

# MONSTER MINING CORP.

## MANAGEMENT DISCUSSION & ANALYSIS For the period ended January 31, 2015

Directors and Officers as at March 25, 2015

Directors:

Stephen Pearce  
Bill Harris  
Derrick Strickland  
Andrew de Verteuil

Officers:

President & CEO – Stephen Pearce  
Chief Financial Officer and Corporate Secretary – Gary Arca

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TSX Venture Exchange Symbol:	MAN

Form 51-102-F1

# MONSTER MINING CORP.

## MANAGEMENT DISCUSSION & ANALYSIS

For the period ended January 31, 2015

### 1.1 Date of This Report

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited financial statements of Monster Mining Corp. (“Monster”, or the “Company”) for the period ended January 31, 2015. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

This MD&A is prepared as of March 25, 2015.

*This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

### 1.2 Overall Performance

#### *Description of Business*

The Company was incorporated in the Province of British Columbia on May 3, 2007 under the Business Corporations Act (British Columbia) under the name “Northex Ventures Inc.” and changed its name to “Monster Mining Corp.” on August 20, 2008. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company completed its Initial Public Offering (“IPO”) pursuant to its prospectus dated April 26, 2011 (the “Prospectus”) and commenced trading on the TSX Venture Exchange (“TSXV”) on May 19, 2011.

### 1.3 Selected Annual Information

The highlights of financial data for the Company's three most recently completed year ends are as follows:

	July 31, 2014	July 31, 2013	July 31, 2012
	\$	\$	\$
(a) Revenue	-	125,000	24,019
(b) Total expenses	(223,185)	(283,863)	(684,351)
(c) Impairment on marketable securities	(14,000)	-	-
(d) Impairment of E&E assets	(4,387,269)	-	-
(d) Gain on settlement of debt	-	181,459	-
(e) Debt forgiveness	-	40,860	-
(f) Net gain (loss)	(4,624,454)	63,456	(660,332)
(g) Income (Loss) per share – basic and diluted	(0.15)	0.00	(0.02)
(h) Total assets	193,258	4,574,742	4,571,124
(i) Total long-term liabilities	Nil	Nil	Nil
(j) Cash dividends declared per-share	Nil	Nil	Nil

### 1.4 Results of Operations

#### *Discussion of Acquisitions, Operations and Financial Condition*

The following should be read in conjunction with the January 31, 2015 unaudited financial statements of the Company and notes attached hereto.

#### 1.4.1 Property Activity

##### *Keno-Lightning*

By agreement dated August 1, 2007, the Company entered into an option agreement to acquire a 100% interest (the "Option") from the owners (the "Optionors") of certain mining claims situated in the Mayo Mining District, Yukon, more commonly known as the Keno-Lightning Property ("Keno").

In order to maintain the Option in good standing and earn a 100% undivided interest in Keno-Lightning, the Company must pay \$100,000 and issue 700,000 common shares of the Company to the Optionor and incur \$300,000 in exploration expenditures as follows:

- (i) pay \$10,000 upon signing the Agreement (paid);
- (ii) pay an additional \$15,000 by June 3, 2011 (paid);
- (iii) pay an additional \$15,000 by May 19, 2012 (\$9,000 paid)\*;
- (iv) pay an additional \$15,000 by May 19, 2013 (\$9,000 paid)\*;
- (v) pay an additional \$15,000 by May 19, 2014 (\$9,000 paid);
- (vi) pay an additional \$15,000 by May 19, 2015 (\$9,000 paid);
- (vii) pay an additional \$15,000 by May 19, 2016 (\$9,000 paid);
- (viii) issue 700,000 common shares of the Company by June 3, 2011 (issued); and
- (ix) incur \$300,000 in exploration expenses on Keno on or before December 31, 2009 (incurred).

\* The Company has not made the additional payments of \$6,000 due in 2012, 2013 and 2014. The Company has not been notified by the optionor of default, one of whom is a related party. At January 31, 2015 \$18,000 (July 31, 2014 - \$12,000) has been accrued and was included in trade and other payables.

Keno is subject to a 3% NSR to the Optionors. The Company has the option to purchase up to 2% of this royalty interest for \$300,000 for the first 1%, and \$1,200,000 for the second 1%.

Of the consideration, \$30,000 in cash payments (\$7,500 paid) and 210,000 of the shares (issued) will be paid to a director of the Company.

The Company acquired a 25% interest in the Blanche Claim in the Keno Hill area of the Yukon on August 1, 2007 pursuant to a third party property option agreement whereby the Company was granted the claims as they fell within an area of interest. By agreement dated January 17, 2010, the Company acquired another 50% interest in the Blanche Claim, in consideration of 100,000 shares of the Company.

The Company has also accrued \$20,000 (July 31, 2014: \$20,000) relating to the site restoration costs.

At July 31, 2014, management has decided to write the costs accumulated on the Keno property to nil as an asset impairment. While management still believes that the properties are of merit and warrant continued development, lack of activity due to market conditions over obtaining adequate financing warrants a write down at this time under IFRS accounting guidance. As such, the Company has recorded an impairment loss of \$ 3,943,322 on the Keno property which was charged in the statement of comprehensive loss during the year ended July 31, 2014.

### **McKay Hill Project**

By agreement dated September 1, 2007 and amended November 21, 2010, the Company entered into an option agreement to acquire a 100% interest in 20 mining claims situated in the Mayo Mining District, Yukon ("McKay Hill").

In order to maintain the option in good standing and to acquire a 100% undivided interest in the McKay Hill property the Company must pay \$110,000, issue 300,000 common shares of the Company to the vendors and incur an aggregate of \$100,000 in exploration expenditures as follows:

- (i) pay \$20,000 upon signing the Agreement (paid);
- (ii) pay \$15,000 by June 3, 2011 (paid);
- (iii) pay an additional \$15,000 by May 19, 2012 (\$9,000 paid)\*;
- (iv) pay an additional \$15,000 by May 19, 2013 (\$9,000 paid)\*;
- (v) pay an additional \$15,000 by May 19, 2014 (\$9,000 paid);
- (vi) pay an additional \$15,000 by May 19, 2015 (\$9,000 paid);
- (vii) pay an additional \$15,000 by May 19, 2016 (\$9,000 paid);
- (viii) issue 300,000 common shares by June 3, 2011 (issued); and
- (ix) incur \$100,000 in exploration expenses on McKay Hill before December 31, 2011 (incurred).

*\* The Company has not made the additional payments of \$6,000 due in 2012, 2013 and 2014. The Company has not been notified by the optionors of default, one of whom is a related party. At January 31, 2015 \$18,000 (July 31, 2014: \$12,000) has been accrued and was included in trade and other payables.*

The property is subject to a 3% NSR to the vendors. The Company has the option to purchase up to 2% of this royalty interest for \$300,000 for the first 1%, and \$1,200,000 for the second 1%. Of the consideration, \$44,000 in cash payments (\$14,000 paid) and 190,000 of the shares (issued) will be paid to a director of the Company.

In 2010, an additional 124 claims were staked by the Company at a cost of \$13,429.

At July 31, 2014, management has decided to write the costs accumulated on the McKay Hill property to nil as an asset impairment. While management still believes that the properties are of merit and warrant continued development, lack of activity due to market conditions over obtaining adequate financing warrants a write down at this time under IFRS accounting guidance. As such, the Company has recorded an impairment loss of \$388,947 on the McKay Hill property which was charged in the statement of comprehensive loss during the year ended July 31, 2014.

### **Cobalt Hill**

By agreement dated March 28, 2012, the Company entered into an option agreement to acquire a 100% interest (the "Option") from the owner (the "Optionor") in 20 unsurveyed mining claims situated in the Mayo Mining District, Yukon more commonly known as the Cobalt Hill Property ("Cobalt Hill").

In order to maintain the Option in good standing and earn a 100% undivided interest in Cobalt Hill, the Company must pay \$200,000 and issue 695,000 common shares of the Company to the Optionor and incur \$400,000 in exploration expenditures over a period of 5 years from the effective date of April 19, 2012 as follows:

- (i) pay \$30,000 upon signing the Agreement (paid);
- (ii) issue 100,000 shares on April 19, 2012 (issued);
- (iii) issue 100,000 shares by April 19, 2013\*;
- (iv) pay an additional \$30,000, issue 100,000 shares and incur exploration expenditures of \$50,000 by April 19, 2014\*;
- (v) pay an additional \$40,000, issue 100,000 shares and incur exploration expenditures of \$50,000 by April 19, 2015;
- (vi) pay an additional \$50,000, issue 145,000 shares and incur exploration expenditures of \$100,000 by April 19, 2016;
- (vii) pay an additional \$50,000, issue 150,000 shares and incur exploration expenditures of \$200,000 by April 19, 2017.

\* At January 31, 2015, the Company is negotiating a new agreement with the Optionor and has not issued 200,000 shares due on April 19, 2013 and 2014 or the \$30,000 due on April 19, 2014. The Company has not been notified by the optionor of default.

The Cobalt Property is subject to a 3% NSR ("Royalty Interest") in favour of the Optionor. The Company may purchase 1.5% of the Royalty Interest for \$1,500,000 at any time, leaving the Optionor with a 1.5% Royalty Interest.

At July 31, 2014, management has decided to write the costs accumulated on the Cobalt Hill property to nil as an asset impairment. While management still believes that the properties are of merit and warrant continued development, lack of activity due to market conditions over obtaining adequate financing warrants a write down at this time under IFRS accounting guidance. As such, the Company has recorded an impairment loss of \$55,000 on the Cobalt Hill property which was charged in the statement of comprehensive loss during the year ended July 31, 2014.

#### **1.4.2 Results of Operations**

The net loss for the period ended January 31, 2015 was \$16,379 compared to a loss for the comparative period ended January 31, 2014 of \$126,173 as follows:

<b>For the period ended January 31,</b>	<b>2015</b>	<b>2014</b>
Accounting and audit fees	\$ 3,650	\$ 21,121
Depreciation	838	4,887
Finance cost	949	11,725
Foreign exchange loss	4,033	2,070
Management activities	5,000	40,000
Office, rent and administration	8,140	32,665
Shareholder communications	1,786	7,935
Transfer agent and filing fees	6,426	5,770
Gain on debt forgiveness	(14,443)	-
<b>Loss for the period</b>	<b>\$ 16,379</b>	<b>\$ 126,173</b>

Accounting fees decreased by \$17,471, management activities decreased by \$35,000, office, rent and administration decreased by \$24,525 and shareholders communication decreased by \$6,149 due to lack of funding resulting in decreased activity by the Company compared to the period ending January 31, 2014. Finance cost of \$11,725 in the prior period related to debt which was settled in the current period. During the period, the Company incurred a one-time gain on debt forgiveness which was owed to a third party.

*Investor Relations Activities*

During the period ended January 31, 2015, the Company responded directly to investor inquiries.

*Financings, Principal Purposes & Milestones*

During the period ended January 31, 2015, the Company did not arrange any financings.

**1.5 Summary of Quarterly Results**

The following is a summary of the Company's financial results for the eight quarterly periods completed to date:

	Q2 <u>31-Jan-15</u>	Q1 <u>31-Oct-14</u>	Q4 <u>31-Jul-14</u>	Q3 <u>30-Apr-14</u>
Revenue:	\$ -	\$ -	\$ -	\$ -
Income (Loss)	\$ (335)	\$ (16,044)	\$ (4,451,056)	\$ (47,225)
Per share – basic and fully diluted income (loss)	\$ (0.00)	\$ (0.00)	\$ (0.15)	\$ (0.00)

  

	Q2 <u>31-Jan-14</u>	Q1 <u>31-Oct-13</u>	Q4 <u>31-Jul-13</u>	Q3 <u>30-Apr-13</u>
Revenue:	\$ -	\$ -	\$ -	\$ -
Income (Loss)	\$ (63,338)	\$ (62,835)	\$ (68,924)	\$ 161,175
Per share – basic and fully diluted income (loss)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.01

*Discussion*

For the discussion on the period ended January 31, 2015, please refer to Section 1.4.2 Results of Operations.

**1.6 Liquidity and Capital Resources**

In management's view, given the nature of the operations, which currently consists of its interest in certain resource properties, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the extent to which it can determine whether its resource properties contain reserves, which are economically recoverable.

Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The Company does not expect to receive significant income in the foreseeable future.

As at January 31, 2015, the Company had \$506 in cash, working capital deficiency of \$463,571 and no long-term debt. The Company's ability to continue as a going concern is dependent upon its existing working capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

The Company's working capital deficiency will not meet corporate, development, administrative and property obligations for the coming year. As a result, the Company will require additional financing and, while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As such, there remains significant doubt as to the Company's ability to continue as a going concern.

### **1.7 Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed. The Company has optioned two of its mineral properties from a director of the Company.

### **1.8 Transactions with Related Parties**

The following is a summary of charges incurred by the Company with related parties:

<b>Period ended January 31,</b>	<b>2015</b>	<b>2014</b>
Accounting fees	\$ 3,650	\$ 10,500
Management activities	5,000	40,000
Office, rent and administration	6,500	30,000
Shareholder communications	1,250	7,500
<b>Total</b>	<b>\$ 16,400</b>	<b>\$ 88,000</b>

The Company incurred accounting and audit fees of \$3,650 (January 31, 2014 - \$10,500), office, rent and administration cost of \$6,000 (January 31, 2014 - \$30,000) and shareholder communication cost of \$1,250 (January 31, 2014 - \$7,500) to a company controlled by a director and officer of the Company.

Included in accounts payable and accrued liabilities at January 31, 2015 is \$321,699 (July 31, 2014: \$438,298) due to directors and companies controlled by directors for various expenses and exploration and evaluation assets. These amounts are unsecured and do not bear interest.

Included in advances payable at January 31, 2015, is \$31,500 (July 31, 2014: \$31,500) due to directors and companies controlled by directors of the Company. These amounts are unsecured and bear no interest.

In addition, accounts payable owed to a related party were offset against a third party drilling advance of \$165,256 by agreement of both parties.

These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

### **1.9 Second Quarter**

The second quarter ended January 31, 2015, is comparative to the previous quarter but differs significantly from the comparative quarter in the prior period as a result of decreased activity by the Company. See Section 1.5 for a discussion of these expenses.

### **1.10 Proposed Transactions**

N/A

### **1.11 Critical Accounting Estimates**

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will follow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the Company's profit or loss in the period the new information becomes available.

b) Title to Mineral Property Interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Share-Based Payment Transactions

The Company measures the cost of equity-settled transactions with employees, and some with non-employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed under Note 8 in the financial statements for the year ending January 31, 2015.

### **1.12 Other**

N/A

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

*Interest Rate Risk*

The Company's cash earns interest at a variable interest rate however earned no interest during the period ending January 31, 2015.

The Company has no exposure to interest rate fluctuations.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash balance, the balance of which at January 31, 2015 is \$506. Cash is held at a chartered Canadian financial institution.

### *Liquidity Risk*

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at January 31, 2015, the Company had \$506 in cash, working capital deficiency of \$463,570 and no long-term debt. The Company does not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remains significant doubt as to the Company's ability to continue as a going concern. The Company's trade and other payables are due in the short term.

## **1.14 Other**

### **1.14.1 Disclosure of Outstanding Share Capital as at March 25, 2015:**

	Number		Book Value
Common Shares	31,817,519	\$	5,739,239

At March 25, 2015, the Company has no share purchase options outstanding.

At March 25, 2015, the Company has no warrants outstanding.