# Form 51-102F1
# Management's Discussion and Analysis ("MD&A")
# for
# Strongbow Exploration Inc. ("Strongbow" or the "Company")

**Containing Information up to and including May 28, 2014**

## Description of Business

Strongbow Exploration Inc. (the "Company") is a Canadian mineral exploration company focused on exploring prospective gold and base metal properties in North America. Shares of the Company trade on the TSX Venture Exchange under the symbol SBW.

The following discussion and analysis of the Company's financial condition and results of operations for the year ended January 31, 2014, should be read in conjunction with the audited financial statements of the Company for the years ended January 31, 2014 and January 31, 2013, together with the notes thereto. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

## Forward-Looking Statements

This MD&A may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to sources of and anticipated financing requirements, the Company's ability to continue as a going concern, the Company's ability to maintain its exploration and evaluation assets in good standing, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, success of exploration activities, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as required by law.

A summary of the exploration activities for the Company follows, as well as a description of other corporate activities. These summaries include some discussion of management's future exploration plans. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in these statements. The Company's exploration programs are subject to change from time to time, based on the analysis of results and changing corporate priorities, exploration targets and funding considerations.

## Corporate Update

On May 20, 2014, the Company entered into a share purchase agreement with an arm's length third party (the "Purchaser") whereby the Purchaser acquired a 100% interest in the Company's U.S. subsidiary Palmetto State Gold, Inc. ("Palmetto") in exchange for granting to the Company a 1% NSR applicable to certain properties located in South Carolina, USA. The Purchaser retains the right to purchase 50% of the NSR (0.5%) at any time for US$500,000 after which the Purchaser may acquire the remaining 50% of the NSR (0.5%) at any time for US$1,500,000. During the year ended January 31, 2014, Palmetto let all of its property option agreements in the U.S. lapse, due to financial constraints. Management determined that the sale of Palmetto made sense because it would allow the Company to properly wind-up its activities in the U.S. for a minimal expense, while the retention of a royalty could be of benefit to the Company's shareholders in the event certain properties in the Midway and Ridgeway areas are re-acquired by Palmetto in the future.

## Exploration Update

Unless otherwise stated below, the Company's gold and base metal exploration activities are conducted under the supervision of David Gale, P.Geo.(BC), P.Geol.(NT/NU), Vice-President of Exploration for the Company and a "Qualified Person" under National Instrument ("NI") 43-101.

## Carolina Slate Belt Gold Properties – Southeastern USA

During the year ended January 31, 2014, the Company looked for ways to continue with the evaluation of its interests within the Carolina slate belt ("CSB") in the southeastern United States. The CSB is host to a number of past producing mines including Rio Tinto's Ridgeway mine which had total gold production of approximately 1.5 million ounces between 1988 and 1998. The Company was unable to fund the required property option payments for its properties in the CSB and has therefore had to relinquish its property interests and suspend exploration activities in the CSB.

The Company's exploration activities in the southeastern United States were conducted through Palmetto State Gold, Inc. ("Palmetto"). Palmetto was a wholly owned subsidiary of the Company, incorporated in South Carolina, USA. Palmetto was subsequently sold by the Company in May 2014 (please see "Corporate Update" above).

### Midway Project – South Carolina, USA (Au)

The Midway project consists of prospective properties within the Haile-Brewer gold trend, which extends for over 15 kilometres between the past-producing Haile and Brewer gold mines, where gold mineralization is hosted within the volcanic and sedimentary rocks of the CSB.

Between July 2010 and September 2011, the Company entered into thirty-one property option agreements with private land owners in South Carolina. The terms of the option agreements included certain annual cash payments to the landowners and a gross overriding royalty to the landowners. Cash payments were due in January 2014 to keep 17 of the 20 property option agreements in good standing. During the year-ended January 31, 2014, due to financial constraints, the Company allowed all of the property option agreements to lapse, and as a result wrote off accumulated expenditures of $2,454,428 (2013 - $221,003). Please see Note 9 of the consolidated financial statements for the year ended January 31, 2014 for more details regarding the Midway project properties and Note 1 for information on the going concern assumption.

Ridgeway Project – South Carolina, USA (Au)

The Company's Ridgeway project consisted of prospective properties located within four kilometres along strike from the past producing Ridgeway gold mine. During the year ended January 31, 2014, nine option agreements that made up the Ridgeway project were relinquished and the Company wrote off accumulated exploration and acquisition expenditures of $302,978 (2013 - $Nil). Accordingly, the Company retains no further interest in the Ridgeway project properties.

Terms of the Ridgeway area property agreements were similar to the agreements at the Midway project, including certain annual cash payments and, upon exercising an option, the Company could either purchase the subject property or enter into a long term mining lease. The properties would have been subject to a gross overriding royalty to the current land owners.

## Snowbird Nickel Project Properties – Northwest Territories & Saskatchewan

The Company's nickel exploration strategy is focused on investigating the potential of the southern Snowbird Tectonic Zone ("STZ") to host magmatic Ni-Cu-Co deposits. The STZ is a major crustal scale structure that can be traced for over 2,800 km from the Rocky Mountains in southern Alberta to Hudson Bay in Nunavut and represents an underexplored region prospective for magmatic nickel sulphide deposits. Exploration work completed by the Company has confirmed that numerous mafic-ultramafic intrusions are located along the STZ. Some of these intrusions are known to host nickel-copper sulphide mineralization, including the Company's Nickel King deposit, Northwest Territories.

The Company maintains a 100% interest in a number of mineral claims and mining leases located along a 150 km strike length of the southern STZ, straddling the Saskatchewan-Northwest Territories border. These properties include the Nickel King project area.

The Company wrote off accumulated expenditures of $8.6 million during the year ended January 31, 2013 (January 31, 2014 - $Nil) due to limited exploration activities over the preceding three fiscal years; it is the Company's intention to retain its interest in the underlying mineral claims and mining leases for the Nickel King Project by making annual payments of $5,883.

## British Columbia Gold and Gold-Copper Properties

Shovelnose Property (Au-Ag)

The Company's Shovelnose gold property is located approximately 175 km east of Vancouver and 30 km Merritt along the Coquihalla Highway, which crosses the northwestern corner of the property. The property covers prospective stratigraphy in the southern portion of the Spences Bridge Gold Belt. Gold mineralization, in the form of a series of massive to colloform banded quartz veins and local vein breccia zones, has been identified at several locations within the property, including the Line 6 and Mik showings, where the veins are hosted within moderately to strongly altered felsic volcanic rocks. Anomalous gold mineralization has also been identified at the Tower zone, associated with a broad interval of pyrite and silica alteration within the same silica altered felsic tuff unit that hosts the gold-bearing quartz veins at the Mik showing, located 450 m to the west.

Exploration of the property is conducted under a January 2011 option agreement with Westhaven Ventures Inc. ("Westhaven") under which Westhaven can earn up to a 70% interest in the property. To date, Westhaven has completed soil geochemical surveys, diamond drilling and staking programs on the property.

During the year ended January 31, 2014, Westhaven announced the completion of a field program of IP ground geophysics and 1,043 m of diamond drilling. The main purpose of the program was to follow up on the positive drill results from drill hole 12-04 which tested the Tower Creek Valley target area and returned 50.42m grading 0.54 g/t Au and 4.77 g/t Ag. The 10 hole, 2013 program intersected similarly anomalous gold over similar widths, approximately 80m to the south of drill hole 12-04, including 27 m grading 0.35 g/t gold and 3.21 g/t silver from drill hole SN13-06. To date, Westhaven has completed 2,427m of drilling in 20 holes testing three target areas of the property. Westhaven has indicated to the Company that additional drilling is planned for 2014 to test a newly defined target area that has been interpreted based on current drilling, bedrock mapping and geophysical information.

Under the terms of the option agreement, Westhaven can earn an initial 51% interest in the property by: i) incurring $1.5 million in exploration expenditures over a three year period from the date of Exchange approval of the option agreement (July 2011) and ii) issuing a total of 300,000 common shares to the Company including 100,000 common shares within 5 business days of Exchange approval of the option agreement (complete). Within twelve months of having earned its 51% interest in the property, Westhaven will have the option to earn an additional 19% interest (bringing its total property interest to 70%) by: i) issuing an additional 500,000 shares to the Company, and ii) incurring an additional $1.5 million in exploration expenditures. Westhaven and the Company are related by virtue of a common director.

Skoonka Creek Property (Au-Ag)

The 10,000 ha Skoonka Creek property is located near the village of Lytton, less than 10 km from the Trans Canada Highway and the Canadian National Railway line, approximately three hours by car from Vancouver. Exploration of the property is conducted pursuant to an agreement with Almaden Minerals Ltd. ("Almaden"). The Company is the project operator and maintains a 65.74% interest in the property. Exploration programs completed from 2005 through 2007 identified a number of low sulphidation epithermal gold targets including the JJ, Deadwood and Backburn showings. The best mineralization reported to date from the property has been described at the JJ showing, where a 2005 drilling program included a highlight drill hole that returned 12.8 m grading 20.2 g/t gold from a well-banded, low sulphidation epithermal quartz vein.

During the year ended January 31, 2014, the property area was reduced from approximately 10,000 hectares to 2,784 hectares and a short field program on the reduced property area was completed in October 2013. The program consisted of a soil sampling program intended to test the effectiveness of geochemical survey techniques designed to test for mineralization beneath cover. The survey focused on the JJ showing area.

## Results of Operations

The Company's principal business activity is the acquisition and exploration of mineral properties in the United States and Canada. The Company currently has mineral property interests in the Canadian provinces of British Columbia, Saskatchewan, the Northwest Territories and Nunavut. During the year ended January 31, 2014, the Company relinquished all of its property holdings in the US, due to financial constraints.

On March 28, 2014, the Company's common shares commenced trading on a 1-new-for-10-old consolidated basis. All common shares, share purchase warrants, stock options and per share amounts have been retroactively restated to conform with this presentation.

During the year ended January 31, 2014 (the "**Current Year**"), the Company recorded a loss of $2,934,650 ($0.32 loss per share) as compared to a loss of $11,888,403 ($1.32 loss per share) for the year ended January 31, 2013 (the "**Comparative Year**"). Comprehensive loss for the Current Year totaled $2,884,841 as compared to $12.2 million in the Comparative Year. The main reason for the smaller loss in the Current Year is a smaller write-off of exploration and evaluation assets.

A decrease in salaries and benefits (Current Year - $33,410; Comparative Year - $249,682) had the largest impact on administrative expenses in the Current Year, as the Company reduced its full-time employees from seven to zero. A decrease in share-based compensation, a non-cash expense, (Current Year - $Nil; Comparative Year - $102,470) also contributed to lower administrative expenses in the Current Year, primarily because the Company did not issue stock options during the Current Year. Advertising and promotion (Current Year - $24,452; Comparative Year - $98,063), depreciation (Current Year - $5,846; Comparative Year - $8,782), generative exploration costs (Current Year - $43,134; Comparative Year - $148,403), insurance (Current Year - $27,615; Comparative Year - $43,008), office, miscellaneous and rent (Current Year - $25,664; Comparative Year - $92,025), regulatory and filing fees

(Current Year - $14,432; Comparative Year - $17,312) and professional fees (Current Year - $31,176; Comparative Year - $54,617) all decreased during the Current Year due to the cost reduction efforts of management. The Company recorded an increase in accretion, a non-cash expense, (Current Year - $569; Comparative Year - $Nil), primarily related to an asset retirement obligation for the Nickel King property. Total administrative expenses were $206,298 in the Current Year (Comparative Year - $814,362).

During the Current Year, the Company wrote-off accumulated acquisition and exploration expenses of $2,757,406, related to property option agreements for the Ridgeway and Midway, South Carolina properties. In the Comparative Period the Company wrote-off $10,908,132, mostly related to the Nickel King property in the Northwest Territories and the Piltz and Mons Creek properties in BC. Other factors that affected the Company's loss for the Current Year included less interest income (Current Year - $149; Comparative Year - $782), a foreign exchange loss (Current Year - $Nil; Comparative Year –$11,581) mineral exploration tax credits received (Current Year - $13,770; Comparative Period - $11,188) and a gain on the sale of marketable securities and investments (Current Year - $15,135; Comparative Year - $2,410). In the Comparative Year, the Company wrote-off $158,464 for marketable securities and investments; no such write-off occurred in the Current Year.

Total assets decreased to $853,638 as at January 31, 2014 as compared to total assets of $3,766,525 as at January 31, 2013. Exploration and evaluation assets decreased to $605,051 as at January 31, 2014 from $3,345,945 as at January 31, 2013. The Company reduced its capitalized exploration costs by a total of $2,757,406 (January 31, 2013 - $10,908,132), consisting primarily of write-offs related to the Midway and Ridgeway properties in the Southeastern United States. A summary of the Company's capitalized exploration expenditures can be found below.

| | January 31, 2013 | Expended During The Year | Write-off of Costs and Recoveries | **January 31, 2014** |
|---|---|---|---|---|
| Gold and Base Metal Properties, British Columbia | | | | |
| Exploration costs | $ 51,405 | $ - | $ (17,641) | **$ 33,764** |
| Acquisition costs | 44,467 | - | - | **44,467** |
| Geological and assays | 66,942 | - | - | **66,942** |
| Office and salaries | 452,023 | 4,989 | (734) | **456,278** |
| Retirement costs | - | 3,600 | - | **3,600** |
| | 614,837 | 8,589 | (18,375) | **605,051** |
| Gold and Base Metal Properties, USA | | | | |
| Exploration costs | 992,014 | 2,693 | (994,707) | - |
| Acquisition costs | 832,166 | 2,854 | (835,020) | - |
| Geological and assays | 152,172 | - | (152,172) | - |
| Office and salaries | 754,756 | 20,751 | (775,507) | - |
| | 2,731,108 | 26,298 | (2,757,406) | - |
| **TOTAL** | $ 3,345,945 | $ 34,887 | $ (2,775,781) | **$ 605,051** |

During the year ended January 31, 2014, the Company wrote-off $2,757,406 (January 31, 2013 - $10,908,132) relating to the Midway and Ridgeway properties in the U.S. and recorded the receipt of a cash option payment of $Nil (January 31, 2013 - $25,000).

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

## Selected Annual Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars. All per share amounts are presented on a post-consolidation basis, following the 1-new-for-10-old share consolidation effective March 28, 2014 (see "Share Consolidation" below).

The following table summarizes selected financial data for Strongbow Exploration Inc. for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the audited financial statements, prepared in accordance with IFRS, and their related notes.

| | | **YEAR ENDED** | |
|---|---|---|---|
| | **January 31, 2014** | **January 31, 2013** | **January 31, 2012** |
| Total interest income | $ 149 | $ 782 | $ 17,467 |
| General and administrative expenses, net | $ 206,298 | $ 814,362 | $ 1,503,852 |
| Write off of mineral properties | $ 2,757,406 | $ 10,908,132 | $ 462,600 |
| Loss for the year | | | |
| - In total | $ (2,934,650) | $ (11,888,403) | $ (1,863,777) |
| - Basic and diluted loss per Share | $ (0.32) | $ (1.32) | $ (0.23) |
| Comprehensive loss for the year: | | | |
| - In total | $ (2,884,841) | $ (12,244,273) | $ (2,125,059) |
| - Basic and diluted loss per Share | $ (0.32) | $ (1.32) | $ (0.26) |
| Total Assets | $ 853,638 | $ 3,766,525 | $ 14,694,698 |
| Total long-term financial liabilities | $106,781 | $81,170 | $Nil |

## Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of Strongbow Exploration Inc. and is derived from the Company's unaudited quarterly financial statements prepared by management. The Company's consolidated financial statements are prepared in accordance with IFRS and are expressed in Canadian dollars.

| Quarter Ending | Interest Income | Loss from Continued Operation and Net Loss | Basic Loss per share(1) from Loss | Fully Diluted Loss per share(1) – from Net Loss |
|---|---|---|---|---|
| January 31, 2014 | $ 106 | $ (2,490,537) | $ (0.27) | $ (0.27) |
| October 31, 2013 | $ 22 | $ (32,647) | $ (0.00) | $ (0.00) |
| July 31, 2013 | $ 21 | $ (235,448) | $ (0.03) | $ (0.03) |
| April 30, 2013 | $ - | $ (176,018) | $ (0.02) | $ (0.02) |
| January 31, 2013 | $ 182 | $ (11,169,207) | $ (1.23) | $ (1.23) |
| October 31, 2012 | $ 207 | $ (181,301) | $ (0.02) | $ (0.02) |
| July 31, 2012 | $ 174 | $ (307,247) | $ (0.04) | $ (0.04) |
| April 30, 2012 | $ 219 | $ (230,648) | $ (0.03) | $ (0.03) |

(1) Based on the treasury share method for calculating diluted earnings.

## Current Quarter

During the three months ended January 31, 2014 (the "**Current Quarter**"), the Company's loss totaled $2,490,537, as compared to a loss of $11,169,207 in the three months ended January 31, 2013 (the "**Comparative Quarter**").

Exploration and evaluation asset write-offs represented the most significant part of the current quarter loss (Current Quarter - $2,456,818; Comparative Quarter - $10,773,785) due to a write-down of the Midway property (in the Comparative Quarter - Nickel King, Opescal Lake, Midway and Snowbird properties were written-down). Administrative expenses at $46,943 in the Current Quarter were significantly lower than the Comparative Quarter expenses of $238,862, with salaries and benefits experiencing the largest decrease due to the Company reducing its full-time employees from seven to zero (Current Quarter - $554; Comparative Quarter - $90,323) followed by a decrease in generative exploration due to decreased activity levels (Current Quarter - $25,225; Comparative Quarter - $90,789). Please see "Results of Operations" above for additional details.

## Liquidity and Capital Resources

Working capital as at January 31, 2014 was $116,950 as compared to $195,279 at January 31, 2013. Cash decreased by $66,087 in the Current Year (Comparative Year – $18,714) to $101,408 as at January 31, 2014 (Comparative Year - $167,495). Net cash used in operations during the Current Year was $148,758 (Comparative Year - $650,345). The most significant changes in non-cash working capital items during the Current Year included a decrease in accounts payable and accrued liabilities of $53,160 and a decrease of $52,504 in receivables. Prepaid expenses decreased by $16,420.

Although the Company had positive working capital of $116,950 as at January 31, 2014, the Company will require additional financing to conduct further exploration programs on its properties and for future working capital. The Company's cash totaled $101,408 as at January 31, 2014. The fair value of the Company's marketable securities and investment totaled $16,550 and $92,274 respectively as at January 31, 2014. Included in the $16,550 fair value of marketable securities as at January 31, 2014 are 200,000 common shares of Westhaven; these common shares have a fair value of $14,000. Westhaven and the Company are related by virtue of a common director. There can be no assurance that the Company will be able to sell either the marketable securities or investments when required to finance its activities.

During the year ended January 31, 2014, the Company implemented certain measures to reduce its administrative expenses. For short-term working capital during the year ended January 31, 2014, the Company sold certain marketable securities for gross proceeds of $100,135. With significantly reduced administrative expenses, the Company expects to be able to continue in a "care and maintenance" state for approximately twelve months. However, without additional financing for general working capital and to maintain its current landholdings, the Company may not be able to maintain the minimum listing requirements of the TSX-Venture Exchange ("TSX-V") during fiscal 2015.

With the reductions in administrative expenses described above, the Company's most significant fixed costs relate to the costs associated with maintaining a TSX-V listing. The Company's has no minimum commitment for premises; leased equipment commitments are $8,109 annually until January 31, 2016 (all lease commitments terminate May 31, 2017). Please see the "Commitments" section below for further details. The Company did not make its cash option payments, payable in January 2014 and September 2013, for the remaining Midway and Ridgeway project properties and accordingly, wrote-off capitalized acquisition and exploration costs of $2,454,428 and $302,978 respectively.

The Company actively manages its landholdings in an effort to keep landholdings with the greatest exploration potential in good standing for as long as possible. The Company's management regularly reviews its cash position against future plans and makes decisions regarding these plans accordingly. The Company has sufficient financial resources to keep its Nickel King landholdings in good standing through to the end of calendar 2015. With respect to the Company's Nickel King project, the current mining leases allow the Company to maintain the Nickel King Main Zone deposit through to November 2028 at an annual cost of $5,883. Therefore, despite the January 31, 2013 write down of capitalized exploration expenditures relating to Nickel King, the mining leases can be maintained at a low annual cost and the Nickel King deposit remains an important asset within the Company's project portfolio.

The Company's financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The Company's financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Financing opportunities for companies with early-stage exploration projects are limited at the present time and failure to re-finance the Company in 2014 would result in the need to wind-down existing activities.

The Company's primary investing activity is the acquisition and exploration of mineral properties. During the Current Year, the Company spent $31,486 (Comparative Year - $634,043) to acquire and explore its exploration and evaluation asset interests and recorded a recovery to its capitalized exploration costs totalling $8,077 (Comparative Year - $25,000), which relates to the receipt of a cash option payment during the Comparative Year. The Company's exploration activities during the Current Year were minimal and primarily incurred on its Skoonka gold property in British Columbia.

During the Comparative Year, the Company received gross proceeds of $1,157,000 from the issuance of capital stock; no financings were completed during the Current Year.

In March 2012, the Company completed a non-brokered private placement of 890,000 units at a price of $1.30 per unit, for gross proceeds of $1,157,000. Each unit consisted of one common share and one common share purchase warrant. The warrants expired without exercise on September 9, 2013.

As at May 28, 2014, the Company had 441,000 outstanding stock options with exercise prices that range from $1.70 to $5.50, which if exercised, would increase the Company's available cash by approximately $1.4 million. However, none of these stock options are presently "in-the-money" as the Company's share price is less than the exercise price. These stock options expire between July 2014 and April 2016.

Actual funding requirements may vary from those planned due to a number of factors, including results from exploration activities and the Company's ability to raise additional funds at favourable terms. Equity financings at the Company's stage of development are very challenging in the current economic environment, and result in dilution to existing shareholders. Dilution to existing shareholders from an equity financing increases as the share price decreases. In addition, market volatility and economic uncertainties have the potential to make future financing challenging. The Company's ability to generate cash is very much affected by the current market conditions, its share price and third party interest in its assets. In previous years, the Company was able to sell or option its non-core assets, or sell common shares received for these non-core assets, as one means to finance its operations and to further exploration on its mineral property interests; it is unlikely that the Company will be able to finance its operations in this manner given the current market challenges. The Company has no credit facilities that can be used for ongoing operations because it has no operating cash flow.

*Share Consolidation*

At the Annual General and Special meeting of Shareholders held on June 26, 2013, a majority of shareholders passed a special resolution authorizing the Company to consolidate its outstanding share capital on the basis of one (1) new common share without par value for every existing ten (10) common shares without par value. The special resolution also gave the Company's directors the authority to reduce the consolidation ratio or to determine not to proceed with the consolidation if deemed not in the best interests of the Company. On March 28, 2014 the Company's common shares commenced trading on a 1-new-for-10-old consolidated basis.

The directors believe the share consolidation will put the Company in a better position to finance its exploration and development activities. In particular, in light of the current market conditions, the Company believes it will be beneficial to the current shareholders to have the issued share capital made more attractive to future investors. All share, per share, share option, warrant and weighted average exercise price information included in this Annual MD&A have been adjusted to reflect this share consolidation.

## Risks and Uncertainties

The Company's financial condition and future prospects are significantly affected by overall economic conditions. The Company has no source of operating revenue and relies on equity financings and, in recent years, the sale of marketable securities acquired from exploration option and purchase and sale agreements to finance its operations and in particular, to further exploration on its properties. Liquidity risk and going concern are the most significant risks faced by the Company at the present time, given its early stage of development.

The Company's consolidated financial statements for the year ended January 31, 2014 have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the

Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company and further exploration on the remaining exploration and evaluation assets is dependent on the Company's ability to complete additional equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company's financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was inappropriate. These adjustments could be material.

As at January 31, 2014, the Company had current assets of $137,673 to settle current liabilities of $20,723. Although the Company has positive working capital of $116,950 as at January 31, 2014, the Company may be required to delay discretionary expenditures if additional financing cannot be obtained on reasonable terms. Failure to obtain additional financing may result in the loss of some or all of the Company's exploration and evaluation assets.

The Company's management actively monitors its cash flows and is making decisions and plans for fiscal 2015 accordingly. The Company's material mineral property is the Nickel King Project in the Northwest Territories. To keep this property in good standing, the Company must make annual lease payments of $5,883.

The current low interest rate environment means that interest income cannot materially offset the Company's general and administrative expenses. Historically, the majority of the Company's expenses have been denominated in Canadian Dollars, so its exposure to foreign exchange risk was limited. The Company's foreign exchange exposure increased with the acquisition of mineral properties in the United States, however this exposure has been reduced with the recent cessation of exploration activities in the southeastern United States.

The Company has no exposure to asset-backed commercial paper through its short-term investments, which are invested in chartered bank-issued BA's or BDN's or GICs to minimize, to the extent possible, the Company's credit risk. The majority of the Company's receivables consist of sales tax receivables due from the federal government, receivables from companies with which the Company has exploration agreements or options and receivables from related parties. The maximum amount of the Company's exposure to credit risk with respect to its receivables is the carrying value of those receivables as at the financial position date.

The Company has no long-term debt and, as of the report date, the Company has positive working capital, which will be used to maintain the Company's exploration properties in good standing for as long as possible and for a reduced level of corporate and administrative expenses. Failure to secure additional financing could ultimately result in the loss of the Company's properties and the removal of the Company from the TSX-V for failure to meet minimum listing standards.

## Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value. As at May 28, 2014, there were 9,107,716 common shares issued and outstanding.

As at May 28, 2014, the Company had the following stock options outstanding:

| | Number of Shares | Exercise Price | Number Vested | Expiry Date |
|---|---|---|---|---|
| Options | 138,500 | $ 1.70 | 138,500 | July 26, 2014 |
| | 161,500 | 2.00 | 161,500 | September 23, 2015 |
| | 7,000 | 4.20 | 7,000 | December 22, 2015 |
| | 134,000 | 5.50 | 134,000 | April 29, 2016 |

A total of 908,120 warrants exercisable at $2.00 per warrant expired without exercise on September 9, 2013.

Transactions with Related Parties

The Company entered into the following transactions with related parties (See Note 11 of the consolidated financial statements for the year ended January 31, 2014):

a) Charged rent and technical services of $9,776 (January 31, 2013 - $34,910) to North Arrow, a company two common directors.

b) Charged administrative and technical services of $31,664 (January 31, 2013 - $29,702) to Stornoway Diamond Corporation ("Stornoway"), a company with a common officer.

c) Paid or accrued administrative and accounting services of $4,875 (January 31, 2013 - $24,717) to Stornoway.

d) Paid or accrued administrative and technical services of $983 (January 31, 2013 - $4,636) to Westhaven, a company with a common director.

Included in receivables are amounts due from North Arrow totaling $2,431 (January 31, 2013 - $35,241) for reimbursement of exploration expenditures and shared administrative expenses paid by the Company on North Arrow's behalf.

Included in receivables are amounts due from Stornoway totaling $135 (January 31, 2013 - $5,001) for reimbursement of administrative costs paid by the Company on Stornoway's behalf.

Included in receivables are amounts due from Westhaven totaling $9 (January 31, 2013 - $Nil) for reimbursement of administrative costs paid by the Company on Westhaven's behalf.

Key management includes the Company's directors and officers. Compensation awarded to key management was as follows:

| | | **Year Ended January 31, 2014** | | Year Ended January 31, 2013 |
|---|---|---|---|---|
| Salaries and benefits[1] | **$** | **54,569** | $ | 288,514 |
| Total | **$** | **54,569** | $ | 288,514 |

1 – When key management is working specifically on exploration and evaluation assets their time is capitalized against the exploration and evaluation asset.

New Accounting Standards

The International Accounting Standards Board has issued several new standards which have not yet been adopted by the Company. The following is a brief summary of the new standards:

i) Accounting standards effective on or after January 1, 2014:

a) *Amendment to IAS 32, Financial Instruments*: *Presentation, on assets and liabilities offsetting*. These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
b) *Amendment to IAS 36, Impairment of assets on recoverable amount disclosures*. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
c) *IFRIC 21, Levies. This is an interpretation of IAS 37, Provisions, contingent liabilities and contingent assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

ii) Accounting standard with an unknown effective date:

a) *IFRS 9, Financial Instruments*. In November 2009, the IASB issued IFRS 9 as the first step in its project to replace International Accounting Standard 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains, but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive profit (loss), and guidance on financial liabilities and derecognition of financial instruments. IFRS 9 has been indefinitely postponed with an unknown effective date.

## Commitments

The Company is committed to minimum future lease payments for office premises and leased office equipment through to May 31, 2017 as follows:

| | | |
|---|---|---|
| Fiscal year ending January 31, 2015 | $ | 8,109 |
| Fiscal year ending January 31, 2016 | $ | 8,109 |
| Fiscal year ending January 31, 2017 | $ | 3,899 |
| Fiscal year ending January 31, 2018 | $ | 975 |

The Company's lease costs may be reduced due to recoveries through sub-leases.

## Off-Balance Sheet Arrangements

Not applicable.

## Financial Instruments

The Company's financial instruments consist of cash, marketable securities, receivables, investments, and accounts payable and accrued liabilities. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Marketable securities and investments are recorded at fair value based on the quoted market prices in active markets at the statement of financial position date, which is consistent with level 1 of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risks, foreign currency risk, and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash is limited because these investments, although readily convertible into cash, are generally held to maturity.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales, exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities, and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties. As at January 31, 2014, the Company had current assets of $137,673 available to settle current liabilities of $20,723.

*Foreign Currency Risk*

The Company had exposure to foreign currency risk, primarily through its mineral properties in the United States however, the majority of its current assets and current liabilities are presently denominated in Canadian dollars. During the years ended January 31, 2014 and 2013, the Company's exploration activities and ongoing land tenure expense in the United States made it subject to foreign currency fluctuations between the Canadian Dollar and the US dollar. However, during the year ended January 31, 2014, the Company allowed its mineral property holdings in the US to lapse due to financial constraints. Accordingly, the Company's exposure to foreign currency risk on a go-forward basis is not expected to be material. The Company does not presently invest in foreign currency contracts to mitigate this risk. It is management's opinion that the Company is not exposed to significant foreign currency risk.

*Equity market risk*

The Company is exposed to equity price risk arising from its marketable securities and investments, which are classified as available-for- sale. The Company plans to sell its marketable securities and investments as market conditions permit, or as is required to finance the Company's operations from time-to-time.

## **Capital Management**

The capital of the Company consists of the items included in capital stock and reserves. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities.

The Company's mineral properties are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings and, in recent years, asset sales or exploration option agreements to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process. The Company is not subject to any externally imposed capital requirements.

## **Significant Accounting Estimates and Judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of management judgment and estimate include:

(i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amount.

(ii) The determination of the fair value of stock options or warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

(iii) The determination of deferred tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(iv) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the exploration and evaluation asset interests under option or sale. This determination is highly subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

## Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation asset costs is provided in the Company's consolidated statement of financial position, statement of changes in equity, statement of loss and comprehensive loss and the mineral properties note contained in its audited consolidated financial statements for the years ended January 31, 2014 and 2013 prepared in accordance with IFRS. These statements are available on SEDAR at www.sedar.com.

## Additional Information

Additional information relating to the Company is on SEDAR at www.sedar.com and is available on the Company's website at www.strongbowexploration.com.

## Approval

The Board of Directors of the Company has approved the disclosure contained in this annual MD&A. A copy of this annual MD&A will be provided to anyone who requests it.