

KOLA MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED FEBRUARY 28, 2015

The following management's discussion and analysis ("MD&A") and financial review, prepared as at April 27, 2015, should be read in conjunction with the condensed consolidated interim financial statements and related notes for the nine months ended February 28, 2015 of Kola Mining Corp. ("Kola" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

Forward-looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials.

Company Overview

The Company currently is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "KM", the Frankfurt Stock Exchange Open Market under the trading symbol "C8M" and on the Pink Sheets under the symbol "KMNFF".

The Company is a junior mineral exploration company which is engaged in the acquisition, exploration and development of mineral properties. As of the date of this MD&A, the Company holds one remaining mineral property interest in Russia, carried at a nominal amount of \$1. During fiscal 2014, with new management, the Company completed a recapitalization by renegotiating its indebtedness and completion of a number of small equity financings to provide working capital. However, the Company remains in default of the performance criteria called for by the Souker License. The Souker License continues to be held by the Company's Russian subsidiary. See also "Mineral Property Update - Souker Project".

The Company requires additional financing to meet its ongoing levels of corporate overhead, retire existing liabilities and debt obligations. As a result of this uncertainty, there is significant doubt as to the Company's ability to continue as a going concern. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. Accordingly, this report does not give effect to adjustments, if any, which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the consolidated financial statements.

Board and Management

The current directors and officers of the Company are as follows:

Mr. Nick DeMare	Director, President and Chief Executive Officer (“CEO”)
Mr. Harvey Lim	Director, Chief Financial Officer (“CFO”)
Mr. David Henstridge	Director
Mr. Michael Iannacone	Director
Ms. Mariana Bermudez	Corporate Secretary

Mineral Property Update

Souker Project

In July 2007 the Company closed an agreement to acquire a 100% interest in a nickel-copper sulphide property (the “Souker Project”, consisting of a license (the “Souker License”) located in the Pechenga District of Murmansk Oblast, Russia. The Company then completed significant work programs on the Souker Project, the conclusion of which was that the Souker Project was uneconomical. Accordingly, during fiscal 2010 the Company recorded an impairment charge of \$30,084,726 to the carrying value of the Souker project in its financial statements and is carrying the Souker Project at a nominal value of \$1.

During February 2013 the Russian authorities reviewed the Souker License for adherence with its licensing requirements and found compliance violations. The Company has missed a filing deadline with respect to a licensing application for the project. The Company’s subsidiary, Zao Rudprominvest, was charged a \$10,000 fine and given until October 21, 2013 to file the proper application with the authorities or face revocation of the Souker License. No filing has been made as of the date of this MD&A as the Company’s management considers the Russian government’s terms as being very difficult to meet. The Company has not received any notices of retraction of the Souker License.

Management is assessing its ongoing holding of the Souker Property in light of current conditions and the concession status, specifically, compliance with work commitments. Management believes its interests may be better served by disposal of the asset for nominal consideration. The asset is currently carried at a nominal amount of \$1.

Selected Financial Data

The following selected quarterly financial information is derived from the unaudited condensed consolidated interim financial statements of the Company and prepared using IFRS.

	Fiscal 2015			Fiscal 2014			Fiscal 2013	
	Feb 28/15 \$	Nov 30/14 \$	Aug 31/14 \$	May 31/14 \$	Feb 28/14 \$	Nov 30/13 \$	Aug 31/13 \$	May 31/13 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(22,001)	(41,230)	(18,729)	(17,672)	(29,608)	(64,720)	(11,694)	(37,085)
Other Items	(47,277)	(43,197)	515	7,822	(17,212)	70,359	3,007,530	(100,119)
Net income (loss)	(69,278)	(84,427)	(18,214)	(9,850)	(46,820)	5,639	2,995,836	(137,204)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	0.00	0.44	(0.04)
Statement of Financial Position:								
Working capital (deficiency)	(726,338)	(1,012,710)	(928,283)	(910,069)	(900,219)	(876,774)	(927,549)	(4,081,237)
Total assets	73,967	38,694	54,950	58,705	61,361	85,787	71,164	12,435
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended February 28, 2015 Compared to Three Months Ended November 30, 2014

During the three months ended February 28, 2015 (“Q3”) the Company reported a net loss of \$69,278 compared to a net loss of \$84,427 for the three months ended November 30, 2014 (“Q2”), a decrease in loss of \$15,149. The fluctuation arose primarily due to the following:

- (i) a \$19,041 increase in foreign exchange loss. The exchange rate fluctuation experienced on the US Dollar denominated advances, under which the Company recorded a foreign exchange loss of \$20,830 in Q2 compared to a foreign exchange loss of \$39,871 in Q3;
- (ii) a \$14,957 decrease in financing expenses, from \$22,533 in Q2 to \$7,576 in Q3. In prior periods no agreement had been reached on various loans and advances made to the Company. Commencing November 1, 2014 the Company agreed to pay a financing fee of \$20,000 and to pay interest at a rate of 6% per annum on loans made by the President. During Q2 the Company recognized \$2,533 of interest expense on the loans and the \$20,000 financing fee. During Q3 the Company recognized \$7,576 of interest expense on the loans;
- (iii) a \$15,300 decrease in audit fees. During Q2 the Company incurred audit fees of \$15,300 (Q3 - \$nil). The decrease in Q3 was due to the timing of audit work on the Company’s year-end financial statements.

Nine Months Ended February 28, 2015 Compared to Nine Months Ended February 28, 2014

During the nine months ended February 28, 2015 (the “2015 period”) the Company reported a net loss of \$171,919 (\$0.02 per share) compared to net income of \$2,954,655 (\$0.39 per share) for the nine months ended February 28, 2014 (the “2014 period”), an increase in loss of \$3,126,574.

During the 2014 period, the Company focused on recapitalizing the Company. New management was appointed and significant steps were undertaken to deal with the Company’s indebtedness. During this period the Company:

- (i) concluded negotiations with Petesteri Enterprises Limited (“Petesteri”) to eliminate the US \$1,800,000 owed plus all accrued interest. In addition, DBM Capital Partners Ltd. (“DBM”) was owed a US \$90,000 finder’s fee, plus accrued interest, due upon payment of the Petesteri indebtedness. This amount was also eliminated. Accordingly, the Company recognized a gain of \$2,518,964 on the reversal of the debt and all accrued interest;
- (ii) received loans totalling \$523,000 from a private company owned by the President. Proceeds from the loans were primarily used by the Company to fully retire the \$500,000 principal portion of the convertible debentures. In addition, the debenture holders agreed to waive all accrued interest owing and the Company recognized a gain of \$247,241 on the reversal of the accrued interest; and
- (iii) conducted a detailed review of all old accounts payable and accrued liabilities related to prior Company operations. Management has determined that \$331,874 of the amounts will never be paid and, as a result, the Company has reversed these costs.

General and administrative expenses decreased by \$24,062, from \$106,022 during the 2014 period to \$81,960 during the 2015 period . Specific expenses of note during the 2015 period are as follows:

- (i) incurred \$12,950 (2014 - \$16,700) with Chase Management Ltd. (“Chase”) a private corporation owned by Mr. Nick DeMare, the President/CEO of the Company, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare;
- (ii) the Company agreed to compensate its directors and officers for professional services rendered at an amount which totals \$4,550 per month. During the 2015 period the Company recorded total amounts of \$40,950 (2014 - \$40,950). As at February 28, 2015, \$95,550 (2014 - \$40,950) remained unpaid and is included in accounts payable and accrued liabilities. See also “Transactions with Related Parties”; and
- (iii) incurred \$4,056 (2014 - \$15,431) for regulatory and transfer agent fees. The increase in 2014 was due to incremental costs associated with the Company’s share consolidation and equity financing. No equity financings were conducted by the Company during the 2015 period.

The Company had previously received US \$366,484 on account of a proposed private placement by the Company which was not completed. The amounts are considered to be advances which are non-interest bearing and are due

on demand. During the nine months ended February 28, 2015 the Company repaid \$254,250 and, subsequent to February 28, 2015, the Company repaid the remaining advances outstanding.

The Company has received ongoing loans from a private company owned by the President. Commencing November 1, 2014 the Company agreed to pay a financing fee of \$20,000 and to pay interest at a rate of 6% per annum on all outstanding principal amounts. During the nine months ended February 28, 2015 the Company recognized \$10,109 of interest expense. As at February 28, 2015 a total \$30,109 of accrued financing fee and interest remained unpaid.

During March 2015 the Company received a further loan of \$110,000 and, in April 2015, repaid \$14,000.

During the nine months ended February 28, 2015 the Company agreed to pay a financing fee of \$20,000 and, commencing November 1, 2014, to pay interest at a rate of 6% per annum. During the nine months ended February 28, 2015 the Company recognized \$10,109 of interest expense. As at February 28, 2015, \$30,109 of accrued financing fee and interest remained unpaid.

Cash Flows

During the nine months ended February 28, 2015 the Company received \$358,650 on account of a \$450,000 private placement, which was completed in March 2015, and incurred \$3,000 share issue costs.

During the 2014 period the Company completed private placements totalling 3,808,800 units for total gross proceeds of \$140,616. The proceeds were used for general working capital purposes. In addition the Company issued 887,000 common shares on the exercise of warrants for proceeds of \$88,700. Furthermore, during the 2014 period the Company successfully concluded negotiations to settle certain of its indebtedness. See also "Results of Operations".

Financial Condition / Capital Resources

As at February 28, 2015, the Company had a working capital deficiency \$726,338, which includes loans and advances totalling \$667,948 and interest and financing fee payable of \$30,109. In the immediate term, the Company's ability to continue as a going concern is dependent upon the continued support of its President, its ability to confirm the validity of its claim to the Souker License and/or acquire additional mineral property interest, to continue to raise additional capital to fund its ongoing corporate activities and retire its loans and advances. Additional capital may be sought from existing shareholders from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. Accordingly, this report does not give effect to adjustments, if any, which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the condensed consolidated interim financial statements.

On March 5, 2015 the Company completed a non-brokered private placement financing of 9,000,000 units for \$450,000, of which \$358,650 was received at February 28, 2015, and the remaining \$91,350 was received on completion of the financing. The Company subsequently received a further \$29,715 on the exercise of warrants for 583,500 common shares.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingencies. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements.

These estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these consolidated financial statements.

Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are:

- (i) the estimated fair value of the Company's financial assets and liabilities, are by their nature, subject to measurement uncertainty;
- (ii) contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events; and
- (iii) the assessment of the Company's ability to raise sufficient funds to finance its exploration and administrative expenses invokes judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the May 31, 2014 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

Transactions with Related Parties

(a) *Transactions with Key Management Personnel*

During the nine months ended February 28, 2015 and 2014 the following amounts were incurred with respect to the Company's President and CEO (Mr. DeMare) and the Company's CFO (Mr. Lim):

	2015 \$	2014 \$
Professional fees - Mr. DeMare	14,400	14,400
Professional fees - Mr. Lim	9,900	9,900
	<u>24,300</u>	<u>24,300</u>

As at February 28, 2015, \$56,700 (2014 - \$24,300) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the nine months ended February 28, 2015 and 2014 the following amounts were incurred with respect to non-management directors (Messrs. Henstridge and Iannacone) of the Company:

	2015 \$	2014 \$
Professional fees - Mr. Henstridge	9,900	9,900
Professional fees - Mr. Iannacone	6,750	6,750
	<u>16,650</u>	<u>16,650</u>

As at February 28, 2015, \$38,850 (2014 - \$16,650) remained unpaid.

(ii) During the nine months ended February 28, 2015 the Company incurred a total of \$12,950 (2014 - \$16,700) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at February 28, 2015, \$2,950 (2014 - \$200) remained unpaid.

(c) During fiscal 2014 the Company received loans totalling \$523,000 from a private company owned by Mr. DeMare. During fiscal 2014 the Company repaid \$9,452. During the nine months ended February 28,

2015 the Company repaid \$50,000. As at February 28, 2015, \$463,548 remained outstanding. During the nine months ended February 28, 2015 the Company agreed to pay a financing fee of \$20,000 and, commencing November 1, 2014 to pay interest at a rate of 6% per annum. During the nine months ended February 28, 2015 the Company recognized \$10,109 interest expense. As at February 28, 2015, \$30,109 of accrued financing fee and interest remained unpaid.

Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); held-to-maturity investments; loans and receivables; available-for-sale; and other financial liabilities. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	February 28, 2015 \$	May 31, 2014 \$
Cash	FVTPL	65,093	54,670
GST receivable	Loans and receivables	673	134
Accounts payable and accrued liabilities	Other financial liabilities	(99,247)	(56,967)
Loans and advances	Other financial liabilities	(667,948)	(911,806)
Interest and financing fee payable	Other financial liabilities	(30,109)	-

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for GST receivable, accounts payable and accrued liabilities and loans and advances approximate their fair value. The Company’s cash under the fair value hierarchy is measured using Level 1 inputs.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash and GST receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and GST receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company’s financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

Contractual Maturity Analysis at February 28, 2015

	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	65,093	-	-	-	65,093
GST receivable	673	-	-	-	673
Accounts payable and accrued liabilities	(99,247)	-	-	-	(99,247)
Loans and advances	(667,948)	-	-	-	(667,948)
Interest and financing fee payable	(30,109)	-	-	-	(30,109)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash is not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars and US Dollars. The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At February 28, 2015, 1 Canadian Dollar was equal to 0.80 US Dollar.

Balances are as follows:

	US \$	CDN \$ Equivalent
Cash	363	455
Loans and advances	<u>(163,416)</u>	<u>(204,400)</u>
	<u>(163,053)</u>	<u>(203,945)</u>

Based on the net exposures as of February 28, 2015 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately \$18,500 higher (or lower).

Risks and Uncertainties

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should consider investing in the Company's common shares.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's material mineral properties are located in Russia and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Investor Relations Activities

During the nine months ended February 28, 2015 and 2014 the Company did not maintain any investor relations arrangements.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at April 27, 2015, there were 18,679,498 issued and outstanding common shares and 4,933,900 warrants outstanding at exercise prices ranging from \$0.05 to \$0.20 per share.