1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements of Pinecrest Resources Ltd. ("Pinecrest" or the "Company") for the year ended December 31, 2013. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company including the most recent Company filings can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of February 4, 2014. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Business Overview and Overall Performance

Business overview

Pinecrest was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations* Act (British Columbia) on January 18, 2010. Pinecrest is a public company listed on the TSX Venture Exchange (TSX-V: PCR) and its head office is located at Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2.

The Company engages principally in the acquisition, advancement and development of precious mineral properties. The Company had an option agreement with Kootenay Silver Inc. ("Kootenay") to acquire up to an undivided 50 percent interest in the two mineral concessions comprising the Espiritu property located in Sahuaripa, Sonora, Mexico. On April 15, 2013, the Company terminated its option agreement with Kootenay on the Espiritu property. Management is presently seeking potential precious and base metal projects for acquisition.

Overall performance

- For the year ended December 31, 2013, the Company recorded a net loss of $612,548 or $0.03 loss per share compared to a net loss of $271,749 or $0.01 loss per share during the prior year. During the year ended December 31, 2013, the Company wrote off all capitalized costs associated with the Espiritu project as a result of the Company's decision to terminate the option agreement with Kootenay. The write-down recognized by the Company during the year was $486,197 (2012 - $Nil).

- As at December 31, 2013, the Company had total assets of $91,245 (2012 - $721,891) consisting primarily of cash and a working capital of $72,062 (2012 - $233,793).

(Expressed in Canadian Dollars)

Espiritu Project, Mexico

		2013		2012
Opening balance	$	450,817	$	119,039
Acquisition				
Shares issued as option payment		-		48,000
Exploration and evaluation				
Concession fees		32,760		38,272
Drilling		-		84,145
Management and administration		2,620		21,020
Geological		-		35,197
Professional fees		-		58
Assaying		-		33,989
Drafting and compilation		-		9,613
Mapping		-		21,992
Prospecting		-		39,392
Rock sampling		-		100
Write-down				
Write-off of exploration and evaluation assets		(486,197)		-
Ending balance	$	-	$	450,817

On April 15, 2013, the Company terminated its option agreement with Kootenay on the Espiritu project in Sonora, Mexico. During the year ended December 31, 2013, the Company wrote off all capitalized costs associated with the Espiritu project which amounts to $486,197 (2012 - $Nil).

1.3 Selected Annual Information

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's financial statements and related costs for the years ended December 31, 2013, 2012, and 2011.

		December 31, 2013		December 31, 2012		December 31, 2011
Total revenues	$	Nil	$	Nil	$	Nil
Loss and comprehensive loss(1)	$	612,548	$	271,749	$	451,043
Loss per share - basic and diluted	$	0.03	$	0.01	$	0.02
Total assets	$	91,245	$	721,891	$	909,833
Total liabilities	$	19,183	$	37,281	$	72,021
Total shareholders' equity	$	72,062	$	684,610	$	837,812

(1) Refer to Section 1.4 of MD&A for explanation.

(Expressed in Canadian Dollars)

1.4 Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's financial statements and related notes.

Consultant fees

During 2013, the Company incurred $28,000 (2012 - $84,000) in consultant fees. The decrease in consulting fees during the year was due to the Company's consultant, Featherstone Capital Inc. ("Featherstone"), a company with directors in common, not providing services beginning May 1, 2013. These efforts were undertaken in order to conserve the Company's cash position.

Management fees

During 2013, the Company incurred $50,000 (2012 - $90,000) in management fees. The decrease in management fees during the year was due to the Company's Chief Executive Officer not providing services beginning May 1, 2013. Similar to consultant fees above, these efforts were undertaken in order to conserve the Company's cash position.

Write-off of exploration and evaluation assets

During 2013, the Company wrote off all capitalized costs associated with the Espiritu project as a result of the Company's decision to terminate the option agreement with Kootenay. The write-down recognized by the Company during the year was $486,197 (2012 - $Nil).

1.5 Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

		Revenue		Loss for the quarter		Loss per share – basic and diluted
December 31, 2013	$	Nil	$	12,256	$	0.00
September 30, 2013	$	Nil	$	14,585	$	0.00
June 30, 2013	$	Nil	$	29,088	$	0.00
March 31, 2013(1)	$	Nil	$	556,619	$	0.03
December 31, 2012(2)	$	Nil	$	103,243	$	0.01
September 30, 2012	$	Nil	$	49,556	$	0.00
June 30, 2012	$	Nil	$	53,069	$	0.00
March 31, 2012	$	Nil	$	65,881	$	0.00

(1)Included in this loss is a write-down of $486,197 in relation to the Company's decision to terminate the option agreement with Kootenay. Refer to Section 1.2 of the MD&A for further discussion.

(2)Included in the loss is share-based compensation of $50,547 which relates to 510,000 stock options granted to a director of the Company.

1.6 Liquidity

The Company currently has no operating revenues and relies primarily on equity financing. As at December 31, 2013, the Company had a working capital of $72,062. Additional information related to liquidity risk is disclosed in Note 1 of the financial statements.

(Expressed in Canadian Dollars)

1.7 Capital Resources

The Company's only source of funding has been the issuance of equity securities for cash. Management believes it will be able to raise equity capital as required, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

Key management includes the Company's senior management and members of the Board of Directors. Compensation of key management is as follows:

		2013		2012
Management fees	$	50,000	$	90,000
Share-based payments		-		50,547
	$	50,000	$	140,547

During the year ended December 31, 2013, the Company paid $28,000 (2012 - $84,000) for consulting services provided by Featherstone.

1.10 Fourth Quarter

No material items to report in relation to the fourth quarter of 2013. Loss for the quarter ending December 31, 2013 was $12,256.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates and Change in Accounting Policies including Initial Adoption

The same accounting policies and methods of computation were used in the preparation of the Company's unaudited financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with IFRS for the interim years presented. The financial statements should be read in conjunction with the audited annual financial statements as at December 31, 2013.

Critical accounting estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. Critical estimates and assumptions are made in particular with regard to assessment of impairment to the carrying value of exploration and evaluation assets and the assumptions used in calculating the fair value of warrants and share-based payments.

Management reviews the carrying values of its exploration and evaluation assets on at least an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In addition, capitalized costs related to relinquished property rights are written off in the year of relinquishment (refer to Sections 1.2 and 1.4). Capitalized costs in respect of the Company's mining claims may not be recoverable and there is a risk that these costs may be written down in future years.

New accounting policies effective January 1, 2013

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions. Several other new standards and amendments came into effect on January 1, 2013; however, they do not impact the financial statements and are not anticipated to impact the Company's annual financial statements. The Company has not early adopted any other standard, interpretation or amendment in the financial statements that have been issued, but not yet effective. The nature and impact of each new standard and amendment applicable to the Company are described below:

IAS 1 Presentation of items of other comprehensive income (Amendment)

The amendments to IAS 1 introduced a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified to profit or loss at a future point in time (e.g. net gain or loss on available-for-sale financial assets) shall be presented separately from items that will never be reclassified. The adoption of this standard did not result in any changes to the Company's financial statements.

IFRS 10 Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements to replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power and variable returns before control is present. The adoption of this standard did not result in any changes to the Company's financial statements.

IFRS 11 Joint Arrangements

In May 2011, the IASB issued IFRS 11 Joint Arrangements to replace IAS 31, Interests in Joint Ventures. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. The focus of the standard is to reflect the rights and obligations of the parties involved in the joint arrangement, regardless of whether the joint arrangement operates through a separate legal entity. Joint arrangements that are classified as joint ventures are accounted for using the equity method of accounting. Joint arrangements that are classified as joint operations require the venturers to recognize the individual assets, liabilities, revenues and expenses to which they have legal rights or are responsible. The adoption of this standard did not result in any changes to the Company's financial statements.

(Expressed in Canadian Dollars)

IFRS 12 Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12 Disclosure of Interests in Other Entities to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates including the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). The adoption of this standard did not result in any changes to the Company's financial statements.

IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13 Fair Value Measurement as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required by IAS 34 for financial instruments. The Company adopted IFRS 13 on a prospective basis and has provided these disclosures in Section 1.13 of the MD&A.

1.13 Financial Instruments and Other Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, and trade and other payables. Cash is classified as loans and receivable recognized initially at fair value. Subsequent to initial recognition, it is measured at amortized cost using the effective interest method, less any impairment losses. The fair value of all other financial instruments approximates their carrying values due to their short-term maturity or capacity of prompt liquidation. The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is relatively low. Cash is held through a large national financial institution. The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2013:

		Carrying amount		Fair value
Financial assets				
Loans and receivables				
Cash	$	90,802	$	90,802
Trade and other receivables	$	443	$	443
Financial liabilities				
Other financial liabilities				
Trade and other payables	$	19,183	$	19,183

1.14 Other MD&A Requirements

Additional information relating to the Company including the most recent Company filings can be located on the SEDAR website at www.sedar.com.

1.15.1 Additional Disclosure for Venture Issuers Without Significant Revenue

See results of operations in Section 1.4 above.

(Expressed in Canadian Dollars)

1.15.2 Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at February 4, 2014.

	Number Outstanding
Common shares	23,000,000
Options to purchase common shares	2,970,000
Warrants to purchase common shares	7,000,000

1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

1.15.4 Risk Factors

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If a conflict of interest arises, the Company will follow the provisions of its governing corporate legislation dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting for or against the approval of such participation or such terms unless otherwise permitted. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of shareholders.

1.15.5 Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is required to file basic certificates, which it has done for the year ended December 31, 2013. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2013.