DALRADIAN
RESOURCES

Management's Discussion and Analysis

For the three and nine months ended September 30, 2014

October 31, 2014

TABLE OF CONTENTS

RECENT HIGHLIGHTS

Highlights of the Third Quarter and Subsequent Period	
October 30, 2014	Dalradian Announces New PEA with 36.2% After-tax IRR using $1,200 Gold for the Curraghinalt Deposit in Northern Ireland
October 29, 2014	Dalradian Appoints Environmental Consultant and Commences EIA
October 2, 2014	Dalradian Appoints Underground Contractor for the Curraghinalt Gold Project in Northern Ireland
September 24, 2014	Dalradian Starts Underground Exploration Program and Pre-Feasibility Study for Curraghinalt Gold Project in Northern Ireland
August 19, 2014	Dalradian Receives £326,000 Investment from Northern Ireland Government to Support Curraghinalt Project
July 31, 2014	Dalradian Closes C$27 Million Financings

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 subsidiaries: Dalradian Gold Limited ("DGL"), Norwegian Minerals Group Inc. ("Ontco"), and Norwegian Minerals Group AS ("NMG AS").

This management's discussion and analysis ("MD&A") should be read in conjunction with the Company's interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2014 and September 30, 2013 (the "Consolidated Financial Statements") and the Company's audited consolidated financial statements and related notes for the years ended December 31, 2013 and December 31, 2012, 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 2013 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 October 31, 2014.

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 Dalradian and its mineral projects, the future price of metals, 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 and the timing and possible outcome of pending regulatory matters. 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 state 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 projects 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 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; 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 the Company’s AIF available on SEDAR. 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 the pre-feasibility study (“PFS”) and having the environmental impact assessment (“EIA”) well-advanced, both of which will support a planning application for construction of an operating mine at Curraghinalt. Components of the program include the underground exploration program (“Underground Program”), which incorporates approximately 20,000 metres of underground drilling, a PFS and an EIA. Anticipated activities for the remainder of 2014 include:

- Advancement of the PFS & EIA
- Substantial completion of the surface works for the Underground Program

For the Underground Program, Dalradian has received a draft of its temporary explosives storage licence and a full licence is expected to be issued once the explosives magazine is constructed and inspected.

Higher expenditures are anticipated during Q4 compared to the prior quarter due to increased operational spending as well as one-time costs associated with listing the Company’s shares on the Alternative Investment Market (“AIM”). Now that the Underground Program and PFS are underway, operational spending is expected to continue to increase quarter over quarter, peaking in Q1 and Q2, 2015 and then tapering off as elements of the overall work program are completed.

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”. As announced on October 2, 2014, the Company is also seeking a listing on the AIM market of the London Stock Exchange in order to facilitate ownership of the Company’s shares by investors local to the project. The Company’s corporate office is in Toronto, while operations are focused on Dalradian’s flagship Curraghinalt gold project in Northern Ireland.

Dalradian, through its wholly owned subsidiary, DGL, holds a 100% interest, 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 these 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 Option Agreements for DG1 and DG2 expire December 31, 2015. The current terms of the CEC Option Agreements for DG3 and DG4 expire April 23, 2015. Upon expiry of the term or renewal period of a CEC 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. 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 and for DG3 and DG4 in 2016.

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.

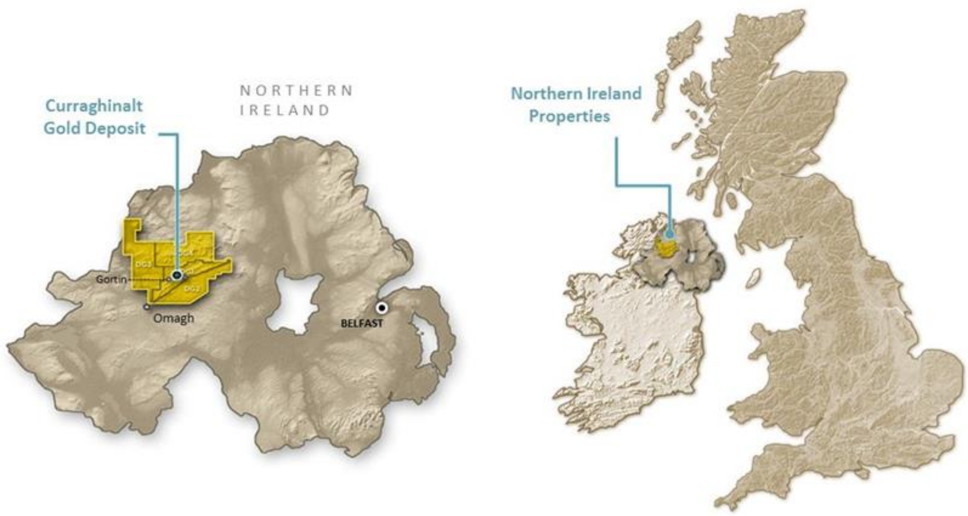
There are several known historical occurrences of precious and base metals mineralization throughout the Northern Ireland Properties, with new discoveries having been made and drilled by Dalradian up to 2012. Although the Northern Ireland Properties are still highly prospective for further discoveries, Dalradian has now directed all of its focus on advancing Curraghinalt in the DG1 area. During the second quarter, the Company filed a technical report, including an updated mineral resource estimate (dated May 30, 2014) and the results of an updated PEA were announced on October 30, subsequent to the end of the third quarter of 2014.

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 underground 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 licence. Dalradian has secured two of the three permits and is still awaiting the final temporary explosives storage licence. Dalradian has received the draft temporary explosives storage licence and expects to receive the final licence once the explosives magazine has been built and inspected, which is anticipated to occur early in 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 to date during 2014 has focused on the deposit including completing a mineral resource update, PEA update, drill program planning, Underground Program planning and permitting and initial surface works on-site for the Underground Program.



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 of 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 2014 PEA are highlighted in the table below (all figures in US$):

KEY PEA DATA*	GOLD PRICE: $1,200/ounce
NPV with 8% discount rate (After-tax)	$504 million
IRR (After-tax)	36.2%
Average Annual Production	162,000 ounces/year
Processing Rate	1,700 tonnes/day
Life of Mine	18 years
Initial Capex ($48M contingency)	$249 million
Cash Costs	$485/ounce
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.*

The Company announced on October 23, 2013 the results of additional metallurgical testing from the Curraghinalt deposit. The laboratory testing, using a sequential gravity-flotation circuit, demonstrated overall gold recoveries of 99.4%, with 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, with higher overall recoveries, compared to the whole-ore cyanidation process used as the base-case scenario in the PEA, which yielded a 92% recovery. A further benefit of a combined gravity-flotation circuit is that the tailings would have a low sulphide content and would not have been in contact with cyanide at any stage, which the Company believes is likely to be beneficial in terms of permitting an eventual mine at Curraghinalt.

During 2014, Dalradian plans to complete further metallurgical testing. The Underground Program now underway should provide ample material for future metallurgical test work.

During September 2014, Dalradian announced commencement of a PFS, including 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.

The PFS options analysis will investigate alternatives to the base case scenario outlined in the 2014 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 an NI-43-101 compliant technical report.

Permitting

On February 18, 2013, the Company announced the completion of an extensive pre-consultation process with stakeholders and the submission of its application for the Underground Program. On July 8, 2013, the Company announced that the strategic planning division (the “Strategic Planning Division”) of the Northern

Ireland Department of Environment had determined that the Underground Program could proceed without the requirement of an EIA. 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 has been built and inspected, which is anticipated to occur early in 2015.

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 their elimination or mitigation. 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. 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. To date in 2014, Dalradian has held two community meetings. As part of the planning application, Dalradian committed to establishing and supporting an independent Community-Based Monitoring Committee 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.

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 Q3 2014 totaled $0.3 million compared to $1.0 million in Q3 2013, with $1.1 million spent in the first nine months of 2014 compared to $8.6 million in the comparable period of 2013. The lower level of spending this year is primarily due to completion of the drill program in Q2 2013.

The main focus for the exploration group during the first nine months of 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.

A regional exploration program of soil sampling and prospecting on DG3 and DG4 continued during the third quarter of 2014.

Exploration expenditures are expected to remain low for the remainder of the year since most of the activity on-site is focused on the Underground Program, which is classified as asset evaluation rather than exploration.

Underground Program

With all government approvals in place to begin the Underground Program (see "Permitting" above), the Company began work on-site 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.

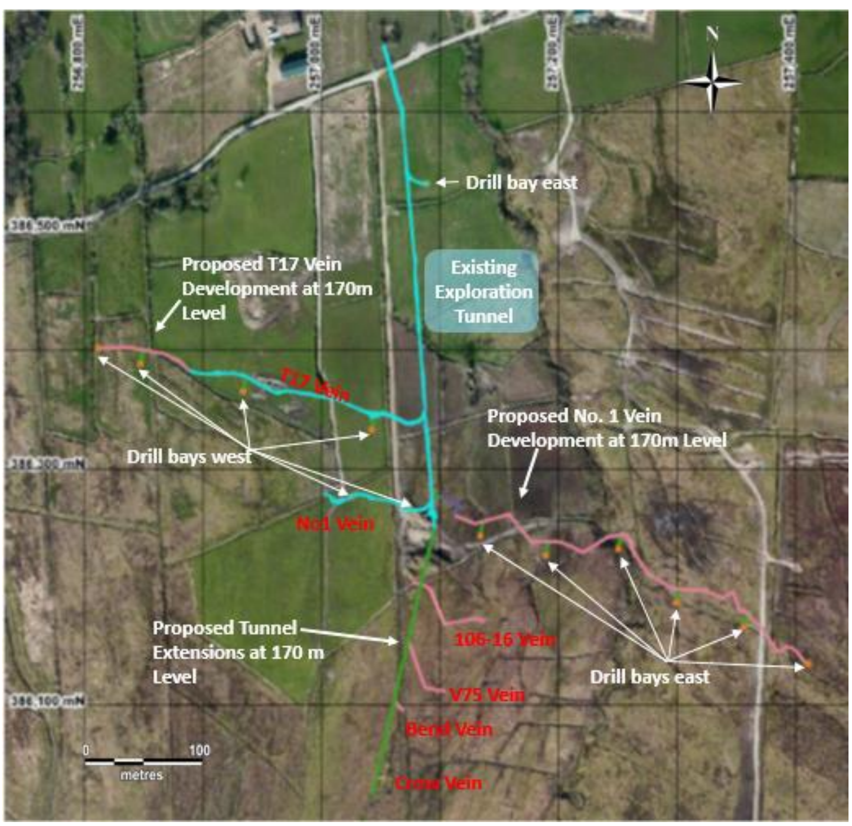
Spending on asset evaluation, which includes development planning, permitting and other activities associated with the Underground Program, in Q3 2014 was $1.2 million compared with $0.4 million during Q3 2013 due to an increase in planning activities leading up to commencement of the Underground Program. Asset evaluation expenditures in the first nine months of 2014 were $3.0 million compared with $1.5 million in the comparable period of 2013. Spending for the Underground Program is expected to increase in Q4, peak in Q1 and Q2 2015 and taper off as the program is completed in the second half of 2015.

The Underground Program will extend the exploration tunnel by approximately 1,200 metres in order to access, define, sample and test the mineralized material from the Curraghinalt deposit. Approximately 10 underground drill bays will be added to the development to support an underground drilling program of approximately 20,000 metres, with the objective of upgrading resource ounces from inferred to measured and indicated categories.

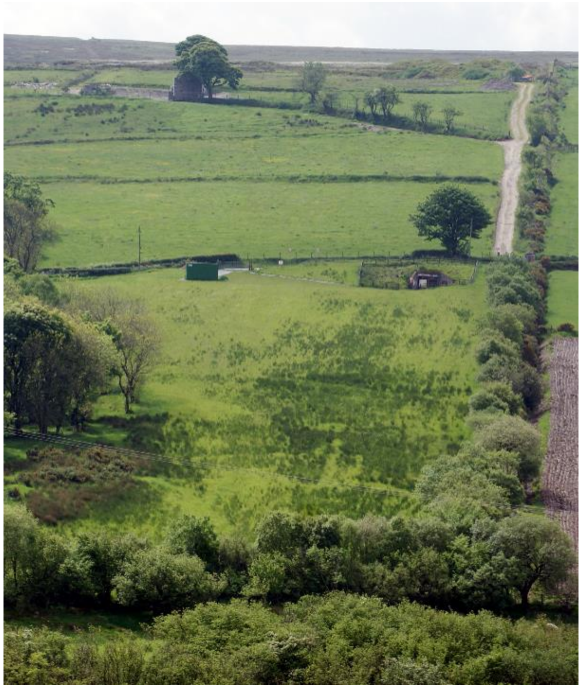
The Underground Program is designed to: (i) demonstrate continuity of thickness and grade of the mineralized veins; (ii) increase confidence in the existing mineral resources; (iii) evaluate the technical and economic feasibility of various mining methods; (iv) assess underground geotechnical and hydro-geological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

The Underground Program is expected to cost approximately $23 million plus an additional $4-5 million for underground drilling and is expected to be completed within 12-18 months. Surface work is expected to be completed in the first 3-4 months, with exploration tunneling, including construction of drill bays beginning thereafter and continuing for 9-12 months. The latter 6-8 months will include underground drilling, hydrogeology and geotechnical studies and metallurgical testing. The mineralized material will be trucked to a nearby port facility, with samples shipped offsite for processing and testing.

Plan view of Underground Program



Progress of surface works between July 15, 2014 (left) and October 19, 2014 (right)



OVERVIEW OF SELECTED INFORMATION FROM THE FINANCIAL STATEMENTS

The following table sets forth selected data for the quarters ended September 30, 2014 and 2013:

Operating expenses:	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Salaries and related benefits	$ 659,139	$ 643,620	$ 1,954,736	$ 1,887,636
Professional fees and consulting	158,308	73,309	450,441	300,453
Share-based payments	237,157	201,453	860,427	735,081
Investor relations and general travel	165,046	170,663	524,525	576,317
Office, regulatory and general	242,910	147,564	538,708	492,876
Amortization	38,943	59,454	126,852	177,088
Foreign exchange (gain) loss	(246,569)	25,619	(248,619)	76,025
Interest and bank charges	2,277	3,024	7,452	8,524
Gain on disposal of plant and equipment	-	-	-	(627)
Impairment charges	-	16,348,550	-	16,348,550
	1,257,211	17,673,256	4,214,522	20,601,923
Interest income	76,076	24,330	139,405	96,719
Loss and comprehensive loss for the period	$ (1,181,135)	$ (17,648,926)	$ (4,075,117)	$ (20,505,204)
Loss per share - basic and diluted	$ (0.01)	$ (0.20)	$ (0.04)	$ (0.23)

As at September 30, 2014, Dalradian had total assets of $83,482,277 (2013 - $49,794,553), and working capital of $37,829,300 (2013 – $9,388,464).

The consolidated loss and comprehensive loss for the period ended September 30, 2014, of $4,075,117, was lower than the same period in 2013 of $20,505,204, primarily due to the impairment charges of $16,348,550 related to exploration and evaluation assets and equipment in Norway during 2013.

Results of Operations for the Three Months Ended September 30, 2014, compared to the Three Months Ended September 30, 2013

Salaries and related benefit expense for the three months ended September 30, 2014 have not changed significantly when compared to the same period in 2013.

Professional fees and consulting expense for the three months ended September 30, 2014 of $158,308, increased compared to the same period in 2013 of $73,309, primarily due to increased legal consulting services related to the planned listing on the AIM market of the London Stock Exchange.

Share-based payments expense for the three months ended September 30, 2014 of $237,157 increased compared to the same period in 2013 of $201,453, 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 September 30, 2014 have not changed significantly when compared to the same period in 2013.

Office, regulatory and general expense for the three months ended September 30, 2014 of $242,910, increased compared to the same period in 2013 of $147,564, primarily due to higher listing fees as result of the July 2014 financings.

Foreign exchange gain for the three months ended September 30, 2014 is $246,569 compared to foreign exchange loss of $25,619 for the same period in 2013, primarily as a result of the Company holding approximately $11 million (Canadian equivalent) in pound sterling and the strengthening of the pound sterling against the Canadian dollar in September 2014.

Interest income for the three months ended September 30, 2014 of $76,076, increased compared to the same period in 2013 of $24,330, due to higher average cash balances in the third quarter of 2014.

Results of Operations for the Nine Months Ended September 30, 2014, compared to the Nine Months Ended September 30, 2013

Salaries and related benefit expense for the nine months ended September 30, 2014 have not changed significantly when compared to the same period in 2013.

Professional fees and consulting expense for the nine months ended September 30, 2014 of $450,441, increased compared to the same period in 2013 of $300,453, primarily due to increased legal consulting services.

Share-based payments expense for the nine months ended September 30, 2014 of $860,427, increased compared to the same period in 2013 of $735,081, primarily due to cost of share options granted for the period ended September 30, 2014, which was amortized in the period.

Investor relations and general travel expense for the nine months ended September 30, 2014 have not changed significantly when compared to the same period in 2013.

Office, regulatory and general expense for the nine months ended September 30, 2014 of $538,708, increased compared to the same period in 2013 of $492,876, primarily due to higher regulatory expenses related to the financings completed in February and July 2014.

Foreign exchange gain for the nine months ended September 30, 2014 is $248,619 compared to foreign exchange loss of $76,025 for the same period in 2013, primarily as a result of the Company holding approximately $11 million (Canadian equivalent) in pound sterling and the strengthening of the pound sterling against the Canadian dollar in September 2014.

Interest income for the nine months ended September 30, 2014 of $139,405, increased compared to the same period in 2013 of $96,719, 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			
	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013
Interest income	$ 76,076	$ 36,884	$ 26,445	$ 18,535
Net loss	(1,181,135)	(1,699,124)	(1,194,858)	(1,297,667)
Net loss per common share (basic and diluted)	(0.01)	(0.02)	(0.01)	(0.01)
Cash and cash equivalents	37,015,533	14,711,884	17,242,922	6,855,035
Other current assets	1,510,998	746,171	731,945	680,627
Equipment	488,750	560,595	572,622	671,978
Exploration and evaluation assets	44,466,996	42,931,726	41,596,306	40,349,082
Total Assets	$ 83,482,277	$ 58,950,376	$ 60,143,795	$ 48,556,722
Total shareholders' equity	$ 82,785,046	$ 58,194,485	$ 59,417,346	$ 47,843,645

	Three months ended			
	Sep. 30, 2013	Jun. 30, 2013	Mar. 31 2013	Dec. 31, 2012
Interest income	$ 24,330	$ 31,706	$ 40,683	$ 64,767
Net loss	(17,648,926)	(1,371,055)	(1,485,223)	(1,792,835)
Net loss per common share (basic and diluted)	(0.20)	(0.02)	(0.02)	(0.02)
Cash and cash equivalents	9,443,514	12,636,961	16,473,997	22,760,432
Other current assets	748,669	1,266,560	1,336,024	1,530,726
Equipment	789,972	835,287	949,836	1,020,371
Exploration and evaluation assets	38,812,398	53,669,477	51,195,688	45,080,836
Total Assets	$ 49,794,553	$ 68,408,285	$ 69,955,545	$ 70,392,365
Total shareholders' equity	$ 48,990,834	$ 66,441,878	$ 67,593,190	$ 68,739,031

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 large 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 significant drop 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 stock-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 September 30, 2014 was $37.0 million, compared to $6.9 million as at December 31, 2013.

During the third quarter, the Company closed two financings, 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 bought deal 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 offering, 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 offering), 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. A cash commission equal to 6% of the gross proceeds was paid and broker warrants or finder warrants equal to 6% of the total number of units sold were issued to the underwriters and certain finders in connection with the bought deal financing and the non-brokered private placement, respectively. Each broker warrant or finder warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.90 until July 31, 2016.

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.

During the nine months ended September 30, 2014, Dalradian had a net use of cash and cash equivalents of $3,123,368 in operating activities, $4,603,461 in investing activities, and had net proceeds of $38,140,578 from financing activities. As at September 30, 2014, Dalradian had cash and cash equivalents of $37,015,533 on hand.

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 financings in February and July 2014, 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 September 30, 2014 is approximately $37.8 million. The majority of accounts payable and accrued liabilities relate to trade payables incurred in the normal course of operations.

On July 31, 2014, the Company announced closing of the July 2014 Financings (see details in – "Capital Resources" above) for gross proceeds of approximately $27 million.

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.

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 1,200 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 10, 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) evaluate the technical and economic feasibility of various mining methods; (iv) 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 within 12-18 months. Following the completion of the February and July 2014 Financings, along with cash on hand, 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. See "Risk Factors" in the Company's most recent AIF.

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. These funds have been reallocated to underground drilling (approximately 20,000 metres), since the drilling fulfills the same purpose as the Surface Program and is more cost-effective when carried out from underground. The total cost of this underground drilling, which is in addition to the planned exploration and estimated costs of the Underground Program described above, is estimated at $4 - 5 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 has 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 and deposited £280,000 ($502,000) with FP McCann for the commencement of work in September 2014 which will be applied to future invoices. The balance of the deposit remains unchanged at September 30, 2014. This agreement is for the completion of the surface civil engineering, including the building and commissioning of the temporary waste water treatment plant.

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. On October 16, 2014, the Company deposited £325,300 ($584,000) with QME Limited which will be applied to future invoices. This agreement is for the preparation of the existing 700 metre adit, additional development of the adit by approximately 1,000 metres, construction of underground drill bays, testing of appropriate mining techniques, and removal of a large sample for metallurgical and other testing.

With the start of the surface works phase of the Underground Program the Company will be required to place £620,000 ($1.1 million) 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 reserve account is expected to be in place during the fourth quarter of 2014. The Company will also start accruing for an asset retirement obligation in the fourth quarter of 2014, as the surface works phase of the Underground Program is completed.

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.

At September 30, 2014, Dalradian had the following commitments for operating leases for the next five fiscal years:

2014	$	92,587
2015		312,073
2016		142,825
2017		18,760
2018		-
	$	566,245

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 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 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 September 30, 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 September 30, 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 and receivables. 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 September 30, 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 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 September 30, 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	$	(5,877)	$	(588)
Euro		(23,262)		(2,326)
Pound sterling		10,631,163		1,063,116
Norwegian krone		411		41
	$	10,602,435	$	1,060,243

During the quarter ended September 30, 2014, the Company converted approximately CDN$10 million to pound sterling to fund activities associated with the Underground Program.

OUTSTANDING SHARE DATA

The following table summarizes the capitalization of the Company as at September 30, 2014:

		Exercise Price	Number of Common Shares
Common shares			140,035,483
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 August 10, 2015	$	0.25	625,000
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 10, 2017		1.28	180,000
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
Total options			7,740,000
Restricted Share Units ("RSUs")	$	-	850,000
Total fully diluted			176,881,282

As at October 31, 2014, the Company has 140,035,483 common shares (the "Common Shares"), 28,255,799 warrants, 7,740,000 share options, and 995,000 RSUs issued and outstanding. This amounts to 177,026,282 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 International Accounting Standards ("IAS") 34, *Interim Financial Reporting.* The significant accounting policies of the Company are described in note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2013.

Preparation of the Consolidated Financial Statements requires management to make estimates and assumptions. Measurement uncertainties are described in the Company's audited consolidated financial statements for the year ended December 31, 2013. There has been no change in the nature of critical accounting estimates from the year ended December 31, 2013.

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 and amended 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

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.

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, 2014 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 Dalradian's disclosure controls and procedures as at December 31, 2013. 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, Dalradian'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. Since the December 31, 2013 evaluation, 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.

During the three months ended September 30, 2014, there were no material changes to the Company's internal controls over financial reporting or disclosure controls and procedures.

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 Company is subject to a number of risks and uncertainties. For more details, refer to the Company's 2013 AIF and annual MD&A for the year ended December 31, 2013, both of which are available on SEDAR (www.sedar.com).

ADDITIONAL INFORMATION

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