consolidated its common shares on a basis of one new common share in exchange for every two common shares previously outstanding. All common shares and per common share amounts have been restated to retroactively reflect this consolidation.

### **Results of Operations for the nine-month periods ended August 31, 2014 and 2013**

The Company incurred administrative expenses of \$202,079 (2013 – \$152,536) for the nine-month period ended August 31, 2014. Increases were realized in travel and entertainment expenses, consulting fees, regulatory fees, and shareholder relations during the current period over the prior period. These increases resulted from the Company pursuing financing in order to participate in the ULU concession agreement noted below.

The Company also incurred exploration costs of \$166,964 (2013 - \$6,845) on the ZPG property for renewal of the claims, and various related staking costs, which were offset by the payment from Shoshoni under the terms of the its agreement with the Company, as well as on the ULU concessions for expediting, mapping, geological fees, and site personnel.

### **Selected Quarterly Financial Information**

|                            | <b>4<sup>th</sup><br/>Quarter Ended<br/>November 30,<br/>2014<br/><br/>IFRS</b> | <b>3<sup>rd</sup><br/>Quarter Ended<br/>August 31, 2014<br/><br/>IFRS</b> | <b>2<sup>nd</sup><br/>Quarter Ended<br/>May 31, 2014<br/><br/>IFRS</b> | <b>1<sup>st</sup><br/>Quarter Ended<br/>February 28,<br/>2014<br/><br/>IFRS</b> |
|----------------------------|---|---|--|---|
| (a) Revenue                | -   | Nil   | Nil  | Nil   |
| (b) Loss (gain) for period | -   | \$104,902   | \$51,792   | \$45,574  |
| (c) Loss (gain) per share  | -   | \$0.005   | \$0.001  | \$0.001   |
|                            | <b>4<sup>th</sup><br/>Quarter Ended<br/>November 30,<br/>2013<br/><br/>IFRS</b> | <b>3<sup>rd</sup><br/>Quarter Ended<br/>August 31, 2013<br/><br/>IFRS</b> | <b>2<sup>nd</sup><br/>Quarter Ended<br/>May 31, 2013<br/><br/>IFRS</b> | <b>1<sup>st</sup><br/>Quarter Ended<br/>February 28,<br/>2013<br/><br/>IFRS</b> |
| (a) Revenue                | Nil   | Nil   | Nil  | Nil   |
| (b) Loss (gain) for period | \$1,601,502   | \$51,504  | \$51,458   | \$49,574  |
| (c) Loss (gain) per share  | \$0.054   | \$0.001   | \$0.001  | \$0.001   |

### **LIQUIDITY AND CAPITAL RESOURCES**

As at August 31, 2014, the Company had a working capital deficiency of \$100,660 compared to a deficiency of \$412,138 at November 30, 2013. The Company has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success.

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended August 31, 2014

### **OFF-BALANCE SHEET ARRANGEMENT**

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

### **CORPORATE INTERNAL CONTROL**

The Company practices strict internal controls through proper segregation of responsibilities and internal reporting of its personnel. Agreements and commitments that involve cash and/or share capital distribution such as private placements, stock option grant, property, service, and consulting agreements require Board of Directors approval through Directors' Resolution. The Company's drilling and exploration programs and budgets are planned and approved by the Company's President, CEO, and the Company's Vice President of Exploration. All cash distribution requires the Company's President, CEO, and CFO to approve to ensure that all expenses are accurate and aligned with the Company's budget. Approved share capital distribution is executed through Treasury Orders that require final approval from the Company's President, CEO, and CFO. These internal control procedures are established and strictly practiced to ensure the Company's goals and best interest of the shareholders are effectively carried out.

### **FINANCIAL INSTRUMENTS**

The Company classifies its cash and cash equivalents as held-for-trading and accounts payable and accrued liabilities as other financial liabilities.

**Fair Value** – The carrying values of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. As the carrying values of the Company's remaining financial instruments approximate their fair values, disclosure if not made of their level in the fair value hierarchy.

**Credit Risk** – is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at a single major Canadian financial institution.

### **FINANCIAL RISK FACTORS**

#### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The financial instruments that potentially subject the Company to credit risk consist of cash and reclamation bonds. The risk is minimized as both have been placed with major Canadian financial institutions.

#### **Liquidity Risk**

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. The Company's cash at August 31, 2014 totalled \$112,919 (November 30, 2013 - \$4,134). At August 31, 2014 the Company had accounts payable (excluding accrued liabilities) of \$224,083 (November 30, 2013 - \$369,598) that have contractual maturities of 30 days or less and are subject to normal trade terms. The Company's current assets are insufficient to meet the business requirements for the coming year. Therefore, the Company will be required to raise additional capital to fund its operations in 2014. The Company was successful in raising additional funding subsequent to the period end (Note 10).

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended August 31, 2014

### **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks consist of interest rate risk, foreign currency risk and other price risk. As at August 31, 2014, the Company is not exposed to significant market risk.

### **Price Risk**

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities.

### **Risks and Uncertainties**

#### **Exploration and Development**

Exploration for minerals or precious gems is a speculative venture involving substantial risk. There is no certainty that the expenditures made by the Company will result in discoveries of commercial metal reserves.

Mining and development risk always accompany anticipated rewards, and uncertainties always exist where mineral properties are concerned. Uncertainties include the size, grade and recovery of a natural occurring mineral deposit. Although exploration and development efforts can outline a mineral deposit with a degree of certainty, ultimate grade and tonnages are never fully known until mining has been completed.

Metal and prices are also a significant factor in the development decision for a mineral property, as a mine may not be economically feasible in a period of depressed prices. Factors, beyond the control of the Company, may affect the marketability of any minerals discovered. Pricing is affected by numerous factors such as international economic and political trends, global or regional consumption and demand patterns, and increased production by current producers.

#### **Title Risks**

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned.

#### **Price Volatility of Public Stock**

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares may be affected by such volatility.

#### **Economic Conditions**

Unfavourable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended August 31, 2014

### **Dependence on Management**

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate WPC Resources.

### **CONFLICTS OF INTEREST**

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholding in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which WPC Resources may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, WPC Resources will follow the provisions of the Business Corporations Act in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of WPC Resources are required to act honestly, in good faith and in the best interests of the Company.

### **CAPITAL STOCK**

#### **Issued and outstanding**

As at October 30, 2014 there were 52,957,304 shares outstanding.

#### **Share Purchase warrants**

As at October 30, 2014 the Company had 24,472,250 warrants outstanding:

| <b>No. of warrants</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|------------------------|-----------------------|--------------------|
| 380,000                | \$0.10                | August 13, 2015    |
| 370,000                | \$0.10                | August 28, 2015    |
| 7,382,250              | \$0.10                | August 13, 2016    |
| 5,540,000              | \$0.10                | August 28, 2016    |
| 80,000                 | \$0.10                | September 18, 2015 |
| 10,800,000             | \$0.10                | September 18, 2016 |

#### **Stock Options**

As at October 30, 2014 the Company had 3,600,000 options outstanding:

| <b>Options Issued</b> | <b>Exercise Price</b> | <b>Expiry/Cancellation Date</b> |
|-----------------------|-----------------------|---------------------------------|
| 700,000               | \$0.20                | February 12, 2015               |
| 25,000                | \$0.20                | September 1, 2015               |
| (725,000)             | \$0.20                | June 10, 2014                   |
| 75,000                | \$0.10                | September 25, 2019              |

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended August 31, 2014

### **RESOURCE PROPERTIES - Nevada**

#### **ZPG Copper/Gold Property**

As at year-end November 30, 2013, the Company's claims on its ZPG property lapsed. Consequently, the property value was written down to \$nil. However, the Company intends to continue to pursue the property and is in the process of re-staking the claims and completing registration with the Bureau of Land Management.

During the nine-month period ended August 31, 2014, the Company re-staked the ZPG claims under the terms of the Agreement with Shoshoni.

### **RESOURCES PROPERTIES – Northwest Territories**

On September 18, 2014, the Company received TSX approval of a Property Option Agreement dated May 30, 2014 between WPC Resources Inc. ("Issuer") and Elgin Mining Inc. ("Elgin") and Bonito Capital Corp. ("Bonito") whereby the Issuer may acquire up to an 80% interest in the Ulu Property (the "Property") located 530 km north of Yellowknife, NWT within the Kitikmoet Settlement Area of Nunavut. Bonito is the 100% direct owner of the Property and is 100% held by Elgin.

To earn an initial 70%, the Issuer will pay a total of \$500,000 cash, issue a total of 20,000,000 shares, and conduct exploration commitments of \$2,000,000 in stages as follows:

|        | <b>CASH</b> | <b>SHARES</b> | <b>EXPLORATION EXPENSE</b> |
|--------|-------------|---------------|----------------------------|
| Year 1 | \$125,000   | 5,000,000     | n/a                        |
| Year 2 | \$125,000   | 5,000,000     | \$300,000                  |
| Year 3 | \$125,000   | 5,000,000     | \$700,000                  |
| Year 4 | \$125,000   | 5,000,000     | \$1,000,000                |

### **RELATED PARTY TRANSACTIONS**

Related party transactions not otherwise described in these consolidated financial statements are shown below. These amounts of key management compensation are included in the amounts shown on the consolidated statements of comprehensive loss:

|                 | <b>2014</b> | <b>2013</b> |
|-----------------|-------------|-------------|
| Management fees | \$ 90,000   | \$ 90,000   |

The Company shares office space with a company related by common directors and management and pays \$3,000 on a month-to-month basis for shared office and administrative costs. The monthly fee is split evenly between professional fees, office expenses and rent. These transactions are in the normal course of operations.

As at August 31, 2014, \$264,043 (2013 - \$170,113) is owing to related parties, which are included in accounts payable and accrued liabilities.

### **PROPOSED TRANSACTIONS**

There are no proposed assets or business acquisitions or dispositions, other than those in the ordinary course of business, before the Board of Directors for consideration.

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended August 31, 2014

### **DISCLAIMER**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)). No securities commission or regulatory authority has reviewed the accuracy of the information presented herein. The Company maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. The Board of Directors has responsibility for developing and implementing the Company's approach to governance issues. Committees of the Board presently consist of an Audit Committee.

### **CAUTIONARY STATEMENT RISKS AND UNCERTAINTIES**

This MD&A may contain "forward looking statement" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate", and similar expressions are intended to identify forward-looking statements, which by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied, by these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, unfavorable feasibility studies, fluctuations in the market valuation for the minerals, difficulties in obtaining required approvals for the development of a mine and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company does not intend, and does not assume any obligation to update these forward looking statements.

### **EVENTS AFTER THE REPORTING DATE**

- 1) On September 22, 2014 the Company announced that it had completed a further 10,800,000 Private Placement Units for an additional gross amount of \$540,000. Some fees and warrants were issued in conjunction with this issue.
- 2) On September 22, 2014 the Company further announced that it had settled debts to two Directors and Officers of the Company by issuing 700,000 shares and settling \$256,200 of debt incurred by the Company.
- 3) On September 25, 2014 the Company further announced that the TSX-Venture Exchange had accepted for filing the Agreement between Inukshuk Exploration Inc. and the Company whereby the Company has purchased all the outstanding shares of Inukshuk Exploration Inc. by issuing 8,000,000 common shares of the Company. There is a Royalty payable to the Owners of Inukshuk.
- 4) Further on September 25, 2014, the Company announced that the TSX-Venture Exchange had accepted for filing an Option Agreement between the Company and Elgin Mining Inc. and Bonito Capital Corp. (the owners of the Ulu Property in Nunavut) whereby the Company can earn up to 70% interest in the Ulu property under certain conditions to be completed over the next 4 years. A further 10% can be earned under certain conditions being met within 18 months of earning the 70%.