MANAGEMENT DISCUSSION AND ANALYSIS

For the three and six months ended January 31, 2015 and 2014
(Expressed in Canadian dollars)

SULLIDEN MINING CAPITAL INC.
(an exploration stage mining company)

65 Queen Street West, Suite 800
Toronto, ON M5H 2M5

Date: March 16, 2015

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") of Sulliden Mining Capital Inc. ("we", "our", "us", the "Company" or "SMC") provides a discussion and analysis of the operations, results, and financial condition of the Company for the period ended January 31, 2015 and should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the period ended January 31, 2015 and the audited financial statements and related notes for the year ended July 31, 2014. This discussion covers the period for the three and six months ended January 31, 2015 and the subsequent period up to the date of the filing of this MD&A. Other pertinent information about the Company is available on SEDAR at www.sedar.com as well as on the Company's website at www.sulliden.com.

For the purpose of preparing our MD&A, the Company considers the materiality of information. Information is considered material if in the option of management: (i) such information results in, or would reasonably be expected to result in, a significant effect in the market price or value of our shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances. All dollar amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information that also involves numerous risks and uncertainties. Actual results of the Company's business and operations could differ materially from those discussed in such forward-looking information as a result of the risks and uncertainties faced by the Company, including those set forth in this MD&A under "Forward Looking Information and Cautionary Statements", "Risk and Uncertainties", and as discussed in the Company's annual information form (AIF) which is available at www.sedar.com.

References to the first, second, third and fourth quarters of 2015 and 2014 or Q1, Q2, Q3 and Q4 of 2015, and 2014 mean, the quarters ending October 31 2014, 2013, January 31, 2015, 2014, April 30, 2015, 2014 and July 31, 2015 and 2014 respectively.

Stéphane Amireault, P.Eng (B.Eng; MScA), Vice-President of Exploration, is the Company's in-house Qualified Person for geology for the purposes of National Instrument 43-101("NI 43-101"). Joseph C. Milbourne, FAusIMM, Vice-President of Operations and Technical Services, is the Company's in-house Qualified Person for all technical materials (except geology) for the purposes of NI 43-101. Mr. Amireault and Mr. Milbourne have reviewed and approved the scientific and technical disclosure in this MD&A.

UPDATE AND OUTLOOK

The Company was incorporated on June 10, 2014 as a wholly owned subsidiary of the former Sulliden Gold Corporation Ltd. ("Sulliden"). Pursuant to a statutory plan of arrangement (the "**Arrangement**") under section 182 of the *Business Corporations Act* (Ontario) among the Company, Sulliden and Rio Alto Mining Limited ("Rio Alto"), all of the issued and outstanding common shares of Sulliden were, effective August 5, 2014, exchanged for 0.525 of a common share of Rio Alto and 0.10 of a common share of the Company.

The Arrangement was approved by the security holders of Sulliden at a special meeting held on July 30, 2014. Final approval for the Arrangement was obtained from the Ontario Superior Court of Justice (Commercial List) on July 31, 2014.

Effective August 11, 2014, the common shares of the Company commenced trading on the Toronto Stock Exchange under the symbol SMC.

Upon completion of the Arrangement, the Company assumed Sulliden's interests in the East Sullivan Property, valued in the amount of $133,538 and the Company was capitalized with $24,760,514 in cash and $13,000 in amount receivable, net of transaction costs of $226,486. The transaction costs of $226,486 were incurred by the Company as part of the Arrangement and reorganization of the Company. Pursuant to the Arrangement, the Company issued 1,887,640 warrants and 31,590,892 common shares to the shareholders of Sulliden and 2,094,430 options to the employees, directors and consultants of Sulliden.

On March 1, 2015, the Company and Coastal Gold Corp. ("Coastal") signed a definitive arrangement pursuant to which SMC will acquire all of the issued and outstanding common shares of Coastal by way of a plan of arrangement under the Business Corporations Act (Ontario) (the "**Transaction**"). Under the terms of the Transaction, SMC will acquire each outstanding share of Coastal for 0.05 of a Company share (the "**Exchange Ratio**"). The Exchange Ratio represents $0.0166 per common share of Coastal, based on SMC's 60-trading day volume weighted average price ("VWAP") of $0.33. The implied transaction value is approximately $4.06 million, including the assumption of $1.25 million in debt of Coastal. Upon completion of the Transaction, Coastal will be a wholly-owned subsidiary of SMC. The directors of each company have unanimously approved the Transaction. The Transaction is subject to approval by the shareholders of Coastal and is subject to regulatory approval.

Upon completion of the Transaction, SMC acquired Coastal's Hope Brook Gold Project. The Company is well financed and brings a strong capital markets and engineering team to move the Hope Brook Gold Project forward to production. The Company is expecting to spend additional $3m in the next two years for the development of the project.

The Company is currently reviewing several other world class assets in order to deploy its resources to enhance shareholder value.

EAST SULLIVAN PROPERTY

The Company's exploration property is located in the Abitibi region of Québec, about five kilometres southeast from the city of Val-d'Or. The property forms a single claim block which consists of 21 contiguous staked claims registered in 1981 for a total area of 334 ha.

The Company holds a 100% interest in these claims which are all in good standing and not subjected to any royalty agreement. In Québec, staked mining claims require a $1,000 payment or work equivalent to be renewed on a two year anniversary cycle. Suitable banked assessment credits originally generated by completing and filing eligible exploration work may be distributed on contiguous claims. Effective August 19 2013, Sulliden Gold Corporation Ltd. had accumulated credits for a total of $1,083,514. Effective December 10, 2013, accumulated assessment credits have a period of validity of the longer of 12 years or 12 years after filling for eligible assessment work.

The Company's exploration property is on public land, and permits would be obtained from the Ministère des Ressources Naturelles du Québec ("**MRN**") for machinery access, for drilling, or mechanical trenching activities.

There are no surface rights associated to the land holding, but exploration work would be coordinated with other land users including the MRN, the Québec Environment and Sustainable Development Ministry ("**MDDP**"), the City of Val-d'Or and Agnico-Eagle's Goldex-Manitou project managers. The tailings pile left by the former East- Sullivan Mines has been rehabilitated by the MRN and a certificate of authorization issued by the MDDP is required before initiating a drill program from the tailings surface or the containment dam.

The exploration property includes the past producing site of the East-Sullivan Mine. This historical exploitation of copper-zinc (gold-silver) massive sulphide lenses left mining infrastructure and a large tailings pile covering the central part of the property. After closure of the mine in 1966, the site was abandoned and declared an orphan site by the government of Québec, and is still listed as such. The site was among the first to be reclaimed by the Québec Government in the early 1980's, because of acid drainage problem caused by the pyrite-rich tailings. Wood waste covering of the tailing pile to reduce oxidation by rain water was initiated in 1984. In addition, the pile was surrounded by a containment dam between 1992 and 1996. In 1998, a recirculation circuit was introduced by pumping the outflow water from the impoundment to the tailing pile, throughout the organic cover.

There is no direct liability for past production on the property for the Company, but future exploration and exploitation activities will have to be carried out in coordination with governmental representatives in order to keep the integrity of the tailings confinement system. Ultimately, the tailings pile can be further secured and used for tailings disposal in the case of any future production by constructing appropriate containment facilities for tailings and waste material.

Mineral Resource Estimate

There are no current mineral reserves or mineral resources for the exploration property. Further details relating to the exploration property can be found in the technical report (NI-43-101) titled *Technical Report on the East Sulivan Property, Abitibi, Quebec,* which is filed on SEDAR at www.sedar.com

RESULTS OF OPERATIONS

For the three and six months ended January 31, 2015, the Company reported a net loss of $658,520 and $2,217,773 (or $0.02 and $0.07 per share), compared to a net loss of $1,361 and $3,309 for the three and six months ended January 31, 2014. The significant increase in the net loss was mainly due to higher non-cash stock-based compensation costs and general and administrative expenses. While the Company was incorporated on June 10, 2014, the comparative results from 2014 have been included as a result of the Arrangement related to the assumption of Sulliden's interest in the East Sullivan property. The Company has adopted continuity of interest accounting and consequently the results for the six months ended January 31, 2014 represent a pro rata allocation of Sulliden's results of operations on the basis of East Sullivan assets to Sulliden's assets.

Share-based compensation expense

Share-based compensation expense was $324,099 and $1,297,484 for the three and six months ended January 31, 2014 compared to $801 and $1,742 for the comparable periods of 2014. The higher share-based compensation expense for the current period primarily relates to (a) Restricted Share Units ("**RSU**") and Deferred Share Units ("**DSU**") that were granted on September 17, 2014, (see further discussion below) whereby share-based compensation expenses of $324,099 and $913,040 was recognized for the RSU and DSU incentive plans for the three and six months period ended January 31, 2015 and (b) share-based compensation costs from the granting of share purchase options to employees, directors and consultants of the Company in the amount of $nil and $384,444 for the three and six months period ended January 31, 2015.

As a result of the Company adopting an RSU plan and a DSU plan on September 17, 2014, the Company allocated an aggregate of 3,000,000 RSUs to employees of the Company and an aggregate of 750,000 DSUs to the Company's independent directors. Each RSU entitles an employee of the Company to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 3,000,000 RSUs vest in three equal tranches, on each of January 1, 2015, January 1, 2016 and January 1, 2017. A trustee, appointed by the Company, purchased 2,840,000 common shares of the Company at an average cost of $0.62 per common share during Q1 of 2015.

As of January 31, 2015, The DSUs vest based on the pro-rata number of days each independent director remains a director of the Company until January 1, 2017, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control. During the period ended January 31, 2015, 113,636 DSUs vested and entitled the holders to receive a cash payment of $43,364 equal to an average market price of $0.35 for each DSU. As well, 218,182 DSUs were forfeited due to the resignation of a director on December 29, 2014.

Professional, consulting and management fees

Professional, consulting and management fees of $425,886 and $811,108 were incurred for the three and six months ended January 31, 2015 and are primarily attributed to salaries and benefits of $366,018 and $631,407 for the three and six months ended January 31, 2015 and consulting fees of $29,128 and $101,244 for the three and six months ended January 31, 2015. The expenses for the comparable period of 2014 was $nil.

General and administrative expenses

General and administrative expenses of $129,501 and $296,626 for the three and six months ended January 31, 2015 are primarily attributed to general and office expenses of $41,741 and $78,700, travel and accommodation expenses of $65,209 and $127,121 and regulatory and filing fees of $12,460 and $68,670 for the three and six months ended January 31, 2015, respectively. The expense for the comparable periods of 2014 was $774 and $1,865.

The Company shares office space, resources and certain services with other corporations that may have common directors and/or officers. The costs associated with these services are administered by 2227929 Ontario Inc. For the three and six months ended January 31, 2015, the Company was charged $44,001 and $79,400, respectively, for its proportionate share of these services.

The higher regulatory and filing costs of $68,670 were the result of the completion of the Arrangement and the listing of the common shares of the Company on the Toronto Stock Exchange on August 11, 2014 under the ticker symbol “SMC”.

Other

Interest income of $98,621 and $139,964 for the three and six months ended January 31, 2015 was derived from the Company’s cash and cash equivalents and fixed-income investments primarily invested in guaranteed investment certificates and high interest savings accounts in Schedule One Canadian chartered banks.

The Company recorded income of loan agreement fee of $35,000 for Q1 of 2015.

The Company recorded an unrealized gain of $122,345 and $12,481 for the three and six months ended January 31, 2015 on securities that are classified as fair value through profit or loss (“FVTPL”), see Related Party Disclosure section of this report.

Operations from the three and six months ended January 31, 2014

The Statements of Operations and Comprehensive Loss for the comparable periods ended January 31, 2014 reflect an allocation of Sulliden’s share-based compensation costs, general and administrative expenses and investment income earned/incurred in each of these periods. The allocation of these expenses and investment income was calculated on the basis of the estimated ratio of exploration activity attributable to the East Sullivan property relative to the exploration and development activity attributable to all of Sulliden’s mineral properties for each of the periods presented. Applicable expenses and investment income directly attributable to East Sullivan have been allocated as such.

SULLIDEN
MINING CAPITAL

SUMMARY OF QUARTERLY RESULTS

	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014
Investment (income)	$ (98,621)	$ (41,343)	$ -	$ (117)
Net loss	685,520	1,559,253	8,281	1,235
Basic and diluted net loss per share	(0.02)	(0.05)	-	-

	January 31, 2014	October 31, 2013	July 31, 2013	April 30, 2013
Investment (income)	$ (214)	$ (84)	$ (80)	$ (1)
Net loss	1,361	1,948	665	21
Basic and diluted net loss per share	-	-	-	-

FINANCIAL POSITION

As at January 31, 2015, the Company held cash and cash equivalents of $1,134,062, fixed-income investment of $16,287,648, and investments at fair market value through profit and loss of $6,707,468 and loans receivable of $20,000 compared to $nil as at July 31, 2014. The cash equivalent and fixed-income investment amount as at January 31, 2015 related to funds invested in various guaranteed investment certificates and interest savings accounts with Schedule One Canadian chartered banks.

Upon completion of the Arrangement with Rio Alto and Sulliden on August 5, 2014, the Company assumed Sulliden's interests in the East Sullivan property valued in the amount of $133,538 and the Company was capitalized with $24,760,514 in cash and $13,000 in accounts receivable, net of transaction costs of $226,486. The transaction costs of $226,486 were incurred by the Company as part of the Arrangement and reorganization of the Company. As well, the Company issued 1,887,640 warrants and 31,590,892 common shares to the shareholders of Sulliden and 2,094,430 options to the employees, directors and consultants of Sulliden.

The increase in the Company's assets is directly related to completion of the Arrangement.

Amounts receivable and other and prepaid expenses total $137,977. These are comprised principally of prepaid amounts and advances of $29,268 (July 31, 2014 - $nil) and recoverable federal and provincial value added taxes of $55,172 and other receivables of $53,536 (July 31, 2014 - $nil).

Accounts payable and accrued liabilities totaling $153,966 (July 31, 2014 - $nil) are comprised primarily of amounts payable of $46,102 and accrued liabilities of $107,864. The Company granted 750,000 DSUs on September 17, 2014 and recognized a DSU liability of $43,364 which is comprised of 113,636 vested DSUs at an average share price of $0.38.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2015, the Company had net working capital (see non-GAAP measures) of $23,013,189 which included cash and cash equivalents of $1,134,062, fixed income investments of $16,287,648, investments at fair market value through profit and loss of $6,707,468, loan receivable of $20,000 and amounts receivable and other and prepaid amounts of $137,977, offset by current liabilities of $153,966. The Company expects to rely on its existing net working capital to finance its ongoing activities.

As at January 31, 2015, the Company had 36,862,852 common shares issued and outstanding, 4,387,619 share purchase warrants outstanding and 2,827,430 share purchase options outstanding which would generate $94,382 and $1,344,371, respectively, if exercised in full. The Company does not know when or how much will be collected from the exercise of these options and warrants as this is dependent on both the determination of the holder and the market trading price of the Company's common shares. The Company does not have any long-term debt as of the date of this MD&A and its interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

CASH FLOWS

Operating

Cash used by operating activities was $452,837 and $2,716,773 for the three and six months ended January 31, 2015 compared to $560 and $1,567 for the three and six months ended January 31, 2014. $456,767 and $932,770 of the use related to operating expenses for the three and six months ended January 31, 2015 as generally discussed in the Results of Operations section of this report. $3,930 was provided and $1,784,003 was used related to non-cash working capital items during the three and six months ended January 31, 2015, with the primary item being the cash used for the payment for the acquisition of common shares related to the RSUs of $1,756,629 during Q1, 2015.

Financing

Cash provided from financing activities was $2,044,485 and $26,854,057 for the three and six months ended January 31, 2015, compared with $560 and $19,829 for the comparable periods ended January 31, 2014. The cash generated from financing for six months ended January 31, 2015 results primarily from the gross proceeds of $24,773,514 from the Arrangement with Rio Alto and Sulliden in Q1 of 2015. The Company closed a non-brokered private placement financing of 4,999,959 units at a price of $0.40 per unit for proceeds of $1,999,983 during Q2 of 2015. In addition, the Company received $45,502 and $81,560 from exercise of 151,000 and 121,000 share purchase options, respectively, during the three and six months ended January 31, 2015.

Investing

For the three and six months ended January 31, 2015, the Company invested a total of $1,552,308 and $16,287,648, respectively, in fixed-income investments and $5,631,336 and $6,694,987 ($nil for the comparable periods of 2014) in investments at fair market value through profit and loss. The Company acquired shares of certain public resource and other sector companies (see Related Party Disclosure section of this report). In addition, The Company entered into a loan agreement in the principle amount of $20,000 in January 2015.

CAPITAL STRUCTURE

	As at January 31, 2015	As at March 16, 2015
Common Shares	36,862,852	36,862,851
Options	2,827,430	2,676,430
Warrants	4,387,619	4,387,619

SULLIDEN
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FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as January 31, 2015 and July 31, 2014 were as follows:

	Assets at fair value through profit or loss	Other financial liabilities	Total
As at January 31, 2015			
Cash and cash equivalents	$ 1,134,062	-	$ 1,134,062
Fixed-income investment	16,287,648	-	16,287,648
Investments	6,707,468	-	6,707,468
Loan receivable	20,000	-	20,000
Amounts receivable and other	108,709	-	108,709
Accounts payable and accrued liabilities	-	153,966	153,966

	Assets at fair value through profit or loss	Other financial liabilities	Total
As at July 31, 2014			
Cash and cash equivalents	$ 1	-	$ 1

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or 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.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at January 31, 2015.

	Level 1	Level 2	Level 3
As at January 31, 2015			
Cash and cash equivalents	$ -	$ 1,134,062	$ -
Fixed-income investment	-	16,287,648	-
Investments	6,707,468	-	-
Loan receivable	-	20,000	-
Amounts receivable and other	-	108,709	-

The carrying value of cash and cash equivalents, loan receivable, amounts receivable and other, and accounts payable and accrued liabilities reflected in the condensed interim statement of financial position approximate fair value because of the relatively short-term maturities.

Interest rate risk

As at January 31, 2015, the Company held guaranteed investment certificates of $16,287,647 and interest saving accounts of $217,199, subject to early redemption rights, and earning income at an average rate of 1.35%, respectively. These investments bear interest at fixed rates subject to change for earlier maturities. As well, the loan receivable of $20,000 bears interest at fixed rates and the Company received the interest of $306 subsequent to January 31, 2015. In addition, the Company has other interest cashable saving accounts of $912,743 earning an average rate of 0.25%. All other financial assets are non-interest bearing. A 1% increase in interest rates, based on the balance of cash, cash equivalents and fixed income investments at January 31, 2015, would result in an increase in annual interest income of approximately $174,000. All liabilities as at January 31, 2015 are non-interest bearing.

Foreign currency risk

The Company operates in Canada and its functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, fix-income investments, loan receivable and amounts receivable. The Company has no significant concentration of credit risk arising from operations. However, the statement of financial position as of January 31, 2015 included a loan receivable of $20,000; therefore the Company is exposed to the risk that third parties that owe it money will not perform their underlying obligations.

Cash and cash equivalents and fix-income investment consist of cash and GICs held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consisting primarily of goods and services tax and harmonized sales tax due from the Federal Government of Canada and advances.

Liquidity risk

As at January 31, 2015, the Company had net working capital of $23,013,189, which included cash and cash equivalents of $1,134,062, fixed income investments of $16,287,648, a loan receivable of $20,000, investments of $6,707,468 and amounts receivable and other of $137,977, offset by current liabilities of $153,966. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances

The Company shares office space, resources and certain services with other corporations that may have common directors and/or officers. The costs associated with these services are administered by 2227929 Ontario Inc. For the six months ended January 31, 2015, the Company was charged $79,400 for its proportionate share of these services.

Amounts receivable and other include a receivable from a related corporation in an amount of $26,846 as at January 31, 2015 (2014 - $nil). The amounts outstanding are unsecured, non-interest bearing with no fixed terms of repayment. The Company received the payment subsequent to January 31, 2015. The Company's director and president and CEO, Justin Reid, serves as Chairman of the board of this Company.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Three months ended January 31,		Six months ended January 31,	
	2015	2014	2015	2014
Management salaries and fees	$ 224,000	$ -	$ 414,611	$ -
Share-based payments	$ 289,601	-	870,973	-
	$ 513,601	$ -	$ 1,285,584	$ -

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

During the six months ended January 31, 2015, the Company made investments in certain public resource and other sector companies by purchasing shares in the amount of $6,694,969 (Note 7 of the condensed interim financial statement), of which $3,232,957 relates to shares of related party entities by virtue of common directors.

Public Issuer	Note	Security description	Cost	Estimated Fair value
Belo Sun Mining Corporation	*	9,960,222 common shares	2,274,957	2,191,267
Aberdeen International Inc.	**	4,790,000 common shares	958,000	828,226
			3,232,957	3,019,493

* The Company's executive director and senior vice president, Peter Tagliamonte, serves as director and president and CEO of this company; The Company's executive chairman, Stan Bharti, serves as director of this company.

** The Company's executive chairman, Stan Bharti, serves as director of this company.

Directors of the Company subscribed for 1,994,459 units for proceeds of $797,784 of the November 2014 financing.

The Loans receivable disclosed on Note 8(a) of the condensed interim financial statement are with a related party. The Company's director, Hon. Pierre Pettigrew, serves as director of this company.

COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $723,000 (as at July 31, 2014 - $nil) and additional contingent payments of approximately $2,646,000 (as at July 31, 2014 - $nil) upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these condensed interim financial statements.

SUBSEQUENT EVENTS

(i) In February 2015, the Company made an investment in two mining companies by purchasing shares in the amount of $450,000, of which $200,000 relates to shares of a related party entity by virtue of common directors. SMC's director and president and CEO, Justin Reid, serves as director of this company.

(ii) The Company and Coastal Gold Corp. ("Coastal") signed a definitive arrangement agreement dated March 2, 2015 (the "Agreement") pursuant to which SMC will acquire all of the issued and outstanding common shares of Coastal by way of a plan of arrangement under the Business Corporations Act (Ontario) (the "Transaction"). Under the terms of the Transaction, SMC will acquire each outstanding share of Coastal for 0.05 of the Company share (the "Exchange Ratio"). The exchange ratio represents $0.0166 per common share of Coastal, based on SMC's 60-trading day volume weighted average price ("VWAP") of $0.33. The implied transaction value is approximately $4.06 million, including the assumption of C$1.25 million in debt of Coastal. Upon completion of the Transaction, Coastal will be a wholly-owned subsidiary of SMC. The directors of each company have unanimously approved the Transaction.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION AND CRITICAL ACCOUNTING ESTIMATES and CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company's financial statements are the responsibility of the Company's management. The condensed interim financial statements were prepared by the Company's management in accordance with IFRS. A description of the Company's significant accounting policies can be found in the notes of the Company's unaudited condensed interim financial statements for the six months ended January 31, 2015.

The preparation of unaudited condensed interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the condensed interim financial statements and related notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Valuation of Exploration and evaluation assets - The Company carries its mineral properties at cost less any impairment losses. The Company capitalizes exploration and evaluation costs, which are related to specific projects, until the commercial feasibility of the project is determinable or the project is determined to be impaired. Costs are charged to operations when a property is abandoned or when impairment in value that is other than temporary has been determined. The Company reviews the carrying values of mining properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates which are subject to various risks and uncertainties. Estimates may include, but are not limited to estimates of future metal prices, capital and operating costs, the quantities of mineral reserves to be mined and expected recoveries of minerals contained in ore, the ability to convert resources into economically mineable reserves, discount rates and; in the case of fair value less costs to sell, the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and development assets.

- Income taxes and recoverability of potential deferred tax assets - In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-Based Payments - Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Investment in Aguia Resources Ltd - Management has assessed the level of influence that the Company has with respect to Augia Resources Ltd ("Aguia") and determined that the Company does not have significant influence. To make this assessment SMC considered the fact that the Company owns 15.75% of the outstanding common shares of Aguia and has the ability to appoint a member to the board of directors of Aguia. In making its assessment SMC has concluded that its share ownership and ability to appoint a board member does not afford SMC the power to participate in the financial and operating policy decisions of Aguia. On this basis the investment has been accounted for as FVTPL on the statement of financial position. In addition, the management determined the value of its 1% net smelter return royalty ("NSR") on the Rio Grande project held by Aguia is $nil as of January 31, 2015 based on the uncertainty due to the early stage of the project.

DISCLOSURE CONTROLS AND PROCEDURES

Subject to the limitations, if any, described below, the Company's CEO and CFO, have as at the end of the period ended January 31, 2015, designed Disclosure and Control Procedures, ("DC&P") or caused it to be designed under their supervision, to provide reasonable assurance that:

- Material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

- Information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

Internal control over financial reporting has been designed, based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in Canada.

There have been no significant changes to the Company's disclosure controls and procedures and internal controls over financial reporting that occurred during the period ended January 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's disclosure controls and procedures and internal control over financial reporting.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of the Company have reviewed this MD&A, and the condensed interim financial statements for the six months ended January 31, 2015, and the Company's board of directors approved these documents prior to their release.

NON-GAAP MEASURES

The Company has identified certain measures that it believes will assist understanding of the performance of the business. As the measures are not defined under IFRS they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any measures of performance but management has included them as these are considered to be important comparables and key measures used within the business for assessing performance. These measures are explained further below:

Working capital

This MD&A refers to working capital, which is not a recognized measure under IFRS. This non-GAAP performance measure does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. Management uses this measure internally. The use of this measure enables management to better assess performance trends. Management understands that a number of investors and others who follow the Company's performance assess performance in this way. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The definition for working capital and reconciliation of the non-GAAP measure to reported GAAP measures is as follows:

As at:		**January 31, 2015**		**July 31, 2014**
Cash and cash equivalents	$	1,134,062	$	1
Fixed-income investments		16,287,648		-
Investments, at fair market value through profit and loss		5,587,468		-
Loan receivable		20,000		-
Amounts receivable and other		108,709		-
Prepaid		29,268		-
		23,167,155		1
Current Liabilities				
Accounts payable and accrued liabilities		153,966		-
Working Capital	$	**23,013,189**	$	**1**

CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, warrants and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company and its subsidiaries are not subject to externally imposed capital requirements.

RISK AND UNCERTAINTIES

The Company is subject to risks and challenges similar to other companies in a comparable stage of development. These risks include dependence on key individuals. The operations of the Company are speculative due to the high-risk nature of its business, which are the acquisition, exploration and development of mining project. These risks could materially affect the Company's future operating results and could cause actual events to differ materially from those described herein and in forward-looking statements and forward-looking information relating to the Company. The risks of the Company are also described in the Company's AIF which can be found at www.sedar.com.

Liquidity Concerns and Future Financings

The Company may require capital and operating expenditures in connection with the operation and development of its property and for working capital purposes. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in its property or reduce or terminate some or all of its activities.

No Revenues

To date, the Company has not recorded any revenues from operations nor has the Company commenced commercial production on any property. There can be no assurance that the Company has sufficient capital resources to continue as a going concern, that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's expenses and capital expenditures have increased as consultants, personnel associated with the exploration, and possible development. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's property will continue to require the commitment of substantial resources. There can be no assurance that the Company will continue as a going concern, generate any revenues or achieve profitability.

Foreign Exchange

Mineral commodities and acquisition opportunities are typically sold in U.S. dollars. The Company's operations are in Canada. As a result, the Company is subject to foreign exchange risks relating to the relative value of the U.S. dollar as compared to the Canadian dollar.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of its business, unexpected or unusual operating conditions may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's common shares.

Competition

The Company competes with many other mining companies that have substantially greater resources. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Company's operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operations and business.

Dependence on Outside Parties

The Company has relied and will rely upon consultants, geologists, engineers and others and intends to rely on these parties for exploration and development expertise. Substantial expenditures are required to pursue acquisition opportunities and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Qualified Personnel

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company develops its business, the need for skilled labour will increase. The number of persons skilled in the exploration and development of mining properties is limited and competition for this workforce is intense. The development and other initiatives of the Company may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel as and when required.

Share Price Fluctuations

The market price of securities of many companies, particularly junior exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other mining companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Investment Exposure

Given the nature of SMC's activities and recent investments made by the Company to deploy its capital in the short term, the results of operations and financial condition of the Company are dependent upon the market value of the securities purchased. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect the resource and other sectors. Various factors affecting the resource and other sectors could have a negative impact on the Company's investments and thereby have an adverse effect on its business. Additionally, the Company's investments are mostly in small-cap businesses that may never mature or generate adequate returns or may require a number of years to do so. Junior exploration companies may never achieve commercial discoveries and production. Company-specific and industry-specific risks that materially adversely affect the Company's investments may have a materially adverse impact on operating results.

OFF BALANCE SHEET ITEMS

The Company does not have any off balance sheet tems.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information on the Company is available through regular filings of press releases on SEDAR (www.sedar.com), or by visiting the Company's website at www.sulliden.com.

FORWARD LOOKING INFORMATION AND CAUTIONARY STATEMENTS

Except for statements of historical fact relating to the Company certain information contained herein constitutes forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to future economic estimates; acquisition opportunities of the Company;; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as ''plans'', ''expects'' or ''does not expect'', ''is expected'', ''budget'', ''scheduled'', ''estimates'', ''forecasts'', ''intends'', ''anticipates'' or ''does not anticipate'', or ''believes'', or variations of such words and phrases or statements that certain actions, events or results ''may'', ''could'', ''would'', ''might'' or ''will be taken'', ''occur'' or ''be achieved''. Forward-looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward- looking information, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold and other minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes; other risks of the mining industry and other risks described herein. Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward- looking information.

All forward looking statements made in this MD&A are qualified by these cautionary statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable securities law.

LIST OF OFFICERS AND DIRECTORS

Justin Reid,	President & CEO, Director
Peter Tagliamonte,	Senior Vice-President and Executive Director
Deborah Battiston,	Chief Financial Officer
Stan Bharti,	Executive Chairman
Bruce Humphrey,	Director
Diane Lai,	Director
Hon. Pierre Pettigrew,	Director