BE RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE NOTED)

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of BE Resources Inc. (the "Company" or "BE") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2013. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2013 and 2012, together with the notes thereto. Results are reported in US dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at April 1, 2014, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of BE common 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. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at **www.sedar.com**.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of gold and/or other metals.	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of gold and/or other applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Gold price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
The Company believes it has sufficient cash on hand to continue operations for twelve months after December 31, 2013.	The Company has anticipated all material costs and the operating activities of the Company for the twelve-month period ending December 31, 2014, and the costs associated therewith, will be consistent with the Company's current expectations	Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions
The Company will be able to carry out anticipated business plans.	The operating and exploration activities of the Company for the twelve-month period ending December 31, 2014, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company; financing will be available for the Company's exploration and development activities and the results thereof will be favourable; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for	Mineral resource price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political

	exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; the price of gold and/or other applicable metals will be favourable to the Company; no title disputes exist with respect to the Company's properties	conditions; the Company may be unable to retain and attract skilled staff; receipt of applicable permits
Management's outlook regarding future trends	Financing will be available for the Company's future business or property acquisition and operating activities; the price of gold and/or other applicable metals will be favourable to the Company	Mineral resource price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Sensitivity analysis of financial instruments	Based on management's knowledge and experience of the financial markets, the Company believes that there would be no material changes to its results for the year ended December 31, 2013, as a result of the change in liquidity, interest rate, foreign exchange and commodity price risks	Changes in debt and equity markets; interest rate and exchange rate fluctuations

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was previously engaged in the acquisition and development of mineral properties believed to be prospective for rare earth minerals. The Company decided not to pursue its New Mexico properties and allowed its licenses to expire. The Company's focus is now on the exploration of its LaFlamme property as well as on acquiring additional interests in more traditional mineral resource exploration and development properties.

The ability of the Company to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and the attainment of profitable operations. BE's consolidated financial statements have been prepared on the basis that the Company is a going concern and do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Proposed Transaction

The Company is focused on the identification and evaluation of suitable exploration and development properties. Although there are projects that are extremely promising, the Company will likely have to raise additional capital to fund any new project.

During 2012, the Company advanced the process of re-domiciling; i.e. converting the Company from an American Corporation to a Canadian Corporation. On July 26, 2012, the Company completed the initial step of filing a Form 15 with the United States Securities and Exchange Commission ("SEC"). The Form 15 filing allows the Company to cease being a reporting issuer with the SEC, commonly known as "Going Dark". During 2013, the Company decided to stop the re-domiciling process.

During 2012, BE completed the final cleanup and reclamation of the Warm Springs exploration project. The State of New Mexico, Mining and Minerals Division ("MMD") requires all operators to perform reclamation of exploration sites once drilling programs have been completed. BE initiated contact with and sent requests for quotes to drilling and reclamation operators licensed to operate in the State of New Mexico. The operator with the lowest bid was selected for the reclamation work. On February 22, 2013, the MMD signed off on the completion of the required site well plugging and reclamation activities, as required by the State of New Mexico, and the return of the Company's outstanding reclamation bonds. During the year ended December 31, 2013, the reclamation bonds were returned to the Company.

Overall Performance

On March 21, 2013, the Company completed the share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every six pre-consolidation common shares. As part of the share consolidation, the stock options and warrants were also consolidated and the exercise price adjusted to reflect the consolidation. The share consolidation has been reflected in this MD&A and all applicable references to the number of shares, warrants and stock options, their strike price and per share information has been restated.

On August 1, 2013, the Company closed a non-brokered private placement for gross proceeds of CDN$467,500. The placement consisted of 9,350,000 units at a price of CDN$0.05 per unit. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable into one additional common share at CDN$0.10 for a period of 5 years from the date of issue.

On December 9, 2013, the Company entered into an option agreement to acquire a 100% interest, in the LaFlamme property, subject to a 3% NSR. The LaFlamme property is located in the Abitibi area of Quebec in Bernetz Township.

During the year ended December 31, 2013, the Company earned no revenue and reported a net loss of $530,236 ($0.04 basic and diluted loss per share). That compares with net loss of $369,425 for the year ended December 31, 2012 ($0.04 basic and diluted loss per share).

At December 31, 2013, the Company had assets of $359,409 (December 31, 2012 - $387,281) and shareholders' equity of $2,305 (December 31, 2012 - shareholders' deficiency of $35,729). At December 31, 2013, the Company had $357,104 of current liabilities (December 31, 2012 - $423,010).

At December 31, 2013, the Company had working capital of $2,305 (December 31, 2012 - working capital deficit of $35,729). The Company had cash of $341,439 at December 31, 2013 (December 31, 2012 - $287,145).

The Company will use its cash balance to fund its operating expenses and its exploration and evaluation expenses although additional financing will be required to complete exploration and evaluation activities. See "Liquidity and Financial Position" section below.

Trends

The Company plans to focus on the exploration of its LaFlamme property as well as to continue to search for suitable mineral resource exploration and development properties to acquire, with a view to maximizing value for shareholders. Management monitors economic and financial market conditions and estimates their impact on the Company's plans and strategic decisions. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Overall Objective

For fiscal 2014, the Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. See "Risk Factors" below and "Proposed Transaction" above.

(Expressed In US Dollars Unless Otherwise Noted)

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company as at December 31, 2013, 2012 and 2011 and for the years ended December 31, 2013, 2012 and 2011.

	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2011
Net (loss) Net (loss) per share (basic and diluted)	$(519,579) $(0.04)	$(369,425) $(0.04)	$(3,629,756) $(0.41)
	As at December 31, 2013	**As at December 31, 2012**	**As at December 31, 2011**
Total assets Long-term liabilities	$359,409 $nil	$387,281 $nil	$1,107,227 $12,506

Selected Quarterly Information

Three Months Ended (*)	Net Revenues ($)	Net Income (Loss) [9] ($)	
December 31, 2013	nil	(126,379) [1]	(0.01)
September 30, 2013	nil	(185,129) [2]	(0.01)
June 30, 2013	nil	(103,632) [3]	(0.01)
March 31, 2013	nil	(104,439) [4]	(0.01)
December 31, 2012	nil	(132,346) [5]	(0.01)
September 30, 2012	nil	(156,263) [6]	(0.02)
June 30, 2012	nil	(156,373) [7]	(0.02)
March 31, 2012	nil	75,557 [8]	0.01

(*) All periods presented are under IFRS.

Notes:

(1) Net loss of $126,379 principally related to share-based compensation of $16,150, management and consulting fees of $29,088, professional fees of $27,459, and geological consulting fees of $17,866.

(2) Net loss of $185,129 principally related to share-based compensation of $103,377, management and consulting fees of $29,178, professional fees of $28,894, and geological consulting fees of $17,008.

(3) Net loss of $103,632 principally related to management and consulting fees of $27,230, professional fees of $63,477, and geological consulting fees of $14,714.

(4) Net loss of $104,439 principally related to management and consulting fees of $29,400, professional fees of $25,878, transfer agent and filing fees of $24,892 and geological consulting fees of $14,812.

(5) Net loss of $132,346 principally related to management and consulting fees of $30,153, impairment of uncollectible reclamation bond of $25,946, geological consulting fees of $16,746 and professional fees of $15,457.

(6) Net loss of $156,263 principally related to professional fees of $55,216, accretion expense of $33,744, management and consulting fees of $30,498, geological consulting fees of $18,648 and travel expenses of $16,338.

(7) Net loss of $156,373 principally related to professional fees of $53,577, management and consulting fees of $29,439, geological consulting fees of $20,966 and travel expenses of $19,387.

(8) Net income of $75,557 principally related to a gain on debt settlement of $323,344 and a foreign exchange gain of $30,154. This was partly offset by professional fees of $153,899, bad debt expense of $52,693 and geological consulting fees of $23,363.

(9) Basic and diluted adjusted to reflect the consolidation of the Company's common shares. See "Share Capital" below.

Discussion of Operations

Year ended December 31, 2013, compared with year ended December 31, 2012

For the year ended December 31, 2013, BE realized a net loss of $519,579 (year ended December 31, 2012: net loss of $369,425) or loss of $0.04 per share (year ended December 31, 2012: loss of $0.04 per share), on no revenue.

During the year ended December 31, 2013, there were increases/decreases in management and consulting fees, geological consulting fees, professional fees, travel, gain on debt settlement, bad debt expense, accretion expense, impairment of uncollectible reclamation bond and share-based compensation. Each of these items are analyzed in more detail immediately below:

- Management and consulting fees increased by $12,707 for the year ended December 31, 2013, representing a full year of salary for an officer of the Company who was hired part way through the comparative period in 2012;
- Geological consulting fees for the year ended December 31, 2013, were $64,400 (year ended December 31, 2012 - $79,723). The decrease of $15,323 is attributed to the Company's decision to cease exploration work on its New Mexico properties and place the Warm Springs project on care and maintenance;
- Professional fees decreased by $132,441 for the year ended December 31, 2013, from the comparative period in 2012. This is mainly due to the decreased legal fees incurred during the year ended December 31, 2013.
- Travel decreased by $55,204 to $2,398 for the year ended December 31, 2013, from the comparative period in 2012. The decrease is attributed to the Company's decision to cease exploration work on its New Mexico properties, resulting in less travel required.
- A gain on debt settlement of $323,344 was recorded for the year ended December 31, 2012 as a result of a reduction in the outstanding payables negotiated by the Company to a major contractor versus $nil for the year ended December 31, 2013.

- A bad debt expense of $52,693 was recorded for the year ended December 31, 2012 versus $nil for the year ended December 31, 2013. This bad debt resulted from the Company evaluating other receivables and determining that the asset was not recoverable.
- Change in estimated reclamation expenses of $nil (year ended December 31, 2012 - $36,664) was recorded for the year ended December 31, 2013. This resulted from the change in the estimated decommissioning liability.
- An impairment of uncollectible reclamation bond of $25,946 was recorded in the year ended December 31, 2012, due to the Company determining that one reclamation bond was uncollectible versus $nil for the year ended December 31, 2013.
- The Company incurred an increase in share-based payments of $119,527 for the year ended December 31, 2013 compared to $nil for the year ended December 31, 2012. The increase can be attributed to the grant of 1,150,000 stock options and the extension of previously issued stock options during the 2013 period while no stock options were granted or extended in the 2012 period. The stock options issued were as detailed below:

  i. On August 7, 2013, 1,150,000 incentive stock options were granted to directors, officers and consultants of the Company pursuant to its incentive stock option plan. The options vested immediately and are exercisable until August 7, 2018 at a price of CDN $0.10. The fair value of the stock options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 154%; risk free interest rate of 1.76%; expected forfeiture rate of nil; and an expected life of 5 years.

  The Company expenses its stock options in accordance with the vesting terms of the stock options granted.

Three months ended December 31, 2013, compared with three months ended December 31, 2012

For the three months ended December 31, 2013, BE realized a net loss of $126,379 (three months ended December 31, 2012: net loss of $132,346) or loss of $0.01 per share (three months ended December 31, 2012: loss of $0.01 per share), on no revenue.

During the three months ended December 31, 2013, there were increases/decreases in professional fees, travel, acquisition costs, impairment of uncollectible reclamation bond and share-based compensation. Each of these items are analyzed in more detail immediately below:

- Professional fees increased by $12,002 for the three months ended December 31, 2013, from the comparative period in 2012. This is mainly due to the increased legal fees incurred during the three months ended December 31, 2013 related to the LaFlamme option agreement and the incorporation of the Company's wholly owned subsidiary, 8716650 Canada Limited.
- Travel decreased by $11,067 to $2,398 for the three months ended December 31, 2013, from the comparative period in 2012. The decrease is attributed to the Company's decision to cease exploration work on its New Mexico properties, resulting in less travel required.
- Acquisition costs increased by $9,708 for the three months ended December 31, 2013, from the comparative period in 2012 as a result of the payment made under the LaFlamme option agreement.
- An impairment of uncollectible reclamation bond of $25,946 was recorded in the three months ended December 31, 2012, due to the Company determining that one reclamation bond was uncollectible versus $nil for the three months ended December 31, 2013.

- The Company incurred an increase in share-based payments of $16,150 for the three months ended December 31, 2013 compared to $nil for the three months ended December 31, 2012. The increase can be attributed the extension of previously issued stock options while no stock options were granted or extended in the 2012 period.

BE expects to incur losses until such time, if ever, it identifies commercial amounts of mineralized material and successfully extracts such material for sale to third parties or otherwise identifies another business venture.

Liquidity and Financial Position

As of December 31, 2013, the Company had working capital of $2,305 (December 31, 2012 - working capital deficit of $35,729), consisting of current assets of $359,409 (December 31, 2012 - $387,281) and current liabilities of $357,104 (December 31, 2012 - $423,010). BE's working capital at December 31, 2013, represents an increase in its working capital of $38,034 from a deficit at December 31, 2012. The increase is due to the private placement completed in the period offset by ongoing operations. See "Overall Performance" above.

In addition, during the year ended December 31, 2013, the Company's cash increased by $54,294 which is a result of the net cash raised in the private placement less the cash used in operations.

Substantially all of BE's current assets at December 31, 2013, consisted of cash and prepaid expenses, deposits and other receivables. BE's current liabilities at December 31, 2013, consisted of accounts payable and accrued liabilities.

BE has financed all of its operations since inception through the sale of common stock and warrants and expects that to be the case for the foreseeable future.

The Company has not developed an exploration budget for the LaFlamme property and will not until a financing is completed. The property will be on care and maintenance until such financing is completed.

The Company's long term ability to carry out its business plan is dependent on its achieving profitable operations or obtaining additional financing. As of the date of this MD&A, the Company believes it has sufficient cash on hand to continue operations for twelve months after December 31, 2013, subject to the Company identifying an additional property requiring additional financing and deferring certain payments, to the extent practical. However, further financing will be required for operations beyond the next twelve months. BE's outstanding warrants and outstanding exercisable stock options may provide some additional capital. If all those warrants and stock options are exercised, of which there is no assurance, BE would obtain additional proceeds of CAD$1,676,417 ($1,622,216).

Related Party Transactions

The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

- During the year ended December 31, 2013, the Company incurred fees for accounting services rendered of $30,075 (year ended December 31, 2012 - $25,235) charged by Marrelli Support Services Inc. ("Marrelli Support"), a corporation controlled by Carmelo Marrelli, an officer of the Company and consulting fees of $23,299 (year ended December 31, 2012 - $24,014) charged by this officer. These amounts are included in professional fees in the consolidated statement of loss and comprehensive loss. During the year ended December 31, 2013, the Company incurred fees for corporate secretarial services rendered of $14,562 (year ended December 31, 2012 - $15,009) charged by DSA Corporate Services Inc. ("DSA") a corporation of which Carmelo Marrelli, an officer of the Company is also an officer and ultimate shareholder of DSA. Included in accounts payable as at December 31, 2013 is $8,081 (December 31, 2012 - $6,251) owing to Marrelli Support and $1,771 (December 31, 2012 - $2,006) owing to DSA. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

- Starting February 23, 2012, the Company paid or accrued a monthly consulting fee of CDN$10,000 to an officer and director (Jon Pereira) of the Company. During the year ended December 31, 2013, consulting fees of $116,496 (year ended December 31, 2012 $102,189) is included in management and consulting fees in the consolidated statement of loss and comprehensive loss. Included in accounts payable as at December 31, 2013 is $73,148 (December 31, 2012 - $115,599) owing to the same officer and director (Jon Pereira) of the Company. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

- During the year ended December 31, 2013, the Company incurred fees for geological consulting services rendered of $58,248 (year ended December 31, 2012 - $60,036) charged by a corporation controlled by a former director (Slavko Marinkovich). Included in accounts payable as at December 31, 2013 is $nil (December 31, 2012 - $nil) owing to this corporation.

- During the year ended December 31, 2013, the Company incurred fees for legal services rendered of $58,248 (year ended December 31, 2012 - $nil) charged by a corporation controlled by a director (Gary Sugar) of the Company. These amounts are included in professional fees in the consolidated statement of loss and comprehensive loss. Included in accounts payable as at December 31, 2013 is $10,843 (December 31, 2012 - $nil) owing to this corporation.

- Certain officers and directors, either directly or through a company they control, purchased units in the August 1, 2013 private placement:

    - 2380775 Ontario Limited, a corporation controlled by an officer and director (Jon Pereira) of the Company, purchased 2,000,000 units.
    - C. Marrelli Services Limited, a corporation controlled by an officer (Carmelo Marrelli) of the Company, purchased 200,000 units.
    - Mani Verma, a director of the Company, purchased 500,000 units.
    - Ed Godin, a director of the Company, purchased 100,000 units.
    - GMS Law Professional Corporation, a corporation controlled by a director (Gary Sugar) of the Company, purchased 1,000,000 units.

- During the year ended December 31, 2012, the Company made a demand for payment of $52,693 owing from a former officer (David Tognoni) for certain obligations and the former officer denied his obligation to pay the amount. There was therefore some doubt as to the Company's ability to collect the receivable and a provision was recorded against the receivable.

- As of December 31, 2013, an officer and director of the Company (Jon Pereira) controlled 2,000,000 common shares of the Company or approximately 10% of the total common shares outstanding.

- As of December 31, 2013, directors and officers of the Company (Ed Godin, Mani Verma, Gary Sugar and Carmelo Marrelli) with control of less than 10% of the common shares of the Company collectively controlled 2,009,904 common shares of the company or approximately 10% of the total common shares outstanding.

(Expressed In US Dollars Unless Otherwise Noted)

- To the knowledge of the directors and officers of the Company as of December 31, 2013, the remaining common shares of the Company were widely held.

Remuneration of Directors and key management personnel, other than consulting fees described above, of the Company was as follows:

	Share-Based Compensation [1]	
	Year ended December 31, 2013 ($)	**Year ended December 31, 2012 ($)**
Ed Godin, Director	9,567	-
Jon Pereira, Director and Chief Executive Officer	35,632	-
Gary Sugar, Director	8,989	-
GMS Law Professional Corporation (Gary Sugar, Director)	17,979	-
Mani Verma, Director	8,989	-
Carmelo Marrelli, Chief Financial Officer	4,495	-
Total	**85,651**	**-**

(1) Several variables are used when determining the value of stock options with the Black-Scholes option pricing model:

- The expected term: the Company used the expected term of five years, which is the maximum term ascribed to the stock options issued, for the purposes of calculating their value. The Company chose the maximum term because it is difficult to determine with any reasonable degree of accuracy when these stock options will be exercised.
- Volatility: the Company used historical information on the market price of its common shares to determine the degree of volatility at the date the stock options were granted. Therefore, depending on when the stock options are granted and the period of historical information examined, the degree of volatility can be different when calculating the value of different stock options.
- Risk-free interest rate: the Company used the interest rate available for government securities of an equivalent expected term at the date of the grant of the stock options. The risk-free interest rate will vary depending on the date of the grant of the stock options and their expected term.
- Dividend yield: the Company has not paid dividends in the past because it is in the exploration stage and has not yet earned any significant income. Also, the Company does not expect to pay dividends in the foreseeable future because it does not expect to bring its mineral properties into production and earn significant revenue any time soon. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the stock options.

Off-Balance-Sheet Arrangements

The Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Change in Accounting Policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2012. The following new standards have been adopted:

(i) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At January 1, 2013, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(ii) IFRS 7 — Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 - Financial Instruments: Presentation ("IAS 32"). The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. At January 1, 2013, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

(iii) IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. At January 1, 2013, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements given the existing asset and liability mix of the Company to which fair value accounting applies.

(iv) Effective August 1, 2013, the functional currency of the Company changed to Canadian dollars as a significant portion of the Company's expenses are denominated in Canadian dollars, the financing, which closed on August 1, 2013, was denominated in Canadian dollars and future sources of financing are anticipated to be denominated in Canadian dollars. Prior to that time, the functional currency was the US dollar. The change to the Company's functional currency has been accounted for in accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates. All amounts in the consolidated financial statements are presented in US dollars ("presentation currency") since the US dollar provides a more useful point of reference for investors.

Subsequent to the change in functional currency described above, the Company translates the assets and liabilities of the Company from the functional currency to the presentation currency at the period end rate. Revenue and expenses are translated at the average rate of exchange prevailing during the period. The resulting unrealized gain or loss on translation is recognized as other comprehensive income or loss. Equity is translated at historical rates.

(v) Warrants issued by the Company to purchase common shares for a fixed price stated in US dollars, a currency other than the Company's functional currency of Canadian dollars, and not offered pro rata to all existing shareholders of the same class at the time of issuance, are considered derivative financial liabilities under IFRS. Such warrants are required to be measured and recognized at fair value with changes subsequent to initial recognition included in the statement of loss and comprehensive loss. The warrant liability is classified as Level 2 within the fair value hierarchy. From time to time, the Company also issues finder's warrants to underwriters and agents as consideration for services. These finder's warrants are not recorded as a derivative liability and are accounted for under IFRS 2 – Share-based payment.

Recent Accounting Pronouncements

Certain pronouncements issued by the IASB or the IFRIC are mandatory for accounting periods beginning on or after January 1, 2014. Many are not applicable to, or do not have a significant impact on, the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(ii) IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted.

Financial Instruments

The Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate risks and commodity price risks) as explained below. Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Board of Directors. There have been no material changes in the risks, objectives, policies and procedures during the years ended December 31, 2013 and 2012.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Cash deposits with a major Canadian chartered bank are insured by the Canadian Deposit Insurance Company up to Cdn$100,000. As at December 31, 2013, the Company held $341,439 (2012 - $287,145) with a major Canadian chartered bank.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2013, the Company had cash of $341,439 (December 31, 2012 - $287,145) to settle current liabilities of $357,104 (December 31, 2012 - $423,010).

Interest Rate Risk

The Company currently does not have any short-term or long-term debt that is interest bearing and, as such, the Company's current exposure to interest rate risk is minimal.

Foreign Exchange Risk

Certain of the Company's expenses were incurred in Canadian currency and are therefore subject to gains or losses due to fluctuations in this currency. As at December 31, 2013, the Company held cash of Cdn$360,754 (US$339,181) denominated in Canadian dollars (December 31, 2012 - Cdn$284,968 (US$286,429)) and had accounts payable and accrued liabilities of Cdn$139,670 (US$131,337) denominated in Canadian dollars (December 31, 2012 - Cdn$101,379 (US$101,899)).

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals. The Company's risk management objectives are to ensure that business and financial exposures to risk that have been identified and measured are minimized using the most effective and efficient methods to reduce, transfer and, when possible, eliminate such exposures. Operating decisions contemplate associated risks and management strives to structure proposed transactions to avoid or reduce risk whenever possible.

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be shareholders' equity, which at December 31, 2013, totaled $2,305 (December 31, 2012 – shareholders' deficiency of $35,729). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration and development activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2013. The Company is not subject to any capital requirements imposed by a lending institution.

(Expressed In US Dollars Unless Otherwise Noted)

Outlook

For fiscal 2014, the Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. See "Risk Factors" below and "Proposed Transaction" above.

Share Capital

On March 21, 2013, the Company completed the share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every six pre-consolidation common shares. As part of the share consolidation, the stock options and warrants were also consolidated and the exercise price adjusted to reflect the consolidation. The share consolidation has been reflected in the consolidated financial statements and this MD&A and all applicable references to the number of shares, warrants and stock options, their strike price and per share information has been restated.

As of the date of this MD&A, the Company had 19,357,625 issued and outstanding common shares. In addition, the Company had 1,491,667 outstanding stock options exercisable for 1,491,667 common shares and 10,183,333 outstanding warrants exercisable for 10,183,333 common shares.

As at date of this MD&A, the following stock options were outstanding:

Expiration Date	Options Outstanding	Exercise Price
November 12, 2014 [1]	66,667	CDN$0.37
June 7, 2015 [1]	8,333	CDN$0.37
September 9, 2016 [1]	266,667	CDN$0.37
August 7, 2018	1,150,000	CDN$0.10
	1,491,667	

[1] On December 19, 2013, the Company re-priced these options.

As at date of this MD&A, the following warrants were outstanding:

Expiration Date	Warrants Outstanding	Exercise Price
September 6, 2014 [1][2]	833,333	CDN$0.60
August 1, 2018	9,350,000	CDN$0.10
	10,183,333	

[1] On August 20, 2013, the Company extended and re-priced these warrants. The exercise price of the warrants was changed from US Dollars to Cdn Dollars. As a result the fair value of the warrants was reclassified from a derivative liability to equity in the consolidated statements of financial position. The fair

value of the warrants was estimated on August 20, 2013, the date of the change in the exercise price currency, using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 244% (which is based on historical volatility of the Company's share price); risk free interest rate of 1.10%; and an expected life of 1.05 years. As a result, the fair value of the warrants was calculated to be $118,065.

(2) As a result of the change in functional currency on August 1, 2013, the fair value of the warrants exercisable in US Dollars was reclassified from equity to a derivative liability in the consolidated statements of financial position. The fair value of the warrants was estimated on August 1, 2013, the date of the change in functional currency, using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 54%; risk free interest rate of 0.98%; and an expected life of 0.10 years. As a result, the fair value of the warrants was calculated to be $nil.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

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 Company uses the Venture Issuer Basic Certificate, which 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. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

> i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
>
> ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

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.

(Expressed In US Dollars Unless Otherwise Noted)

Additional Disclosure for Venture Issuers Without Significant Revenue

General and administrative

	Year ended December 31, 2013 ($)	Year ended December 31, 2012 ($)
Management and consulting fees	114,896	102,189
Office and general	21,056	32,734
Professional fees	19,524	213,891
Professional fees - related party	126,184	64,258
Foreign exchange gain	(3,695)	(10,844)
Share-based compensation	119,527	-
Fees, licenses and permits	-	2,787
Transfer agent and filing fees	45,581	35,126
Travel	2,398	57,602
Gain on debt settlement	-	(323,344)
Bad debt expense	-	52,693
Change in estimated reclamation expenses	-	36,664
Impairment of uncollectible reclamation bond	-	25,946
Total	**445,471**	**289,702**

Exploration and development costs

	Year ended December 31, 2013 ($)	Year ended December 31, 2012 ($)
Acquisition costs	9,708	-
Geological consulting fees	64,400	79,723
Total	**74,108**	**79,723**

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

- *Exploration, Development and Operating Risks*

  Mining operations generally involve a high degree of risk. BE's future operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

  The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by BE will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in BE not receiving an adequate return on invested capital.

- *Government Regulations*

  Mining operations, including exploration drilling programs, require permits from state or federal governments, including monitoring of wildlife species and water. The Company has experienced significant delays in obtaining drilling permits in the past, and may experience such delays in the future. The Company may be unable to obtain permits on reasonable terms in the future, on terms that provide the Company sufficient resources to develop its properties, or at all. Even if the Company is able to obtain such permits, the time and funding required by the permitting process is significant. If the Company cannot obtain or maintain the necessary permits, or if there is a delay in receiving these permits, the timetable and business plan for exploration, if any, will be adversely affected, which may adversely affect its results of operations, financial condition and cash flow.

- *Market Fluctuations and Commercial Quantities*

  The market for minerals is influenced by many factors beyond the Company's control, such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metal deposits may be affected by other factors that are beyond the Company's control, including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company's not receiving an adequate return on invested capital.

- *Environmental Protection*

  The mining and mineral processing industries are subject to extensive government regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

  The ability of the Company to acquire an interest in and perform exploration and development of an exploration property will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favourable.

- *Directors and Officers*

  The directors and officers of the Company will not be devoting all of their time to the affairs of the Company but will be devoting such time as required to effectively manage the Company. Some of the directors and officers of the Company are engaged and will continue to be engaged in the search for assets or businesses on their own behalf or on behalf of others such that conflicts may arise from time to time. As a consequence of such conflicts, the Company may be exposed to liability and its ability to achieve its business objectives may be impaired.

  Additionally, directors and officers of the Company may also serve as directors and/or officers of other reporting issuers from time to time.

  The Company has not purchased "key-man" insurance, nor has it entered into non-competition and non-disclosure agreements with management and has no current plans to do so.

- *Current Global Financial Conditions*

  Financial markets globally have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by liquidity crises throughout the world. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing, any of which could affect the trading price of the Company's securities in an adverse manner.