ABITIBI ROYALTIES INC.

Management's Discussion and Analysis for the first quarter ended March 31, 2015.

Introduction

The following Management's Discussion and Analysis (**"MD&A"**) reviews the financial position and results of operations of Abitibi Royalties Inc. (**TSXV: RZZ**, hereinafter **"Abitibi Royalties"** or the **"Company"**) for the quarter ended March 31, 2015. It should be read in conjunction with the unaudited financial statements and notes thereto for the period ended March 31, 2015, and with the audited financial statements for the year ended December 31, 2014 and related notes thereto, which were prepared in accordance with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standard Board (IASB). All these documents can be viewed through the internet at the SEDAR website (www.sedar.com) by accessing the Company's issuer profile.

All figures are in Canadian dollars unless otherwise specified.

The following information is prepared as at May 22, 2015.

Forward-Looking Statements

This document contains certain forward-looking statements. In some cases, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

COMPANY OVERVIEW, NATURE OF OPERATIONS, AND OVERALL PERFORMANCE

The Company was incorporated on February 18, 2010, pursuant to the *Business Corporations Act* (British Columbia) as a wholly owned subsidiary of Golden Valley Mines Ltd. ("**Golden Valley**"), a Canadian public corporation with an office located in Val-d'Or, Québec, Canada, involved, together with its various subsidiaries, in initial grassroots exploration projects.

In 2011, as part of a plan of arrangement (the "**Arrangement**") Golden Valley transferred certain of its properties and carried interests in certain properties to the Company along with a $600,000 cash infusion against the issuance of 8,701,000 common shares and subsequently, distributed to its shareholders, by way of a dividend, a part of its holding in the Company's capital stock. As a result of the Arrangement, Abitibi Royalties became a reporting issuer in Alberta, British Columbia, Ontario and Québec. Abitibi Royalties is considered a "venture issuer" as such term is defined by applicable securities legislation. Since July 15, 2011 (the "**Trading Date**") the Company's common shares trade on the TSX Venture Exchange (the "**Exchange**") under the symbol RZZ.

The business objectives of the Company are to hold title and to promote and develop certain advanced projects, and to acquire, manage, and promote, royalty interests by capturing the upside potential inherent to the various stages of the mining sector, while limiting the risks related to the difficulties in assessing the rate of success and accurately predicting the costs for exploration, development, and mine operation.

Property Interests

Sale of Malartic CHL Property - March 19, 2015

The Malartic CHL Property was acquired through staking by Golden Valley in 2006. Golden Valley and Osisko Mining Corporation ("**Osisko**") entered into an option agreement pursuant to which Osisko acquired a 70% interest in the Malartic CHL Property. Pursuant to an Amended and Restated Transfer and Assignment and Assumption Agreement dated March 31, 2011, among Abitibi Royalties, Golden Valley, and Osisko, Golden Valley's interest in the property was assigned to Abitibi Royalties.

On April 16, 2014, Osisko, Agnico Eagle Mines Limited ("**Agnico**") and Yamana Gold Inc. ("**Yamana**") entered into an arrangement agreement pursuant to which Osisko agreed to transfer its Canadian Malartic assets to a new partnership that would ultimately be owned by Agnico and Yamana as to 50% each.

On March 19, 2015, the Company entered into an acquisition agreement with Canadian Malartic GP, a general partnership, Yamana and Agnico to sell its 30% free carried interest in the Malartic CHL Property in consideration for 3,549,695 shares of Yamana and 459,197 shares of Agnico and a 3% net smelter return royalty on the Malartic CHL Property. Based on the closing prices of the shares of Yamana ($4.93) and Agnico Eagle ($38.11) on the TSX (on February 20, 2014 the day before the announcement of the transaction), the consideration received by the Company amounted to $35 million excluding the royalty.

The Company has recorded a gain of $29,534,734 on the sale of its 30% free carried interest in the Malartic CHL Property, which was calculated as follows:

	March 19,2015
Market value of consideration received	33,489,813
Less Fair value of mandatory retention period (1)	(3,374,856)
Fair value of consideration received	30,114,957
Less Transaction costs	(443,953)
Fair value of consideration received net of transaction costs	29,671,004
Less Book value of exploration and evaluation asset sold	(136,270)
Gain on the sale of the Malartic CHL Property (no tax impact)	29,534,734

(1) As per securities regulations, shares received from Agnico Eagle and Yamana are subject to a mandatory retention period of four months and one day.

After this transaction the Company retains the following assets:

a) 3,549,695 shares of Yamana and 459,197 shares of Agnico –

b) a 3% net smelter return royalty on the Malartic CHL Property,

c) a 2% net smelter return royalty, and

d) a 100% interest in the Luc Bourdon and Bourdon West Prospects.

These assets are described below:

Malartic CHL 3% NSR Royalty - Malartic, Quebec

The area covered by the 3% net smelter royalty is located immediately east of the Canadian Malartic Mine operated by Agnico Eagle and Yamana. The 3% net smelter royalty covers a number of known mineralized zones; the historic Shaft Zone and Porphyry 12 Zone, the Norrie Zone, the Mammoth Zone (eastern extension of the Barnat Zone), the Jeffrey Zone, the Hal Zone, the Geo Zones and the recent Odyssey North discovery. No value has been assigned to the 3% NSR royalty; the Project still being at the early stage, future cash flow could not be reliably estimated.

Canadian Malartic 2% NSR Royalty – Malartic, Quebec

Also pursuant to a separate agreement, Golden Valley assigned to Abitibi Royalties a 2% net smelter royalty interest (the "**NSR**") on a claim block originally acquired by Golden Valley through staking and subsequently sold to Osisko. The NSR is located on a single claim located just to the south of the Canadian Malartic main pit, and covers the historic Charlie zones and the Eastern portion of the Gouldie Zone. On May 21, 2015, the Company announced the receipt of the year-end 2014 gold reserve and resource estimate completed by Canadian Malartic GP in respect of the Company's interests in the 2% NSR, details of which can be found by accessing the Company's issuer profile through the internet on the SEDAR website at www.sedar.com. Production on the 2% net smelter royalty area started in 2014 and the first royalty payment of $254,537, covering the last two quarters of 2014 and the first quarter of 2015 (to March 31, 2015), has been received on May 13, 2015.

Luc Bourdon and Bourdon West Prospects

The Luc Bourdon and Bourdon West Prospects (the "**Bourdon Prospects**") were previously the subject of an option agreement in favour of White Pine Resources Inc. and Noront Resources Ltd. (together, the "**Optionees**") pursuant to which each of the Optionees could earn a 35% interest in the Bourdon Prospects upon incurring an aggregate of $5,000,000 in exploration expenditures (the "**Bourdon Prospects Option**"). The Company acquired the Bourdon Prospects from Golden Valley pursuant to an Amended and Restated Transfer, Assignment, and Assumption Agreement dated March 30, 2011 among Abitibi Royalties, the Optionees, and Golden Valley.

The Bourdon Prospects Option was terminated as a result of the Optionees failing to incur the exploration expenditures required by their due date, and failing to cure the default within 60 days of the Company's notice to each of them to this effect. As a result, the Company retains a 100% interest in the Bourdon Prospects. The Company is now seeking new partnerships to fund future exploration programs and, if warranted by the results, to further develop the Bourdon Prospects.

Investments

	Number of shares held at March 31, 2015	Value at March 19, 2015	Value at March 31, 2015
Yamana Gold Inc.	3,459,695	16,825,554	16,115,615
Agnico Eagle Mines Ltd.	459,197	16,664,259	16,195,878
Fair value of retention period (1)		(3,374,856)	(3,222,186)
Total fair value		30,114,957	29,089,307
Variation during the period			(1,025,650)

(1) As per securities regulations, shares received from Agnico Eagle and Yamana are subject to a mandatory retention period of four months and one day.

Results of Operations

For the first quarter ended on March 31, 2015, the Company reported a net income of $25,355,262 compared to a loss of $127,338 for the quarter ended on March 31, 2014. The gain of $29,534,734 realized on the sale of the Malartic CHL Property is the major factor behind the improvement of the results. For more details on the transaction and the calculation of the net gain realized, refer to section Property Interests above. The other components of the first quarter results are described below:

a) Revenues

Royalties of $254,537 has been earned from the 2% NSR. This amount that was received in May 2015 is covering the last two quarters of 2014 and the first quarter ended March 31, 2015. In addition the Company received in April 2015 its first dividend of $67,531 as shareholders of Yamana. The Company received the shares of Yamana as a consideration for the sale of its interest in the Malartic CHL Property on March 19, 2015. The dividend was payable to shareholders of record on March 31, 2015.

b) Expenses

Professional fees of $119,747 incurred during the quarter ended March 31, 2015 include; a) audit, tax and accounting fees of $7,280, b) legal fees of $55,776, c) fees of $13,784 incurred to maintain the Company's legal status and mostly paid to the

Exchange, and the Company's transfer agent, and d) $42,907 of expenses related to media relations. In comparison, for the quarter ended on March 31, 2014, the professional fees totaled $24,849, and were as follows: audit, tax and accounting fees of $4,160, legal fees paid to external counsel of $11,750, and $8,939 paid to the Exchange and the Company's transfer agent.

For the quarter ended March 31, 2015, total remuneration of $62,000 was paid as follows: $40,000 to the President, $20,000 to the CEO and $2,000 to the CFO ($40,000 to the CEO as at March 31, 2014). Directors meeting fees of $30,000 have been accrued ($65,000 at March 31, 2014). The board of directors made the decision to cancel the fees accrued for the meetings of the technical committee and consequently a reversal of accrual of $21,370 (meeting fees accrued at December 31, 2014) was recorded. Total remuneration accrued at March 31, 2015 of $175,215 includes executive bonus of $80,000 (accrued at December 31, 2014) and directors meeting fees of $95,215 ($30,000 for the first quarter ended March 31, 2015 and $65,215 for August 1, 2014 to December 31, 2014).

During the quarter ended March 31, 2015, the Company recorded contributions of $35,172 ($Nil as at March 31, 2014) to mandatory governmental benefits plans related to salaries, meetings fees and taxable benefits on exercise of incentive stock options.

Office expenses for the first quarter ended on March 31,2015, amounted to $11,905 (compared to $3,117 for the corresponding quarter in 2014) and were made of; insurance premium of $7,418 ($2,534 in 2014), office rent for the Toronto Office of $1,975 ($Nil in 2014), communication expenses of $1,172 ($279 in 2014) and other office expenses of $1,340 ($304 in 2014). Management fees of $24,000 were paid to Golden Valley during the quarter ended March 31, 2015, (compared to $Nil for the first quarter in 2014).

Advertising and promotion expenses of $2,500, representing the registration fee to a convention and travel expenses of $5,013 were incurred during the quarter ended March 31, 2015, (for the same quarter in 2014 the Company had no advertising expenses and $483 in travel expenses).

The value of the Company's investment in the shares of Agnico Eagle and Yamana, received as consideration for the sale of the Malartic CHL Property, has to be shown at fair value. At March 31, 2015, the Company recorded an adjustment of $1,205,650 to reflect the variation in the fair value of the investment between March 19, 2015 and March 31, 2015.

The sale of the Malartic CHL Property was made without generating any immediate income tax payable. The Company has received shares in payment that are worth $29,089,307 at March 31, 2015 and for which the tax value is minimal. There is a potential tax liability on the capital gain to be realized on the eventual sale of those shares, which the Company has recognized by recording a deferred income tax liability of $3,206,334 at March 31, 2015.

Summary of Quarterly Results

The following table presents selected quarterly financial information for the last eight quarters:

	(1) Jun 30, 2013 $	(2) Sep 30, 2013 $	(3) Dec 31, 2013 $	(4) Mar 31, 2014 $	(5) Jun 30, 2014 $	(6) Sep 30, 2014 $	(7) Dec 31, 2014 $	(8) Mar 31, 2015 $
Total Revenues	-	-	-	-	-	-	-	322,068
Net income (loss)	(65,296)	(348,088)	(255,116)	(127,338)	(667,143)	(572,667)	(2,051,577)	25,355,262
Net Loss per shares								
Basic	(0.007)	(0.040)	(0.030)	(0.014)	(0.072)	(0.060)	(0.200)	2.41
Diluted	(0.007)	(0.040)	(0.030)	(0.014)	(0.072)	(0.060)	(0.200)	2.24

(1) During the second quarter ended June 30, 2013 the Company incurred a loss of $65,296. The largest single component of this loss consists of an amount of $24,000 ($8,000 per month) in management fees paid to Golden Valley pursuant to the Management Agreement. Other expenses are as follows: i) professional fees of $38,501, composed of audit, tax and accounting fees of $12,480, legal fees from external counsel of $11,334 and Exchange and registrar and transfer agent expenses of $14,687, ii) Office expenses of $5,065, composed of insurance premiums of $2,931 and communication expenses of $2,134 iii) refund of $2,233 received in the quarter for shared travel expenses, previously paid by the Company, iv) bank fees of $29 offset by interest income of $66 received on GIC from the bank.

(2) During the third quarter ended September 30, 2013 the Company incurred a loss of $348,088. The largest single component of this loss consists of an amount of $339,037 of share-based payment. This relates to the incentive stock options granted to directors and officers of the Company. Other expenses are as follows: i) professional fees of $6,024, composed of legal fees from external counsel of $3,179 and Exchange and registrar and transfer agent expenses of $2,845, ii) Office expenses of $3,019, composed of insurance premiums of $2,802 and communication expenses of $217 iii) Travel and transport of $57, iv) bank fees of $26 offset by interest income of $75 received on GIC from the bank.

(3) During the fourth quarter ended December 31, 2013 the Company incurred a loss of $255,116. The largest single component of this loss was the $245,000 accrual for the remuneration of the president and director fees in accordance with the Executive Compensation Plan implemented by the Company (see "Executive Compensation Plan" below). Other expenses were as follows: i) professional fees of $9,592, comprised of legal fees from external counsel of $6,089 and Exchange and registrar and transfer agent expenses of $3,503, ii) Office expenses of $3,148, comprised of insurance premiums of $2,534, communication expenses of $501 and other miscellaneous expenses of $113, iii) reduction of $5,641 in the valuation of the stock options (stock options granted in 2013 have to be revalued at every reporting date until the modifications made to the plan are approved by shareholders), iv) travel expenses of $2,999 and v) bank fees of $18.

(4) A loss of $127,338 was incurred in the first quarter ended March 31, 2014. The largest single component of this loss was the $105,000 accrual for the remuneration of the president and director fees in accordance with the Executive Compensation Plan implemented by the Company (see "Executive Compensation Plan" below). Other expenses were as follows: i) professional fees of $24,849, comprised of audit, tax and accounting fees of $4,160, of legal fees from external counsel of $11,750 and of Exchange and registrar and transfer agent expenses of $8,939, ii) Office expenses of $3,117, comprised of insurance premiums of $2,534, communication expenses of $279 and other miscellaneous expenses of $304, iii) reduction of $5,919 in the valuation of the stock options (stock options granted in 2013 have to be revalued at every reporting date until the modifications made to the plan are approved by shareholders), iv) travel expenses of $483 and v) net interest income of $192.

(5) During the second quarter ended June 30, 2014 the Company incurred a loss of $667,143. The largest components of this loss consist of an amount of $262,613 for professional fees composed of mostly legal fees; $239,792 of share-based payments and $105,000 accrual for the remuneration of the president and director fees in accordance with the Executive Compensation Plan implemented by the Company (see "Executive Compensation Plan" below). Other expenses are as follows: i) management fees of $24,000 paid to Golden Valley pursuant to the Management Agreement ii) Office expenses of $8,467, composed of insurance premiums of $2,534, communication expenses of $4,633 and other expenses of $1,300, iii) Travel and transport expenses of $23,756, iv) Advertising and promotion of $3,737 and v) bank fees of $25 offset by interest income of $247 received on GIC from the bank.

(6) During the third quarter ended September 30, 2014 the Company incurred a loss of $572,667. The largest component of this loss consisted of $214,173 of share-based payments representing the Black & Scholes valuation of the incentive stock options granted, $121,901 of salaries, directors fees and benefits paid or accrued, and professional fees of $182,739. Professional fees were composed of legal fees of $46,262, consulting fees of $112,514 for temporary help in administrative and technical matters, financial modeling and media relations and $23,963 of Exchange, regulatory and transfer agent fees. Other expenses were as follows: i) management fees of $24,000 paid to Golden Valley pursuant to the Management Agreement, ii) Office expenses of $15,928, composed of insurance premiums of $6,563, communication expenses of $3,496 and other expenses of $5,869, iii) Travel and transport expenses of $13,160, iv) Advertising and promotion of $654 and v) net bank fees of $112.

(7) During the fourth quarter ended December 31, 2014 the Company incurred a loss of $2,051,577. The largest component of this loss consisted of share-based remuneration of $1,603,322 representing the reevaluation with current share trading prices of incentive stock options pending approval by the shareholders and the Exchange using the Black & Scholes valuation model. Other expenses included: i) executive salaries and director fees, paid or accrued, including employer contribution to governmental plans for $213,374, (which includes a bonus accrual of $80,000 for the two Company executives and accrual for director fees of $57,500 ii) professional fees of $183,430 composed of $149,710 for legal fees, consulting fees (of which $134,000 was paid by the issuance of shares of the Company), temporary help for administrative and technical matters, financial modeling and media relations, consulting fees also include a bonus accrual of $36,500 and $3,720 of Exchange, regulatory and transfer agent fees, iii) management fees of $24,000 paid to Golden Valley pursuant to the Management Agreement, iv) office expenses of $14,729, comprised of insurance premiums of $7,418, communication expenses of $4,547 and other expenses of $2,764, v) travel and transport expenses of $12,627, vi) advertising and promotion expenses of $475 and vii) net interest income of $380.

Liquidity and Capital Resources

As at March 31, 2015, the Company had cash and cash equivalents of $1,607,385 and working capital of $1,609,488 compared to cash and cash equivalent of $1,233,307 and a working capital of $1,013,949 at December 31, 2014. In March 2015, the Company received $620,250 from the exercise of options to purchase 330,000 common shares. For details please refer to section "Capital Stock" below. In April 2015, the Company received the first dividend payment of $67,531 from Yamana and in May 2015, the first royalty payment of $254,537 from its 2% NSR.

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. The Company's capital is composed of its shareholders' equity. The Company is not subject to any externally imposed capital requirements. The Company has not declared or paid any dividends, other than as disclosed under the section "Company Overview, Nature of Operations, and Overall Performance" above.

As at March 31, 2015, shareholders' equity amounted to $27,525,025 compared to $1,182,013 at December 31, 2014. The increase in shareholder's equity comes mainly from the gain realized on the sale of the Malartic CHL Property and in a lesser measure from the royalty earned on the 2% NSR and the dividend earned on the shares received in consideration for the sale of the Malartic CHL Property. (Refer to "Results of Operations" and "Summary of Quarterly Results" above). The Company's investment policy is to keep its cash treasury on deposit with a Canadian chartered bank.

Contractual Obligations

a) Management and Administrative Services Agreement

Golden Valley and the Company entered into a Management and Administrative Services Agreement dated October 1, 2010 (the "**Management Agreement**"), pursuant to which Golden Valley has agreed to provide certain administrative, management and financial services to the Company, such as office space and administrative support, including the use of Golden Valley's in house legal counsel, for day to day general inquiries, services of a chief financial officer and basic investor relations services in consideration of a fee of $96,000 per year ($8,000 per month).

The Management Agreement is for an initial term of two years commencing on the Trading Date, and will be automatically renewed after the initial term for successive period of 12 months. The Management Agreement can be terminated at any time and by either party, upon delivery of a twelve month written notice. The Management Agreement provides for the fee to be reviewed on an annual basis.

Effective July 1, 2013, Golden Valley agreed to suspend the payment of the management fee so as to allow the Company to conserve cash for its operations, notwithstanding that Golden Valley continued to provide the services under the agreement. On April 1, 2014, the Company resumed payment of management fees.

The Company entered into an amending agreement (the "**Amending Agreement**") with Golden Valley dated as of May 21, 2014, amending the terms of the Management Agreement. The Amending Agreement confirms, among other things, that if there is a change of control of the Company and Golden Valley terminates the Management Agreement within six months of the change of control or the Company terminates the Management Agreement within twelve months of the change of control or if the Company and Golden Valley agree to terminate the Management Agreement within six months of the change of control, then the Company will pay Golden Valley a termination payment equal to the aggregate of the amounts that would have been payable by the Company to Golden Valley as the fee for the period from the date of the Amending Agreement to the date on which the Management Agreement is terminated if payment of the fee had not been suspended during such period.

b) Management Success Fees Agreement

Abitibi Royalties has entered into an amended and restated Management Success Fees Agreement, as further amended (the "**Management Success Fees Agreement**"), with 2973090 Canada Inc., a company of which Glenn J. Mullan is the sole shareholder, director and officer, as the "Trustee". This agreement provides that upon the Company completing a transaction or series of transactions (in either case, a "**Transaction**") pursuant to which:

- the Company is acquired by or combined with a third party,
- a third party acquires any of the Company's material assets or operations,
- the Company completes an equity or debt financing that meet particular thresholds, subject to Exchange approval, or
- there is a change of control of the Company,

The Company will cause either its auditor or a qualified financial advisor engaged by the Company that is acceptable to the Trustee to determine the value of the Transaction based on the value of the consideration received by the Company or its shareholders for the shares or assets subject to the Transaction. Once the value of the Transaction has been determined, the Company will pay to the Trustee a success fee (the "**Success Fee**") which the Trustee will then allocate among the members of the Company's management (including its President, Chief Executive Officer and its Chief Financial Officer) and/or its key consultants and/or the members of the Company's Board of Directors. The Success Fee will be paid to the Trustee in one or more payments, from time to time as and when the Company has the funds available to do so, as determined by the Company's Board of Directors.

After consultation with the Company's Compensation and Corporate Governance Committee, the Trustee will have sole discretion to determine how the Success Fee is to be allocated. The amount of the Success Fee will be based on the value of the Transaction. The Success Fee will be payable for each Transaction completed by the Company until there is a Transaction resulting in a change of control, in which case after the Success Fee with respect to that Transaction has been paid, the Management Success Fees Agreement will terminate.

As of March 31, 2015, no payouts had been made or approved by the Board of Directors under the Management Success Fees Agreement. As of May 22, 2015, the Management Success Fee had been approved by the Board of Directors by virtue of the sale by the Company of its 30% interest in the Malartic CHL Project to Canadian Malartic GP, Yamana Gold Inc. and Agnico Eagle Mines Limited. The amount of the Success Fee payable with respect to the sale is $4,290,000 of which $3,500,000 of the Success Fee is payable in one or more payments, from time to time as and when the Company has the funds available to do so, as determined by its Board of Directors, in accordance with the Management Success Fees Agreement. The Company and the Trustee have agreed, however, that portions of the remaining $790,000 (the **"Contingent Amount"**) will become payable in the same way but only as Proven and Probable Reserves are established on the Malartic CHL Project in accordance with National Instrument 43-101, provided that if the Company undergoes a Change of Control (as defined in the Management Success Fees Agreement), any remaining portion of the Contingent Amount that has not already become payable will be paid on the Change of Control.

c) <u>Advisory Agreement</u>

On February 2015, the Company entered into an advisory agreement with Maxit Capital LP to provide advisory services and a fairness opinion in relation with the sales of the Malartic CHL Property. The advisory fee and the fairness opinion could be settled in cash ($367,500 including sales taxes) or in shares (100,791 shares), at the option of the Company. The Company chose to issue 100,791 common shares on April 21, 2015.

Off balance Sheet Arrangements

The Company has no off balance sheet arrangements as at March 31, 2015 or as at the date of this MD&A.

Commitments and Proposed Transactions

As of the date of this MD&A, there are no undisclosed pending proposed transactions that would materially affect the performance or operation of the Company.

<u>Related Party Transactions</u>

<u>Transactions with Golden Valley</u>:

In accordance with the terms of the Management Agreement the Company paid management fees of $24,000 (three months) during the period ended March 31, 2015. For additional details with respect to the Management Agreement please refer to "Contractual Obligations" above.

In addition, pursuant to the terms of the Management Agreement, Golden Valley has agreed to provide the Company with the services of a qualified geologist at an hourly rate equal to the hourly charge to Golden Valley, plus 10% (**"Geological Fees"**). During the three month period ended March 31, 2015, the Company did not incur any Geological Fees ($1,793 in the quarter ended March 31, 2014).

On February 5, 2014, Golden Valley was the sole subscriber to the non-brokered private placement announced by the Company. Golden Valley purchased 500,000 common shares and 250,000 warrants of the Company for $150,000. On June 20, 2014, Golden Valley exercised these 250,000 warrants for $112,500.

<u>Transactions with Executive officers and Directors</u>:

On May 27, 2014, Abitibi Royalties entered into a Management Success Fees Agreement with 2973090 Canada Inc., a company of which Glenn J. Mullan, the CEO and a director of the Company, is the sole shareholder, director and officer, as the "Trustee". Pursuant to this agreement certain executive officers, directors and key consultants may receive a success fee based on the value of transaction realized by the Company. This agreement is described in "Contractual Obligations" above.

In accordance with its Executive Compensation Policy the Company has, during the quarter ended March 31, 2015, paid or accrued the following remuneration; salaries of $62,000 to its executive officers and meeting fees of $8,629 to board members. In addition the Company made contributions of $32,172 to mandatory governmental benefit plans in relation with salaries paid and taxable benefits calculated on exercise of incentive stock options. At March 31, 2015, The Company had bonus payable to its President and its CEO of $80,000 and accrued meeting fees of $95,215 (at March 31, 2014, accrued salaries and meeting fees of $350,000 covering the period from June 1, 2013 to March 31, 2014).

At March 31, 2015, the Company also had bonus of $30,000 payable to one officer and two consultants, who are officers of Golden Valley.

The president is using the Toronto Property as an office for the Company and is being reimbursed the expenses related to the premises (rent and municipal taxes representing about $2,000 per quarter). During the quarter ended on March 31, 2015, the Company has paid $1,975 for the Toronto office ($Nil for the period ended March 31, 2014).

During the period ended on March 31, 2015, 330,000 incentive stock options were exercised by two former directors, one officer and two consultants. The exercise prices of the options were as follows: 225,000 at $2.50 and 105,000 at $0.55. The share price the day before the exercises was $3.65 in all cases.

Other than those mentioned above, the Company did not pay any other compensation nor any other form of employment benefits or perquisites to its Directors and officers in the period ended March 31, 2015 and 2014.

Executive Compensation Plan

The Company's board of directors has adopted an Executive Compensation Plan upon recommendation from its Compensation and Corporate Governance Committee pursuant to which salaries for certain members of management and director fees payable to independent directors of the Company would commence accruing from June 1, 2013. The committee and the board also approved certain severance and bonus payments to management in the event of a change of control, as well as success fees payable in the event of successful completion of transactions by the Company meeting the particular criteria outlined in the plan. See "Contractual Obligations" above.

CAPITAL STOCK

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Company's board of directors.

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at the date of this MD&A:

	Total outstanding	Escrowed
Common shares	10,897,346	Nil
Preferred shares	Nil	Nil
Warrants	Nil	Nil
Incentive stock options	1,282,500	Nil

In March 2015, 330,000 common shares were issued pursuant to the exercise of 225,000 incentive stock options at a price per share of $2.50, and 105,000 incentive stock options at a price per share of $0.55 by former directors, officers and consultants of and to the Company.

In April 2015, the Company elected to settle Maxit Capital LP's advisory and fairness opinion fees of $367,500 by issuing 100,791 common shares.

Incentive Stock Options

The Company adopted a further amended and restated incentive stock option plan so as to convert its rolling 10% plan into a 20% fixed option plan (the "**New Plan**"). Pursuant to the New Plan, options for an aggregate total of 1,740,200 common shares may be granted to Eligible Persons (as such term is defined in the New Plan) from time to time. The exercise price of each option is fixed by the board of directors, but shall not be less than the closing price of the Company's shares on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange. The New Plan was approved by each of the Exchange and the disinterested shareholders of the Company at the Company's annual general meeting of shareholders which was held on June 30, 2014.

There has been no grant of options during the first quarter ended on March 31, 2015.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The Company's management manages the Company's financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The main risk related to credit risk through cash which is managed by dealing with one reputable financial institution.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has the financial resources such as bank loans for a sufficient authorized amount. The Company establishes budget and cash estimates so as to ensure it has the necessary funds to fulfill its obligations. Accounts payable and accrued liabilities are due within less than 90 days.

The fair value of these financial instruments approximates their carrying value given their short-term maturity date. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

At March 31, 2015, the Company had cash and cash equivalent in hand amounting to $1,607,385, royalties and dividend receivable of $322,068 (which have all been received as of the date of this report) and sales taxes receivable of $38,832 from Canada Revenue Agency and Québec Revenue Agency combined. The Company had accounts payable and accrued liabilities of $367,451, all of which are current liabilities of the Company.

CRITICAL RISKS INHERENT TO THE COMPANY'S BUSINESS

- **Investment of Speculative Nature**

Investing in the Company, at this early stage of its development, is of a highly speculative nature.

- **Nature of Mineral Exploration and Mining**

There is no known mineral resource on the Company's properties. Mineral exploration and development involves a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

- **Exploration and Development Risks**

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

- **Additional Financing**

Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

- **Stress in the Global Economy and Financial Condition**

The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing.

- **Permits and Licenses**

There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

- **Competition**

The mineral exploration and mining business is competitive in all of its phases. There is no assurance that the Company will be able to compete successfully with the competition in acquiring suitable properties or prospects for mineral exploration.

- **No Assurance of Title to Property**

The Company's claims may be subject to prior unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects.

- **Dependence on Key Individuals**

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

- **Environmental Risks for Current and Past Activities and other Regulatory Requirements**

The Company may be liable for environmental contamination and natural resource damages relating to properties that it currently owns, operates or have an interest in, or at which environmental contamination occurred while or before it owned, operated or acquired an interest in the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

- **Conflicts of Interest**

The directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. This situation may result in conflicting legal obligations which may expose the Company to liability to others and impair its ability to achieve its business objectives.

- **Insurance**

The Company will remain at risk and will be potentially subject to liability for hazards associated with mineral exploration which it cannot insure against or which it has elected not to insure against because of premium costs or other reasons.

- **Influence of Third Party Stakeholders**

Claims by third parties on the lands in which the Company holds interests, or the exploration equipment and road or other means of access which the Company intends to utilize in carrying out work programs or general exploration mandates, even if not meritorious, may create delays resulting in significant financial loss and loss of opportunity for the Company.

- **Fluctuation in Market Value of Shares**

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity. The future effect of these and other factors on the market price of the Company's shares on the Exchange cannot be predicted.

ADDITIONAL INFORMATION

Additional information about the Company may be obtained on SEDAR at www.sedar.com by accessing the Company's issuer profile.