BEARCLAW CAPITAL CORP.

(the “Company” or “Bearclaw”)

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Months Ended June 30, 2011

The following management discussion and analysis (“MD&A”) has been prepared by management as of August 22, 2011, and should be read in conjunction with the unaudited interim financial statements and related notes of the Company for the six month period ended June 30, 2011, and the audited financial statements and related notes of the Company for the year ended December 31, 2010. The interim unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The affects of the transition to IFRS are discussed below under **changes in accounting policies including initial adoption**. All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “may”, “will” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

OVERVIEW

Bearclaw was incorporated on August 11, 1999 under the laws of British Columbia, Canada. The Company is primarily engaged in the acquisition, exploration, development and production of mineral properties in Canada. The Company’s common shares are listed for trading on the TSX Venture Exchange, under the symbol “BRL”. The Company’s common shares also trade on the Frankfurt Stock Exchange, under the symbol “5BQ”.

During the six month period ended June 30, 2011, the Company incurred a net loss of $93,466. The Company’s priority in 2011 will be to continue exploration on its newly acquired Lov property, seek additional partners on its other existing projects, continue to evaluate new opportunities, and secure new financings for future exploration programs and operating costs.

EXPLORATION ACTIVITIES

As of June 30, 2011, the Company held several mineral properties in British Columbia and one uranium property in Quebec.

Lov Property, British Columbia

On August 9, 2010 the Company signed an option agreement with SG Spirit Gold Inc. (formerly Ruby Red Resources Inc.) (“SG”) whereby the Company has the option to acquire up to an 80% interest in certain mineral claims located in the Fort Steele Mining Division of British Columbia. To earn an initial 65% interest in the

property, the Company is required to make cash payments of $90,000 ($20,000 paid), issue 800,000 common shares (200,000 shares issued with a fair value of $16,000) and fulfill work commitments of $1,190,000 ($90,000 completed) over four years. The Company also has the right to earn an additional 15% interest in the property by making an additional cash payment of $50,000, issuing an additional 200,000 common shares and delivering a positive pre-feasibility study to SG by October 31, 2016.

The Lov Property is located in south-eastern British Columbia, approximately 30 kilometres west of Cranbrook. The property covers Lower Cambrian sediments intruded by Cretaceous granite intrusions. Prior work identified a 2.5 kilometre long molybdenum copper soil anomaly within which is a tungsten, arsenic, bismuth anomaly. In addition, a more linear gold soil anomaly crosses the property. The geology and geochemistry are indicative of skarn type potential.

In October 2010, the Company completed a work program on the property. The program comprised follow-up geochemistry and mapping to better determine mode and extent of mineralization and included airborne electromagnetic and magnetic surveying. The airborne EM defines numerous anomalies in three areas. One cluster of conductors occurs over the EM/MAG anomaly along the east flank. A second set of linear conductors occur on the west flank of the MAG in an area largely unmapped and untested by soil geochemistry. The third series of conductors cover a large area on the west side of the property which is completely unevaluated.

In August 2011, the Company commenced a summer exploration program consisting of geological mapping, prospecting and soil geochemistry on the property in preparation for drilling.

Aplite, Bam, Castle, Gnat Pass and Rey Lake Properties, British Columbia

The Company owns a 100% interest in certain mineral claims in northern British Columbia.

The Aplite property is located 115 kilometres north of the city of Fort St. James. The property is situated 70 kilometres southeast of the Lorraine porphyry copper-gold deposit and 22 kilometres west-northwest of the Chuchi Lake porphyry copper-gold deposit.

The Bam property is located south of Mount Edziza Park, approximately 80 kilometres south of Telegraph Creek. The property is within the “Golden Triangle” of northwestern British Columbia, and is 65 kilometres northwest of the Eskay Creek mine and 20 kilometres south-southeast of Copper Fox’s Schaft Creek porphyry copper-gold deposit. The main exploration target on the Bam is the area of the copper-silver Jan prospect and the geochemical soil anomaly extending to the northeast. In September 2010, a brief exploration program of limited follow-up soil sampling of anomalous gold values in soils and mapping of the Jan prospect area was carried out. The results of the soil survey show the presence of several areas having elevated gold-arsenic–antimony ± copper ±silver signatures.

The Castle property is located on the Kinaskan Plateau, about 15 kilometres west of the village of Iskut and 30 kilometres west of the Red Chris porphyry copper-gold deposit. NGEX’s GJ copper-gold porphyry deposit is about 15 kilometres to the south. Historical data indicated that a large epithermal gold system exists on the Castle property with potential for a low-grade, bulk tonnage deposit, along with somewhat less potential for a high-grade vein deposit. The Company had performed some geological ground work on the Castle property during fiscal 2009.

The Gnat Pass property, which hosts a copper-gold alkalic porphyry deposit, is located 25 kilometres south of the town of Dease Lake, straddling the Stewart-Cassiar Highway. It lies 60 kilometres north of the Red Chris copper-gold porphyry deposit. The IP and magnetometer survey conducted in fiscal 2005 identified the Hill Zone and possibly an area to the northwest as having the most potential. A discontinuous series of magnetic anomalies also defines a trend to the northwest from the Hill Zone.

Rey Lake property is a copper-molybdenum property located in southern British Columbia between Merritt and Logan Lake, approximately 30 kilometres from the Highland Valley copper mine, one of the largest producers in North America.

The Company is currently seeking joint venture partners for further exploration of these properties.

Axe Property, British Columbia

The Axe property is located in the Similkameen Mining Division of British Columbia and has a porphyry copper and gold deposit within a northwest trending belt of Triassic rocks that hosts the Copper Mountain, Highland Valley, Afton, Mount Polley and Mount Milligan porphyry deposits. During the year ended December 31, 2005, the Company signed an option agreement with Weststar Resources Corp. ("Weststar") whereby Weststar earned a 70% interest in the property by spending $500,000 in exploration expenditures and by making certain cash payments and share issuances required under the agreement. The Company and Weststar executed the joint venture agreement in 2008, as contemplated by the 2005 option agreement. Weststar is the manager of the joint venture operation. Weststar acquired additional mineral claims that are contiguous with the Axe property and completed a drilling program on the property in 2009. The drilling results were announced in Weststar's news release on December 3, 2009. The Company holds a 30% interest in the property.

Man/Prime Property, British Columbia

In January 2007, the Company entered into an option agreement with Candorado Operating Company Ltd. ("CDO") whereby CDO had an option to earn up to an 80% interest in the property, located in the Similkameen Mining Division of British Columbia. Under the agreement, CDO acquired an initial 51% interest in the property by making cash payments of $50,000, issuing 700,000 common shares and incurring $800,000 in exploration expenditures. During fiscal 2008 and 2009, the Company sold its remaining 49% interest in the property to CDO for consideration of $300,000 and 450,000 shares of CDO.

The Company retains a 1.25% net smelter returns royalty ("NSR"), which can be purchased by CDO at any time prior to the beginning of commercial production for $1,250,000.

Capoose Property, British Columbia

During the year ended December 31, 2008, the Company entered into an agreement with Silver Quest Resources Ltd. ("SQI") whereby SQI can earn up to a 100% interest in the property located in the Omineca Mining Division of British Columbia.

During the year ended December 31, 2009, SQI acquired an initial 60% interest in the property by making cash payments totaling $240,000, issuing 1,040,000 common shares and incurring $1,000,000 in exploration expenditures.

Upon SQI exercise of the initial option, the parties formed a joint venture with each party responsible for their share of approved costs related to the project. During fiscal 2010, SQI approved a $2,200,000 of exploration program. The Company did not participate in funding and as a result, the Company's interest in the property was diluted and converted to a 2.25% NSR.

James Bay Property, Quebec

During the year ended December 31, 2007, the Company entered into an agreement to acquire a 100% interest in four mineral properties located approximately 225 kilometres north east of the town of Radisson, in the James Bay area of Quebec. In summer of 2008, the Company conducted an airborne survey followed by a ground exploration program. Given the lack of favourable results achieved from the 2008 exploration programs, the Company let certain claims lapse and thus wrote off $3,208,048 of acquisition and exploration costs in fiscal 2008 and 2009. During the year ended December 31, 2010, the Company decided not to proceed with further exploration of the property and accordingly wrote off the remaining capitalized costs of $1,083,064.

Wakeham Basin Property, Quebec

During the year ended December 31, 2007, the Company signed an asset purchase and sale agreement to purchase six uranium properties located in the Wakeham Basin in Quebec. The Company purchased a 100% interest in the property by paying the vendors $350,000 and issuing 2,000,000 common shares of the Company. The property is subject to a royalty of 3%, and a 2% NSR.

During the year ended December 31, 2009, due to poor economic recoverability of resources the Company wrote off the carrying value of $444,701 in acquisition and exploration costs incurred on the property. The Company has no plans to undertake any further exploration activities on the property but is currently seeking to option the remaining 158 claims to a third party**.**

Qualified person

The technical contents in this document have been reviewed and approved by William R. Gilmour, P.Geo., a qualified person as defined by National Instrument (NI) 43-101.

DISCUSSION OF OPERATIONS

Bearclaw is an exploration stage company and has no operating revenue. During the six months ended June 30, 2011, the Company capitalized $23,751 of expenditures related to mineral properties and a breakdown was provided in Note 7 to the interim financial statements. Minimal exploration work was done in the first six months of 2011 due to the cold weather condition in the region. Subsequent to June 30, 2011, the Company commenced an exploration program on the Lov property.

Three month period ended June 30, 2011

During the three months ended June 30, 2011, the Company reported a net loss of $50,522 compared to a net loss of $18,996 incurred in the three months ended June 30, 2010. The loss in the second quarter of 2011 relates primarily to general administrative expenses of $52,308 (2010 - $86,731). The loss in the 2010 comparative period was mitigated by a gain of $66,842 from sale of a portion of its marketable securities.

The general operating expenses excluding stock-based compensation expenses were $47,532(2010 - $70,671). The variance is mainly attributable to:

- Consulting fees of $8,886 (2010 - $22,055) include mainly fees to consultants on general corporate development and on evaluation of the Company's mineral properties and compilation of data for potential options or joint venture interests. The cost is lower in the current period because most of the property evaluation work was completed in 2010 period.
- Legal fees of $4,158 (2010 - $12,358) relate mainly to the annual general meeting and have decreased over the 2010 period due to decreased activities related to other general corporate matters.
- Stock-based compensation expenses of $4,776 (2010 - $16,060), a non-cash charge, are the estimated fair value of the vesting portion of stock options granted in fiscal 2009 to 2011. The Company used the Black-Scholes option pricing model for the fair value calculation.

Six month period ended June 30, 2011

During the six months ended June 30, 2011, the Company reported a net loss of $93,466 compared to a net income of $19,628 incurred in the six months ended June 30, 2010. The loss 2011 period relates primarily to general administrative expenses of $97,153 (2010 - $133,917). The income in the 2010 comparative period was a result of a gain of $151,992 from sale of a portion of its marketable securities.

The general operating expenses excluding stock-based compensation expenses were $85,019 (2010 - $106,712). The variance is mainly attributable to:

- Accounting and audit of $13,700 (2010 - $8,443) is higher than the prior period due to increased accounting work relating to the IFRS transition.

- Consulting fees of $11,886 (2010 - $32,901) include mainly fees to consultants on general corporate development and on evaluation of the Company's mineral properties and compilation of data for potential options or joint venture interests. The cost is lower in the current period because most of the property evaluation work was completed in 2010 period.
- Management fees of $24,000 (2010 - $16,000) relate to fees paid to the Company's CEO, who was appointed in March 2010 with a monthly fee of $4,000.
- Legal fees of $4,838 (2010 - $17,755) relate mainly to the annual general meeting and have decreased over the 2010 period due to decreased activities related to other general corporate matters.
- Stock-based compensation expenses of $12,134 (2010 - $27,205), a non-cash charge, are the estimated fair value of the vesting portion of stock options granted in fiscal 2009 to 2011. The Company used the Black-Scholes option pricing model for the fair value calculation.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ending on June 30, 2011. The financial data presented below for each of the 2010 quarters have been restated to include relevant adjustments on the Company's transition to IFRS while the 2009 financial information is presented in accordance with Canadian GAAP and was not required to be restated under IFRS. The affects of the transition to IFRS are discussed below under **changes in accounting policies including initial adoption**. The main change is related to the timing of the stock-based compensation expenses recognized, which has no effect on the Company's cash flows.

	For the Three Months Ending							
	Fiscal 2011		**Fiscal 2010**				**Fiscal 2009**	
	Jun. 30, 2011	**Mar. 31, 2011**	**Dec. 31, 2010**	**Sept. 30, 2010**	**Jun. 30, 2010**	**Mar. 31, 2010**	**Dec. 31, 2009**	**Sept. 30, 2009**
	($)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Accounting principle used	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	GAAP	GAAP
Income Statement Data								
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(50,522)	(42,944)	(1,134,799)	74,205	(18,996)	38,624	(363,339)	4,608
Net income (loss)	(50,522)	(42,944)	(1,134,799)	74,205	(18,996)	38,624	(363,339)	4,608
Income (loss) per common share outstanding – basic and diluted								
Income (loss) from continuing operations per share - basic and diluted	(0.00)	(0.00)	(0.05)	0.00	(0.00)	0.00	(0.02)	0.00
Net income (loss) per share - basic and diluted	(0.00)	(0.00)	(0.05)	0.00	(0.00)	0.00	(0.02)	0.00

LIQUIDITY AND CAPITAL RESOURCES

During the first six months, the cash and cash equivalent balance decreased by $102,898, of which $70,569 was used in operating activities and $32,329 was spent on mineral properties. The Company did not have any cash flows relating to financing activities during the first two quarters.

As at June 30, 2011, the Company had a cash and cash equivalent balance of $579,620 compared to $682,518 as at December 31, 2010. The Company had working capital as at June 30, 2011 of $1,110,333 compared to working capital of $1,133,916 as at December 31, 2010.

Management estimates that the general operating costs, excluding stock-based compensation expense, for remainder of 2011 will be approximately $80,000. The Company is also committed to spend at least $90,000 in exploration expenditures on the Lov property. At present, management believes that the Company has sufficient capital resources to meet its anticipated operating and capital requirements for the next 12 months.

Going Concern

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. The annual and interim financial statements do not include any adjustments to the recoverability and classification of reduced asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. The Company is not subject to material externally-imposed capital constraints.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Included in trade and other payables at June 30, 2011 is $nil (December 31, 2010 - $3,685) owing to related parties for services rendered to the Company and is unsecured, non-interest bearing, and has no specific terms of repayment.

Key management includes directors (executive and non-executive) of the Company. The compensation paid or payable to key management personnel during the six month periods ended June 30 is as follows:

	2011	2010
Short-term employee benefits	$ -	$ -
Share-based payments	10,626	26,008
Total	$ 10,626	$ 26,008

The Company entered into the following transactions with related parties during the six month periods ended June 30, 2011:

a) Paid or accrued management fees of $24,000 (2010 - $16,000) to a company controlled by the President of the Company for management services provided.

b) Paid or accrued consulting fees of $9,137 (2010 - $30,281) to two companies controlled separately by the chief financial officer and a non-executive director of the Company for general and geological consulting services

provided.

These transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:
(1) Authorized: 100,000,000 common shares without par value.
(2) As at August 22, 2011, the Company has 24,246,991 common shares and 2,000,000 stock options issued and outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates include:

(i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests has been done involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.
(ii) The determination of the fair value of stock options or warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
(iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
(iv) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Transition to International financial reporting standards

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in its financial statements for the year ending December 31, 2011, making them the first annual financial statements of the Company under IFRS. The Company previously applied the available standards under Canadian generally accepted accounting principles ("Canadian GAAP") that were issued by the Accounting Standards Board of Canada. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position and financial performance and cash flows is set out below.

The Company's IFRS accounting policies are disclosed in Note 3 to the condensed interim financial statements. In accordance with IFRS 1, the Company has applied IFRS retrospectively as of January 1, 2010 (the Company's date

of transition) for comparative purposes. For each reporting period in 2011, comparative information for 2010 will also be presented, both for interim and annual financial statements, as applicable, on an IFRS basis.

IFRS initial elections upon adoption

IFRS 1 *First-time Adoption of International Financial Reporting Standards* generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. The IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS are as follows:

i) Share-based payment transactions

   The Company has elected under IFRS 1 to not apply IFRS 2 *Share-based Payment* to all stock options that vested before the date of transition. As a result of applying this exemption, the Company has applied the provision of IFRS 2 to all outstanding stock options that were unvested prior to January 1, 2010.

ii) Estimates

   The estimates previously made by the Company under Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Company has not used hindsight to create or revise estimates.

Adjustments on transition to IFRS

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are differences with regard to recognition, measurement and disclosure. While adoption of IFRS did not change the Company's cash flows, it resulted in changes to the Company's statements of financial position and statements of comprehensive loss as set out below:

(a) The Company grants stock options that have a graded vesting schedule. Under IFRS 2 *Share-based Payment*, each tranche of an award with different graded vesting is accounted for as a separate award and the resulting fair value is amortized over the vesting period of the respective tranches. Under Canadian GAAP, the Company was accounting for the entire grant as a single award and amortized expense on a straight line basis.

A reconciliation of the above noted changes is included in the Note 15 to the condensed interim financial statements of the Company for the six months ended June 30, 2011.

New accounting pronouncements

i) Amendments to IFRS 7 *Financial Instruments: Disclosures* (IFRS 7) have been issued to require additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments are applicable for annual periods beginning on or after July 1, 2011, with early adoption permitted.

ii) Amendments to IAS 12 *Income Taxes* (IAS 12) have been issued to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendments are applicable for annual periods beginning on or after January 1, 2012, with early adoption permitted.

iii) New standard IFRS 9 *Financial Instruments* (IFRS 9) has been issued by IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The Company has not early adopted these revised standards and is currently assessing the impact of these standards on the Company's financial statements.

FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash and cash equivalents and receivable are classified as loans and receivables and measured at amortized cost; marketable securities as available-for-sale and measured at fair value; trade and other payables as other financial liabilities and measured at amortized cost. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Fair Value

CICA Handbook Section 3862 "Financial Instruments – disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Available-for-sale				
Marketable securities	$ 329,500	$ -	$ -	$ 329,500

A market is regarded as active if quoted prices are readily and regularly available from an exchange. The quoted market prices used for marketable securities are the closing price on the TSX-V at June 30, 2011.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents, marketable securities and receivables. The credit risk with respect to its cash and cash equivalents and marketable securities are minimal as they are held with high-credit quality financial institutions. The Company's receivables consist of harmonized sale tax ("HST") and Quebec mining exploration tax credit refunds due from the federal and provincial governments of Canada. Management does not expect these counterparties to fail to meet their obligations. The Company's credit risk has not changed significantly during the six month period ended June 30, 2011.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure sufficient cash available to

fund its projects and operations. As at June 30, 2011, the Company had a cash and cash equivalents balance of $579,620 to settle current liabilities of $15,391. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at the financial institutions. The interest rate risks on cash and cash equivalents are not considered significant due to their short-term nature and maturity.

RISK AND UNCERTAINTIES

Operating Hazards and Risks

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs.

Environmental Factors

The Company currently conducts exploration activities in the Canadian Provinces of British Columbia. Such activities are subject to various laws, rules and regulations governing the protection of the environment. In Canada, extensive environmental legislation has been enacted by federal and provincial governments. Such legislation imposes rigorous standards on the mining industry to reduce or eliminate the effects of wastes generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water.

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property.

The Company is able to conduct its exploration within the provisions of the applicable environmental legislation without undue constraint on its ability to carry on efficient operations. The estimated annual cost of environmental compliance for all properties held by the Company in the exploration stage is minimal and pertains primarily to carrying out diamond drilling, trenching or stripping. Environmental hazards may exist on the Companies properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties.

Governmental Regulation

Exploration activities on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital

expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with company policy, government regulations, maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral Land or to stake a claim) in any Canadian province in which it is carrying out work.

Mineral exploration primarily falls under provincial jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdiction, such as the Fish and Wildlife Act.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters.

EFFECTIVENESS OF DISCLOSURE CONTROLS

The Chief Financial Officer and Chief Executive Officer have evaluated the effectiveness of the Company's disclosure controls as of June 30, 2011. They have concluded that the Company's disclosure controls and procedures provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period during which this report was being made.

OUTLOOK

The Company's management has instituted a strict cost control program to ensure its ability to continue as a going concern. Management is currently reviewing several funding options, including equity and debt financing, and is seeking joint venture partners in connection with some of its mineral property interests.

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of Bearclaw Capital Corp. has approved the contents of this management discussion and analysis on August 22, 2011. A copy of this MD&A together with the Company's audited financial statements for the year ended December 31, 2010 and the unaudited interim financial report for the six month period ended June 30, 2011will be provided to anyone who requests it.