



**Management Discussion and Analysis  
For the Three Months Ended March 31, 2014**

This Management Discussion and Analysis (“MD&S”) of Cresval Capital Corp. (the “Company” or “Cresval”) provides analysis of the Company’s financial results for the three months ended March 31, 2014 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the three months ended March 31, 2014 and with the Company’s audited financial statements and notes thereto for the year ended December 31, 2013, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

This Management Discussion and Analysis (“MD&A”) is dated May 29, 2014 and discloses specified information up to that date. Cresval is classified as a “venture issuer” for the purposes of National Instrument 51-102.

***We recommend that readers consult the “Cautionary Statement” on the last page of this report.***

Additional information relating to the Company can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.cresval.com](http://www.cresval.com).

**Business Overview**

Cresval was incorporated under the Company Act of British Columbia on July 23, 2001 and is a reporting issuer in the Provinces of British Columbia and Alberta. The common shares of the Company are listed for trading on the TSX Venture Exchange under the symbol “CRV” and on the Frankfurt Stock Exchange under the symbol “CFV”. Its principal business comprises the acquisition, exploration and development of mineral resource properties, with a current focus on base and precious metal properties located in the Province of British Columbia, Canada.

The Company is in the exploration stage. The Company is classified as a Mineral Exploration company. The financial statements to which this MD&A relates have been prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company had a working capital deficit of \$159,666 at March 31, 2014 and has accumulated losses of \$1,194,835 since inception. The Company’s ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future.

**Overall Performance**

The Company currently has interests in three exploration projects. The first property, known as the Bridge River copper claims, located 40 km west-northwest of Goldbridge, British Columbia in the Lillooet Mining Division consists of 27 contiguous mineral claims and covers an area of approximately 11,127 hectares. The Company intends to follow up the 2012 exploration program with a Phase 2 program that would involve a possible induced polarization survey, followed by diamond drill testing on the Russnor, Windy Copper and possibly Copper Plateau claims.

The second property, the New Raven property, is located 15 km southwest of Lillooet, British Columbia, in the Lillooet Mining Division and consists of 4 mineral claims, covering an area of 2,700 hectares. The next stage of exploration recommended is detailed mapping, prospecting and sampling along the 2.3 km trend of gold quartz vein mineralization, followed by diamond drilling.

The third property, known as the Aumax property, is located approximately 16 km southwest of Lillooet, British Columbia and consists of 5 mineral claims, covering an area of approximately 1,087 hectares. The Company completed an initial property evaluation consisting of geochemical soil and rock sampling. Recommendations for a 2014 work program include evaluation of the upper Aumax zone and trenching across the soil anomalies.

As at the period ended of March 31, 2014 and the date of this MD&A, all of the Company's mineral claims remain in good standing.

### **Review of Operations**

#### **Three months ended March 31, 2014 compared with the three months ended March 31, 2013**

	<b>3 Months Ended March 31, 2014</b>	<b>3 Months Ended March 31, 2013</b>
<b>General and Administrative Expenses</b>		
Depreciation	\$ 696	\$ 918
Consulting and management fees	22,500	22,500
Share transfer, listing and filing fees	5,739	6,117
Office supplies and services	723	556
Professional fees	-	4,863
Bank charges and interest	64	48
Stock based compensation	11,017	-
Shareholder information and communications	950	210
	<u>(41,689)</u>	<u>(35,212)</u>
<b>Total Net Loss and Comprehensive Loss</b>	<u>(41,689)</u>	<u>(35,212)</u>
<b>Basic and Diluted Loss per Share</b>	\$ -	\$ -
<b>Weighted Average Shares Outstanding</b>	<u>18,746,301</u>	<u>18,746,301</u>

- Share transfer, listing and filing fees decreased to \$5,739 for the three months ended March 31, 2014 compared to \$6,117 for the three months ended March 31, 2013. This is due to a reduction in transfer activity and maintenance resulting in lower transfer agency fees.
- Office supplies and services increased slightly to \$723 for the three months ended March 31, 2014 compared to \$556 for the three months ended March 31, 2013.
- Professional fees decreased to \$nil for the three months ended March 31, 2014 compared to \$4,863 for the three months ended March 31, 2014. This is due to legal fees incurred in the quarter ended March 31, 2013 in connection with the settlement of a legal claim, whereas no such fees were incurred in the current year.

- Stock-based compensation increased to \$11,017 for the three months ended March 31, 2014 compared to \$nil for the three months ended March 31, 2013. This is due to stock options granted in the three months ended March 31, 2014 whereas none were granted in the three months ended March 31, 2013.
- Shareholder information and communications increased to \$950 for the three months ended March 31, 2014 compared to \$210 for the three months ended March 31, 2013. The difference is due to expenses incurred for website updates for the Company's website.

### **Review of Quarterly Results**

Quarter ended	2014				2013				2012			
	Mar. 31 Q1 \$	Dec. 31 Q4 \$	Sept.30 Q3 \$	June 30 Q2 \$	Mar. 31 Q1 \$	Dec. 31 Q4 \$	Sept. 30 Q3 \$	June 30 Q2 \$	Mar. 31 Q1 \$	Dec. 31 Q4 \$	Sept. 30 Q3 \$	June 30 Q2 \$
Revenues	-	-	-	-	-	-	-	-	-	-	-	-
G&A Expenses	41,689	42,390	27,715	30,320	35,212	41,662	46,272	45,941	35,212	41,662	46,272	45,941
Option Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Net Loss (Income)	(41,689)	(49,966)	27,715	28,634	35,212	41,662	46,272	45,869	35,212	41,662	46,272	45,869
-per share	-	-	-	-	-	-	-	-	-	-	-	-
-per share - diluted	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	1,312,450	1,324,515	1,336,669	1,471,093	1,485,216	1,499,906	1,505,820	1,515,162	1,485,216	1,499,906	1,505,820	1,515,162
Liabilities (Long Term)	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Working Capital (Deficiency)	(159,666)	(129,690)	(181,487)	(154,567)	(123,254)	(88,860)	(42,210)	6,709	(123,254)	(88,860)	(42,210)	6,709
Share Capital:												
- Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
- Outstanding	18,746,301	18,746,301	18,746,301	18,746,301	18,746,301	18,746,301	18,746,301	18,746,301	18,746,301	18,746,301	18,746,301	18,746,301
- Warrants	-	-	400,000	400,000	3,775,000	3,775,000	3,375,000	6,905,000	3,775,000	3,775,000	3,375,000	6,905,000
- Options	1,757,500	1,192,000	1,192,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000

Results of operations can vary significantly by quarter, as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are determined by the Company's working capital position, the availability of external financing, the time required to gather, analyze and report on geological data related to its properties, the amount of stock options granted, the number of personnel required to support the level of corporate activity and the seasonality of exploration programs undertaken on the Company's mineral properties.

### **Liquidity and Capital Resources**

Since inception, the Company has incurred cumulative losses of \$1,194,835 and has a working capital deficiency at March 31, 2014 of \$159,666 (2013 – working capital deficiency of \$123,154).

The Company has financed its operations to date primarily through the issuance of common shares for private placements. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to have profitable operations in the future.

The Company's future capital requirements will depend on many factors, including costs of exploration and development of the properties, cash flow from operations, costs to complete well production if warranted, competition and global market conditions. The Company's growing working capital needs may require it to obtain additional capital to operate its business.

The Company will depend partly on outside capital to complete the exploration and development of its resource properties. Such outside capital will include the sale of additional common shares and debt financing. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected.

### **Related Party Transactions**

Management services by the Company's officers are provided on a contract basis. Additionally, the Company shares its premises and certain administrative costs with a related company, and reimburses this related company for its share of direct costs. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the three months ended March 31, 2014 and 2013 are as follows:

	March 31, 2014	March 31, 2013
Salaries, consulting fees and directors' fees	\$ 22,500	\$ 22,500
Stock-based compensation	10,732	-
	<u>\$ 33,232</u>	<u>\$ 22,500</u>

### *Other Related Party Transactions*

\$759 (2013 - \$111) was charged for office, occupancy and miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva International Services Corp. ("Oniva"). The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The arrangement may be terminated with one-month notice by either party.

### *Due to Related Parties*

There was \$463 due to Oniva, a private company related by common management (2013 - \$2,935), \$162,164 due to the president of the Company (2013 - \$161,627), \$1,000 due to the Company's CEO (2013 - \$1,000), \$2,675 due to the Company's CFO (2013 - \$50) and \$497 (2012 - \$497) to the former CFO. The amounts due to related parties are non-interest bearing, unsecured and due on demand.

### **Critical Judgments and Estimates**

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses for the years reported. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period they become known.

### **Financial Instruments**

As at March 31, 2014, the Company's financial instruments are comprised of cash and cash equivalents, receivables, accounts payable and accrued liabilities. The carrying value of receivables, accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

The Company's cash and cash equivalents are held through a Canadian chartered bank. The Company's current policy is to invest excess cash in a guaranteed investment certificate administered by a Canadian chartered bank. The Company has no debt instruments.

### **Risks and Uncertainties**

The exploration and development of mineral properties involves a high degree of risk, and the successful achievement of a profitable operation cannot be assured. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must first overcome many risks associated with an early stage exploration property. Outstanding items to be completed include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and leases, completion of a feasibility study, funding of all costs to a commercial operating venture, completion of the permitting process, detailed engineering and procurement of a processing plant, and constructing a facility to support the mining activity. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares, will be required to fund the Company's activities. There can be no assurance that the Company will be able to raise the requisite financing in the future.

**Outstanding Share Data as of March 31, 2014 and May 29, 2014**

	May 29, 2014	March 31, 2014	December 31, 2013
Shares	18,746,301	18,746,301	18,746,301
Options	1,757,500	1,757,500	1,192,000
Warrants	-	-	-
Fully Diluted	<b>20,503,801</b>	<b>20,503,801</b>	<b>19,938,301</b>

**Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2014, the CEO and the CFO have evaluated the effectiveness of the Company’s disclosure controls and procedures as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators and have concluded that such disclosure controls and procedures are effective.

**Changes in Accounting Standards**

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions. IAS 36, Impairment of Assets and IFRIC 21, Levies. The adoption of these new standards had no material impact on the Company’s financial statements.

**Internal Controls over Financial Reporting**

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company assessed the design of the internal controls over financial reporting as at March 31, 2014 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

- a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the company because of limitations in size and number of staff. The Company believes it has taken steps to mitigate these risks by hiring additional personnel, consulting outside advisors, and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by

consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Approval**

The Board of Directors of the Company has approved the disclosure in this MD&A.

**ADDITIONAL INFORMATION**

Additional information about the company can be found on [www.sedar.com](http://www.sedar.com) and [www.cresval.com](http://www.cresval.com)

**Cautionary Statement**

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of May 29, 2014. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.