



Management's Discussion and Analysis

Year ended July 31, 2015

(Expressed in Canadian dollars, unless otherwise noted)

November 30, 2015

For further information on the Company, reference should be made to its public filings on SEDAR at www.sedar.com. Information is also available on the Company's website at www.montanmining.ca. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with audited consolidated financial statements for the year ended July 31, 2015, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. This MD&A contains certain Forward Looking Statements which are provided on Page 17.

OVERVIEW

The Company is a TSX-Venture Exchange, Frankfurt and Santiago listed company devoted exclusively to gold processing and mineral exploration and development in Peru.

Since early 2010 the Company (formerly Strait) was most active on the Alicia Copper-Gold Property in the Region of Cusco, approximately 500 km southeast of Lima. The Company acquired a 100% -interest in Alicia in February, 2013.

The Company's initial 2,000-metre, 15-hole drill program was completed on the property in February, 2011. Later in 2011 the Company entered into an Option/Joint-Venture Agreement (the "Teck Agreement") with Teck Peru S.A. ("Teck Peru"), a wholly owned subsidiary of Teck Resources Limited ("Teck"), to earn an interest in the Alicia property. Drilling at Alicia resumed in October 2013 with a 4,000-metre program which was completed in Q4/13. Teck Peru spent approximately C\$3.6 million at Alicia including an administration fee amounting to 10% of the exploration expenditures paid to the Company for managing the program.

On February 13, 2014, the Company announced that it had been notified that Teck Peru did not intend to exercise its option to earn an interest in Alicia. Accordingly, activities at Alicia during 2014/15 have been restricted to site rehabilitation and community relations. License fees have been paid to keep the property in good standing until June 30, 2016.

In December 2014, the Company commissioned a Technical Report on the Alicia Property, prepared in accordance with NI 43-101. The report recommended a two-phase exploration program at Alicia involving estimated spending of C\$700,000.

On March 4, 2015, the company completed a business combination with Montan Capital, and commenced trading under the symbol MNY.

On April 27, 2015, the Company announced the signing of a letter agreement with Goldsmith Resources SAC ("Goldsmith"), a Peruvian company, for the acquisition of the producing Mollehuaca Gold Processing Plant in Peru as well as mining rights for the nearby Eladium Gold Mine and the Saulito Property. The definitive agreement, comprising substantively the same terms as outlined above, was signed on June 9, 2015.

The Mollehuaca Plant was recently expanded and has both a carbon-in-pulp (“CIP”) circuit as well as a flotation circuit with a total capacity of approximately 150 tons per day (“TPD”). The plant is located in the region of Arequipa, the most active region of Peru for small-scale gold mining.

The Eladium Gold Mine and Saulito Property are located in the Nazca-Ocona metallogenic belt in close proximity to the Mollehuaca Gold Plant. Mineralization at both projects is hosted by a system of quartz-sulphide veins which contain high grades of gold and accessory silver and copper. Eladium is currently built to produce 5-25 tpd of gold-bearing vein material appropriate for mill feed under the Peruvian toll-milling model. The mine has recently provided mill feed to Mollehuaca that has assayed 15-25 g/t Au at the Mollehuaca site fire assay facility. Montan planned to undertake a review of the Eladium operation as well as the Saulito Property.

Total consideration for the assets and operations being purchased was US\$3,300,000, US\$50,000 of which has been paid and with the remainder payable as follows:

- US\$750,000 in cash and 8,000,000 Montan common shares (the “Montan Shares”) at a deemed price of \$0.125 per share upon closing.
- US\$1,500,000 on the first anniversary of Closing. Montan may choose that payment of US\$750,000 be in cash or in additional Montan Shares priced at the VWAP price of Montan’s shares on TSXV for the 20 trading days up to and including the day prior to the payment date. The vendor will get security while this payment remains outstanding, including the right to a Montan board member.
- The Montan Shares issued will be subject to TSXV escrow requirements.

Since incorporation, Goldsmith has spent in excess of US\$4 million permitting, building, operating and developing the mill and properties.

Montan signed a final definitive agreement effective June 9, 2015, (news released June 11th) with the shareholders of Goldsmith for the acquisition. From the date the Definitive Agreement is executed by the Parties (the “DA Date”) until the Closing, Montan will take over operations and management of the business of Goldsmith and provide all working capital as it deems necessary to continue the day to day operations of the business. All income and expenses from the DA Date to Closing will accrue to Montan. Post-Closing, Montan will continue as the operator and manager of the business.

Closing of the transaction is conditional upon TSX Venture Exchange acceptance.

HIGHLIGHTS – year ended July 31, 2015

Overview

- On March 4, 2015, the Company graduated from a capital pool company by completing a qualifying transaction through an amalgamation with Strait Minerals Inc.
- The company raised initial operating capital, and secured an Option on the Mollehuaca Gold mill, and the Eladium Gold Mine from Goldsmith SAC, Peru.

Subsequent to July 31, 2015

Convertible debenture issuance

- On August 31, 2015, the Company issued convertible notes (each, a “Note”) in the aggregate amount of \$216,860 (the “Offering”). Each Note accrues simple interest at 14% per annum which has been prepaid until maturity, being one year from issuance. The principal amount of each note is convertible at any time at a price of \$0.125 into units of the Company comprising one common share and one common share purchase warrant. Each whole warrant may be exercised at an exercise price of \$0.175 into one additional common share of the Company for a period of 2 years from closing of the Offering. The proceeds of the Offering were be used to advance the Company’s operations at the Mollehuaca Gold Processing Plant in anticipation of its acquisition, as announced by the Company on June 11, 2015, and for working capital.

- On September 14, 2015, the Company also announced that it had closed the second tranche of its convertible note placement announced on August 25, 2015. The Company issued convertible notes (each, a “Note-2”) in the aggregate amount of \$129,070 (the “Offering”). Each Note-2 accrues simple interest at 14% per annum which has been prepaid until maturity, being one year from issuance. The principal amount of each note is convertible at any time at a price of \$0.125 into units of the Company comprising one common share and one common share purchase warrant. Each warrant may be exercised at an exercise price of \$0.175 into one additional common share of the Company until September 8, 2017.

Santiago Stock Exchange (“SSE”) listing

- On September 10, 2015, the Company listed on the SSE under the symbol MNYCL. Montan’s shares are traded in Chilean Pesos. The listing offers access to the Latin American Integrated Market (Latain America’s largest stock trading platform).

Inca One Transaction

On October 29, 2015, the Company, along with the shareholders of Goldsmith Resources SAC (“**Goldsmith**”), a private Peruvian company and Inca One Gold Corp. (“**Inca One**”), announced that the Companies have entered into a binding letter agreement (the “**Binding LA**”) pursuant to which Inca One has agreed to acquire certain assets of Montan.

Under the terms of the Binding LA, Inca One will:

- (i) assume Montan's obligations under a Share Purchase Agreement with the shareholders of Goldsmith (the “**Goldsmith Shareholders**”) for the acquisition all of the issued and outstanding shares of Goldsmith which owns the Mollehuaca Ore Processing Plant (“**Mollehuaca**”) in Peru, the mining rights for the nearby Eladium Mine and the Saulito Exploration Property in Peru (the “**Goldsmith Assets**”);
- (ii) acquire other select milling assets from Montan (the “**Milling Assets**”), and;
- (iii) will be assigned prepaid marketing services from Montan (the “**Marketing Assets**”, together with the Goldsmith Assets and the Milling Assets, the “**Acquired Assets**”). In exchange for the Acquired Assets Inca One has agreed to issue 7,000,000 Inca One common shares (the “**Share Consideration**”) and pay a “cash” consideration of US\$354,000 due in various installments as set out in the Binding LA (the “**Montan Transaction**”). The Share Consideration is valued at approximately \$835,100 based on the 20-day volume weighted average price of Inca One's shares on the TSX Venture Exchange (“**TSX-V**”) as at October 28, 2015. Montan will use its best efforts to distribute the Share Consideration to its shareholders on a pro-rata basis within three months of closing of the Montan Transaction as a reduction in Montan's share capital; the Share Consideration will be subject to a six month “hold” period (from closing) to allow completion of distribution to the shareholders of the Seller. All dollar amounts are presented in Canadian dollars, unless otherwise stated.

The Goldsmith Assets include all plant facilities and equipment, gold bearing material, supplies and inventory located at site. The Milling Assets include mineral feed, plant consumables and supplies located at the plant. The Marketing Assets include prepaid marketing services. As part of its previous agreement with Goldsmith, Montan assumed control over the “operations” of Mollehuaca and management of the business of Goldsmith, and has been providing the working capital it deemed necessary to continue the day to day operations. Since incorporation, Goldsmith has spent in excess of US\$4 million on permitting, building, operating and developing the Mollehuaca mill facility and its properties, as referenced in the Montan press release announcing their binding agreement with Goldsmith, dated April 27, 2015.

The Binding LA contains the basic business terms for the Montan Transaction and requires the Parties to finalize in good faith a definitive agreement (the “**Definitive Agreement**”) prior to closing. The Parties anticipate that the Montan Transaction will be completed prior to the end of the 2015 calendar year.

The Montan Transaction is subject to the satisfactory completion of due diligence by Inca One, execution of the Definitive Agreement, board approval by each of Montan and Inca One, TSX-V approval and other customary conditions. The Binding LA also includes standstill, lock up, and confidentiality provisions, representations and warranties, and a US\$250,000 break fee in favor of Inca One.

Under the terms of the Montan Transaction, Inca One will pay a total of US\$354,000 to Montan and issue the Consideration Shares. The cash consideration will consist of Inca One making an initial and non-refundable deposit of

US\$25,000; an additional payment of US\$75,000 on or before the earlier of closing or November 29, 2015; a further payment of US\$125,000 on the 3 month anniversary of closing; and a final payment of US\$129,000 on July 31, 2016.

Appointment of Chief Financial Officer

The Company appointed Mr. Brandon MacDonald as Chief Financial Officer (“CFO”) on September 28, 2015 to replace previous CFO, Mr. Ryan Fletcher (who unfortunately passed away in July 2015).

OUTLOOK

Montan remains positioned for growth in Peru through the acquisition and development of advanced and/or cash flow mining opportunities. The company has vended its Mollehuaca / Eladium Option (from Goldsmith SAC) to Inca One, in return for 7,000,000 Inca One shares and certain cash payments. The Inca One shares will be dividended to shareholders. Inca One will also dividend shares to Goldsmith SAC shareholders, directly.

The primary focus of the Company in the immediate term is to oversee Closing of the Inca One transaction; seeking a partner for project operations at Alicia; and preparing the company for new near term opportunities in Peru.

Montan’s primary asset is its 100%-owned Alicia Copper-Gold Property which has demonstrated potential to host a porphyry-style copper-gold deposit in addition to skarns and polymetallic veins. The property lies within an emerging copper belt in southern Peru known as “Andahuaylas-Yauri” Belt that hosts a number of important deposits. The company has established a data room, available to companies reviewing opportunities in the region: companies are reviewing data subject to Confidentiality Agreements.

AMALGAMATION

Overview

On December 3, 2014, Strait Minerals Inc. (“Strait”) and Montan Capital Corp. (“Montan Capital”) announced that they had entered into a binding letter agreement to merge the two companies. Montan Capital was a “Capital Pool Company” under the policies of the TSX Venture Exchange and the transaction would constitute its “Qualifying Transaction” in accordance with Exchange Policy 2.4 Capital Pool Companies.

On January 6, 2015, Strait and Montan Capital announced that they and 1023174 B.C. LTD. (“Newco”) had entered into an amalgamation agreement (“the Amalgamation Agreement”) in connection with the proposed qualifying transaction and reverse take-over of Strait (“the Transaction”). Upon the closing of the Transaction, Newco and Montan Capital would amalgamate to form a single subsidiary of Strait and Strait would acquire all of the issued and outstanding securities of Montan Capital from the shareholders of Montan Capital in exchange for the issuance of 8,000,000 post-Consolidation Strait common shares (the “Consideration Shares”) at the rate of one Strait common share for each one Montan Capital common share. In connection with the Transaction, Strait, prior to issuing the Consideration Shares, completed a consolidation of its common shares on a 10:1 basis, reducing its capital to 6,203,259 post-Consolidation shares and changed its name to Montan Mining Corp. (“Montan”). A finder’s fee of 250,000 Montan shares was issued in relation to the Transaction.

Strait and Montan Capital filed on SEDAR a joint information circular on January 6, 2015 to obtain approval from their shareholders of the amalgamation agreement at shareholders’ meetings to be held on February 24, 2015.

On March 4, 2015 Montan, formerly Strait Minerals Inc., closed the Transaction. The Montan Shares are listed for trading on the TSX Venture Exchange under the symbol “MNY” and the Frankfurt Exchange under the symbol “S5GM”.

Since the Consideration Shares represent approximately 56% of the total issued and outstanding Montan common shares as of the Closing, the shareholders of Montan Capital control Montan. Accordingly, the Transaction will be accounted for as a reverse acquisition.

In accordance with IFRS 3, Business Combinations, the substance of the transaction was a reverse acquisition of a non-operating company. The transaction does not constitute a business combination since Strait does not meet the definition of a business under the standard. As a result, under IFRS the transaction is accounted for as a capital transaction with

the original Montan Capital being identified as the acquirer with the transaction being measured at the fair value of the equity consideration issued to Strait.

IFRS 2, Share-based Payments, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. In accordance with IFRS 2, share consideration is measured as of the date of completion of the Transaction, March 4, 2015.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse takeover transaction. By reference to a completion of a private placement of 5,200,000 shares at \$0.10 per share on a closing date of the Transaction, the fair value of each Montan common share at the time of the Transaction was \$0.10. Accordingly, the value of the 43.67% (i.e. 6,203,259 shares) of the share capital owned by former owners of Strait at the time of the Transaction was \$620,326. 50,000 stock options with an exercise price of \$0.15 granted by Strait prior to a reverse acquisition were retained. The fair values of these options were \$1,749 and determined at the time of the Transaction using the Black-Scholes option pricing model with the following weighted average assumptions: average risk-free interest rate – 0.59%; expected life – 1.86 year; expected volatility – 87.91%; forfeiture rate – 0%; and expected dividends – nil.

The allocation of value is as follows:

	Value
Cash and cash equivalents	\$ 9,416
Restricted cash	1,025
Other receivables	13,830
Office equipment	1,941
Mining properties	764,023
Accounts payables and deposits	(168,160)
	\$ 622,075
Strait common shares – fair value	\$ 620,326
Strait stock option retained – fair value	1,749
Total consideration	\$ 622,075

This transaction has been treated as an asset acquisition as Strait did not have an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefit directly. The mineral properties acquired currently do not have any proven or probable resources or reserves.

Concurrent Financing

In connection with the closing of the Amalgamation, Montan completed a concurrent financing and raised gross proceeds of \$520,000 by the issuance of 5,200,000 Montan Shares at a price of \$0.10 per Montan Share. Montan paid an aggregate finder's fee of \$5,600 and also issued finder's warrants which entitle the holders to purchase up to 56,000 Montan Shares at a price of \$0.10 per Montan Share for a period of 12 months. All Montan Shares issued in connection with the concurrent financing are subject to a statutory hold period expiring on July 6, 2015.

ALICIA PROPERTY, PERU

Overview

On February 15, 2013, the Company issued 400,000 shares, with an ascribed value of \$28,000, to Panoro Minerals Inc. (the "Vendor") to exercise its option to increase its interest in the 2,593-hectare Alicia copper-gold property to 100% from 55%, subject to a 2% net smelter return royalty (the "NSR"). The Alicia property is located in the Region of Cusco, approximately 500 km southeast of Lima, and lies within the Andahuaylas-Yauri metallogenic belt of porphyry

and skarn copper deposits. In total, the Company issued 1,000,000 shares to the Vendor and incurred in excess of US\$1.25 million in work expenditures over the three-year term of the agreement.

The Company believes that, based on results over the past three years, additional exploration is justified at both the outcropping porphyry and adjacent zones where soil sampling has detected highly anomalous copper values. A data room has been established for access by parties interested in Alicia; these data include the company’s 2,000-metre, 15-hole drill program (completed on the property in February, 2011), and 4,000m drilling program at Alicia undertaken in October 2013 and underwritten by Teck (completed Q4/13). Teck Peru spent approximately C\$3.6 million at Alicia including an administration fee amounting to 10% of the exploration expenditures paid to the Company for managing the program. In December 2014, the Company commissioned a Technical Report on the Alicia Property, prepared in accordance with NI 43-101: this is the most recent compilation report on the property

The Alicia property comprises four contiguous mining concessions or mining rights totalling 2,593.46 ha. The Property comprises U.E.A. ALICIA which includes 4 concessions: the concessions are known by the names of Valeria Uno 2003, Valeria Siete 2003, Alicia 3 and Alicia 4.

Alicia Project Mining Concession Titles

Mining Registry No.	Name	Holder of Record	Granted Area (ha)	Expiration Date
010014903	Valeria Uno 2003	Minera Strait Gold Peru S.A.C.	603.73	30-June-2016
010043003	Valeria Siete 2003	Minera Strait Gold Peru S.A.C.	1,000.00	30-June-2016
010235899	Alicia 3	Minera Strait Gold Peru S.A.C.	600.00	30-June-2016
010087301	Alicia 4	Minera Strait Gold Peru S.A.C.	389.73	30-June-2016

The concessions are registered in Superintendencia Nacional de Registros Publicos (SUNARP), to Minera Strait Gold Peru S.A.C. Strait Gold, a wholly owned subsidiary of Montan Mining Corp, is a private Peruvian company with offices in the Santiago de Surco Municipality of Lima. The properties are currently in good standing: the license fees to maintain the properties in good standing are required to be paid prior to June 30, 2016 (2015+2016 license): any applicable penalty payments will also need to be paid prior to June 30, 2016, to maintain the properties.

Surface rights at the Alicia Project belong to the community of “Comunidad Campesina de Cancahuani” of the district of Capacmarca in the Province of Chumbivilcas, Department of Cusco. In February of 2013, the community signed a one-year surface access agreement with Strait Gold. The agreement allowed land access for exploration activities on the property until February of 2014. The community has been consulted about a successor access agreement, but at present no agreement has been finalized. Community members were informally extracting mineral from the property during the NI43-101 author’s site visit (December, 2014), and Montan Mining maintained low level contact with the community via a community consultant. There have been no visits to the property by staff or consultants since the independent NI43-101 visit in December 2014.

LIQUIDITY AND CAPITAL RESOURCES

	Year ended July 31,		
	2015	2014	2013
Cash outflows from operating activities	(1,333,346)	(65,977)	(72,086)
Cash inflows from financing activities	1,061,870	-	518,214
Cash inflow (outflows) from investing activities	321,455	(798,000)	-
Net cash flows (outflow)	49,979	(863,977)	446,128
Cash balance	60,335	10,356	874,333

As at July 31, 2015, the Company's net working capital was \$166,523 compared to net working capital of \$814,268 as at July 31, 2014. The decrease was the result of cash outflow from operating activities.

Cash outflow from operating activities in the current year were higher than comparative period in 2014 and 2013 as the Company completed an amalgamation with Strait and increase corporate activity. As a result, consulting fees, legal fees and general and administrative expense increased. In addition, during the current year end, the company also settled \$123,751 of accounts payables.

Cash flow from financing activities was \$1,061,870 mainly due to the \$1.0 million private placement which occurred in the current year end and not in the comparative period in 2014, and higher than the previous equity raise in 2013.

Cash inflow from investing activities relate to the liquidation of the short term investment that were made in year ended 2014 (\$798,000), netted out with the advances made to Goldsmith.

The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds.

SUMMARY OF CONSOLIDATED PROFIT AND LOSS

	Year ended July 31,		
	2015	2014	2013
Revenue	\$ -	\$ -	\$ -
Loss before other items	(1,131,766)	(68,408)	(226,688)
Net loss	(1,155,945)	(61,754)	(226,688)
Basic and diluted – loss per share	(0.09)	(0.01)	(0.00)
Total assets	1,500,301	815,368	876,578

Net loss in the current year were higher than comparative period in 2014 and 2013 as the Company completed an amalgamation with Strait and increased corporate activity. As a result, consulting fees, legal fees and general and administrative expense increased.

As at July 31, 2015, the total assets increased by \$0.6 million since 2014 and 2013 due to the amalgamation (with Strait) which was valued at \$622,075.

QUARTERLY RESULTS

	July 31, 2015	April 30, 2015	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014	January 31, 2014	October 31, 2013
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(471,627)	(516,073)	(150,111)	(18,134)	(3,836)	(15,783)	(21,251)	(20,884)
Basic & diluted loss per share	(0.03)	(0.03)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,500,301	1,424,863	727,178	805,881	815,368	822,125	838,818	805,881

Three months ended July 31, 2015 compared to April 30, 2015

Net loss in the current quarter decreased as the Company was conserving cash until further financing. In general, the net loss was consistent with April 30, 2015 ever since the amalgamation with Strait.

Three months ended July 31, 2015 compared to the remaining historic quarters in 2015, 2014

Net loss in the current quarter were higher than the remaining comparative period in 2015 and 2014 as the Company completed an amalgamation with Strait and increase corporate activity. As a result, consulting fees, legal fees and general and administrative expense increased.

Change in total assets

Since the period ended April 30, 2015, the total assets increased by \$0.6 million since 2014 and 2013 due to the amalgamation (with Strait) which was valued at \$622,075.

SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares.

	Common shares	Warrant A (1)	Warrant B (2)	Warrant C (3)	Warrant D (4)	Warrant E (5)	Warrant F (6)	Stock option A (7)	Stock option B (8)
July 31, 2014 and 2013	8,000,000	300,000	-	-	-	-	-	800,000	-
December 5, 2014 – warrant expired	-	(300,000)	-	-	-	-	-	-	-
March 4, 2015 – Strait amalgamation	6,203,259	-	-	-	-	-	-	-	-
March 4, 2015 – private placement	5,450,000	-	-	-	-	-	-	-	-
March 5, 2015 – warrant issuance	-	-	56,000	-	-	-	-	-	-
March 7, 2015 – option issuance	-	-	-	-	-	-	-	-	1,075,000
July 6, 2015 – Private placement	2,947,778	-	-	1,473,889	91,700	-	-	-	-
July 31, 2015	22,601,037	-	56,000	1,473,889	91,700	-	-	800,000	1,075,000

October 19, 2015 – private placement	1,366,125	-	-	-	-	1,366,125	-	-	-
October 21, 2015 – private placement	62,500	-	-	-	-	-	62,500	-	-
As at the date of report	24,029,662	-	56,000	1,473,889	91,700	1,366,125	62,500	800,000	1,075,000

- (1) Warrant issuance - Exercise price of \$0.20, expired on December 5, 2014
- (2) Warrant issuance - Exercise price of \$0.10, expire on March 5, 2016
- (3) Warrant issuance - Exercise price of \$0.25, expire on July 6, 2017
- (4) Warrant issuance - Exercise price of \$0.18, expire on July 6, 2017
- (5) Warrant issuance - Exercise price of \$0.12, expire on October 19, 2017
- (6) Warrant issuance - Exercise price of \$0.12, expire on October 21, 2017
- (7) Stock option granted - Exercise price of \$0.20, expire on December 5, 2022
- (8) Stock option granted had various expire date with the exercise price of \$0.15
 - a. 200,000 expire on December 5, 2022
 - b. 825,000 expire on March 7, 2020
 - c. 20,000 expire on January 11, 2018
 - d. 20,000 expire on January 4, 2017
 - e. 10,000 expire on January 21, 2016

On October 19, 2015 and October 21, 2015, the Company issued 1,366,125 and 62,500 units respectively to raise \$114,290 for working capital purposes. Each unit consists of one common share and one common share purchase warrant at an exercise price of \$0.12 with a warrant life of 2 years.

As at July 31, 2015, the Company was committed to grant 300,000 stock options (not granted as at July 31, 2015) to a marketing firm. Due to the Inca One Gold Corp (see note 16(d)) transaction, the Company have yet finalize the timing of the grant as at November 30, 2015. The terms of the 300,000 stock option are still under finalization

As at July 31, 2015 and the date of the report, the following is the summary of stock options and share purchase warrants outstanding:

Number of stock option outstanding and vested	Exercise price per stock option	Expiry date
800,000	\$0.20	December 5, 2022
200,000	\$0.15	December 5, 2022
825,000	\$0.15	March 7, 2020
20,000	\$0.15	January 11, 2018
20,000	\$0.15	January 4, 2017
10,000	\$0.15	January 21, 2016
1,875,000		

Number of warrants	Exercise price per warrant	Expiry date
56,000	\$0.10	March 5, 2016
1,473,889	\$0.25	July 6, 2017
91,700	\$0.18	July 6, 2017
1,621,589		

REGULATORY DISCLOSURES

Financial instruments

The Company reports its financial instruments on its balance sheet and measures these at fair value. In limited circumstances when fair value may not be considered most relevant, they may be reported at cost or amortized cost. Gains or losses as a result of changes in fair value are recognized in the consolidated statement of operations and comprehensive loss.

The Company's financial instruments consist of cash and cash equivalents, other receivables and accounts payable. The fair value of these financial instruments approximates the carrying value due to the short maturity or current market rate associated with these instruments.

All financial instruments are classified into one of the following five categories: fair value through profit or loss assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities.

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;
- Level 3 Inputs that are not based on observable market data

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	July 31, 2015		July 31, 2014	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Fair value to profit and loss ("FVTPL")</i>				
Cash and cash equivalents	60,335	60,335	10,356	10,356
Restricted cash	252	252	-	-
Short term investments	-	-	798,000	798,000
Other receivables	57,655	57,655	7,012	7,012
Advances – Goldsmith Resources SAC	484,684	484,684	-	-
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable & accrued liabilities	45,508	45,508	1,100	1,100
Deposits – convertible debenture	36,025	36,025	-	-

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and marketable securities. The Company's cash and cash equivalents are held through large Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 15. The accounts payable and income taxes payable are due within the current operating period.

Market Risk

The Company’s financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company’s foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States and Peru. Certain costs and expenses are incurred in US dollars and Peruvian sol. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

Related Party Transactions

The Company’s related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm’s length.

The remuneration of the Company’s directors and other key management personnel during the year ended July 31, are as follows:

	2015	2014
Consulting fees	\$ 214,876	\$ -
Stock based compensation	83,739	-

These expenses were measured at the exchange amounts agreed upon by the parties. As at July 31, 2015 the Company had amounts payable of \$5,250 (2014 - \$nil) to these parties. These amounts are unsecured and non-interest bearing.

Capital Risk Management

The Company’s objective of capital management is to ensure that it will be able to continue as a going concern, continue the exploration of mineral properties, and identify, evaluate, and acquire additional resource properties. The capital of the Company consists of shareholders’ equity. The Company is meeting its capital risk objectives by successfully raising, from time to time, the required funds through debt and equity.

Internal controls and procedures

During the year ended July 31, 2015, there has been no significant change in the Company’s internal control over financial reporting since last year.

The Chief Executive Officer and (acting) Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's annual financial statements for the year ended July 31, 2015 (together the "Annual Filings"). The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at <http://www.sedar.com>.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Future changes in accounting policies

The following are new pronouncements approved by IASB. These new standards and interpretations are not yet effective and have not been applied in preparing these financial statements, however they may impact future periods.

- (i) IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets: Clarification of acceptable methods of depreciation and amortization. On May 12, 2014, the IASB issued amendment to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets. In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of the tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that the revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard is to be applied prospectively for fiscal years beginning on or after January 1, 2016, with early adoption permitted.
- (ii) IFRS 15, Revenues from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue, which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or a modified retrospective approach when adopting the standard and it is effective for annual periods beginning on or after January 1, 2017.
- (iii) IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB on July 24, 2014 as a complete standard. This standard replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities. The Standard eliminates the existing categories of held to maturity, available for sale and loans and receivables. On initial recognition, financial assets will be classified into those measured at amortized cost and at fair value.

The mandatory effective date of the new standard is for annual periods beginning on or after January 1, 2018. The Company intends to adopt the standards for the year beginning January 1, 2018. The Company believes that implementation of the new standard will not have a material impact on its financial results.

The Company is currently evaluating the potential impact of these amendments and new standards on its consolidated financial statements.

Accounting estimates

Amounts recorded for share based compensation. These are based on estimates. The Black-Scholes model is based on assumptions for volatility, expected number of options to vest, risk-free interest rate and expected life of options.

The recoverability of amounts shown for mineral properties. These are dependent on the discovery of economic resources, the ability of the Company to obtain future financing to complete the development of the properties, and on future production or sale of the properties.

Deferred income tax assets and liabilities. These are computed based on differences between the carrying amounts on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry forwards and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by way of a valuation allowance to reflect the estimated realizable amount.

The following accounting policies involve judgements or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage
- The determination of the functional currency of the Company.

Accounting policies

Principles of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned Peruvian subsidiary, Minera Strait Gold Peru S.A.C. ("MSG Peru"). All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and demand deposits in a Canadian chartered bank which have an initial term of less than 90 days.

Restricted cash

Restricted cash consists of Peruvian value added tax that can only be applied against the payment of future payroll and corporation tax liabilities of MSG Peru.

Mineral properties

None of the Company's mineral properties has reached the development stage and as a result are considered exploration and evaluation assets. The Company capitalizes all expenditures that result in the acquisition and retention of mineral properties or an interest therein. The amount shown for mineral properties represents costs to date, as reduced by impairments, and does not necessarily reflect present or future values. If the properties are sold, allowed to lapse or are no longer of interest, accumulated costs are written off.

Expenditures on properties in which the Company does not have a registered or contractual interest are expensed as incurred.

Impairment of non-financial assets

The Company reviews and evaluates the recoverable amount of its mineral properties when events or changes in circumstances indicate that the carrying amounts of assets or groups of assets might not be recoverable. For the purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of expected future cash flows of the asset). At the end of each reporting period, non-financial assets are reviewed for impairment to determine if there is any indication that the carrying amount may not be recoverable.

Indicators for an impairment review arise typically when any one of the following circumstances applies:

- (i) substantive expenditure on further exploration and evaluation is not planned
- (ii) title to the asset is compromised
- (iii) adverse changes in the regulatory or taxation environment
- (iv) adverse changes in commodity prices and markets

The existence of any of the above conditions may signify that an impairment exists in the fair value of properties.

The recoverability of the carrying values of the properties is dependent on the ability of the Company to obtain the necessary financing and permits to continue exploration, the establishment of economically recoverable reserves, future profitable production and/or proceeds from the disposition thereof.

Long-term assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

Fixed assets

Fixed assets, which consist of office equipment, are being amortized on a straight-line basis over a period of three years.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Foreign currencies

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiary, MSG Peru is the US dollar. The functional currency determinations were made by management based on an analysis of factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

These consolidated financial statements have been translated into Canadian dollars in accordance with IAS 21. This standard requires that assets and liabilities be translated using the exchange rate at period end and that income and expenses and cash flow items be translated using the rate that approximates the exchange rate at the date of the transactions (i.e. average exchange rate for the period).

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in foreign currency are not re-translated.

Share based compensation

Share based compensation arising out of the fair value of options granted under the Company's share option plan is recognized as a share based payment expense with a corresponding increase in equity. The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair-value of the options granted is measured using the Black-Scholes option pricing model. At the end of each financial reporting period the amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest.

Comprehensive income

The Company includes in comprehensive income certain gains and losses arising from changes in fair value. Comprehensive income would include the following unrealized gains and losses which are potentially relevant to the Company: changes in the currency translation adjustment arising from translating the financial results of foreign operations to the Company's reporting currency, and unrealized gains and losses on available-for-sale investments.

Income taxes

The Company follows the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Since the Company is in a loss position, the effects of exercising share purchase options and warrants are anti-dilutive.

Share issuance cost

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

Financial Instruments – recognition and measurement

The Company does not have any derivative financial instruments.

All financial assets are classified into one of the following four categories: fair value through profit or loss ("FVTPL"), held to maturity ("HTM"), available for sale ("AFS") and loans and receivables.

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value and changes are recognized in profit or loss. HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. AFS financial assets subsequent to initial recognition are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's cash and cash equivalents, and restricted cash have been classified as FVTPL financial assets. The Company does not presently have any financial assets designated as AFS. The carrying value of the Company's cash, cash equivalents, and restricted cash approximates their fair value due to their short-term nature.

The Company has the following non-derivative financial liabilities: amounts payable and accrued liabilities. The carrying value of financial liabilities approximates their fair value due to their short-term nature.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Risk and uncertainties

The operations of the Company are speculative due to the nature of its business which is the investment in the exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Operating Hazards and Risks

Exploration and development of natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Company has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Title to Assets

Although the Company has or will receive title options for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will be not challenged or impugned. In some countries, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. Also, in many countries, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries.

The successful exploration and development of the Company's properties is dependent on support from local communities. A community agreement is required to permit the Company to conduct exploration at Alicia. There is no assurance that such an agreement can be reached or, if reached, subsequently renewed or extended. The Company is committed to working in partnership with its local communities in a manner which fosters active participation and mutual respect. The Company works towards minimizing negative project impacts, encouraging certain joint consultation processes, addressing certain decision making processes and towards maintaining meaningful ongoing dialogue. The Company regularly consults with the communities close to its exploration and development activities.

Management

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

Requirement of New Capital

As an early exploration/development company, the Company typically needs more capital than it has available to it or can expect to generate through the sale of its products. In the past, the Company has had to raise, by way of debt and equity financing, considerable funds to meet its capital needs. There is no guarantee that the Company will be able to continue to raise funds needed for its business. Failure to raise the necessary funds in a timely fashion will limit the Company's growth. It is the intention of the company to invest in cash-flowing assets, to migrate the business into a situation where the need to raise capital on the markets for continued operation is reduced over time.

Metals Pricing Risk

The feasibility of the Company's mineral exploration and development is significantly affected by changes in the market price of gold, copper and silver. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of gold and stability of exchange rates can all cause significant fluctuations in gold prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Risk of Foreign Operations

In Peru, the jurisdiction in which the Company has its operations and mineral properties, the Company is subject to various political, economic and other uncertainties, including the risks of civil unrest, expropriation, nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, and changing political conditions. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. It is not possible for the Corporation to accurately predict such developments or changes in laws or policy or to what extent any such changes may have a material adverse effect on the Company's operations.

Other Significant Risks

In addition to the foregoing, the Company's business risks include operating hazards, environmental and other government regulations, competition in the marketplace, and the market for our securities. Its properties are located in Peru and are subject to the laws and regulations of that country. The Company carries on its exploration activity outside of Canada. Accordingly, it is subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies, in particular the US dollar and the Peruvian soles. Such fluctuations may materially affect the Company's financial position and results.

Forward-Looking Statements

This MD&A contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our actual results to differ materially from the statements made, including those factors discussed in filings made by us with the Canadian securities regulatory authorities. Should one or more of these risks and uncertainties, such as the actual results of current exploration and development programs, the general risks associated with the mining industry, the price of gold and other metals, reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward-looking financial statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated or expected. We do not intend and do not assume any obligation to update these forward-looking statements, except as required by law. Shareholders are cautioned not to put undue reliance on such forward-looking statements.

This MD&A has been approved by the Board of Directors of the Company, and contains certain information that is current to November 30, 2015. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. The Company may, but is not obligated to, provide updates to forward-looking statements, including in subsequent news releases and its interim MD&A as filed with regulatory authorities. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at <http://www.sedar.com>.

Qualified person

The technical information in this Management Discussion and Analysis has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed on behalf of the Company by Mr. Dean Pekeski, P. Geo., of Kraven Geological Inc., a Qualified Person.

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