FALCO PACIFIC RESOURCE GROUP INC.
Form 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For the Period Ended September 30, 2013

This Management Discussion and Analysis ("MD&A") of Falco Pacific Resource Group Inc. (formerly Druk Capital Partners Inc.) (the "Company") provides analysis of the Company's financial results for the period ended September 30, 2013. The following information should be read in conjunction with the Company's unaudited financial statements and the notes thereto for the period ended September 30, 2013, which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

This MD&A is prepared as of November 27, 2013. All dollar figures stated herein are in Canadian dollars, unless otherwise specified.

Forward-Looking Information

This MD&A contains forward-looking or outlook information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements. Forward-looking statements in the MD & A include, but are not limited to, the Company's expectation of its working capital needs and the Company's outlook on the Qualifying Transaction. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Such factors include, among others, the following: general economic and business conditions; changes in business strategy or development/acquisition plans; environmental exposures; financial risk; existing governmental regulations; liabilities and other claims asserted against the Company; and other factors referred to in the Company's filings with Canadian securities regulators. There can be no assurance that actual results will be consistent with these forward-looking information. Readers should not put undue reliance on forward-looking information. These statements are made as of the date hereof and management assumes no obligation to update or revise these statements to reflect new events or circumstances except as required by law.

Nature of Business

The Company was incorporated under the British Columbia Business Corporations Act on March 16, 2010. The Company was a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V or Exchange"). As a CPC, the Company's principal business was to identify, evaluate and acquire assets, properties or businesses which would constitute a Qualifying Transaction in accordance with Policy 2.4 of the Exchange ("QT").

On August 10, 2010 the Company filed a prospectus with the British Columbia and Alberta Securities Commissions offering 2,000,000 common shares at $0.10 per share as an initial public offering ("IPO"). The IPO was completed on August 30, 2010.

On September 24, 2012 the Company completed its QT by acquiring 100 per cent of QMX Gold Corporation's ("QMX") rights, titles and interest in the Rouyn-Noranda base or precious metals Project ("the Project") in Quebec, Canada. The Company began trading as a Tier 2 Mining Issuer on the TSX-V under the symbol "FPC". To complete the QT, the Company paid QMX $5,000,000, and issued 7,000,000 shares. As a result of the completion of the QT, the Company is now in the business of exploration and evaluation of these and potentially other exploration assets to determine whether or not these properties contain mineral reserves that are economically recoverable.

Overall Performance

On September 12, 2012, the Company entered into a purchase agreement with QMX, a company incorporated in Ontario and listed on the Toronto Stock Exchange, which constituted the Company's QT. To finance the purchase agreement, the Company raised gross proceeds of $6,570,500 by issuing 26,282,000 subscription receipts at $0.25 each, which were converted into common shares of the Company upon completion of the QT. The Company incurred cash share issue costs and finders' fees of $124,657 and issued 440,000 finders' shares valued at $0.25 per share.

Rouyn Noranda Project

The Company's principal asset is its Rouyn-Noranda Project which covers an area of roughly 728 square kilometers within the historic Rouyn-Noranda Mining Camp. The Company's holdings include 14 former producing gold and/or base metal mines. As an established mining camp, Rouyn-Noranda has all the necessary infrastructure in place for exploration and potential development and is home to a large copper smelting complex.

Rouyn-Noranda has had a long history of mining and exploration. Since the Horne deposit discovery in the 1920's, the area has been host to 50 past-producers, including 20 base metal mines and 30 gold mines. A number of copper-zinc volcanogenic massive sulphide ("VMS") deposits in the camp contain gold grades well in excess of those associated with typical VMS deposits which along with several mesothermal vein type deposits have accounted for more than 13 million ounces of historic gold production from the camp as a whole.

In addition to the acquisition of the mining claims comprising the Rouyn-Noranda Project the Company acquired an extensive database accumulated by Xstrata and its predecessors over the past 90 years, consisting of detailed GoCad 3D computerized models of area geology, mine infrastructure, geophysics, and lithogeochemistry, as well as results from over four million metres of surface and underground drilling. The Company is currently analyzing the data package with the goal of identifying targets for future exploration and potential development. Included in this process is the recognition and selective construction of geological models for high-priority targets including the Horne 5 gold-silver-copper-zinc deposit ("Horne 5 Deposit").

Horne 5 Deposit

In March of this year, the Company retained InnovExplo Inc. of Val d'Or, Quebec to complete a digital model of the Horne 5 Deposit. Phase 1 of the project is complete. Over 4,300 drill holes, 370 level plans, 620 cross sections, 99 longitudinal sections and over 150,000 assay results have been incorporated into the digital model. Modelling also incorporates over 55,000 meters of underground development on 22 levels and 18 sublevels completed by Noranda in the exploration of the Horne 5 Deposit between 1931 and 1976. Computer modeling of the deposit and underground infrastructure is complete.

Phase 2 of the project in underway with the objective of further refining of the model leading to the generation of a mineral resource estimate and technical report in accordance with NI 43-101 with an anticipated delivery of a draft of the report by during the fourth quarter 2013 or first quarter of 2014.

Horne Mine Complex Area

In addition to the work on the Horne 5 Deposit, the Company will continue to incorporate additional historic data into the digital model for a number of areas surrounding Horne 5 including the areas immediately adjacent to the former producing Horne, Quemont and Remnor deposits and high priority exploration targets in the Horne area include the Horne West.

Assessment Work

During 2013 the Company completed assessment work required to keep its ground in good standing. As part of this program a 2051 metre diamond drill program was completed in the Flavrian area of the Western Camp to test near surface gold mineralization.

Financial Overview

The Company ended the period with $2,501,934 of current assets and net working capital equal to $2,013,675 including a flow-through premium of $187,467. The Company has an accrued refundable mining tax credit of $378,526 that is not included in the net working capital. During the period the Company's net loss before other income was $398,945 which included $223,979 in consulting costs and salaries. An additional $104,035 in consulting and salaries were capitalized to the Company's mineral properties, bringing the total cost for the period to $328,014 for staffing and consulting costs. Required assessment work to maintain claims for the current period are significantly less given the substantial historic work credits that the Company assumed on the acquisition of the Rouyn-Noranda Project.

Beauchastel Option Agreement

On August 15, 2013, the Company finalized an Option Agreement to acquire a 100% interest in the Beauchastel Gold property. The Beauchastel property is located in the Flavrian portion of the Project area contiguous with claims held by the Company.

The Company received TSX approval for the Option Agreement on September 3, 2013, and under the terms of the Option Agreement the Company paid $25,000 and Issued 50,000 common shares to Societe D'exploration Miniere Vior, subject to a four month hold period.

To complete the exercise of the Option, the Company is required to:

- Incur $50,000 in expenditures on the property within 18 months of TSX acceptance
- Pay an additional $25,000 within 18 months of TSX acceptance
- Issue 125,000 common shares within 18 months of TSX acceptances, subject to certain re-sale restrictions.

Selected Financial Information

A summary of selected financial information for the last three years ended June 30, is as follows:

	Year ended June 30, 2013 (IFRS)	Year ended June 30, 2012 (IFRS)	Year ended June 30, 2011 (IFRS)
Total revenue	-	-	-
Net loss for the period	$ 1,761,105	$ 497,268	$ 120,738
Basic and diluted loss per share	$ 0.05	$ 0.09	$ 0.05
Total assets	$ 11,754,855	$ 1,981,160	$ 1,828,261
Total non-current financial liabilities	-	-	-
Cash dividends	-	-	-

Results of Operations

The company had a net and comprehensive loss of $1,732,022 for the year ended June 30, 2013 compared to a net loss of $497,268 for the year ended June 30, 2012. The increase in net and comprehensive loss over the previous year is due to the Company completing a qualifying transaction and therefore becoming more active.

For the year ended June 30, 2013 expenses consisted of travel of $108,061 (2012 – $10,110) and consulting and compensation of $732,899 (2012 – $137,136), professional fees of $187,052 (2012 – $122,707), stock based compensation of $335,807 (2012 - $ Nil), filing and transfer agent fees of $40,160 (2012 - $43,544) and office expense and miscellaneous of $260,602 (2012 - $26,278). The Company remains focused on maintaining costs from all facets of the business in order to maintain its monthly cash burn while at the same time dedicating appropriate resources to key projects going forward. The Company is focusing on key deliverables which includes the NI 43-101 resource estimate on the Horne 5 deposit and work programs in the Flavrian Gold District.

Summary of Quarterly Results

A summary of selected financial information for the last eight quarters is as follows:

	Three Months Ended September 30, 2013	Three Months Ended June 30, 2013	Three Months Ended March 31, 2013	Three Months Ended December 31, 2012
Total Revenue	Nil	Nil	Nil	Nil
Net loss	$348,445	$367,620	$546,634	$484,699
Net loss per share	$0.005	$0.01	$0.02	$0.02
Total assets	$11,352,057	$11,754,855	$9,768,392	$10,293,262
Total liabilities	$469,259	$588,687	$616,302	$668,038

	Three Months Ended September 30, 2012	Three Months Ended June 30, 2012	Three Months Ended March 31, 2012	Three Months Ended December 30, 2011
Total Revenue	Nil	Nil	Nil	Nil
Net loss	$362,152(1)	$294,918(2)	$36,732	$81,789
Net loss per share	$0.01	$0.055	$0.007	$0.015
Total assets	$10,284,848	$1,981,160	$3,692,054	$3,711,758
Total liabilities	$248,259	$40,735	$63,635	$44,432

(1) The net loss for the three months ended September 30, 2012 includes stock based compensation of $335,807
(2) The net loss for the three months ended June 30, 2012 includes a write-off of equity investment in the amount of $150,000

The company had a comprehensive loss of $348,445 for the three months ended September 30, 2013 compared to a net loss of $362,152 for the three months ended September 30, 2012.

For the three months ended September 30, 2013 expenses consisted of travel of $21,399 (2012 – $13,875) and consulting and compensation of $223,979 (2012 – $Nil). The compensation in the quarter also included some severance payments as the Company terminated some more employees in its operational office. The Company also had professional fees of $36,368 (2012 – $2,686), filing and transfer agent fees of $2,309 (2012 - $9,411) and office expense, insurance, and miscellaneous of $60,233 (2012 - $373).

Liquidity and Capital Resources

As at September 30, 2013 the Company had working capital of $2,013,675 and an adjusted net working capital of $2,201,142 (September 30, 2012 - $3,286,586), an accumulated deficit of $2,731,967 (September 30, 2012 - $1,534,964) and cash on hand of $2,150,195 (September 30, 2012 - $3,517,059). During the period ended September 30, 2013, operating activities used cash of $393,840 (September 30, 2012 – $1,486). No cash has been classified as restricted at September 30, 2013.

On September 14, 2012, the Company completed a private placement (done in three tranches between July 19, 2012 and September 14, 2012) by issuing 26,282,000 common shares at $0.25 per share to raise cash proceeds of $6,445,843 net of brokers' fees and share issue costs.

On May 15, 2013 the Company announced that it had arranged and placed a non-brokered private placement of a total of 2,670,500 flow-through common shares at a price of $0.40 per flow-through common share. The gross proceeds total $1,068,200 with net proceeds of $994,944 after share issue costs made up of finders fees, legal costs, and filing fees of $73,256. This private placement was accepted by the TSX venture exchange on May 22, 2013.

On June 14, 2013 the Company issued 6,800,000 shares at a price of $0.25 per share in a non-brokered private placement. There were 3,400,000 share purchase warrants connected to the shares issued and these warrants are exercisable at a price of $0.45 for a period of eighteen months from June 14, 2013 unless a volume-weighted average trading price of greater than $0.60 for 15 consecutive trading days shortening this expiry date of the warrants to 30 days from the date of notice. The gross proceeds total $1,700,000 with net proceeds of $1,624,720 after share issue costs made up of finders fees, legal costs, and filing fees of $75,280.

Subsequent to the period, on November 14, 2013 the Company closed a non-brokered private placement of an aggregate of 12,045,999 units of the Company at a price of $0.30 per unit and 4,142,770 flow-through common shares at a price of $0.36 for total gross proceeds of $5,105,197. Each unit consisted of one non-flow-through common share in the capital of the Company and one half of one transferable common share purchase warrant. Each Warrant is exercisable into one additional Common Share of the Company at an exercise price of $0.60 per Common Share until November 14, 2015.

The Warrants shall be callable such that should the daily volume weighted average trading price of the Common Shares of the Company on the TSX Venture Exchange exceed $1.00 for a period of 20 consecutive trading days, during the period following 4 months from the closing date of the Offering until the expiry date of the Warrants, the Company may give notice in writing to the Warrant holders that the Warrants shall expire on that day which is 30 days following the notice date unless exercised by the holders prior to such date.

In conjunction with the closing of the Offering, the Company agreed to pay certain finders a fee equal to a cash commission or Units at 5% of the gross proceeds raised from subscriptions in the Offering from persons introduced to the Company by the Finders which is equal to $54,720 and 507,638 Units ($152,291). As well the company has issued to the Finders common share warrants equal to 5% of the Units and FT Shares subscribed by for by persons introduced to the Company by the Finders totaling 677,688 Finders Warrants. Each Finders Warrant is exercisable to acquire one Common Share of the Company at an exercise price of $0.45 at any time up to May 14, 2015.

The Company has sufficient capital resources to meet current operations and short term plans. Regardless, additional capital will be required in the longer term. The ability to raise additional funds may be impaired or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as continued uncertainty in the capital markets and depressed commodity markets.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that are likely to have or are reasonably likely to have a material current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that have not been disclosed in the Company's financial statements.

Qualifying transaction

On July 19, 2012 the Company announced that it had closed the first tranche of its non-brokered private placement of 22,212,000 subscription receipts at a price of $0.25 per subscription receipt for gross proceeds of $5,553,000. On July 30, 2012 the Company announced that it had closed the second tranche of its non-brokered private placement of 3,870,000 subscription receipts at a price of $0.25 per subscription receipt for gross proceeds of $967,500. The Company announced on September 14, 2012 that the third and final tranche of an additional 200,000 subscription receipts had closed at a price of $0.25 per subscription receipt for gross proceeds of $50,000. The Company has issued 26,282,000 common shares for the subscription receipts for aggregate proceeds of $6,570,500. Each subscription receipt entitled the holder to receive one common share of the Company subject to the release conditions. Release conditions included the receipt of all regulatory approvals required to complete the purchase of 100% of QMX's right, title and interest in the Rouyn-Noranda base/precious metal camp located in Rouyn-Noranda, Quebec and the Company and QMX agreeing that all conditions under the definitive agreement have been satisfied.

On September 14, 2012, the Company announced that it has entered into a definitive asset purchase agreement dated September 12, 2012 with QMX to acquire 100% of QMX's right, title and interest in the Rouyn-Noranda base/precious metal camp ("the Project") located at Rouyn-Noranda, Quebec. This transaction is the Company's Qualifying Transaction as defined in Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual and was subject to the approval of the Exchange. Pursuant to the agreement, the Company acquired the Project by paying QMX $5,000,000 cash and issuing QMX 7,000,000 common shares of the Company at an issue price of $0.25 per share.

The Company also announced on September 14, 2012 that on the closing of the transaction, the Company has changed its name to Falco Pacific Resource Group Inc. and commenced trading on the exchange as a Tier 2 Mining issuer under the trading symbol "FPC". The Company is no longer considered a capital pool company.

On September 24, 2012 The Company and QMX jointly announced the closing of the Qualifying Transaction for the acquisition of the Project.

Financial instruments

The Company's financial instruments include cash and cash equivalents and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their short term nature. The Company is not exposed to significant interest, credit or currency risk arising from these financial instruments.

See Note 12 in the September 30, 2013 unaudited condensed interim financial statements for further information on the Company's financial instruments.

Related Party Transactions

The Company transacts with key individuals including management and from time to time with its directors who have authority and responsibility to plan, direct and control the activities of the Company. The nature of these transactions are for management, financial, consulting and technical services rendered. Key management personnel are defined as officers and directors of the Company.

Management services and compensation during the period consist of consulting fees paid and stock options granted to directors and officers.

The following summarizes management compensation expenses:

	Sept. 30, 2013	Sept. 30, 2012
Management and consulting fees	$ 83,069	$ -
Stock based compensation	$ -	$ 97,800
	$ 83,069	$ 97,800

Outstanding Share Data

a) Authorized and issued share capital:

As at September 30, 2013, there were 53,331,051 common shares outstanding.

As at November 27, 2013, there were 70,027,458 common shares issued and outstanding.

b) Escrow shares:

During the period from incorporation on March 16, 2010, the Company issued 3,500,000 common shares at $0.05 per share for gross proceeds of $175,000. Of the 26,282,000 common shares issued for the subscription receipts, 8,560,000 issued to insiders and Osisko Mining Corporation at a price of $0.25 per share were placed in escrow. These common shares are in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V (1,206,000) and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. The 7,000,000 shares issued to QMX at a price of $0.25 per share were placed in escrow of which 210,000 were released upon the issuance of the TSX Final Exchange Bulletin. As of November 27, 2013, the Company had 11,436,000 common shares held in escrow. As of November 27, 2013, there are a total of 41,895,050 free trading common shares, with a further 16,696,408 common shares having a four month hold period expiring March 15, 2014.

c) Stock options:

September 30, 2013

Number of Options Outstanding	Number Exercisable	Exercise Price	Expiry Date
250,000	250,000	$0.10	August 30, 2015
1,575,000	1,495,000	$0.30	September 24, 2017
95,000	40,000	$0.50	December 5, 2017
200,000	100,000	$0.73	January 6, 2018
2,120,000	1,885,000		

As at September 30, 2013, there were 2,120,000 stock options issued and outstanding with 1,885,000 being exercisable.

On November 19, 2013 the Company granted 1,480,000 incentive stock options to directors, officers, employees, and consultants. The options are exercisable on or before November 18, 2018 at a price of $0.40.

As at November 27, 2013, there were 3,600,000 stock options issued and outstanding with 2,910,000 being exercisable.

d) Summary of warrants outstanding

As at September 30, 2013, there were 3,400,000 warrants outstanding at a price of $0.45.

As at November 27, 2013, there were 10,354,507 warrants outstanding. There are 4,077,688 warrants at a price of $0.45 and 6,276,819 warrants at a price of $0.60.

Internal Control Disclosure

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers such as the Company, from certifying disclosure controls and procedures, as well as internal controls over financial reporting as of December 31, 2007 and thereafter. The company is now required to file basic certificates. The company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2010.

Risk Factors

An investment in the Company will involve a number of risks. The reader should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating the Company and its business before making any investment decision in regards to the Shares. The Company's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair its business operations.

Exploration and Development Risks
Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks associated with exploration, development and production.

Insurance
The Company's involvement in the exploration for natural resources may result in the Company becoming subject to liability for pollution, property damage, personal injury or other hazards and any insurance the Company may have may not be sufficient to cover the full extent of such liabilities.

Prices, Markets and Marketing of Gold and Metal Prices
World prices for commodities fluctuate and are affected by numerous factors including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of commodities, and therefore an economic downturn could have a negative impact on the Company.

Liquidity and Capital Requirements
Management anticipates that, subject to financing, it will make substantial capital expenditures towards developing the Companies mineral property. However, there is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company may require additional financing in order to proceed with the exploration and development of their property and to sustain its business operations if it is not successful in earning revenues. The Company may also need further financing if it decides to obtain additional mineral properties. The Company's future may be dependent upon its ability to obtain financing. If the Company does not obtain such financing, if required, its business could fail and investors could lose their entire investment.

Environmental Risks
All phases of the mineral exploration and development business present environmental risks and hazards and are subject to environmental regulations. Compliance with such legislation/regulations can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner which may lead to stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. No assurance can be given that the application of environmental laws to the business and operations of the Company

will not result in a curtailment of exploration or production, a material increase in the costs of production, development or exploration activities, or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Government Regulation
The natural resource exploration industry is subject to controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other natural resource exploration companies of similar size. The current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

Markets for Securities
There can be no assurance that an active trading market in the Shares will be established and sustained. The market price for the Shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of its peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Shares.

Reliance on Key Individuals
The Company's success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

Additional Information

Additional information relating to the Company has been filed on SEDAR and is available at www.sedar.com.