

**GONZAGA RESOURCES LTD.**  
**Management Discussion and Analysis (“MD&A”)**  
**for the year ended November 30, 2015**

The following discussion and analysis of the operations, results, and financial position of Gonzaga Resources Ltd. (“the Company”) for the year ended November 30, 2015 should be read in conjunction with the Company’s audited financial statements and related notes for the year ended November 30, 2015. The effective date of this report is March 24, 2015. All figures are presented in Canadian dollars, unless otherwise indicated.

**COMPANY OVERVIEW**

Gonzaga Resources Ltd. (“the Company” or “Gonzaga”) was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on April 8, 2010. The Company is in the business of exploration, development and exploitation of mineral resources in Canada. The Company is not currently carrying out any exploration activities due to the poor market conditions of the exploration and mining industry. If market conditions do improve, the Company would consider recommencing exploration work on the Kennedy River Project and may seek additional property acquisitions if additional financing could be secured. The Company holds a 100% interest in the Kennedy River Project comprised of a mineral claim block covering approximately 803 hectares located near Port Alberni on Vancouver Island, British Columbia (the “Property”). On June 2, 2011, the Company completed its Initial Public Offering (“IPO”) and its common shares commenced trading on the TSX Venture Exchange (“TSX-V”) on June 6, 2011 under the symbol “GN”.

**MINERAL PROPERTY EXPLORATIONS**

a) **Acquisition Costs** - Details of activities are as follows:

<b>Kennedy River Project, BC, Canada</b>	<b>November 30,</b>		<b>November 30,</b>	
	<b>2015</b>		<b>2014</b>	
Net book value	\$	13,521	\$	13,521

b) **Mineral Exploration Costs**

Details of the exploration and evaluation costs for the years ended November 30, 2015 and 2014 are as follows:

<b>Kennedy River Project, BC, Canada</b>	<b>2015</b>		<b>2014</b>	
Opening cumulative expenditure	\$	184,085	\$	184,085
Exploration costs:				
Technical report		2,000		-
Ending cumulative expenditure	\$	186,085	\$	184,085

c) **Kennedy River Project, BC, Canada** – Project Description

In April 2010, the Company staked two mineral claim blocks covering 1,331 hectares called the Kennedy River Project located near Port Alberni on Vancouver Island in British Columbia. During the 2012 fiscal year, following up fieldwork was undertaken and a detailed sampling program was completed by field crews. On December 30, 2013, the mineral claim for Kennedy River North claim block lapsed, leaving 10 mineral tenures in good standing for Kennedy River South claim block covering 803 hectares. During the year ended November 30, 2015, the Company incurred \$2,000 (2014 - \$Nil) in exploration and evaluation costs. Subsequent to the year end, in December 2015, following up fieldwork was undertaken and an updating technical report was completed by field crews.

**d) Kennedy River Project, BC, Canada – Operations update**

The Property covers roughly half of the historic Kennedy River Gold District and has potential to host significant zones of sheeted vein type gold mineralization. Previous exploration work carried out by Kerr Addison Mines in the late 1980's combined with soil geochemical surveys and 3DIP surveys carried out by the Company in 2010 identified a high priority target in the central part of the Property referred to as the G-1 Target.

Based on the historic work and the 2010 work carried out by the Company, the soil geochemical anomaly and the IP anomaly associated with the G-1 Target is over 200 meters in width and is open to the southwest.

The objective of the current program is to further delineate the extent of the "gold in soil geochemical anomaly" associated with the G-1 Target area. During November 2011 field crews collected approximately 250 soil and rock samples from the project area. Soil sample assays ranged from trace levels to 0.614 g/t gold and include a single sample that returned a duplicate assay of 3.88 g/t gold. Based on the soil sample assays the G-1 target has been extended approximately 200 meters to the west and roughly 100 meters to the north and now covers an area measuring approximately 300 meters north - south by 400 meters east - west. Based on these results, the strongest gold values are localized in the central part of the zone and the Company's consultants recommended that detailed, close spaced sampling and hand trenching be completed to bedrock to expose the rock units that underlie the areas which exhibit the highest "gold in soil" values.

In March 2012, based upon the results of the November 2011 field program, field crews collected an additional 513 soil samples along 25-metre-spaced, north-south-oriented profile lines from the G-1 zone. Wherever bedrock was encountered within the grid area, rock samples were also collected for comparative assay. Results of this soil-sampling program confirmed that the mineralized zone associated with the G-1 target extends to the west, and also identified a second area of elevated gold-in-soil values in the southwestern part of the survey grid. Both the main anomaly and the new soil anomaly are still open to the west. Elevated gold-in-soil values within the main part of the G-1 target area have defined a 150-metre-wide zone that extends roughly 300 meters east-west. Gold values within this zone range from 0.05 g/t gold to 0.614 g/t gold and include numerous samples that exceed 0.1 g/t gold. The new anomaly (located approximately 100 metres south of the main anomaly) is approximately 75 metres in width and has been defined over a strike length of roughly 100 metres. Gold-in-soil values within the new anomaly range from 0.051 to 0.111 g/ton.

Rock samples collected during both the 2011 and 2012 work program will be submitted for assaying at a future date, following which the Company will review its plan of operations concerning the Property.

Carl Von Einsiedel, PGeo, consultant to the Company, is a qualified person and has reviewed the technical content of this management discussion and analysis.

During the year ended November 30, 2015, the Company incurred \$2,000 of BC Mines compliance cost in relation to the preparation of 2010 to 2013 reports. Subsequently in December 2015, the Company incurred \$54,953 of exploration expenditures on project inspection, data interpretation and technical report writing. The Company is currently reviewing the results of this work program. Management will continue to focus on preserving capital and is reviewing other opportunities to generate shareholder value.

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the results for the Company's most recent quarterly periods:

	31-Nov-15	31-Aug-15	31-May-15	28-Feb-15	30-Nov-14	31-Aug-14	31-May-14	28-Feb-14
Expenses/ (income)	(\$18,713)	\$12,162	\$12,399	\$14,816	\$20,193	\$12,746	\$13,061	\$15,685
Loss for the period	(\$18,713)	\$12,162	\$12,399	\$14,816	\$20,193	\$12,746	\$13,061	\$15,685
Weighted average shares outstanding	12,788,333	12,788,333	12,788,333	12,788,333	12,788,333	12,788,333	12,788,333	12,788,333
Loss per share	(\$0.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01
Mineral property acquisition costs	-	-	-	-	-	-	-	-
Mineral property exploration costs / (recovery)	-	-	-	-	-	-	-	-

The Company's operating losses are due to general and administrative costs, such as management, consulting, legal, accounting and audit incurred during the process of managing the Company's operations. The Company is also expensing on the income statement all exploration costs incurred prior to the determination of the feasibility of mining operations, a positive construction and production decision, and the securing of appropriate financing, are expensed as incurred.

## SELECTED ANNUAL INFORMATION

The following table show selected financial data of the Company for the three most recently completed fiscal years. This summary has been derived from the annual financial statements of the Company that have been prepared in accordance with IFRS:

	November 30, 2015	November 30, 2014	November 30, 2013
	\$	\$	\$
Revenue	Nil	Nil	Nil
Net loss	(20,664)	(61,685)	(147,032)
Net loss per share - basic and diluted	(0.00)	(0.00)	(0.01)
Total assets	72,242	125,936	195,421
Total long term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

## DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 13,292,333 common shares outstanding. The following table summarizes maximum number of common shares outstanding as at November 30, 2015 and as of the date of this MD&A if all outstanding options were converted to common shares:

	November 30, 2015	As of the date of this MD&A
Common shares	12,788,333	13,292,333
Options to purchase common shares	700,000	700,000
	13,488,333	13,992,333

## RESULTS OF OPERATIONS

### Three months ended November 30, 2015 ("Q4 2015") compared with three months ended November 30, 2014 ("Q4 2014")

The income for the three months ended November 30, 2015 was \$18,713, compared with a loss of \$20,193 for the three months ended November 30, 2014.

- Gain on forgiveness of accounts payable of \$38,900 was recorded in Q4 2015 compared with \$Nil in Q4 2014. During Q4 2015, \$19,280 of accounts payable, including GST, due to related parties and \$22,400 of accounts payable, including GST, due to an arm's-length party were forgiven.

### Year ended November 30, 2015 ("2015") compared with year ended November 30, 2014 ("2014")

The loss for the year ended November 30, 2015 was \$20,664, compared with \$61,685 for the year ended November 30, 2014. Significant variances in expenses and income are explained as follows:

- Exploration and evaluation costs of \$2,000 were incurred during 2015 compared with \$Nil in 2014. During 2015, the Company incurred \$2,000 of BC Mines compliance cost in relation to preparation of 2010 to 2013 reports. No similar costs were incurred during 2014; and
- Insurance expense of \$3,333 was incurred during 2015 compared with \$7,752 in 2014. The decrease was due to lower director and officers' insurance premiums charged in 2015 as compared with 2014.
- Gain forgiveness of accounts payable of \$38,900 was recorded during 2015 compared with \$Nil during 2014. During 2015, \$19,280 of accounts payable, including GST, due to related parties and \$22,400 of accounts payable, including GST, due to an arm's-length party were forgiven.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on additional external sources of financing which may not be available on acceptable terms.

### Working Capital

As of November 30, 2015, the Company's working capital was \$47,169 compared with \$67,833 of working capital as of November 30, 2014. The decrease in working capital is due to spending \$59,564 on operating expenses, offsetting by \$38,900 of gain on forgiveness of accounts payable.

### Cash

On November 30, 2015, the Company had \$58,721 of cash, compared with \$108,735 of cash on November 30, 2014. The \$50,014 decrease in its cash position is mainly due to spending on operating activities, consisting mostly of audit and accounting, insurance, office and administration, and transfer agent and filing fees.

### Cash Used in Operating Activities

Cash used in the operating activities during the year ended November 30, 2015 was \$50,014. The Company incurred \$59,564 of operating expenses which was offset by a decrease in non-cash working capital by \$9,550 due to an increase in accounts payable and accrued liabilities by \$5,870; a decrease in GST recoverable by \$343 and a decrease in prepaid expenses by \$3,337.

Cash used in the operating activities during the year ended November 30, 2014 was \$55,841. The Company incurred \$61,685 of operating expenses which was offset by a decrease in non-cash working capital by \$5,844 due to a decrease in accounts payable and accrued liabilities by \$7,800; a decrease in GST recoverable by \$514; a decrease in tax receivable by \$11,507; and a decrease in prepaid expenses by \$1,623.

#### Cash Used in Investing Activities

There were no investing activities during the years ended November 30, 2015 and 2014.

#### Cash Generated by Financing Activities

There were no financing activities during the years ended November 30, 2015 and 2014.

#### Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs more funds to finance its exploration and development programs and ongoing operating costs. Until the Company starts generating profitable operations from extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

#### **GOING CONCERN**

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in the Company's financial statements.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At November 30, 2015, the Company had not achieved profitable operations, had an accumulated deficit of \$918,336 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Subsequent to year end, the Company closed a private placement for gross proceeds of \$50,400 through the issuance of 504,000 common shares at a price of \$0.10 per share. Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

#### **OFF BALANCE SHEET ARRANGEMENTS**

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

## TRANSACTIONS WITH RELATED PARTIES

Related party transactions and balances are as follows:

- (a) During the year ended November 30, 2015, the Company paid \$6,000 (2014: \$6,000) in office and administration expense and \$15,000 (2014: \$15,000) in accounting expense to CDM Capital Partners Inc., a company partially controlled by Darren Devine, the CFO and Corporate Secretary of the Company; and
- (b) As of November 30, 2015, included in accounts payable and accrued liabilities is \$Nil (November 30, 2014: \$4,500) in consulting fees owing to the President and CEO of the Company; and \$Nil (November 30, 2014: \$9,110) in directors fees owing to the three directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

## PLAN OF OPERATIONS AND FUNDING

The Company has no plans for significant operations for the next twelve months and will seek to preserve capital during the current downturn in the mineral resources sector. Management will also continue to review other opportunities to add shareholder value.

## FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

Cash	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

### *Financial Assets*

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified cash as loans and receivables.

### *Financial Assets at Fair Value Through Profit or Loss*

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any financial assets at fair value through profit or loss.

### *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

### *Financial Liabilities*

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consists of accounts payable and accrued liabilities.

### *Impairment of Financial Assets*

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

The classification of the financial instruments as well as their carrying values is shown in the table below:

Loans and receivables	\$	58,721
Financial liabilities measured at amortized cost	\$	11,552

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at November 30, 2015, the fair values of financial instruments measured on a recurring basis include cash, determined based on level one inputs and consisting of quoted prices in active markets for identical assets. The fair values of accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed to potential loss from various risks including commodity price risk, exploration and development risk, environmental risk, credit risk, liquidity risk and interest rate risk. These risks are described in more details in Risk and Uncertainties section of this MD&A.

## **RISK AND UNCERTAINTIES**

The exploration and development of mineral properties are highly speculative activities and are subject to significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors: management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically-recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfill the Company's obligations under any applicable agreements. Other risks and uncertainties include:

### Competitive industry

Mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

### Exploration risks

Mineral exploration is highly speculative in nature. The Company's exploration projects involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of mineral resources or mineral reserves.



### Fluctuating metal and share prices

Factors beyond the control of the Company may affect the marketability of precious any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

In recent years, the securities markets in the United States and Canada have experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploratory and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

### Ability to continue as a going concern

The audited financial statements of the Company for the year ended November 30, 2013 were prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. As noted in the "Liquidity and Capital Resources" section, there are number of conditions that raise substantive doubt about the Company's ability to continue as a going concern in the longer term.

The ability of the Company to continue as a going concern is dependent upon the existence of economically recoverable mineral reserves and the ability to raise adequate financing from lenders, shareholders and other investors to support such business activities. It is anticipated that the Company will rely on the equity markets in the upcoming fiscal year to meet its financing needs, including funding future exploration activity.

Given the current economic environment, there can be no assurance that such financing will be available to the Company on acceptable terms, or at all. Failure to continue as a going concern would require the Company's assets and liabilities to be presented on a liquidation basis, which would differ materially from the going concern basis.

The following are risks related to the Company's financial instruments:

- (i) Credit Risk** – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company does not have any financial instruments that are subject to credit risk.
- (ii) Liquidity Risk** – Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.
- (iii) Interest Rate Risk** – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.
- (iv) Commodity Price Risk** – The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

## **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash held with major financial institutions.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

*New standards and amendments effective for the first time from December 1, 2014*

The following standards and amendments became effective for the Company on December 1, 2014. The new and amended standards did not have a significant impact on the financial statements. The following is a brief summary of the principal new standards adopted by the Company.

IAS 32 – Financial Instruments: Presentation - IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

IAS 36 – Impairment of Assets - IAS 36 was amended by recoverable amount disclosures for nonfinancial assets

IFRIC 21 – Levies - IFRIC 21 clarifies and provides guidance on when to recognize the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

*Recent Accounting Pronouncements not yet applied:*

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for future accounting periods. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 7 – Financial Instruments Disclosures - The standard was amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015. The company is currently assessing the impact of the standard on the Company's financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement - IFRS 9 addresses classification and measurement of financial assets and liabilities, recognizing impairment of financial assets, and hedge accounting. Under this standard, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The accounting model for financial liabilities is largely unchanged from IAS 39 except for the presentation of the impact of own credit risk on financial liabilities designated at fair value through profit or loss. The new general hedge accounting principles under IFRS 9 are aimed to align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however it is expected to provide more hedging

strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. IFRS 9 is mandatorily effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of the standard on the Company's financial statements.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

## **ADDITIONAL INFORMATION**

For further detail, see the Company's audited financial statements for the year ended November 30, 2015. Additional information about the Company can also be found on [www.sedar.com](http://www.sedar.com).

## **CORPORATE DIRECTORY**

### **Head Office**

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### **Officers and Directors**

Gregory Davis (President, CEO and Director)  
Darren Devine (CFO, Secretary and Director)  
Adrian Fleming (Director)  
Robert Clemens (Director)  
Gregory Beischer (Director)

### **Audit Committee**

Adrian Fleming (Chair)  
Gregory Davis  
Gregory Beischer

### **Compensation Committee**

Gregory Beischer (Chair)  
Darren Devine  
Adrian Fleming

### **Corporate Governance Committee**

Robert Clemens (Chair)  
Gregory Davis  
Darren Devine

### **Auditors**

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### **Legal Counsel**

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### **Transfer Agent**

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