DALRADIAN
RESOURCES

Management's Discussion and Analysis

For the years ended December 31, 2014
and December 31, 2013

March 24, 2015

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NOTES

Unless the context suggests otherwise, references to the "Company" refer to Dalradian Resources Inc., and references to "Dalradian" refer, collectively, to the Company and its wholly-owned subsidiary, Dalradian Gold Limited ("DGL").

This management's discussion and analysis ("MD&A") should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2014 and December 31, 2013 (the "Consolidated Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A should also be read in conjunction with the Company's 2014 Annual Information Form ("AIF") which is available on SEDAR at www.sedar.com.

Ian R. Hardesty, MS, CPG, Senior Production Geologist, is a "qualified person", as defined under the guidelines of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators, and has reviewed and approved the technical information contained in this MD&A.

For additional details on the Curraghinalt high-grade lode gold deposit ("Curraghinalt"), please refer to the Company's technical report dated October 30, 2014 and titled "An Updated Preliminary Economic Assessment of the Curraghinalt Gold Deposit, Tyrone Project, Northern Ireland" (the "PEA"), prepared by Mr. Maunula, P.Geo., of T. Maunula & Associates Consulting Inc., Mr. Barnard Foo, P.Eng., Mr. Bogdan Damjanovic, P.Eng., Mr. Andre Villeneuve, P.Eng., and Mr. Christopher Jacobs, CEng MIMMM, of Micon International Limited ("Micon"), which is available on the Company's website and on SEDAR at www.sedar.com.

All amounts are in Canadian dollars unless otherwise noted.

This MD&A is dated March 24, 2015.

Caution Regarding Forward-Looking Information

This MD&A contains “forward looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its subsidiaries and its mineral project, the future price of metals, test work and confirming results from work performed to date, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage, the timing and possible outcome of pending regulatory matters and the realization of the expected economics of the Curraghinalt gold deposit. Often, but not always, forward looking statements can be identified by the use of words and phrases such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made and are based on various assumptions such as the continued political stability in Northern Ireland, that permits required for Dalradian’s operations will be obtained on a timely basis in order to permit Dalradian to proceed on schedule with its planned exploration and development programs, that skilled personnel and contractors will be available as Dalradian’s operations continue to grow, that the price of gold will be at levels that render Dalradian’s mineral project economic, that the Company will be able to continue raising the necessary capital to finance its operations and realize on mineral resource estimates and current mine plans and that the assumptions contained in the Company’s PEA (as defined herein) are accurate and complete.

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Dalradian to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current and future exploration activities; the actual results of reclamation activities; conclusions of economic evaluations; meeting various expected cost estimates; changes in project parameters and/or economic assessments as plans continue to be refined; future prices of metals; possible variations of mineral grade or recovery rates; the risk that actual costs may exceed estimated costs; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled “Risk Factors” in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.

GOING FORWARD

The Company has commenced a work program that is expected to be completed by the end of 2015 with a fully-funded budget of approximately C$30 million and the goal of completing a pre-feasibility study (“PFS”) and having an environmental impact assessment (“EIA”) well-advanced, both of which will support a planning (permitting) application for construction of an operating mine at Curraghinalt. Components of the program include the underground exploration program (“Underground Program”), which incorporates approximately 1,100 metres of underground development and 20,000 metres of infill drilling, a PFS and an EIA. Anticipated activities for the remainder of 2015 include:

- Completion of the drill program in Q3
- Updated mineral resource in Q3
- Completion of Underground Program in Q3
- Results of PFS in Q4
- Advancement of the EIA

For the Underground Program, Dalradian has already completed four blasts, including the initial blast announced on January 6, 2015. Dalradian received a draft of its temporary explosives storage licence and the explosives magazine is under construction. A full licence is expected to be issued once the explosives magazine is fully constructed and inspected.

Higher expenditures compared to Q1-Q3 of 2014 are expected to continue during 2015, due to increased operational spending now that the work program is ongoing. Expenditures should decrease during Q4 2015 as most work on site will be completed by the end of Q3 2015.

DESCRIPTION OF BUSINESS

Incorporated on March 27, 2009, pursuant to the provisions of the *Business Corporations Act* (Ontario), with an initial public offering completed on August 10, 2010, the Company is involved in the acquisition, exploration and evaluation of mineral properties in Northern Ireland. The Company is listed on the Toronto Stock Exchange ("TSX") under the stock symbol "DNA" and the Alternative Investment Market of the London Stock Exchange ("AIM") under the symbol "DALR". The Company's corporate office is in Toronto, while operations are focused on Dalradian's flagship Curraghinalt gold project in Northern Ireland.

The Company, through its wholly owned subsidiary, DGL, holds a 100% interest in prospecting licences and options, subject to royalties as described below in approximately 84,000 hectares, consisting of four contiguous areas (DG1, DG2, DG3 and DG4), located in counties Tyrone and Londonderry, Northern Ireland, United Kingdom. There are two elements comprising this interest:

- The Crown Estate Commissioners ("CEC"), has entered into mining lease Option Agreements with DGL (the "CEC Mining Lease Option Agreements") for gold and silver, covering the four contiguous areas; and
- The Department of Enterprise, Trade and Investment ("DETI"), a separate government body has granted to DGL Prospecting Licenses for base metals (the "DETI Prospecting Licences") covering the same four areas.

Dalradian does not hold any other titles.

The current terms of the CEC Mining Lease Option Agreements for DG1 and DG2 expire December 31, 2015. The current terms of the CEC Mining Lease Option Agreements for DG3 and DG4 expire April 23, 2015. The Company has applied to renew the DG3 and DG4 CEC Mining Lease Option Agreements and expects to complete the renewals before the expiry date. Upon expiry of the term or renewal period of a CEC Mining Lease Option Agreement, an indefinite number of renewals is available at the CEC's discretion. Each renewal is for a term of two years.

The DETI Prospecting Licences for DG1 and DG2 were reissued in 2013 and run from January 1, 2014 to December 31, 2015. Upon expiry of this initial term, they are eligible for up to two, two year extensions. The DETI Prospecting Licences for DG3 and DG4 were granted their first two-year extension in 2013 and run from April 24, 2013 to April 23, 2015, and upon expiry they are eligible for an additional two year extension. The Company has applied to renew the DG3 and DG4 DETI Prospecting Licences and expects to complete the renewals before the expiry date. A DETI Prospecting Licence cannot be extended beyond six years from the date of grant. However, at the end of the second two year extension of a DETI Prospecting Licence, DGL may apply for a new DETI Prospecting License over the same area. Applications for new DETI Prospecting Licences for DG1 and DG2 will be required in 2019.

This approximately 84,000-hectare area is collectively known as the "Northern Ireland Properties". Pursuant to a royalty agreement dated December 13, 2004 (the "Royalty Agreement"), between DGL (formerly known as Ulster Minerals) and Minco Plc., a company duly incorporated under the laws of the Republic of Ireland, a 2% net smelter return royalty on a portion of the Northern Ireland Properties (as defined in the Royalty Agreement) is payable by DGL to Minco Plc., or its nominee. As provided in the CEC Mining Lease Option Agreements, a 4% royalty will be payable to the CEC upon production of gold and/or silver from the Northern Ireland Properties.

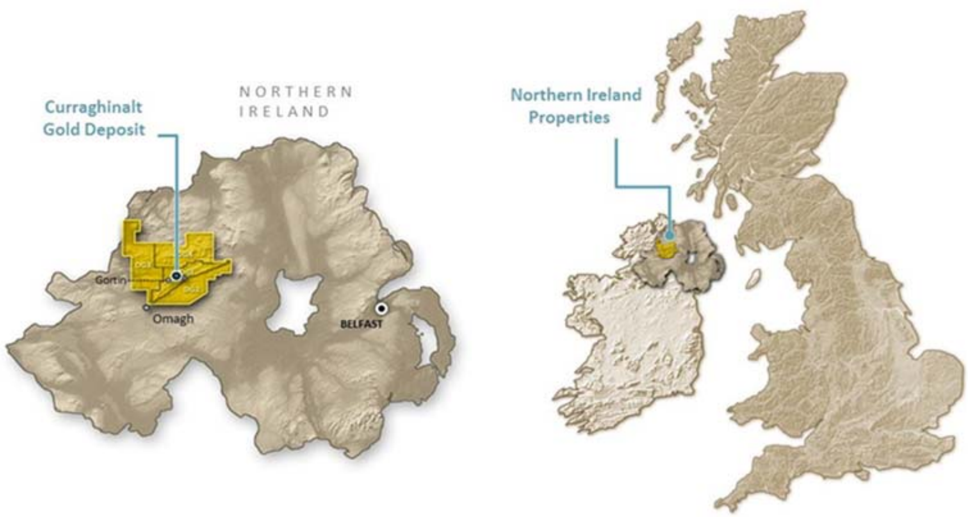
Within the Northern Ireland Properties, the Company's main focus is on Curraghinalt. During the second quarter, the Company reported an updated mineral resource estimate that was incorporated into the PEA during the fourth quarter of 2014. In addition to Curraghinalt, there are several known historical occurrences of precious and base metals mineralization throughout the property with new discoveries in 2012, the last year the Company drilled step-out drill holes.

The Company's main focus on-site is the Underground Program, which is designed to further prove up the economics of Curraghinalt, including approximately 20,000 metres of in-fill drilling aimed at upgrading resource ounces from the Inferred category to Measured and Indicated in support of the PFS. On January 23, 2014, the Company announced receipt of planning permission for its Underground Program, subject to complying with terms and conditions. Three permits are necessary to complete the entire program: planning permission, site discharge consent and an explosives storage licence. Dalradian has secured two of the three permits and is still awaiting the final temporary explosives storage licence. Since late December 2014, Dalradian has completed four blasts as part of the works to prepare the existing adit for the new development. Dalradian has received the draft temporary explosives storage licence and expects to receive the final licence once construction on the explosives magazine has been completed and inspected, which is anticipated to occur early in Q2 2015. See also "Northern Ireland Properties – Permitting" and also "Northern Ireland Properties – Underground Program", below.

NORTHERN IRELAND PROPERTIES

Overview

Central to DGL's Northern Ireland Properties is the Curraghinalt gold deposit, a lode gold system consisting of a series of structurally controlled, high-grade gold bearing quartz-carbonate veins. Dalradian's work during 2014 focused on the deposit, including completing a mineral resource update, PEA update, drill program planning, Underground Program planning and permitting, and initial works on-site for the Underground Program – both at surface and underground.



The most recent mineral resource estimate for Curraghinalt, prepared in accordance with NI 43-101 is summarized below:

	Curraghinalt Mineral Resources* (as at January 20, 2014)		
Resource Category (Cut-off Grade of 5.0 g/t)	**Million Tonnes**	**Grade (g/t Au)**	**Contained Gold (ounces)**
Measured	0.02	20.15	15,100
Indicated	2.98	10.34	989,000
Measured + Indicated	**3.00**	**10.41**	**1,004,100**
Inferred	8.01	9.67	2,487,700

* Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. For further information on the above mineral resource estimate please see the Company's PEA.

Curraghinalt Preliminary Economic Assessment

On October 31, 2014, the Company filed the updated PEA for the Curraghinalt deposit, which demonstrated positive economics for an underground mine producing 194,000 ounces of gold per year on average for the first five years and an average of 149,000 ounces of gold over the remainder of the 18-year mine life. The PEA was based on the January 20, 2014 resource estimate and is available on SEDAR at www.sedar.com.

Key highlights from the results of the PEA are highlighted in the table below (all figures in US$):

KEY PEA DATA*	GOLD PRICE: US$1,200/ounce	GOLD PRICE: US$1,054/ounce
NPV with 8% discount rate (After-tax)	US$504 million	US$366 million
IRR (After-tax)	36.2%	29.9%
Average Annual Production	162,000 ounces/year	
Processing Rate	1,700 tonnes/day	
Life of Mine	18 years	
Initial Capex ($48M contingency)	US$249 million	
Cash Costs	US$485/ounce; US$132/tonne	
Diluted Grade	9.3 g/t Au	
Gold Recovery	92%	
Payback	2.6 years	

* *Prepared by Micon. All dollars in the above table are quoted in US$. The PEA is preliminary in nature, and is based on the January 20, 2014 mineral resource estimate. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the results of the PEA will be realized.*

Pre-feasibility Study

During September 2014, Dalradian announced the commencement of a PFS, including the appointment of SRK Consulting (Canada) Inc. as principal consultant. The PFS will include an options analysis looking at alternatives to several aspects of the PEA, including but not limited to dry stack tailings and the addition of a flotation circuit. In February 2015, Dalradian announced the appointment of Eric Tremblay as Chief Operating Officer, effective March 16, 2015. Mr. Tremblay is leading the PFS process and brings more than 25 years of mine building and mine operations experience to the task, much of it at underground mining operations, culminating in his prior position as General Manager at Canada's largest gold mine, Canadian Malartic, which is jointly owned by Agnico-Eagle Mines Limited and Yamana Gold Inc.

The PFS options analysis will investigate alternatives to the base case scenario outlined in the PEA, including mineral processing, tailings and waste rock management, and will identify potential locations for the mine surface infrastructure. These alternatives will be considered from a perspective of engineering and construction feasibility, capital and operating costs, operational risks, reclamation costs, as well as ease of permitting and acceptance by the local community and regulators. The PFS will incorporate the results of the options analysis, setting out the preferred options for mining, mineral processing, tailings and waste rock management along with an economic assessment of the project, in a technical report prepared in accordance with NI-43-101.

Addition of a flotation circuit is being examined based on the results of additional metallurgical testing from the Curraghinalt deposit announced on October 23, 2013. The laboratory testing, using a sequential gravity-flotation circuit, showed 29.4% of the gold reporting to the gravity circuit, and 70.0% reporting to a bulk rougher concentrate. The Company believes these results demonstrate a potential alternative processing method.

Dalradian is currently completing further metallurgical testing to build on the positive metallurgical results already obtained. The Underground Program now underway should provide ample material for any future metallurgical test work.

Permitting

Planning permission for the Underground Program with final terms and conditions was received from Planning Northern Ireland on January 23, 2014. Prior to beginning work on-site, the Company was required to submit and receive approval from Northern Ireland regulators for a number of management plans governing items such as water, noise, traffic and dust. The Company met all pre-commencement conditions and received all necessary approvals at the end of May 2014.

Three permits are necessary to complete the entire program: planning permission, site discharge consent and an explosives storage licence. Dalradian has secured two of the three permits as well as a draft of the explosives storage licence and expects to receive the final explosives storage licence once the explosives magazine construction is completed and inspected, which is anticipated to occur early in Q2 2015. To date, Dalradian has completed four blasts in preparation to begin underground development.

In parallel with the PFS, Dalradian has commenced an EIA, which will examine the potential impacts of a full mine build, as well as options for the elimination or mitigation of such impacts. On October 29, 2014, the Company announced the appointment of SRK Consulting UK Limited as the environmental consultant for preparation of the EIA. The EIA report, together with the Project Description, will form the basis of a Planning Application for the full mine build to be submitted to the Northern Ireland Planning Service (Planning NI).

Dalradian continues to gather environmental baseline data to be used in the preparation of an EIA. In addition, Dalradian and SRK Consulting UK Limited have formulated a plan and schedule for stakeholder engagement over the remainder of 2015 in order to receive government agency, community and other stakeholder input into the project description and EIA. Dalradian does not currently have a permit for mining at Curraghinalt.

Dalradian holds regular community and government stakeholder meetings and has strong local support for Curraghinalt. The most recent community meeting was held in February 2015. As part of the planning application, Dalradian committed to establishing and supporting an independent, external Community-Based Monitoring Committee (the "CMC") to review the environmental, and health and safety performance during the Underground Program at Curraghinalt. This CMC was established during Q3 2014. The insights provided by community stakeholders at this stage of development will be helpful in ensuring that Dalradian's long-term plans reflect the perspectives of local communities.

In order to support increased permitting activities, Dalradian recently appointed a Senior Environmental Officer with international mining and permitting experience who is well-versed in the regulatory and permitting environment in Northern Ireland. The Senior Environmental Officer will coordinate the EIA as well as manage overall environmental compliance. A local planning consultant has also been retained to assist Dalradian in putting together a thorough and appropriate application and moving through the approval process efficiently.

Government support is also solid, as evidenced by the announcement on August 19, 2014 of two grants from Invest Northern Ireland totaling £326,000 to support employment and training at Curraghinalt.

Exploration

Exploration expenditures during 2014 totaled $1.9 million compared to $6.2 million in 2013. The lower level of spending this year is primarily due to completion of the drill program in Q2 2013, with no comparable level of activity in 2014.

The main focus for the exploration group during 2014 was completion of the updated resource (see table above in "Northern Ireland Properties – Overview"). The 2014 resource incorporated a total of 80,976 metres from 406 drill holes as well as underground channel samples from existing drifts along the T17, Sheep Dip and No. 1 Vein Zones. Inclusion of the approximately 29,000 metres of drilling completed since the 2011 mineral resource estimate has increased the geological confidence, including a 114% increase in Measured and Indicated resource to 1.0 million contained gold ounces. The Inferred resource also increased by 12% to 2.49 million contained gold ounces.

In Q4 2014, Dalradian appointed a Mineral Resource Manager who is an experienced mineral resource geologist with over 25 years' experience and who will play a key role in updating the mineral resource estimate for the Curraghinalt deposit. Subsequent to year-end, wireframes and sections have been updated for the main veins and a new block model is being created so that as data are received from the drill program and underground program during Q2 2015 and Q3 2015, the resource can be updated in real time.

A regional exploration program of soil sampling and prospecting on DG3 and DG4 began during 2014 and is ongoing as of the date of this MD&A.

During 2015, exploration expenditures may increase over the 2014 levels as the Company aims to grow the Curraghinalt deposit along strike.

Underground Program

The Company began work on-site for the Underground Program in September 2014, following award of the contract for surface works to Northern Ireland firm, FP McCann. On October 2, the Company announced the appointment of Irish mining services firm, QME Limited, as underground contractor. The value of the two contracts is approximately $2.3 million and $7.5 million respectively.

Spending on asset evaluation, which includes development planning, permitting and other activities associated with the Underground Program, in 2014 was $6.5 million compared with $2.3 million during 2013 due to an increase in planning activities related to commencement of the Underground Program. Spending for the Underground Program is expected to peak in Q1 2015 and Q2 2015 and taper off as work on-site is completed in the second half of 2015.

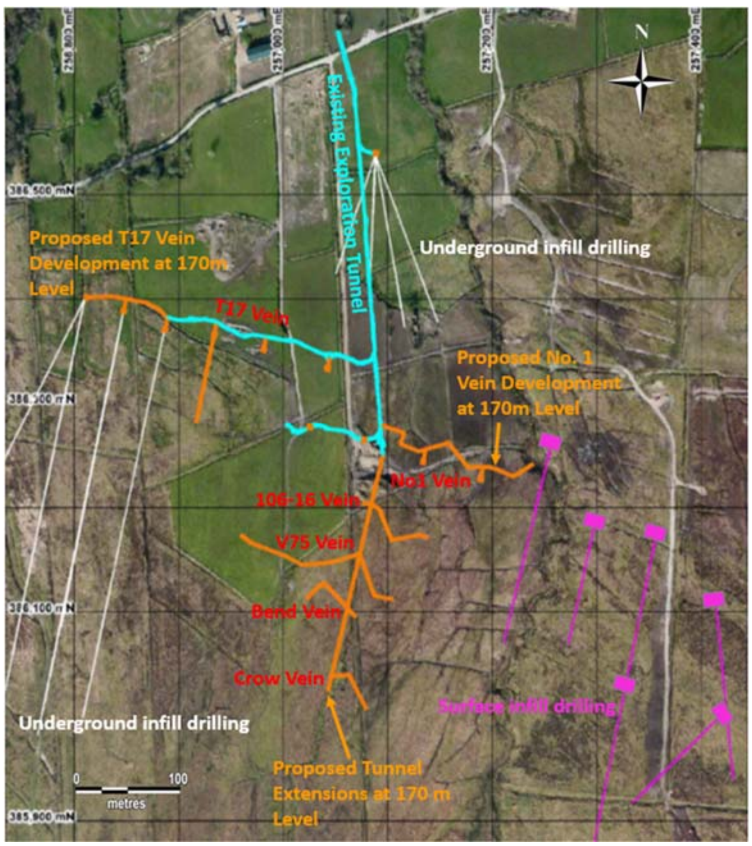
The Underground Program will extend the exploration tunnel by approximately 1,100 metres in total in order to access, define, sample and test the mineralized material from the Curraghinalt deposit. This development includes approximately 440 metres of access drifting designed to crosscut four southern resource veins and provide drilling platforms for further southward exploration and expansion. As well, six resource veins will be drifted on for a planned total of 430 metres of on-vein development. These works constitute a 140% increase in lineal development underground at Curraghinalt.

Additionally, 11 underground drill bays will be added to the development to support an infill drilling program of approximately 20,000 metres, most of it from underground, with the objective of upgrading resource ounces from Inferred to Measured and Indicated categories. The updated resource is expected to be completed during Q3 2015.

The Underground Program is designed to: (i) demonstrate continuity of thickness and grade of the mineralized veins; (ii) increase confidence in the existing mineral resources; (iii) assess underground geotechnical and hydro-geological conditions; and (v) produce samples for offsite metallurgical testing.

The Underground Program is expected to cost approximately $23 million and is expected to be completed by the end of 2015. Surface work is expected to be completed shortly, with underground work to prepare the existing adit for exploration tunneling mostly complete. Underground tunneling and drill bay construction is expected to begin in Q2 2015 and continue into Q3 2015. Underground drilling, hydrogeology and geotechnical studies will begin in Q2 2015 and continue into Q3 2015. Metallurgical testing has been ongoing for some time now and will be completed during Q2 2015. The mineralized material will be trucked to a nearby port facility, with samples shipped offsite for processing and testing.

Plan view of Underground Program



SELECTED ANNUAL FINANCIAL INFORMATION

The following is a summary of the Company's financial operating results and financial position for the years ended December 31, 2014, 2013 and 2012:

	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Financial Results:			
Loss and comprehensive loss	$ (6,844,885)	$ (21,802,871)	$ (7,134,919)
Loss per share - basic and diluted	$ (0.06)	$ (0.24)	$ (0.08)
Financial Position:			
Cash and cash equivalents	$ 29,776,872	$ 6,855,035	$ 22,760,432
Working capital	$ 30,036,361	$ 6,822,585	$ 22,637,824
Exploration and evaluation assets	$ 49,085,740	$ 40,349,082	$ 45,080,836
Total assets	$ 83,601,888	$ 48,556,722	$ 70,392,365

The consolidated loss and comprehensive loss for the year ended December 31, 2014, of $6,844,885, was lower than the same period in 2013 of $21,802,871, primarily due to the impairment charges of $16,348,550 related to exploration and evaluation assets and equipment in Norway during 2013. During the year ended December 31, 2014, the Company disposed of its subsidiary in Norway. When excluding the impairment charges, the consolidated loss and comprehensive loss for the year ended December 31, 2013 would be $5,454,321, less than in the same period in 2014 and 2012. The higher loss in 2014 was a result of increased activities.

OVERVIEW OF SELECTED INFORMATION FROM THE FINANCIAL STATEMENTS

The following table sets forth selected data for the quarters and years ended December 31, 2014 and 2013:

	Quarter ended		Year ended	
Operating expenses:	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Salaries and related benefits	$ 1,221,403	$ 667,273	$ 3,176,139	$ 2,554,909
Professional fees and consulting	528,002	152,448	978,443	452,901
Share-based payments	243,476	145,358	1,103,903	880,439
Investor relations and general travel	247,207	131,562	771,732	707,879
Office, regulatory and general	485,043	163,155	1,023,751	656,031
Amortization	38,941	55,778	165,793	232,866
Foreign exchange (gain) loss	68,271	(1,599)	(180,348)	74,426
Interest and bank charges	1,261	1,559	8,713	10,083
Loss on disposal of equipment	-	668	-	41
Impairment charges	-	-	-	16,348,550
	2,833,604	1,316,202	7,048,126	21,918,125
Interest income and other	63,836	18,535	203,241	115,254
Loss and comprehensive loss for the period	$ (2,769,768)	$ (1,297,667)	$ (6,844,885)	$ (21,802,871)
Loss per share - basic and diluted	$ (0.02)	$ (0.01)	$ (0.06)	$ (0.24)

Results of Operations for the Three Months Ended December 31, 2014, compared to the Three Months Ended December 31, 2013

Salaries and related benefit expense for the three months ended December 31, 2014 of $1,221,403, increased compared to the same period in 2013 of $667,273, primarily due to performance based compensation being granted in in Q4 of 2014 compared to none being granted in Q4 of 2013.

Professional fees and consulting expense for the three months ended December 31, 2014 of $528,002, increased compared to the same period in 2013 of $152,448, primarily due to increased legal and consulting services related to the listing on the AIM market of the London Stock Exchange.

Share-based payments expense for the three months ended December 31, 2014 of $243,476 increased compared to the same period in 2013 of $145,358, primarily due to increased amortization cost as a result of share options granted in the second quarter of 2014.

Investor relations and general travel expense for the three months ended December 31, 2014 of $247,207 have increased when compared to the same period in 2013 of $131,562 mainly due to increased investor relation activities related to the listing on the AIM market of the London Stock Exchange.

Office, regulatory and general expense for the three months ended December 31, 2014 of $485,043, increased compared to the same period in 2013 of $163,155, primarily due to additional listing fees for the AIM market of the London Stock Exchange.

Foreign exchange loss for the three months ended December 31, 2014 was $68,271 compared to foreign exchange gain of $1,599 for the same period in 2013, primarily as a result of the Company holding approximately $7 million (Canadian equivalent) in pound sterling and the weakening of the pound sterling against the Canadian dollar in the fourth quarter of 2014.

Interest income and other for the three months ended December 31, 2014 of $63,836, increased compared to the same period in 2013 of $18,535, due to higher average cash balances in the fourth quarter of 2014.

Results of Operations for the Year Ended December 31, 2014, compared to the Year Ended December 31, 2013

Salaries and related benefit expense for the year ended December 31, 2014 of $3,176,139, increased compared to the same period in 2013 of $2,554,909, primarily due to performance based compensation being granted in 2014 compared to none being granted in 2013.

Professional fees and consulting expense for the year ended December 31, 2014 of $978,443, increased compared to the same period in 2013 of $452,901, primarily due to increased legal and consulting services related to the listing on the AIM market of the London Stock Exchange.

Share-based payments expense for the year ended December 31, 2014 of $1,103,903, increased compared to the same period in 2013 of $880,439, primarily due to a higher number of share options granted for the year ended December 31, 2014, which was amortized in the period.

Investor relations and general travel expense for the year ended December 31, 2014 have not changed significantly when compared to the same period in 2013.

Office, regulatory and general expense for the year ended December 31, 2014 of $1,023,751, increased compared to the same period in 2013 of $656,031, primarily due to additional listing fees for the AIM market of the London Stock Exchange and higher regulatory expenses related to the financings completed in February and July 2014.

Foreign exchange gain for the year ended December 31, 2014 was $180,348 compared to foreign exchange loss of $74,426 for the same period in 2013, primarily as a result of the Company holding approximately $11 million (Canadian equivalent) in pound sterling in September 2014 and the strengthening of the pound sterling against the Canadian dollar in September 2014.

Interest income and other for the year ended December 31, 2014 of $203,241, increased compared to the same period in 2013 of $115,254, due to higher average cash balances in 2014.

Summary of Quarterly Results

The following table sets forth selected consolidated financial information for each of the Company's eight most recently completed quarters:

	Three months ended			
	Dec. 31, 2014	**Sep. 30, 2014**	**Jun. 30, 2014**	**Mar. 31, 2014**
Interest income and other	$ 63,836	$ 76,076	$ 36,884	$ 26,445
Net loss	(2,769,768)	(1,181,135)	(1,699,124)	(1,194,858)
Net loss per common share (basic and diluted)	(0.02)	(0.01)	(0.02)	(0.01)
Cash and cash equivalents	29,776,872	37,015,533	14,711,884	17,242,922
Other current assets	3,210,337	1,510,998	746,171	731,945
Restoration deposit	1,120,870	-	-	-
Equipment	408,069	488,750	560,595	572,622
Exploration and evaluation assets	49,085,740	44,466,996	42,931,726	41,596,306
Total Assets	83,601,888	$ 83,482,277	$ 58,950,376	$ 60,143,795
Total shareholders' equity	$ 80,270,103	$ 82,785,046	$ 58,194,485	$ 59,417,346

	Three months ended			
	Dec. 31, 2013	**Sep. 30, 2013**	**Jun. 30, 2013**	**Mar. 31 2013**
Interest income and other	$ 18,535	$ 24,330	$ 31,706	$ 40,683
Net loss	(1,297,667)	(17,648,926)	(1,371,055)	(1,485,223)
Net loss per common share (basic and diluted)	(0.01)	(0.20)	(0.02)	(0.02)
Cash and cash equivalents	6,855,035	9,443,514	12,636,961	16,473,997
Other current assets	680,627	748,669	1,266,560	1,336,024
Restoration deposit	-	-	-	-
Equipment	671,978	789,972	835,287	949,836
Exploration and evaluation assets	40,349,082	38,812,398	53,669,477	51,195,688
Total Assets	$ 48,556,722	$ 49,794,553	$ 68,408,285	$ 69,955,545
Total shareholders' equity	$ 47,843,645	$ 48,990,834	$ 66,441,878	$ 67,593,190

As a company with no revenues and focused on advancing mineral properties, fluctuations in quarterly results are mainly due to cycles of spending on properties and financing future activities. During 2014, cash balances were bolstered in Q1 and Q3 through financings and were reduced quarterly depending on exploration and evaluation activities. The larger net loss in Q3 2013 relates to a write-down taken on properties in Norway that the Company decided not to advance further; that decision is also reflected in a corresponding decrease in exploration and evaluation assets in that quarter. Other than in Q3 2013, quarters with higher net losses typically involved a higher level of corporate activity, usually related to marketing or financing the Company, or higher share-based payments.

FINANCIAL CONDITION, CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

The adequacy of the Company's capital structure is monitored on an ongoing basis and adjusted as necessary 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, adjusting spending, or disposing of assets.

The Company is dependent on issuing equity or other forms of financing to complete programs associated with its exploration and evaluation properties. Dalradian is not in commercial production on any of its resource properties and accordingly, it does not generate cash from operations. Dalradian's only source of income has been interest earned from funds on deposit.

Dalradian's cash and cash equivalents as at December 31, 2014 was $29.8 million, compared to $6.9 million as at December 31, 2013.

During 2014, the Company closed three financings for total proceeds of $41,250,750: a bought deal prospectus offering in February for gross proceeds of $13,886,250 (the "February 2014 Financing") and a bought deal prospectus offering and a non-brokered private placement, (collectively, the "July 2014 Financings"), for total gross proceeds of $27,364,500.

The February 2014 Financing consisted of 19,837,500 units of the Company at a price of $0.70 per unit, which included the exercise in full of the over-allotment option, for gross proceeds of $13,886,250. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant was exercisable into one common share of the Company at an exercise price of $0.90 until February 19, 2015.

The July 2014 bought deal prospectus financing consisted of 19,205,000 units of the Company (including the exercise of the over-allotment option in full), at a price of $0.90 per unit, for gross proceeds of $17,284,500. Concurrent with the closing of the bought deal prospectus financing, the Company also completed a non-brokered private placement of 11,200,000 units (on the same terms as the units issued in the bought deal prospectus financing), for aggregate gross proceeds of $10,080,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.50 until July 31, 2017.

Subsequent to the end of 2014, the Company received gross proceeds of approximately $19.9 million through: (a) a private placement financing with Ross Beaty for gross proceeds of $11,300,400 (the "February 2015 Financing"); and (b) the exercise of 9,581,650 warrants for gross proceeds of $8.6 million (97% of the total warrants issued in the February 2014 Financing). The February 2015 Financing consisted of 12,556,000 units at a price of $0.90 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share of the Company at any time up to February 9, 2017 at an exercise price of $1.15.

Liquidity

The Company primarily finances its activities by raising capital through the issuance of equity. The Company's ability to fund currently planned exploration, evaluation and development planning activities, acquire additional mineral properties, meet its existing obligations and maintain operations is conditional on its ability to secure financing when required. Global commodity markets and, in particular, the price of gold, remain volatile and uncertain, which could lead to difficulties in raising funds.

While the Company has no source of revenue, management believes it has sufficient cash resources to meet its obligations and fund the planned expenditures and administrative costs for at least the next twelve months. In order to meet planned expenditures and cover administrative costs beyond that point, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, as evidenced by the three financings in 2014 and February 2015 Financing, there can be no assurance that adequate financing will be available in the future, or available under terms favourable to the Company.

Dalradian's net working capital position at December 31, 2014 was approximately $30.0 million. The majority of accounts payable and accrued liabilities relate to trade payables incurred in the normal course of operations.

During 2014, the Company closed three financings for total proceeds of approximately $41.3 million (see details in – "Capital Resources" above). Subsequent to the end of 2014, the Company raised an additional $19.9 million through the February 2015 Financing and exercise of warrants.

The net proceeds of the Company's 2014 financings have been and, other than described below, will be used substantially as set out in the Company's short form prospectuses dated February 12, 2014 and July 24, 2014, which are available on SEDAR at www.sedar.com.

Approximately $23 million of the net proceeds from the Company's 2014 financings will be applied to the Underground Program at the Curraghinalt gold project, $13 million of which will extend the exploration tunnel by approximately 1,100 metres in order to access, define, sample and test the mineralized material from the Curraghinalt deposit. According to ongoing results of exploration and development planning, additional underground drill bays as required, currently estimated at 11, will be added to the development to support the underground drilling program.

The Underground Program is designed to: (i) demonstrate continuity of thickness and grade of the mineralized veins; (ii) increase confidence in the existing mineral resources; (iii) assess underground geotechnical and hydro-geological conditions; and (iv) produce samples for offsite metallurgical testing. The Underground Program is expected to cost approximately $23 million and is expected to be completed by the end of 2015. Following the completion of the 2014 financings and the February 2015 Financing, along with cash on hand, the Company believes that it has sufficient funds to complete the Underground Program.

Approximately $3 million of the net proceeds of the July 2014 Financings was expected to be applied to a surface exploration program (the "Surface Program"), including up to 5,000 metres of infill diamond drilling. Based on the requirements of the PFS for additional drill data, these funds have been reallocated to a drill program of approximately 20,000 metres, with approximately 15,000 metres to be drilled from underground and 5,000 metres from surface. The total cost of this drill program, which is in addition to the planned exploration and estimated costs of the Underground Program described above, is estimated at $6 million. Any costs related to such underground drilling in excess of the approximate $3 million allocated from the net proceeds of the July 2014 Financings are expected to be paid from the Company's cash on hand.

Approximately $2 million of the net proceeds of the July 2014 Financings will be applied to mine planning and permitting, with $6.4 million of the net proceeds of the Company's 2014 financings being allocated to general working capital.

Contractual Obligations

Dalradian may be subject to various contingent liabilities that occur in the normal course of operations.

DGL entered into an agreement dated August 18, 2014 with a Northern Ireland based company, FP McCann, for the surface works portion of the Underground Program. This agreement is for the completion of the surface civil engineering, including the building and commissioning of the temporary waste water treatment plant. As of December 31, 2014, included in prepaid expenses and advance payments are advance payments to FP McCann totaling $2,044,845 (£1,133,353), approximately $1.5 million of which is held in an escrow account with a legal firm, which will be applied to future invoices. Funds held in the escrow account will be released upon joint release instructions from both the Company and FP McCann.

DGL has entered into an agreement dated September 25, 2014 for the underground portion of the Underground Program with an Irish mining services firm, QME Limited. The estimated total value of the contract is approximately £4.1 million ($7.5 million). On October 16, 2014, the Company deposited £325,300 ($584,000) with QME Limited which will be applied to future invoices. As at December 31, 2014, the deposit balance is at £22,500 ($40,550). This agreement is for the preparation of the existing 700 metre adit, additional development of the adit by approximately 1,100 metres, construction of underground drill bays, testing of appropriate mining techniques, and removal of samples for metallurgical and other testing.

DGL has entered into an agreement dated October 17, 2014 with SRK Consulting (Canada) Inc. for technical engineering services and compilation of a PFS technical report on the Curraghinalt Gold Project in Northern Ireland. The estimated total value of the contract is approximately $1.6 million. On October 30, 2014, the Company deposited $300,000 with SRK Consulting (Canada) Inc. which will be applied to the final invoice. The balance of the deposit remains unchanged at December 31, 2014.

DGL has entered into an agreement dated October 20, 2014 with SRK Consulting (UK) Limited for an environmental and social impact assessment on Curraghinalt Gold Project. The total estimated value of the contract is approximately £0.5 million ($0.8 million). A deposit is not required under the terms of the contract.

With the start of the surface works phase of the Underground Program in 2014, the Company was required to place $1,120,870 (£620,000) in a reserve account as security for restoration to be performed in accordance with CEC requirements. The funds will remain in the reserve account until restoration associated with the Underground Program has been satisfactory completed. The Company's policy on providing for decommissioning and restoration obligations is described in note 2 of the Consolidated Financial Statements. The Company estimates future decommissioning and restoration costs based on the level of current exploration and evaluation activity and estimates of costs required to fulfil the Company's future obligation. As of December 31, 2014, provision for decommissioning and restoration is estimated to be $380,937 (£210,800).

The Company entered into an agreement with another Canadian mineral exploration company to share office space in Toronto. The agreement commenced on September 1, 2010 and expires on August 31, 2015. Under this agreement, the Company is responsible for 50% of the rent and 50% of the operating costs of the leasehold interests. Payments are included in the commitment table below.

On September 10, 2012, DGL entered into an operating lease for office and warehouse units in Omagh, Northern Ireland. The lease expires on September 30, 2016 and the payments are included in the commitment table below.

On September 8, 2014, the Company entered into a lease agreement for a storage facility in Londonderry, Northern Ireland for a period of 24 months from the completion of the storage facility. The lease expires on December 31, 2016 and the payments are included in the commitment table below.

At December 31, 2014, Dalradian had the following commitments for operating leases for the next five fiscal years:

2015	$	338,029
2016		169,090
2017		18,649
2018		18,649
2019		18,649
	$	563,066

Off-balance Sheet Arrangements

Dalradian does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value

Cash and cash equivalents and restoration deposits are measured at fair value using level 1 inputs per the fair value hierarchy.

The carrying values of amounts receivable and accounts payable and accrued liabilities reflected in the consolidated balance sheet approximate fair value because of the short-term maturity of these financial instruments.

(b) Commodity price risk

Dalradian's ability to develop its properties and its future profitability are directly related to the market price of gold. The price of gold is affected by numerous factors, such as global consumption and demand for gold, international economic and political trends, fluctuations in value of the U.S. dollar and other currencies, interest rates and inflation.

(c) Liquidity risk

Liquidity risk includes the risk that, as a result of Dalradian's operational liquidity requirements:

(i) Dalradian will not have sufficient funds to settle a transaction on the due date;

(ii) Dalradian will be forced to sell financial assets at a value that is less than what they are worth; or

(iii) Dalradian may be unable to settle liabilities or recover a financial asset at all.

The ultimate responsibility for liquidity risk rests with the Board of Directors of the Company, which has built an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity requirements. The Company's cash requirements and balances are projected based on estimated future requirements. The Company plans to meet these requirements through a mix of available funds and future financings, including, but not necessarily limited to, equity financing, sale of or mining of assets, and project debt financing. Continuing operations are dependent on the Company's ability in the near term to access sufficient capital to complete the Company's exploration and development activities, identify commercial gold reserves and to ultimately have profitable operations. Accounts payable and accrued liabilities at December 31, 2014 all have contractual maturities of less than 90 days and are subject to normal trade terms. The Company had sufficient funds on hand at December 31, 2014 to settle these liabilities.

(d) Credit risk

When a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the consolidated balance sheet date, credit risk arises. The majority of the Company's financial assets are cash and cash equivalents, restoration deposit and amounts receivable. Management considers the credit risk on cash and cash equivalents to be limited because the counterparties are established well-known financial institutions. During the period ended December 31, 2014, no amounts receivable were past due. Consequently no allowances or bad debts were required on the amounts receivable. The maximum exposure to credit risk is represented by the carrying amount of the cash and cash equivalents, restoration deposit and amounts receivable on the consolidated balance sheet.

(e) Foreign currency risk

A variation in the exchange rates between the Canadian dollar and foreign currencies could affect the Company's operating and financial results. The Company is exposed to foreign currency risk as the Company holds cash in foreign currencies and has other financial assets and liabilities that are denominated in foreign currencies. The Company's management monitors the exchange rate fluctuations on a regular basis and does not use currency derivative instruments to manage its exposure to foreign currency fluctuations.

At December 31, 2014, the carrying amounts of Dalradian's foreign currency-denominated net financial assets are approximately as follows:

	Net financial assets (liabilities)	Effect of 10% change in exchange rate on loss
U.S. dollar	$ (1,247)	$ (125)
Euro	(20,085)	(2,009)
Pound sterling	6,256,030	625,603
	$ 6,234,698	$ 623,469

OUTSTANDING SHARE DATA

The following table summarizes the capitalization of the Company as at December 31, 2014:

	Exercise Price	Number of Common Shares
Common shares		140,050,483
Warrants		
Expiring February 19, 2015	$ 0.90	9,918,750
Expiring August 19, 2015	0.70	1,190,250
Expiring January 1, 2016	2.17	30,000
Expiring July 31, 2016	0.90	1,824,300
Expiring January 1, 2017	1.81	40,000
Expiring July 31, 2017	1.50	15,202,499
Expiring January 1, 2018	1.50	50,000
Total warrants		28,255,799
Options		
Expiring February 12, 2015	$ 1.28	180,000
Expiring August 10, 2015	0.25	610,000
Expiring August 10, 2015	0.75	2,095,000
Expiring May 27, 2016	1.60	250,000
Expiring November 2, 2016	2.20	70,000
Expiring April 11, 2017	1.23	120,000
Expiring April 23, 2017	1.10	50,000
Expiring May 14, 2017	0.97	50,000
Expiring August 7, 2017	1.11	700,000
Expiring September 11, 2017	1.02	500,000
Expiring February 11, 2018	1.30	35,000
Expiring May 8, 2018	0.71	225,000
Expiring July 9, 2018	0.71	500,000
Expiring February 14, 2019	0.85	300,000
Expiring June 25, 2019	0.98	1,900,000
Expiring September 25, 2019	0.71	140,000
Expiring December 10, 2019	0.67	90,000
Total options		7,815,000
Restricted Share Units ("RSUs")	$ -	995,000
Total fully diluted		177,116,282

As at March 24, 2015, the Company has 162,959,110 common shares (the "Common Shares"), 23,844,072 warrants, 8,385,000 share options, and 995,000 RSUs issued and outstanding. This amounts to 196,183,182 common shares outstanding on a fully-diluted basis.

FINANCIAL STATEMENTS – CRITICAL ACCOUNTING ESTIMATES

The Consolidated Financial Statements of the Company are prepared in accordance with IFRS. The significant accounting policies of the Company are described in note 2 of the Company's Consolidated Financial Statements for the year ended December 31, 2014.

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the related reported expenses during the year. The most significant estimates and judgments are related to:

(i) Recoverability of exploration and evaluation assets and related equipment;

(ii) Fair value of share-based payments and warrants;

(iii) Measurement of deferred income tax assets and liabilities, and

(iv) Measurement of the provision for decommissioning and restoration.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

RECENT ACCOUNTING PRONOUNCEMENTS AND ADOPTION OF NEW AND AMENDED IFRS STANDARDS

(a) Adoption of new and amended IFRS standard

The Company has adopted the new IFRS standard described below as at January 1, 2014.

IFRIC 21 *Levies*

In May 2013, the IASB issued IFRIC 21, *Levies*. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The IFRIC provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executory contracts or other contractual arrangements.

The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

The Company adopted IFRIC 21 in its Consolidated Financial Statements on January 1, 2014. The adoption of IFRIC 21 had no material impact on the Consolidated Financial Statements for the current period.

(b) New accounting pronouncement

The following new IFRS standard is issued but not yet effective for the Company:

IFRS 9 *Financial Instruments*

On July 24, 2014 the IASB issued the completed IFRS 9, *Financial Instruments*, (IFRS 9 (2014)). In November 2009 the IASB issued the first version of IFRS 9, *Financial Instruments*, (IFRS 9 (2009)) and subsequently issued various amendments in October 2010 (IFRS 9 (2010)) and November 2013 (IFRS 9 (2013)).

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment, and new general hedge accounting requirements. IFRS 9 is to come into effect on January 1, 2018 with early adoption permitted.

The Company does not intend to adopt IFRS 9 (2009), IFRS 9 (2010), IFRS 9 (2013) or IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2015 and the extent of the impact of adoption that these standards would have had, if any, has not yet been determined.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2014. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as at the end of the period covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods. There have been no material changes to the Company's disclosure controls and procedures and their design remains effective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent or detect all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE

Dalradian is a mineral development and exploration entity, whose activities include the selection, acquisition, exploration, evaluation and development of mineral properties. Its current focus is to develop the Curraghinalt gold deposit. The future performance of Dalradian is largely tied to the development of its property interests and other prospective business opportunities and the overall financial markets. Financial markets for mineral companies are currently volatile, reflecting ongoing concerns about the stability of commodity prices. The Company's financial success will be dependent upon the extent to which it can achieve milestones in determining the economic viability of the deposits in its portfolio or of any new discoveries that it may make. The development of such assets may take years to complete and the resulting revenue, if any, is difficult to determine with any certainty. To date, Dalradian has not produced any revenue. The sales value of any minerals discovered by Dalradian is largely dependent upon factors beyond its control, such as the market value of the commodities produced. There are significant uncertainties regarding the prices of precious metals and the availability of equity financing for the purposes of exploration and development. Global commodity markets remain volatile and uncertain which has contributed to difficulties in raising equity and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of Dalradian to develop and/or further explore its current mineral exploration properties and any other property interests that may be acquired in the future.

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to Dalradian's business and that may have a material adverse effect on Dalradian's business, financial condition and results of operations, or the trading price of the Company's Common Shares.

Limited Operating History

Dalradian has a very limited history of operations, and is in the early stage of development. As such, Dalradian is subject to many risks common to such enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. Dalradian has no history of earnings or revenues.

Negative Operating Cash Flow

Dalradian has limited financial resources, has earned nominal interest income since commencing operations and has no source of operating cash flow. During the fiscal years ended December 31, 2013 and December 31, 2014, Dalradian had negative cash flow from operating activities. Dalradian's cash and cash equivalents as at December 31, 2013 was approximately $6.9 million, and as at December 31, 2014 was approximately $29.8 million. From December 31, 2013 to December 31, 2014, Dalradian has had an average monthly cash expenditure rate of approximately $1.2 million per month, and expects such rate to increase in immediate future periods as it continues to progress the exploration and evaluation activities at Curraghinalt. Dalradian anticipates it will continue to have negative cash flow from operating activities in future periods until commercial production is achieved at its mineral resource properties. There is no assurance that additional funding will be available to the Company for exploration and development. Furthermore, additional financing, whether through the issuance of securities or debt, will be required to continue the development of Dalradian's properties even if Dalradian's exploration programs are successful. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of Dalradian's properties.

Uncertainty of Additional Funding

The Company's activities do have scope for flexibility in terms of the amount and timing of expenditures, and expenditures may be adjusted accordingly. Further operations will require additional capital and will depend on the Company's ability to obtain financing through debt, equity, or other means. The Company believes that it has sufficient funds to complete the Underground Program however there may be factors that result in the Company's need to raise additional funds. The Company's ability to meet its obligations and maintain operations is contingent upon successful completion of additional financing arrangements. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining the required financing in the future or that such financing will be available on terms acceptable to the Company. In addition, any future financing may also be dilutive to existing shareholders of the Company.

Uncertainty of Acquiring or Extending Necessary Licences, Permits, and Access Rights in Northern Ireland

Although Dalradian currently holds, or has applied for, the necessary licences and permits it requires in order to carry out its presently planned course of exploration, evaluation and development, Dalradian has no assurance that it will receive or be able to extend any permits, including environmental, drilling and surface rights permits that may be required in the future to carry out further exploration, evaluation, development and production activities on its properties, or obtain them in a timely manner. The failure to obtain, extend or renew such permits could adversely affect Dalradian's operations and consequently the value of the securities of the Company. The grant of DETI and CEC base and precious metal mineral exploration rights in Northern Ireland does not automatically confer upon the licencee rights of access to the licenced areas and Dalradian is required to secure access agreements with the relevant landowners. While Dalradian considers that it currently has sufficient agreements in place to access Curraghinalt, further access agreements will need to be entered into with additional landowners for Dalradian to carry out further proposed work programs in the relevant areas extending beyond Curraghinalt. There is no assurance that Dalradian will be able to obtain the cooperation of other landowners or successfully negotiate access agreements on terms that are favourable to Dalradian. In the event that future access agreements cannot be secured as necessary in a timely manner or at all, Dalradian's ability to pursue further exploration, evaluation and development work in accordance with its intended work program at Curraghinalt may be adversely affected.

Risks and Hazards Inherent in the Mining Industry

Dalradian's operations are and will continue to be subject to all of the hazards and risks normally incidental to exploring, evaluating, developing and exploiting natural resources. Some of these risks include, but are not limited to, environmental hazards, industrial accidents, labour disputes, unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, unanticipated ground or water conditions, cave-ins, flooding, rock bursts, periodic interruptions due to bad or hazardous weather conditions and other acts of nature, and unfavourable operating conditions. There are also physical risks to the personnel working in the terrain of Northern Ireland, often in varying climate conditions. Should any of these risks and hazards adversely affect Dalradian's operations or activities, it may cause an increase in the cost of operations to the point where it is no longer economically feasible to continue, it may require Dalradian to write down the carrying value of one or more mines or a property, it may cause delays or a stoppage in mineral exploration or development, it may result in damage to or destruction of mineral properties, and may result in personal injury or death or legal liability, all of which may have a material adverse effect on Dalradian's financial condition, results of operation, and future cash flows and could have an adverse effect on the value of the securities of the Company.

Undemonstrated Economic Feasibility of Curraghinalt

The PEA is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The mineral resource estimate upon which the PEA is based is an early stage estimate that does not have sufficient certainty to constitute a prefeasibility study or a feasibility study. Dalradian has not completed pre-feasibility or feasibility level work and analysis that would allow it to declare proven or probable mineral reserves at Curraghinalt, and no assurance can be given that it will ever be in a position to declare a proven or probable mineral reserve at Curraghinalt. In particular, the PEA contains estimated capital costs and operating costs which are based upon anticipated tonnage and grades of metal to be mined and processed, the expected recovery rates and other factors, none of which has been completed to date to a pre-feasibility study or a feasibility study level. Whether Dalradian completes a feasibility study on Curraghinalt, and thereby delineates proven or probable mineral reserves, depends on a number of factors, including: (i) the particular attributes of the deposit (including its size, grade, geological formation and proximity to infrastructure); (ii) metal prices, which are highly cyclical; (iii) government regulations (including regulations relating to taxes, royalties, land tenure, land use and permitting); and (iv) environmental protection considerations. Dalradian cannot determine at this time whether any of its estimates will ultimately be correct or that Curraghinalt will prove to be economically viable. Therefore, it is possible that mineral reserves will never be identified at Curraghinalt, which would inhibit Dalradian's ability to develop Curraghinalt into a commercial mining operation, and, in turn, would have a material adverse effect on its results of operations and financial condition. Dalradian initiated the PFS in September 2014.

Uncertainty of Mineral Resource Estimates

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves and the future cash flows that might be derived from their production. Accordingly, the figures for mineral resources contained in the Company's public record are estimates only. The estimation of mineralization is a subjective process and the accuracy of estimates is a function of quantity and quality of available data, the accuracy of statistical computations, and the assumptions and judgments made in interpreting engineering and geological information. In respect of mineral resource estimates, no assurance can be given that the anticipated tonnage and grades will be achieved, that the indicated level of recovery will be realized or that mineral resources will be upgraded to mineral reserve categories or mined or processed profitably. In addition, in respect of future cash flows, actual cash flows may differ materially from estimates. Estimates of mineral resources, and future cash flows to be derived from the production of such mineral resources necessarily depend upon a number of variable factors and assumptions, including, among others, geological and mining conditions that may not be fully identified by available exploration data or that may differ from experience in current operations, historical production from the area compared with production from other producing areas, the assumed effects of regulation by governmental agencies and assumptions concerning metal prices, exchange rates, interest rates, inflation, operating costs, development and maintenance costs, reclamation costs and the availability and cost of labour, equipment, raw materials and other services required to mine and refine the ore. Estimates may have to be recalculated based on changes in mineral prices or further exploration or development activity. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence estimates. Market price fluctuations for minerals, increased production costs or reduced recovery rates, or other factors can adversely affect the economic viability of a project. There can be no assurance that mineral recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. For these reasons, estimates of the Company's mineral resources in the Company's public record, including classifications thereof based on probability of recovery, and any estimates of future cash flows expected from the production of those mineral resources may vary substantially. The actual volume and grade of mineral resources mined and processed and the actual cash flows derived from that production, may not be as currently anticipated in such estimates. If the Company's actual mineral resources or cash flows are less than its estimates, the Company's results of operations and financial condition may be materially impaired and therefore adversely affect the value of the securities of the Company.

Uncertainty of Inferred Mineral Resources

Inferred mineral resources do not have demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. The estimates of mineral resources contained in the Company's public record contain estimates of inferred mineral resources. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that the estimated tonnage and grades as stated will be achieved or that they will be upgraded to measured and indicated mineral resources or proven and probable mineral reserves as a result of continued exploration.

Risks Relating to Government Regulation

Dalradian's mining operations and properties are subject to various laws and regulations, including those of the European Union and the UK, governing mineral concession acquisition, mine development and prospecting, mining, production, occupational health and safety, labour standards, employment, waste disposal, toxic substances, land use, environmental protection, use of water, exports, taxes and other matters. It is possible that Dalradian may not be able to comply with existing and future laws and regulations. In addition, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes to the terms of Dalradian's permits and agreements, which could have a material adverse impact on the Company's current operations and future development projects. Dalradian may experience increased costs and delays in production as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there is no assurance that Dalradian will be able to obtain all required permits on reasonable terms or on a timely basis. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions thereunder including the loss of Dalradian's mining licences, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, fines, penalties or other liabilities. Dalradian may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

Risks Associated with Northern Ireland Operations

Dalradian's material property is located in Northern Ireland and accordingly, Dalradian is subject to risks normally associated with the exploration and development of mineral properties in Northern Ireland. Dalradian's operations may be affected in varying degrees by political change and changes in government regulations relating to foreign investment and the mining industry. Operations may also be affected in varying degrees by possible political and labour unrest, fluctuations in currency exchange rates and high inflation. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and environmental legislation and safety. Any such changes (including new or modified taxes or other governmental levies and new legislation) could have a material adverse effect on Dalradian's results of operations and financial condition. Dalradian cannot predict the government's position on foreign investment, mining concessions, land tenure, environmental regulation or taxation. A change in government positions on these issues could adversely affect Dalradian's business and/or its holdings, assets and operations. Any changes in regulations or shifts in political conditions are beyond Dalradian's control and there is no assurance that current and future mineral operations will not be adversely affected by political, social or economic changes.

Planning and Environmental Risks and Liabilities

Dalradian's current and future operations in Northern Ireland, including exploration, evaluation, development, extraction and production activities, are subject to environmental regulations promulgated by the Northern Ireland government and other agencies from time to time. Dalradian is subject to potential risks and unanticipated liabilities associated with its activities, including negative impacts to the environment from operations, waste management and site discharges. Previous operations may have caused environmental damage at certain of Dalradian's properties. It may be difficult or impossible to assess the extent to which such damage was caused by Dalradian or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective and Dalradian may be responsible for the costs of reclamation. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Dalradian is subject to several key environmental legal requirements in Northern Ireland relating to, among other things, hazardous substances, restoration obligations, discharge of waste water and other effluents from operations, waste management, transportation and storage, and there is no assurance that Dalradian will not fail in complying with such requirements, whether inadvertently or not. Although Dalradian monitors closely changes in local legislation and works closely and transparently with local government agencies responsible for permitting its activities, there is no assurance that future changes in environmental regulation, if any, will not adversely affect operations at Dalradian's Northern Ireland Properties. Environmental hazards may exist on the relevant properties that are unknown to Dalradian at present.

To the extent that Dalradian is subject to environmental liabilities, the payment of any liabilities or the costs that may be incurred to remedy environmental impacts would reduce funds otherwise available for operations. If Dalradian is unable to remedy an environmental problem fully, it may be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential financial exposure may be significant. Where Dalradian has a reclamation bond in place, actual reclamation costs may exceed the amount of the bond. Dalradian does not currently carry insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production). In relation to planning permission issues, future work programs in Northern Ireland may constitute development, which would require planning permission and compliance with Part 16 of the Planning (General Development) Order (Northern Ireland) 1993 and may also be subject to the Planning (Environmental Impact Assessment) Regulations (Northern Ireland) 1999. Depending on the scale of the development, any such applications could result in a public inquiry and the obtaining of the required consent could take a significant period of time. There is no assurance that Dalradian will be able to obtain such consent in a timely manner or at all. There are a number of possible constraints to mine development, and Dalradian will need to carry out detailed assessments of all proposed activities to ensure that mineral development is carried out in accordance with applicable Northern Ireland planning laws and environmental regulations. The progression of mineral development will therefore require close scrutiny of all relevant sites and designations of those sites and close co-operation with the relevant planning and environmental authorities. In addition to the costs entailed, the timeframe for securing the permits and consents could be subject to significant delays depending on the approach taken by the planning authorities. There is no guarantee that all necessary permits and consents will be obtained.

The Use and Carriage of Explosives

Dalradian acquires explosives for the Underground Program from a third party. Any explosives transported in Northern Ireland or used within the jurisdiction must be approved by the Police Service of Northern Ireland ("PSNI") as per the Justice and Security Act 2007 and deliveries of explosives must be escorted by the PSNI. Dalradian has received a draft of the temporary on-site explosives storage licence required for the Underground Program and expects to receive its final licence following construction and inspection of its temporary explosives magazine. Any licence that is granted is subject to the approval and sole discretion of the Department of Justice. There is no assurance that Dalradian will receive any such approval. In order to conduct blasts Dalradian is required to have a shot firer who is licensed by the Northern Ireland Office. Dalradian currently employs a licensed shot firer who could be replaced by a licenced consultant, if required. To date, Dalradian has completed four blasts in order to prepare the existing adit for further development.

Title Risks

The acquisition of title to resource properties or interests is a very detailed and time-consuming process. Title to the areas covered by the mineral prospecting licences comprising the Northern Ireland Properties may be disputed. If litigation occurs it could delay the development of Dalradian's operations. Title may be based upon interpretation of a country's laws, which may be ambiguous, inconsistently applied and subject to reinterpretation or change. While Dalradian has diligently investigated its title to, and rights over and interests in and relating to, Curraghinalt, there is no guarantee of title to any of Dalradian's properties, which may be subject to prior unregistered liens, agreements, transfers or claims, and rights may be affected by, among other things, undetected defects in title.

Fluctuations in Gold and Other Commodity Prices Could Adversely Affect Operations

Dalradian's future profitability and long-term viability will depend, in large part, on the global market price of gold and other commodities that are produced and the marketability of such minerals extracted from Curraghinalt. The market price of gold and other minerals is set in the world market and is affected by numerous factors beyond Dalradian's control, including the demand for precious metals, inflation, currency exchange fluctuations, interest rates, speculative activities, international political and economic trends, gold production levels, inventories, demand for jewellery and industrial products containing metals, costs of substitutes, production costs, increased production due to new and improved extraction and production methods, sales by central banks and other holders, global and regional consumption patterns, demand and supply. The aggregate effect of these factors on resource prices is impossible for Dalradian to predict.

Dalradian does not currently have a hedging policy and has no present intention to establish one. Accordingly, the Company has no protection from declines in commodity prices. In addition, Dalradian may not have the ability to purchase hedging instruments in the future. Hedging instruments may also not protect Dalradian adequately from fluctuations in the market price of gold and other minerals.

Insurance Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing and processing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. Where required or considered practical to do so, Dalradian maintains insurance against risks in the operation of its business and in amounts believed to be consistent with industry practice. Such insurance contains exclusions and limitations on coverage. The Company currently maintains directors' and officers' liability insurance. Dalradian's insurance policies may not provide coverage for all losses related to Dalradian's business and the payment of any such liabilities not covered by such insurance policies would reduce the funds available to Dalradian and could have a material and adverse effect on Dalradian's profitability, results of operation and financial condition. Furthermore, there can be no assurance that such insurance will continue to be available, or that it will be available on terms and conditions acceptable to Dalradian. Dalradian currently carries limited insurance for environmental risks which may not cover all potential liabilities for pollution or other hazards. Further, insurance coverage provided by contractors to Dalradian may not be sufficient to cover all potential losses suffered in connection with the services provided by such contractors.

Dependence on Management and Outside Advisors

The success of Dalradian's operations and activities is dependent to a significant extent on the efforts and abilities of its management team, as well as outside contractors, experts and other advisors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors, experts and other advisors hired by Dalradian. Dalradian does not have in place a formal program for succession of management or training of management. The loss of one or more members of senior management, key employees or contractors, if not replaced, could materially adversely affect Dalradian's operations and financial performance.

Currency Fluctuations

Dalradian's activities in Northern Ireland will render it subject to foreign currency fluctuations. The effects of the foreign exchange rate on operating costs and on cash flows, and the escalation of the pound sterling relative to the Canadian dollar may be significant. Dalradian does not currently have any intention to enter into hedging contracts in connection with foreign currencies. The appreciation of the pound sterling against the Canadian dollar would, in Canadian dollar terms, increase the costs of exploration, evaluation and development of Dalradian's properties, increase the future operating costs, and increase future taxes and royalties paid to the government of Northern Ireland. These increased costs could materially and adversely affect Dalradian's profitability, results of operations and financial condition. Since Dalradian's financial results are reported in Canadian dollars, its financial position and results will be impacted by exchange fluctuations between the pound sterling and the Canadian dollar.

Competition in the Mining Industry

Dalradian competes with other mineral exploration and mining companies for the acquisition of mineral claims, permits, concessions and other mineral interests as well as for the recruitment and retention of qualified employees. As a result of this competition, much of which is with large established mining companies with substantially greater financial and technical resources, Dalradian may be unable to acquire additional attractive mining concessions or financing on terms it considers acceptable. Increased competition could result in increased costs and reduced profitability. Consequently, Dalradian's operations and financial condition could be materially adversely affected.

Inability to Enforce Legal Rights in Certain Circumstances

The Company is organized under the laws of Ontario; however, its operating subsidiary is organized under the laws of Northern Ireland. In the event a dispute arises in Northern Ireland, or in another foreign jurisdiction, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, given that a substantial portion of Dalradian's assets are located outside of Canada, investors may have difficulty collecting from Dalradian or enforcing any judgments obtained in the Canadian courts and predicated on the civil liability provisions of Canadian securities legislation or other laws of Canada, against foreign persons or Dalradian.

Conflicts of Interest

Certain directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and exploitation. To the extent that such other companies may participate in ventures in which Dalradian may participate, there exists the possibility for such directors and officers to be or come into a position of conflict. In accordance with the laws of Canada, directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In addition, such directors will declare and abstain from voting on any matter in which such directors may have a conflict of interest.

Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with IFRS applicable to publicly accountable enterprises. In preparing financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the Company's financial condition. Significant accounting policies are described in more detail in the Company's audited consolidated financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and consolidated financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Unknown Liabilities in Connection with Acquisitions

As part of the Company's acquisitions, it has assumed liabilities and risks. While the Company conducted due diligence, there may be liabilities or risks that the Company failed, or was unable, to discover in the course of performing the due diligence investigations or for which the Company was not indemnified. Any such liabilities, individually or in the aggregate, could have a material adverse effect on Dalradian's financial position and results of operations.

Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on Dalradian's future cash flow, results of operations or financial condition.

Dividends Unlikely in the Near Term

The Company has not declared or paid any dividends since the date of its incorporation and does not currently anticipate that dividends will be declared in the short or medium term. Whilst the Company expects to pay a dividend once profits, available cash flow and capital requirements allow, it is the current intention that earnings, if any, will be retained to finance further development of Dalradian's business. However, there is no assurance that the Company will have sufficient cash resources to pay dividends in accordance with its stated dividend policy.

Dilution

Additional financing needed to continue funding the exploration, development and operation of Curraghinalt may require the issuance of additional securities of the Company. The issuance of additional securities and the exercise of common share purchase warrants, stock options and other convertible securities will result in dilution of the equity interests of any holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights.

Price Volatility of the Common Shares

The market price of the Common Shares could be subject to significant fluctuations due to various factors and events, including any regulatory or economic changes affecting Dalradian's operations, variations in Dalradian's operating results, developments in Dalradian's business or its competitors, or to changes in market sentiment towards the Common Shares. Investors should be aware that the value of the Common Shares may be volatile and investors may, on disposing of the Common Shares, realize less than their original investment or may lose their entire investment.

Dalradian's operating results and prospects from time to time may be below the expectations of market analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices of the securities listed thereon and which may be unrelated to Dalradian's operating performance. Any of these events could result in a decline in the market price of the Common Shares. The Common Shares may, therefore, not be suitable as a short-term investment. In addition, the market price of the Common Shares may not reflect the underlying value of Dalradian's net assets. The price at which the Common Shares will be traded and the price at which investors may realise their shares will be influenced by a large number of factors, some specific to Dalradian and its proposed operations, and some which may affect the business sectors in which Dalradian operates. Such factors could also include the performance of Dalradian's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of Dalradian and general economic conditions.

Tax Uncertainty

Tax rates and methods of calculating tax in jurisdictions related to Dalradian's business may be subject to changes. Dalradian's interpretation of taxation law where it operates and as applied to its transactions and activities may be different than that of applicable tax authorities. As a result, tax treatment of certain operations, actions or transactions may be challenged and reassessed by applicable tax authorities, which could result in adverse tax consequences for Dalradian, including additional taxes, penalties, interest and may also adversely affect Dalradian's ability to repatriate earnings and otherwise deploy its assets.

ADDITIONAL INFORMATION

Additional information regarding the Company, including the AIF, can be found at www.dalradian.com and www.sedar.com.