This Management’s Discussion and Analysis ("MD&A") includes a review of activities, financial condition and results of operations of Polar Star Mining Corporation ("Polar Star" or the "Company") and its subsidiaries as at and for the nine month period ended September 30, 2014 in comparison to the corresponding prior year period.

The Management Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") was prepared as of November 14, 2014 and should be read in conjunction with the Company’s unaudited condensed consolidated financial statements for the nine month period ended September 30, 2014 and the audited consolidated financial statements for the year ended December 31, 2013 and 2012 and the notes thereto. The Company’s consolidated financial statements and financial data have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. For the purpose of preparing the MD&A, the Company considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company’s shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. The Company evaluates materiality with reference to all relevant circumstances.

Unless otherwise denoted all amounts discussed herein are denominated in Canadian dollars.

Colin Bird, a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects, has reviewed and verified the technical information presented in this MD&A.

OVERVIEW AND OUTLOOK

Polar Star is a corporation continued under the Canada Business Corporations Act ("CBCA"). It is participating in the acquisition, exploration and development of mineral claims in Chile primarily through earn-in arrangements with knowledgeable mining companies whereby the Company provides land and venture partners contribute funding and management expertise in exploration and development. The Company currently has no production and operating cash flow and its exploration expenditures are largely funded through arrangements with venture partners and from the equity capital raised by the Company.

As at September 30, 2014, the 100% owned subsidiaries of the Company include:

- Celeste Uranium (Barbados) Ltd. ("Celeste Barbados")
- Serena Mining (Barbados) Ltd. ("Serena Barbados")

and their respective 100% owned subsidiaries:

- Minera Celeste Chile Limitada ("Minera Celeste")
- Minera Serena Limitada ("Minera Serena")

- On October 28, 2014, the Company entered into a definitive arrangement agreement (the "Arrangement Agreement") with Iron Creek Capital Corp. (TSX-V: IRN) (Iron Creek) to combine the two companies pursuant to a statutory plan of arrangement (the "Transaction"), which will result in Iron Creek acquiring, indirectly through a wholly-owned subsidiary, all of the issued and outstanding common shares of Polar Star (the “Polar Star Shares”).
The Transaction was previously announced in a joint news release on September 19, 2014, and contemplated Polar Star acquiring all of the issued and outstanding shares of Iron Creek. After further consideration, and in order to simplify the Transaction, the parties decided to reverse the structure so that Iron Creek will now acquire Polar Star.

The combined companies will re-brand under a new name (“Newco”) and will control approximately 300,000 hectares of highly prospective exploration ground in northern Chile focused on copper, gold and silver.

Certain of the shareholders and all of the directors and senior officers of Iron Creek and Polar Star have entered into voting support agreements, whereby they have agreed to vote their shares in favour of the Transaction. As of October 28, 2014, such Iron Creek Locked-up Shareholders held, in the aggregate, approximately 51.14% of the outstanding Iron Creek Shares, and such Polar Star Locked-up Shareholders held, in the aggregate, approximately 26.09% of the outstanding Polar Star Shares.

The Proposed Transaction

Pursuant to the Arrangement Agreement, each Polar Star shareholder would receive, in exchange for each Polar Star Share held by it, 0.26 common shares of Iron Creek (the “Iron Creek Shares”, and together, the “Share Exchange Ratio”). The outstanding options to purchase Polar Star Shares will be converted into options to purchase Iron Creek Shares, with appropriate adjustments to reflect the Share Exchange Ratio. The outstanding warrants to purchase Polar Star Shares, when exercised, will be exchanged into Iron Creek Shares, with appropriate adjustments to reflect the Share Exchange Ratio. Upon completion of the Transaction, Iron Creek will own all of the outstanding Polar Star Shares and Polar Star will become a wholly-owned subsidiary of Iron Creek. In total, Iron Creek will issue approximately 52,784,362 Iron Creek Shares to Polar Star shareholders, representing 57.74% of the combined company, with a resultant total of 91,409,923 outstanding common shares of the Newco on an undiluted basis.

Iron Creek also intends to undergo a name change in connection with the Transaction which, if approved by the shareholders of Iron Creek, will be effected upon completion of the Transaction. The existing Iron Creek management team will continue the management and direction of the Newco and will include Timothy J. Beale (President & CEO), David Miles (CFO), Kim Casswell (Corporate Secretary), and John Davidson (Exploration Manager, Chile). The board of directors of the Newco will be reconstituted to consist of six individuals, four of whom will be nominees of Iron Creek, and two of whom will be nominees of Polar Star, and the Chairman of the Iron Creek Board shall be appointed from the director nominees of Iron Creek.

Polar Star is at arm’s length to Iron Creek, and none of the directors or officers of Iron Creek are directors, officers or shareholders of Polar Star. In addition to the approval of the Arrangement Resolution by Polar Star Shareholders, the Transaction is conditional upon, among other things, the approval by Iron Creek Shareholders of the issuance of the Iron Creek Shares pursuant to the Transaction, the performance, by each of Iron Creek and Polar Star, of all obligations under the Arrangement Agreement and the receipt of, among other things, conditional approval from the TSX-V for the Transaction and the listing on the TSX-V of Iron Creek Shares to be issued pursuant to the Transaction, and receipt of all applicable waivers and consents, all in accordance with the terms of the Arrangement Agreement.

- On July 16, 2014, the Company entered into a purchase and option cancellation agreement with Kairos Capital Corporation (“Kairos”), pursuant to which Kairos will acquire the remaining interests not already owned or under option by Kairos in the Fortuna and Salvadora claims located in Chile (the “Kairos Transaction”). The Kairos Transaction contemplates that the current option agreement in place between the Company and Kairos will be cancelled and Kairos will own a 100% unencumbered interest in the Fortuna and Salvadora property claims.
The Kairos Transaction closed September 8, 2014. As consideration, the Company received 3,750,000 common shares issued by Kairos at a deemed price of $0.10 per share pursuant to securities act exemptions, representing a 20% interest in Kairos.

The Transaction is a non-arms length transaction as Kairos and Polar Star have common directors and principal shareholders. Consequently, each of Kairos and Polar Star formed special committees of independent directors who negotiated and approved the Purchase and Option Cancellation Agreement and the terms of the Transaction.

In connection with the Transaction, Kairos may also complete a non-brokered private placement (the "Private Placement") of up to 20,000,000 common shares of Kairos at a price of $0.10 per common share for gross proceeds to Kairos of up to $2,000,000 to be used to fund the exploration activities on the Fortuna and Salvadoras claims, as well as on the Nancagua and other properties held by Kairos in Chile.

- On March 3, 2014, the Company completed a transaction with Xtract Resources Plc (AIM:XTR) ("Xtract") that it entered into on December 12, 2013 for the sale of all of its interest in Polar Mining (Barbados) Ltd. and Minera Polar Mining Chile Limitada. These entities hold the rights to the option agreement to acquire the remaining 85% of the Chepica mine not owned by Minera Polar Mining Chile Limitada. The agreement included the sale of the adjoining Talca exploration licenses as well as the Mejillones Phosphate Property which was previously included in a separate joint venture agreement, entered into between the Company and Xtract in July 2013. Consideration for the transaction included 500,000,000 ordinary shares in the capital of Xtract valued at £1,250,000 (approximately CAD$ 2.3 million). The agreement entered into on July 9, 2013 with Xtract to conduct exploration on the Mejillones Phosphate Property was terminated upon closing.

- On October 17, 2013, the Company signed a Memorandum of Understanding ('MoU') with Xtract Resources Plc providing Xtract with an exclusive four month period to conduct due diligence on the Chépica gold and copper mine (the "Project") located 300km south of Santiago, Chile. The Company received US$ 250,000 from Xtract upon signing the MoU as compensation for providing the exclusivity period. Effective October 11, 2013, Polar Mining Barbados Ltd and Minera Polar Mining Chile Limitada were classified as held for sale assets. Under the terms of a sale and purchase agreement entered into with Xtract on December 12, 2013, operating costs associated with these entities from November 11, 2013 onwards were the responsibility of Xtract and subject to reimbursement to the Company subsequent to the close of the transaction. Accordingly, expenses net of concentrate sales incurred from November 11, 2013 are not included in the consolidated statement of loss, rather as a receivable from Xtract.

- On January 15, 2014, the Company entered into a Venture Agreement (the "Agreement") with Newmont Ventures Limited ("Newmont"), a subsidiary of Newmont Mining Corporation, to explore, and if appropriate, develop the Montezuma project ("Montezuma") located in the Antofagasta and Calama districts of Chile. On that date, the Company completed a private placement financing of 11,111,111 units consisting of 11,111,111 common shares and 5,555,555 warrants exercisable at CAD $0.23 for a period of up to two years from the date of issue for total gross proceeds of CAD $2 million.

The Agreement allows Newmont to earn into the Project via a three phase earn-in amounting to USD $20.5 million over a seven year period if all phases are completed. The earn-in allows Newmont to own up to a 75% beneficial interest in the Montezuma concessions. Polar Star has the option to finance and therefore maintain its 25% beneficial interest through to production. By forfeiting an additional 5% beneficial interest, the Company can elect for Newmont to finance the Company's portion of mine development cost through to production (the financing option). Newmont may accelerate the various earn-in phases. Newmont will act as the manager and operator of the property.
The Newmont team is evaluating the results of the drill program of approximately 3,600 meters comprising 11 holes that were completed at the Melisa Zone of Montezuma by the Company during the fourth quarter of 2013 along with all other accumulated data. No significant in-field exploration has been completed to date in 2014, with Newmont intending to analyze all data and gain full insight into the property prior to commencement of field activity.

- On August 13, 2013 BHP Billiton exercised their option to conditionally earn a 51% interest in four of five blocks that they explored under a Joint Venture Option Agreement entered into with the Company on April 13, 2012. Under the Joint Venture Option Agreement, the licenses for each of the four blocks will be transferred into four newly formed companies. BHP Billiton will earn a 51% interest in each newly formed joint venture company upon completion of USD $3.5 million of exploration in each block, such exploration to be completed by January 13, 2016. BHP Billiton may earn up to an additional 24% (to therefore reach up a 75% interest in each block) on the basis that it solely funds up to an additional US$20 million of exploration expenditures, in addition to any sums invested during the previous option stages, within 54 months of formation of the respective newly formed companies. In April 2014, BHP dropped the option on an additional block (Block1) and continues to proceed with work on three of the original five blocks.

- In May 2013, Polar Star completed a transaction with Kairos Capital Corporation ("Kairos") in which 100% of the Nancagua property and 50% of the Fortuna property was transferred to Kairos for cash proceeds of $165,000. The Company recorded a non-cash loss of $446,202.

The Company continues to speak with various interested parties to further its strategy to conduct exploration programs and advance its large portfolio of world class projects in Chile through joint venture arrangements whereby the Company provides the land while joint venture partners contribute funding and management expertise in exploration and development.

SELECTED QUARTERLY INFORMATION (unaudited)

The following table shows selected financial information of the Company for the most recent eight quarters. The information contained in this table should be read in conjunction with the Company’s consolidated financial statements.

<table>
<thead>
<tr>
<th>Quarter ended</th>
<th>Revenue</th>
<th>Net loss from continuing operations</th>
<th>Basic and Diluted Net Loss per Share</th>
<th>Total Assets</th>
<th>Total Long-Term Liabilities</th>
<th>Working Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2014</td>
<td>-</td>
<td>(14,011,629)</td>
<td>0.07</td>
<td>8,441,065</td>
<td>-</td>
<td>2,432,417</td>
</tr>
<tr>
<td>June 30, 2014</td>
<td>-</td>
<td>(582,798)</td>
<td>(0.00)</td>
<td>23,087,451</td>
<td>-</td>
<td>2,999,468</td>
</tr>
<tr>
<td>March 31, 2014</td>
<td>-</td>
<td>(197,448)</td>
<td>(0.00)</td>
<td>23,750,772</td>
<td>-</td>
<td>3,246,107</td>
</tr>
<tr>
<td>December 31, 2013</td>
<td>-</td>
<td>(2,655,760)</td>
<td>(0.10)</td>
<td>25,463,576</td>
<td>-</td>
<td>1,816,339</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter ended</th>
<th>Revenue</th>
<th>Net loss from continuing operations</th>
<th>Basic and Diluted Net Loss per Share</th>
<th>Total Assets</th>
<th>Total Long-Term Liabilities</th>
<th>Working Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2013</td>
<td>-</td>
<td>(631,623)</td>
<td>-</td>
<td>27,120,403</td>
<td>-</td>
<td>1,426,810</td>
</tr>
<tr>
<td>June 30, 2013</td>
<td>-</td>
<td>(457,679)</td>
<td>(0.06)</td>
<td>39,472,320</td>
<td>-</td>
<td>386,082</td>
</tr>
<tr>
<td>March 31, 2013</td>
<td>-</td>
<td>(346,271)</td>
<td>(0.01)</td>
<td>37,750,772</td>
<td>-</td>
<td>(1,073,578)</td>
</tr>
<tr>
<td>December 31, 2012</td>
<td>-</td>
<td>(2,548,393)</td>
<td>(0.00)</td>
<td>37,776,650</td>
<td>-</td>
<td>2,137,401</td>
</tr>
</tbody>
</table>
Factors Affecting Comparability of Quarters

Results of operations can vary significantly as a result of a number of factors. The Company’s level of activity and expenditures during a specific quarter are influenced by the level of working capital, the availability of external financing, the time required to gather, analyze and report on geological data related to its properties and the nature of activity required to advance each individual project. Significant variances may result from impairment provisions recorded in a quarter as well as the granting of stock options.

The significant factors affecting variability in net loss during the previous eight quarters follows:

Quarter ended September 30, 2014:  
Net loss from continuing operations of approximately $14 million is significantly higher than the previous quarter, primarily resulting from an impairment charge of approximately $13.7 million taken to adjust the net asset value of the Company to the current valuation of the Company, based on the value of Iron Creek shares that Polar Star shareholders will obtain, should the planned transaction with Iron Creek close.

Quarter ended June 30, 2014:  
Net loss from continuing operations of approximately $583,000 is higher than the previous quarter, primarily resulting from an impairment charge of approximately $186,000 related to the block dropped by BHP that will not be retained by the Company.

Quarter ended March 31, 2014:  
Net loss from continuing operations of approximately $197,000 is low compared to previous quarters in part because no impairment or stock based compensation charges were recorded in the period.

Quarter ended December 31, 2013:  
A non-cash impairment charge amounting to $1,999,602 was recorded in the period resulting from an assessment of the Todd Creek property ($1,463,000) and non-core properties located in Chile ($187,000). In addition, deferred exploration expenditures associated with the Mejillones phosphate property ($137,000) included in the Chepica sale transaction and amounts related to the option block not being pursued by BHP Billiton ($137,000) were written off. As a result of the conclusion of the purchase and sale agreement of the Project, the impairment charge of $13,293,317 recorded in the third quarter of 2013 was reduced by $134,751 in the fourth quarter. Operating expenses that would have been recorded for the period from November 11, 2013 to December 31, 2013 related to the Project, were it not for the purchase and sale agreement entered into December 12, 2013, amounting to $140,154 have been recorded as a receivable from Xtract in accordance with terms of the sale agreement which provide for Xtract to reimburse Polar for operating expenses from November 11, 2013 to the date of closing of the transaction.

Quarter ended September 30, 2013:  
A non-cash impairment charge amounting to $13,293,317 was recorded in the period resulting from an evaluation of the Project as required under IFRS. The Project, as at September 30, 2013, was valued at approximately $1,800,000.

In addition, the Company granted 7,355,000 options, all of which vested immediately, resulting in a non-cash charge to stock based compensation of $1,097,758. This amount was reduced to $612,349 in Q4 2013.

Quarter ended June 30, 2013:  
A non-cash loss on disposal amounting to $379,000 for properties sold to a third party was recorded. In addition, the Q2 2013 results include a charge of $315,000 as a settlement of a legal claim from a former employee of a Chilean subsidiary for a work related injury.

Quarter ended December 31, 2012:  
Q4, 2012 results include a non-cash charge of $1,112,143 to stock based compensation related to the grant of 11,335,000 options, of which 10,945,000 options vested immediately. In addition,
results include an impairment charge of $1,565,996 against certain non-core properties that the Company decided to abandon.

Other than as described above, there are no significant items affecting net loss in the other periods.

Variability in Total Assets:
Generally, total assets demonstrate somewhat regular increases, quarter over quarter, from Q3, 2012 through to and including Q2 2013. The reduction in total assets of approximately $12,352,000 in Q3 2013 from Q2 2013 results largely from the impairment charge related to the Chepica property. Additional asset reductions of $1,657,000 from Q3 2013 to Q4 2013 are primarily attributable to the write down of mineral properties. Q1 2014 total assets of approximately $23,751,000 are $1,713,000 lower than total assets as at December 31, 2013 resulting from the disposal of $5,351,000 of assets held for sale, partially offset by the marketable securities of $2,037,000 obtained as consideration for the sale, an increase of approximately $900,000 in the amount receivable from Xtract for funding the Chepica operation until the closing date, and an increase in the cash balance of approximately $600,000 resulting from the private placement with Newmont in January. Q2 2014 total assets of $23,087,451 are approximately $664,000 lower than the ending Q1 2014 balance primarily due to the $186,000 reduction in mineral properties resulting from the impairment against the BHP block that was dropped, cash consumed to pay down liabilities and cash consumed for general corporate purposes. Q3 2014 total assets of $8,441,065 are approximately $14,646,000 lower than the ending Q2 2014 balance, primarily due to the $13,686,000 reduction in mineral properties resulting from the impairment to mineral properties due to valuation of the Company resulting from the planned transaction with Iron Creek, cash consumed to pay down liabilities and cash consumed for general corporate purposes.

Variability in Total Long-Term Liabilities:
Long-term liabilities increase to approximately $660,000 in December 2012 compared to $259,000 in September 2012 as a result of the 24 month equipment lease related to the underground mining wheeled drilling rig entered into in November 2012. The subsequent quarterly reductions of approximately $55,000 per quarter result from the ongoing monthly lease payments. The Company had no long-term liabilities as at and since December 31, 2013.

RESULTS OF OPERATIONS

The Company reported a total comprehensive loss for the nine month period ended September 30, 2014 of $15,416,104 compared to a total comprehensive loss of $16,348,068 in the comparable 2013 period.

Results for the quarter ended September 30, 2014 include an impairment charge of approximately $13,686,000 related to the write-down of mineral properties, to adjust the net asset value of the Company to the value of Iron Creek shares to be exchanged for all Polar Star shares.
(expressed in Canadian dollars)  

<table>
<thead>
<tr>
<th>Nine months ended September 30,</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTINUING OPERATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td>$ 45,836</td>
<td>$ 127,640</td>
</tr>
<tr>
<td>Consulting fees</td>
<td>186,522</td>
<td>171,559</td>
</tr>
<tr>
<td>Legal fees</td>
<td>57,041</td>
<td>16,411</td>
</tr>
<tr>
<td>Listing fees</td>
<td>54,602</td>
<td>42,510</td>
</tr>
<tr>
<td>Office and administration</td>
<td>61,529</td>
<td>79,756</td>
</tr>
<tr>
<td>Investor relations</td>
<td>6,587</td>
<td>59,665</td>
</tr>
<tr>
<td>Rent</td>
<td>30,054</td>
<td>29,202</td>
</tr>
<tr>
<td>Travel</td>
<td>62,165</td>
<td>46,934</td>
</tr>
<tr>
<td>Amortization</td>
<td>5,377</td>
<td>86,742</td>
</tr>
<tr>
<td>Exchange loss</td>
<td>103,740</td>
<td>-</td>
</tr>
<tr>
<td>Directors fees</td>
<td>36,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Management and employee remuneration</td>
<td>76,936</td>
<td>219,646</td>
</tr>
<tr>
<td>Severance</td>
<td>32,225</td>
<td>-</td>
</tr>
<tr>
<td>Loss on disposal of properties</td>
<td>107,001</td>
<td>379,119</td>
</tr>
<tr>
<td>Bad debt</td>
<td>54,248</td>
<td>-</td>
</tr>
<tr>
<td>Impairment charge</td>
<td>13,871,737</td>
<td>-</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>-</td>
<td>1,095,586</td>
</tr>
<tr>
<td><strong>Loss Before Finance Items</strong></td>
<td>$14,791,600</td>
<td>$2,394,770</td>
</tr>
<tr>
<td><strong>Finance Items</strong></td>
<td>275</td>
<td>(6,493)</td>
</tr>
<tr>
<td>(Income)/ Loss from discontinued operations</td>
<td>$ (56,751)</td>
<td>$ 14,029,401</td>
</tr>
<tr>
<td><strong>Loss for the period</strong></td>
<td>$14,735,124</td>
<td>$16,417,678</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income / Loss</strong></td>
<td>680,980</td>
<td>(69,610)</td>
</tr>
<tr>
<td><strong>Comprehensive Loss for the period</strong></td>
<td>$15,416,104</td>
<td>$16,348,068</td>
</tr>
<tr>
<td><strong>As at September 30,</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>657,706</td>
<td>1,356,403</td>
</tr>
<tr>
<td>Working capital</td>
<td>2,432,417</td>
<td>(1,426,810)</td>
</tr>
<tr>
<td>Total assets</td>
<td>8,441,065</td>
<td>27,120,403</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>-</td>
<td>3,390,533</td>
</tr>
</tbody>
</table>

This was the third quarter with no ongoing recurring expenditures related to the Chepica Project. As a result of the sale of its wholly owned Barbados subsidiary, that held the interest in the Chepica mining operation, to Xtract, that was entered into in fiscal 2013, management has reclassified the Company’s third quarter and year to date 2013 comparative results in the consolidated statement of loss to include only the Company’s continuing operations in line item detail on the statement and to disclose the results of the Chepica operation as a single line item amount.

Expenses related to continuing operations in the nine month period ended September 30, 2014 of approximately $14,792,000 are approximately $12,397,000 more than the $2,395,000 recorded in the comparable period in 2013. Significant variances between the periods include:
Audit fees of $46,000 in the current period are approximately $82,000 less than the comparable period. Due to the expected acquisition of the Company by Iron Creek prior to the end of the year, no audit of the Company’s financial statements will be required.

Consulting fees of $187,000 in the current period are approximately $15,000 higher than 2013 resulting from increased resources required due to the pending acquisition by Iron Creek.

Management and employee remuneration of $77,000 in the current period is approximately $143,000 lower than the $220,000 recorded in the comparable prior year period, due to staff reductions as well as employment agreements in 2013 being replaced by consulting agreements in 2014.

Office and administration costs of $62,000 in the current period are $18,000 lower than the $80,000 recorded in the comparable period in part due to the termination of Chilean administrative staff with effect from April 1, 2014 and other cost containment initiatives.

Investor relations costs of $7,000 in the current period are approximately $53,000 less than the comparable period due to cost containment initiatives. The prior year period included travel costs associated with a road trip.

Travel expense of $62,000 in the current period are approximately $15,000 higher than the comparable previous period due to increased travel associated with completion of the Newmont Mining venture agreement in the first quarter of 2014 and due to 2013 travel to Chile reclassified under discontinued operations.

Severance charges of approximately $32,000 were recorded in the quarter ended June 30, 2014 compared to no charges in the comparable period. The charges relate to the termination of staff previously employed in the remaining Chilean subsidiaries that were no longer required, as joint venture partners have assumed responsibility for geological and exploration activities.

Loss on disposal in the current period relates to the sale of 50% of the Fortuna property and 100% of the Salvador property to Kairos. The previous year included the sale of certain properties to Kairos.

Bad Debt expense of $54,248 was recorded in the second quarter resulting from a negotiated settlement, reducing the initial claim of approximately USD $1 million, made to Xtract, for the recovery of costs incurred by the Company from November 11, 2013 to the date of closing of the Chepica transaction on March 3, 2014, to USD $950,000.

An impairment charge of approximately $13,686,000 was recorded in the quarter ended September 30, 2014 compared to no charges in the comparable period. In addition, a charge of approximately $186,000 resulting from BHP dropping Block 1, one of the original five blocks under exploration, was taken in the second quarter of 2014.

Discontinued operations in the current period reflect a net gain of $57,000 comprised of an impairment reversal of $96,000 offset to some extent by additional severance provisions and other charges. The $14,030,000 of loss from discontinued operations in the comparable period is largely a result of an impairment charge taken against the Chepica property.

Included in Other Comprehensive Income in the period is an unrealized loss amounting to approximately $691,000 on revaluation of the Xtract Resources Plc shares obtained as consideration for the sale of the Chepica property.

**Liquidity and Capital Resources**

As previously noted, the Company entered into a purchase and sale agreement for the sale of the Chépica Mine with Xtract in December 2013 and the transaction closed on March 3, 2014. Consideration for the sale was 500,000,000 Xtract shares valued at approximately $1,636,000 as
at September 30, 2014. These shares are restricted from being traded until March 3, 2015 at which time they will provide a source of liquidity when sold.

In addition, the sale agreement provided for Xtract to reimburse the Company for costs incurred in maintaining the Chepica operation until the closing on March 3, 2014. The claim for reimbursement has been settled at USD $950,000, of which USD $650,000 was received by the Company in July. The terms of repayment of the remaining balance of USD $300,000 is under discussion with Xtract. The sale of the Chepica property also ceases future cash outflows that would have been required to maintain operations in the near term.

Further, on January 20, 2014, the Company, in conjunction with the agreement with Newmont to conduct exploration on the Montezuma project, completed a private placement financing for gross proceeds of CAD $2 million.

With the funding sources noted above, coupled with significant reductions in recurring costs, management believes the Company is well positioned to maintain its operations and fulfill its obligations.

The Company’s long term financial success will be dependent upon the economic viability of its mineral exploration properties, the extent to which it can establish economic reserves and its ability to raise equity financing.

As at September 30, 2014, the Company had current assets of $2,699,825, of which $657,706 was cash and cash equivalents and reported a working capital surplus of approximately $2,432,000. Although management is not concerned with going concern issues in the near term, over the long term, the Company’s ability to continue as a going concern depends on obtaining funding, deferring the payment of current liabilities, the potential sale of assets and achieving profitable operations. Management communicates regularly with creditors and potential strategic investors and evaluates opportunities presented to it in this regard. Although management has been successful in obtaining sufficient capital to date in pursuing the Company's business plans, there can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms or that the Company will be able to defer payments that fall due. (See also Note 1 to the financial statements – Basis of Preparation and Going Concern).

**MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

**CHILE PROPERTIES**

Polar Star has registered claims and optioned properties, on its own behalf, totaling approximately 200,000 hectares in Chile as at September 30, 2014.

Expenditures for exploration and land acquisition and maintenance are substantially reduced in 2014 resulting from the vast majority of exploration activity being conducted by venture partners and a significant amount of land acquisition and maintenance costs being recoverable from venture partners.

Detailed descriptions of the most advanced Chile Properties appear below:

**Calama Projects**

**Montezuma**

Montezuma covers 40 kilometers of the West Fault and the cross-cutting Esperanza Fault system and is located between Codelco’s Radomiro Tomic – Chuquicamata – Ministro Hales group of copper-molybdenum mines to the north, and Antofagasta PLC’s El Tesoro – Esperanza – Polo Sur group of copper-gold mines and deposits in the south.
Montezuma is located in the Sierra Limon Verde copper mining district and is readily accessible by paved and good gravel road from the city of Calama, 20 kilometers to the north. The Project consists of nine groups of exploration and exploitation concessions; Montezuma, Topater, Flanco Este, Flanco Oeste, Monte Norte Limon, Limonal and Relleno totalling approximately 45,600 hectares.

Montezuma lies within the central sub-zone of the main Chilean porphyry belt and covers approximately 40 km of strike of the N-S, West fault system and associated sub-parallel NE-SW cross-cutting faults and a series of north-south low angle thrust faults. The hills of Sierra Limon Verde which cover the north and west half of the Montezuma property generally expose the same group of metamorphosed Palaeozoic intrusive, volcanic and sedimentary rocks that host the Chuquicamata porphyry copper deposits. The rest of the Montezuma property is covered by pediment gravels derived from the local hills.

Polar Star’s prospecting, geological mapping and satellite imagery studies identified prospective areas based on alteration patterns, including advanced argillic, sericite and silicification, and quartz-tourmaline-copper-gold veins within hematite stock work of the type commonly found above and peripheral to porphyry systems. Copper mineralisation within the stock work consists of copper wad, atacamite, brochantite, chrysocolla and chalcocite.

The area is cut by the north-south trending West Fault system and a series of crustal northeast-southwest trending faults. In the south of the Montezuma property, at the intersection of one of these northeast-southwest trending faults, areas of gossan and lithocap have been located.

The re-logging of selected drill holes at Montezuma has defined detailed stratigraphy and structure in the central portion of the project area. The re-logging indicates a high probability of the existence of buried porphyry, or porphyries, to the west of the current drill holes.

During 2013 the program focused on the 1,600 ha Melisa Zone.

There are no public records of mining or exploration activity at Melisa, however there is over 100 small miner copper workings, shafts and one old drill hole in an area of 1.5km x 2km in the northeastern part of the zone. To the south, copper mining and artisanal workings are found throughout the larger altered Melisa stock work area.

At Melisa four significant fault corridors were identified through structural mapping, trenching and ground observations as targets for copper porphyry mineralisation. These structural corridors have been further defined by the results of a 17.1 line Km Geometric Stratagem CSAMT electromagnetic survey (EM). The ground EM geophysics program commenced in early July and was completed at the end of September. The 2013 drilling program tested one of these 3 km long structural corridors.

Drilling commenced at Melisa in late July and continued through the 3rd quarter of 2013. The program consisted of 11 holes (3,600m).

Re-evaluation of the 2008-2010 Induced Polarization and resistivity (IP) surveys together with the airborne magnetometer geophysics, led to the discovery of two porphyry outcrops in the central portion of the Montezuma project. Mapping and sampling of these new porphyries took place during Q4 2013.

On January 20, 2014, the Company entered into an Agreement with Newmont, a subsidiary of Newmont Mining Corporation, to explore, and if appropriate, develop the Montezuma project located in the Antofagasta and Calama districts of Chile. Details of the Agreement are provided in the Overview and Outlook section.

Newmont’s initial contribution (phase 1 earn-in) is USD $2.5 million over 30 months from January 20, 2014. No interest in the project will vest with Newmont until completion of the phase 1 earn-in. After completion of this expenditure Newmont will have earned a 51% beneficial interest in the
Montezuma project. As at September 30, 2014, Newmont reported it had spent approximately USD $1.782 million.

As a result of this Agreement, while it continues to be in effect, all expenditures related to the Montezuma project, including annual land maintenance fees, will be paid for by Newmont.

**Copiapó Projects**

*Los Azules*

Located 65 kilometers east of Copiapó, the property consists of 9 exploration concessions totaling 2,600 hectares owned by Minera Celeste and 5 exploitation concessions totaling 903 hectares owned by another party. On November 19, 2007, Minera Celeste entered into an option to purchase agreement with the local party to purchase a 100% interest in their properties by making staged payments totaling US$1.75 million by November 19, 2011. As at December 31, 2012 the Company made cash payments totaling US$700,000 under this agreement. The final payment of US$100,000 was made in March 2013.

The property covers a series of at least six collapsed breccias containing copper, uranium and molybdenum mineralization. The largest of these is some 1,100 meters long by 100 meters average in width and oxidized to a depth of 150 meters. In Chile, the average copper grade of similar types of breccias using bulk mining techniques is typically in the 0.7% - 1.0% range. The Company is seeking venture partners to explore the property through an earn-in arrangement.

*Las Animas*

Located 25 kilometers southeast of the coastal town of Chañaral, the property consists of 26 exploration concessions totaling 4,978 hectares in surface area owned 100% by Minera Celeste. The property covers a 20 kilometer stretch of the Atacama Fault System 10 km west of Anglo-American's Manto Verde open pit, solvent extraction/electro-winning (SXEW) copper mine (150 million tonnes at 0.7% copper) and is generally underlain by a volcanic-intrusive complex belonging to the Coastal iron-oxide-copper-Au (“IOCG”) belt. This complex is cut by large, 5-30+ meters wide, North to Northwest trending structures belonging to the Atacama Fault Zone. The local Cu-Au mines occur within and lateral to these faults. The mineralization encountered in all the old mines is typical of IOCG veins, i.e. quartz-hematite-sericite plus copper sulphosalts, limonite and jarosite in the zone of oxidation and at depth quartz-magnetite-chalcopyrite-pyrite. Geologically the property is similar to the Manto Verde Mine area and hence could have similar deposit potential.

The Company is seeking venture partners to explore the property through an earn-in arrangement.

*Fortuna*

Located 100 kilometers northeast of La Serena, the property consists of 29 exploration concessions totaling 7,700 hectares staked and owned by Minera Polar.

In May 2013, the Company completed a transaction in which 50% of the property was sold to Kairos (see Completed Transactions for additional details.) No exploration work was performed on the property during 2013 or to date in 2014. Refer to the “Overview and Outlook” section for information on an additional completed transaction with Kairos that affects the Fortuna property.
**Talca Projects**

*Talca Exploration (Batuco, Corinto and Botalcura)*

**BHP Billiton**

On April 13, 2012, the Company signed a definitive agreement with BHP Billiton (BHP) regarding 172,800 hectares of exploration land held by Polar Star. In general, the properties are located south of Polar Star’s 100% owned Montezuma Property along approximately 360 kilometers of the Domeyko Fault System in Northern Chile. The main terms of the agreement are as follows:

1) Polar Star received a cash payment of US$250,000;
2) BHP Billiton will commit to US$1,000,000 in reconnaissance exploration expenditure and subsequently select up to 5 separate blocks for further expenditure;
3) BHP Billiton will solely fund US$3,500,000 on each selected block to earn a 51% interest in that block;
4) Following earn-in and formation of a joint venture, BHP Billiton will solely fund additional expenditure to earn an additional interest, or the parties will fund the venture pro-rata.

The blocks of properties that BHP has a continuing interest in at the present time are:

<table>
<thead>
<tr>
<th>Block</th>
<th>Property Name</th>
<th>Region</th>
<th>Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Los Morros</td>
<td>II</td>
<td>25,900</td>
</tr>
<tr>
<td></td>
<td>Redondo</td>
<td>II</td>
<td>8,800</td>
</tr>
<tr>
<td></td>
<td>Veronica</td>
<td>II</td>
<td>6,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>41,100</td>
</tr>
<tr>
<td>3</td>
<td>Domeyko</td>
<td>II</td>
<td>46,200</td>
</tr>
<tr>
<td>4</td>
<td>Rio Frio</td>
<td>II</td>
<td>38,800</td>
</tr>
</tbody>
</table>

**Total Hectares** 126,100

Additional information related to BHP is included in the “Overview and Outlook” section.

**Other Chile Projects**

The remaining projects are still at grass roots levels with limited to no activity. No work was completed on these projects in 2013 and very limited work is planned for 2014.

**Todd Creek Property, B.C.**

The Todd Creek Project lies northeast of the Stewart Gold camp in British Columbia. On April 30, 2010, the Company entered into a joint venture agreement with Orestone Mining Corp. (“Orestone”), formerly Intuitive Exploration Inc. (“NTE”) and Goldeye Explorations Ltd. (“Goldeye”). Orestone holds a 51% interest in the Project, and Polar Star and Goldeye each hold a 24.5% interest. The Todd Creek mineral claims were acquired from Geofine Exploration Consultants Ltd. (“Geofine”).

Upon production, the joint venture shall pay a royalty to Geofine of 2.5% of the net smelter return (“NSR”) derived from operations on the property. Commencing on or before November 30, 2010 and for each anniversary of that date until an NSR is derived from operations on the property, the joint venture will provide a payment to Geofine of $25,000. Such payments will be considered as non-refundable advances on any NSR that Geofine shall be entitled to. Orestone has the exclusive option to purchase the NSR for $750,000 for each 0.5% of royalty interest held on the property.

In an agreement dated August 19, 2008 (the “Funk/Orestone Option Agreement”), Orestone optioned the Kelly Funk Property (the “Funk Option”) comprised of 7,245 hectares in 37 mineral
claims adjoining the original Todd Creek land package. In the event the newly optioned property is brought into commercial production, provision has been made that it may be operated as a single operation with the original Todd Creek Property and that costs would be shared proportionately.

Core drilling in 2008 at the South Zone gold-copper target returned an interval of 1.75 g/t Au and 0.26% Cu over a 17.3m core length. Assays for the bottom portion of that first hole and the seven additional holes from the 2,600 meter program can be found on Orestone Mining Corporation’s NI 43-101 Technical Report: “Geology, Mineralization, and Exploration of the Todd Creek Property, Northwestern British Columbia, Canada. An Update” published on April 12, 2010. Historic drilling at the South Zone included a number of strong intercepts, including 8.62 g/t Au and 0.45% Cu over 11.7m. NTE geologists have interpreted the South Zone as occupying an important structural intersection that may constitute a feeder to VMS stratigraphy and a conduit for later crosscutting epithermal or porphyry-related gold-copper mineralization.

On January 12, 2009, Polar Star, Goldeye and Orestone, announced the discovery of a significant volcanogenic massive sulfide (VMS) environment on the Todd Creek Property. BC Geological Survey geologists confirmed the favourable environment, which has been traced via the presence of VMS stratigraphy, stringer/feeder zones and multiple exhalite horizons, in outcrop and new drill holes over a strike length of more than 7 km. Sampling of the discovery outcrop in 2008 returned assays up to 57 g/t Au, 1.7% Cu and 7.1% Zn. The partners have optioned additional ground to cover the apparent strike extension of one of the VMS horizons, bringing the total land position to nearly 20,000 hectares.

In July 2010, the joint venture completed an airborne VTEM survey on the property. Results were published in a press release issued by Orestone on February 17, 2011.

The Company conducted an impairment assessment in December 2013 which included inquiries of the joint venture partners to determine the likelihood of any substantial work being conducted on the property in the near term. Since no significant work has been carried out on the property for a number of years and since there is no indication that the venture partners intend to carry out any work in the near term and since the Company is allocating its resources toward exploration of its properties in Chile, the Company decided that the Todd Creek property was fully impaired and the carrying value of the property was written down to nil as at December 31, 2013. The Company is assessing if there may be a potential buyer for its interest in the property.

**COMPLETED TRANSACTIONS**

On July 9, 2013, the Company entered into an agreement with Xtract to conduct exploration on the Mejillones Phosphate Property (the Property) held by the Company in Chile. Under the agreement, Xtract will initially carry out a work program as is necessary to determine and define the potential size of the Property, carry out work to understand the distribution of the phosphate in the host rock mass and carry out basic marketing studies to determine the suitability of the expected final product to the market. Results of the work program are to be reported to the Company by June 1, 2014. The agreement was terminated effective March 3, 2014 upon closing of the Chepica purchase and sale agreement to Xtract. The Mejillones property was included as part of the assets sold in the Chepica agreement.

On December 12, 2013, the Company entered into a purchase and sale agreement with Xtract that included the sale of the Chepica mine and the Talca and Mejillones properties. Further details are provided in the “Overview and Outlook” section.

On January 15, 2014, the Company entered into a Venture Agreement with Newmont Ventures Limited (“Newmont”), a subsidiary of Newmont Mining Corporation, to explore, and if appropriate, develop the Montezuma project (“Montezuma”) located in the Antofagasta and Calama districts of Chile. Further details are provided in the “Overview and Outlook” section.

On July 16, 2014, the Company entered into a purchase and option cancellation agreement with Kairos Capital Corporation (“Kairos”), pursuant to which Kairos will acquire the remaining interests not already owned or under option by Kairos in the Fortuna and Salvador claims.
located in Chile (the "Kairos Transaction"). The transaction was completed in September 2014. Further details are provided in the "Overview and Outlook" section.

RELATED PARTY TRANSACTIONS

Amounts due to related parties:

<table>
<thead>
<tr>
<th></th>
<th>As at September 30, 2014</th>
<th>As at December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promissory Note</td>
<td>$</td>
<td>$417,425</td>
</tr>
<tr>
<td>Management fees and salaries</td>
<td>-</td>
<td>20,833</td>
</tr>
<tr>
<td>Consulting Fees</td>
<td>20,000</td>
<td>5,650</td>
</tr>
<tr>
<td>Directors Fees</td>
<td>15,000</td>
<td>22,100</td>
</tr>
<tr>
<td>Total</td>
<td>$35,000</td>
<td>$466,008</td>
</tr>
</tbody>
</table>

The Company obtained an aggregate of $417,245 comprised of USD $250,000 and CDN $150,000 from Praetorian Resources Ltd in exchange for promissory notes issued in the same amounts in December 2013. The promissory notes were unsecured, bore interest at a rate of 1% per annum and had a minimum interest payable of USD $250 for the USD denominated note and $300 for the CDN denominated note. The promissory notes were repaid in January 2014. A Director of the Company is the Investment Manager of Praetorian Resources Ltd.

The Company incurred expenses from related parties during the period as noted below:

A total of $778 was paid to Directors during the nine month period ended September 30, 2014 as interest on promissory notes.

The Company incurred expenses from related parties during the period noted below:

Total salaries and employee benefits for directors and key management are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended</th>
<th>Nine month period ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, 2014</td>
<td>September 30, 2013</td>
</tr>
<tr>
<td>Management fees and salaries (a)</td>
<td>$</td>
<td>$83,533</td>
</tr>
<tr>
<td>Directors fees</td>
<td>12,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Stock based compensation</td>
<td>-</td>
<td>1,029,848</td>
</tr>
<tr>
<td>Consulting fees (b)</td>
<td>50,500</td>
<td>144,768</td>
</tr>
<tr>
<td>Total</td>
<td>$62,500</td>
<td>$1,144,381</td>
</tr>
</tbody>
</table>

a) Includes amounts paid or payable to officers of the Company during the period; a portion of which may be capitalized as deferred exploration costs.

b) Consulting fees of $144,768 were incurred by the Company for consulting services provided by Officers of the Company.

These transactions were conducted in the normal course of business and are measured at the exchange amount, which is the amount established and agreed upon by the related parties.
OFF BALANCE SHEET TRANSACTIONS

During the nine month period ended September 30, 2014, there were no off balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at the date of this MD&A, the Company has no material contractual obligations and commitments other than the Arrangement Agreement entered into with Iron Creek Capital Corp. Further details are provided in the “Overview and Outlook” section.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company prepares its consolidated financial statements in conformity with IFRS. The preparation of the Company’s consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. The Company lists its significant accounting policies in Note 3 of its audited consolidated financial statements dated December 31, 2013.

Critical Accounting Estimates: Critical accounting estimates used in the preparation of the financial statements include the Company’s estimate of recoverable value on its mineral properties as well as the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control. The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company’s control and will depend, among other things, upon a variety of factors including the market value of Company shares and financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with the Black-Scholes model, which has its limitations. While these estimates can have a material impact on the stock-based compensation and hence results of operations, there is no impact on the Company’s financial condition.

The Company’s recorded values of its mineral properties are based on historical costs that expect to be recovered in the future. The Company’s recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership and political risk, funding and currency risk, as well as environmental risk. Bearing these risks in mind, the Company has assumed recent world commodity prices will be achievable, as will costs used in studies for potential construction and mining operations. Accordingly, there is always the potential for a material adjustment to the value assigned to mineral properties.

Changes in accounting policy and disclosures:

a) Current Year

Accounting policies in effect for 2014 are noted in the Company’s audited consolidated financial statements for the year ended December 31, 2013, with the exception of the following accounting policies adopted for 2014.

i) 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.
ii) 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.

iii) 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.

The adoption of the above standards did not have any impacts upon the Company.

b) Comparative numbers; change in classification due to Discontinued Operations

In fiscal 2013, the Company entered into a transaction with Xtract Resources Plc for the sale of its wholly owned Barbados subsidiary that held the interest in the option for the Chepica mining operation. Management has reclassified the Company’s third quarter and year to date 2013 comparative results in the consolidated statement of loss to include only the Company’s continuing operations in line item detail on the statement and to disclose the results of the Chepica operation as a single line item amount.

RISKS AND UNCERTAINTIES

Risks inherent in the nature of mineral exploration and development: Mineral exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of explorations programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company’s properties to justify commercial operation.

Uncertainty of reserve and resource estimates: The mining and exploration business relies upon the accuracy of determinations as to whether a given deposit has significant mineral reserves and resources. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent with certainty that estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling, and inherently carry the uncertainty that samples may not be representative. Mineral reserve and resource estimates may require revision (either upward or downward) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral resources uneconomic. Inaccurate estimates may result in a misallocation of resources such that an excess amount could be allocated to a less than economic deposit or, conversely, failure to develop a significant deposit. Provisions are updated each reporting period for changes to expected cash flows and for the effect of changes in the discount rate, and the change in estimate is added or deducted from the related asset and depreciated over the expected economic life of the operation to which it relates.

Uncertainty due to foreign legal, economic and environmental factors: Political and related legal and economic uncertainty exists in countries where the Company operates. Risks may include political unrest, corruption, civil disturbances and terrorist actions, arbitrary changes in law or policies, changes to government regulation, foreign taxation, price and currency controls, delays in obtaining, or the inability to obtain necessary governmental permits, opposition to mining from environmental or other nongovernmental organizations, limitations on foreign ownership,
limitations on the repatriation of earnings, limitations on gold exports and increased financing costs.

Additional funding: Further exploration and development of the Company’s properties will require significant financial resources requiring raising significant project financing, debt and additional equity. Failure to obtain such additional funding at critical times could lead to delay or indefinite postponement in the exploration and development of the projects. There is no assurance that such funding will be available or that it will be obtained on favourable terms.

Dependence on Key Personnel: The development of the Company’s business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Price volatility: Prices of commodities, including precious metals, can fluctuate widely and are affected by numerous factors including demand, inflation, strength of various currencies, interest rates, gold sales by central banks, forward sales by producers, global or regional political or financial events, and production and cost levels in major producing regions. In addition, commodities prices are sometimes subject to rapid short-term changes because of speculative activities. Even if the Company discovers commercial amounts of metals, it may not be able to place them into commercial production if prices are not at sufficient levels.

Currency risk: Some of the Company’s activities are/will be carried on outside Canada. Such activities are subject to risks associated with fluctuations in the rate of exchange or the Canadian dollar and foreign currencies.

FORWARD-LOOKING STATEMENTS

This Management Discussion and Analysis of Financial Conditions and Results of Operations contain certain forward-looking statements. All statements other than statements of historical fact that address activities, events or developments that the management of the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “contemplate”, “target”, “believe”, “plan”, “estimate”, “expect” and “intend” and statements that an event or result “may”, “will”, “can”, “should”, “could”, or “might” occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analysis made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and development will conform with management’s expectations is subject to a number of risks and uncertainties, including the considerations discussed herein and in other documents filed from time to time by the Company with Canadian security regulatory authorities, general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies changes in laws or regulations and other factors, many of which are beyond the Company’s control. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and there can be no assurance that the actual results or developments anticipated by management will be realized, or even if substantially realized, that they will have the expected results on Polar Star Mining Corporation. All of the forward-looking statements made herein are qualified by the forgoing cautionary statements. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and unless required by law, the Company expressly disclaims any obligation to update or revise any such forward-looking statements.

OTHER MD&A REQUIREMENTS

The Company has 203,016,775 common shares issued and outstanding as at November 14, 2014.
The following tables provide a list of options and warrants that are issued as at November 14, 2014.

### Stock Options:

<table>
<thead>
<tr>
<th>Exercise Price</th>
<th>Number of Options/Warrants</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.20</td>
<td>4,850,000</td>
<td>December 31, 2017</td>
</tr>
<tr>
<td>0.50</td>
<td>2,225,000</td>
<td>December 31, 2017</td>
</tr>
<tr>
<td>0.75</td>
<td>1,557,500</td>
<td>December 31, 2017</td>
</tr>
<tr>
<td>0.18</td>
<td>6,450,000</td>
<td>July 23, 2018</td>
</tr>
</tbody>
</table>

### Warrants:

<table>
<thead>
<tr>
<th>Exercise Price</th>
<th>Number of Options/Warrants</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.23</td>
<td>5,555,555</td>
<td>January 16, 2016</td>
</tr>
</tbody>
</table>

### MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company’s financial statements are the responsibility of the Company’s management, and have been approved by the board of directors. They have been prepared by management in accordance with IFRS consistently applied. The statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made as appropriate in the opinion of the management. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that the financial statements have been fairly presented.

### INTERNAL CONTROLS

**Disclosure Controls and Procedures**

Management is responsible for the information disclosed in this management’s discussion and analysis and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable. For the three months ended September 30, 2014, the President and Chief Executive Officer and Chief Financial Officer certify that they have designed, or caused to be designed under their supervision, effectively operating disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

The disclosure controls and procedures are evaluated annually through regular internal reviews which are carried out under the supervision of, and with the participation of, the Company’s management, including the President and Chief Executive Officer and Chief Financial Officer.

**Internal Control over Financial Reporting**

For the three months ended September 30, 2014, the President and Chief Executive Officer and Chief Financial Officer certify that they have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

There have been no changes in the Company’s internal controls over the financial reporting that occurred during the most recent period ended September 30, 2014 that have materially affected or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal control over financial reporting, no matter how well designed, has inherent limitations and can only provide reasonable assurance, not absolute assurance, with respect to the preparation and fair presentation of published financial statements and management does not expect such controls will prevent or detect all misstatements due to error or fraud. The Company is continually evolving and enhancing its systems of controls and procedures.

*Additional information regarding the Company and its business and operations, is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.polarstarmining.com](http://www.polarstarmining.com).*