

**ROMIOS GOLD RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the six months ended December 31, 2015**

# **ROMIOS GOLD RESOURCES INC.**

## **Management's Discussion and Analysis – December 31, 2015 As of February 8, 2016**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Romios Gold Resources Inc. ("Romios" or the "Company") constitutes management's review of the factors that affected the Company's condensed interim consolidated financial and operating performance for the six months ended December 31, 2015. The MD&A was prepared as of February 8, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements ("Financial Statements") of the Company for the six months ended December 31, 2015 and consolidated audited financial statements of the Company for the year ended June 30, 2015, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 to the Financial Statements.

### **Executive Summary**

Romios is a Canadian mineral exploration company with a primary focus on gold, copper and silver. Its projects are located in British Columbia, Ontario, Quebec, and Nevada. Exploration and evaluation costs for all areas during the six months ended December 31, 2015 were \$40,861.

The additional prospecting and sampling carried out at Burgundy Ridge in August 2015 corroborates the high grade nature of the copper-gold-silver mineralization encountered in previous work on the property and adds credence to management's belief that the mineralization extends beneath the snowfields encircling the approximate 400 metres of mineralized surface exposure. In addition, the sampling enlarged the area underlain by high grade mineralization outlined by the sampling carried out during the summers of 2013 and 2014.

The evaluation of the Timmins-Hislop Property indicates four parallel gold-bearing zones which transect the property and extend to the neighbouring properties.

The Company is optimistic that the next drilling program on the Lundmark-Akow Lake property to follow up on earlier drill results and the recent airborne geophysical survey over an area of widespread gold mineralization will confirm the conductors at depth identified by the survey.

The Company had a cash balance of \$270,625 at February 8, 2016 and believes that it will be able to raise additional funds at the appropriate time to finance future exploration and evaluation programs. Sufficient work has been completed on the properties such that there will be only marginal carrying costs to maintain title to all its claims in the foreseeable future.

### **Mineral Properties**

#### **British Columbia**

##### **Golden Triangle Area Properties**

The principal mineral claims in the Golden Triangle area of northwestern British Columbia include Trek and Newmont Lake, which includes zones known as Burgundy Ridge, Northwest, Telena, 72, Ken, Argent and Andrei zones. In addition to a NI 43-101 Inferred Resource of 1.4 million tonnes @ 4.4 g/t Au, 0.22%Cu and 6.4 g/t Ag within the Northwest Zone, there are a number of mineralized showings on each of these properties being explored by the Company.

The Company's total land position is approximately 76,000 hectares (188,000 acres) in the Golden Triangle area.

Northwestern British Columbia hosts a number of significant copper-gold porphyry and VMS gold deposits as well as polymetallic massive sulphide occurrences. The Federal and British Columbia governments have funded the Northwest Transmission Line which has brought the electrical power grid close to the Newmont Lake Project area.

Access to the provincial power grid will facilitate the construction of infrastructure and help expedite project development. The 195 megawatt Forest Kerr run-of-river hydroelectric facility, (which is connected to the grid), is within 20 kilometres of the Newmont Lake property, and became operational in October, 2014, followed by the Volcano Creek facility in December, 2014. The 66 megawatt McLymont Creek facility is expected to be operational by year end, with all three providing power to the grid. The Tahltan First Nation is credited with having played a key role in the success of the projects.

The exploration and evaluation activities undertaken in the Golden Triangle for the six months ended December 31, 2015 cost \$38,209.

### **Burgundy Ridge**

In August 2013, a prospecting, sampling and mapping program was carried out over several new zones within the southern portion of the Newmont Lake Project area. Higher summer temperatures reduced the snowpack, and in the Burgundy Ridge Zone exposed a 300 metre-long by 225 metre-wide area and a cliff face extending to over 50 metres high. The total relief of the exposed mineralization extends over 150 metres in elevation, and both the assay and geologic mapping strongly support a continuation of the mineralization to the north, west, and south.

In September 2013, Geotech Ltd. completed a 372 line kilometre helicopter-borne Z-Axis Tipper Electromagnetic ("ZTEM") and Aeromagnetic Geophysical Survey along lines oriented east-west and spaced 300 metres apart. This covered an area that encompassed the Northwest Zone, Telena Zone, Ken Zone, '72 Zone and the recently discovered Burgundy Ridge Zone, an area of significant widespread copper-gold-silver mineralization exposed over a 400 metre-long by 225 metre-wide area.

More than seventeen discrete magnetic anomalies were outlined in the survey, of which nine are yet to be explained geologically and represent exploration targets.

Based on a geophysical target model for alkaline porphyry mineral deposits and related skarn-type occurrences, at least fourteen favourable resistivity and magnetic high priority exploration targets have been identified.

During the 2014 summer exploration program, contiguous chip samples of rock, each 1.5 metres in length, were collected along a number of lines oriented essentially northwest-southeast. The location of the sample lines was based on the favourable results obtained in the 2013 sampling program and the proximity to the skarn contact between the intrusive porphyries and the reactive dolostone and limestone/marbles. In total 314 rock chip samples were collected in the sampling program of which 173 were applicable to Burgundy Ridge. In the northeast corner of the zone, a line of 30 contiguous samples, 45 metres in length, averaged 0.30% copper, 0.07g/t gold and 3.19 g/t silver. A further 24 metre line of samples, approximately 65 metres to the southwest, averaged 0.72% copper, 0.12 g/t gold and 5.17 g/t silver. A further 130 metres to the southwest, a 6 metre line of samples averaged 2.27% copper, 12.14g/t gold and 48.77g/t silver. Approximately 50 metres further southwest, two lines of samples, one 22.5 metres in length and the other, 18 metres in length averaged 0.48% copper, 0.18 g/t gold, 2.55 g/t silver and 0.59% copper, 0.33 g/t gold, 4.93 g/t silver respectively. In the southeast corner of Burgundy Ridge, eight contiguous samples collected along a 12 metre long line averaged 0.43% copper, 0.38 g/t gold and 18.67 g/t silver. Higher grade zones of mineralization occur within or adjacent to the sample lines, the most notable of which is a 3.0 metre long rock chip sample that assayed 5.12% copper, 28.49 g/t gold and 89.65 g/t silver. This sample included 1.5 metres that assayed 9.11% copper, 51.2 g/t gold and 171.0 g/t silver. In the far northwest corner of Burgundy Ridge, a contiguous line of samples 9.0 metres in length averaged 0.87% copper, 0.12 g/t gold and 7.97 g/t silver.

Basic ground exploration of areas to the northeast and west of Burgundy Ridge resulted in the discovery of several zones of porphyry-related copper and gold-bearing skarns similar to those sampled at Burgundy Ridge. A number of grab samples from a zone referred to as the Baxter Zone located 1,800 metres west of Burgundy Ridge assayed as high as 4.07% in copper. Chip samples on the Baxter Zone over 1.5 metres and 0.3 metres assayed 1.47%

copper, 0.27 g/t gold and 4.17% copper, 2.96 g/t gold respectively. At the Telena Zone, located 850 metres northeast of Burgundy Ridge and the subject of earlier exploration by Romios, porphyritic syenite dykes and other potassic porphyritic dykes were identified and sampled. Of particular note, a 10.5 metre “chip-line” sample averaged 1.17% copper and 0.384 g/t gold.

The August 2015 prospecting and sampling carried out at Burgundy Ridge identified several new areas of copper-gold-silver mineralization newly exposed by a continually receding snowfield. Prospecting and systematic continuous rock-chip sampling in this new exposure delineated a 6.0 metre wide zone still covered by snow along strike that assays a weighted average of 2.38% copper, 2.20 g/t gold, 44.80 g/t silver, and 6.73% zinc, the details of which are outlined in the following table:

SAMPLE ID	SAMPLE TYPE	LENGTH (M)	Cu %	Au ( g/t)	Ag ( g/t)	Zn %
1430507	ROCK-CHIP	2.0	2.46	2.99	54.80	7.27
1430508	ROCK-CHIP	2.0	2.93	2.30	54.30	9.42
1430509	ROCK-CHIP	2.0	1.76	1.32	25.30	3.51
<b>WEIGHTED AVERAGE</b>		<b>6.0 METRES</b>	<b>2.38</b>	<b>2.20</b>	<b>44.80</b>	<b>6.73</b>

Other results from the 2015 sampling program include a 4.0 metre long continuous rock-chip sample that assayed 0.47% copper, 0.41 g/t gold, 8.31 g/t silver and 0.44 % zinc. In addition, a 2.0 metre rock-chip sample assayed 0.51% copper, 0.56 g/t gold, 8.67 g/t silver and 0.50% zinc; and a further 2.0 metre rock-chip sample assayed 0.51% copper, 0.55 g/t gold, 9.50 g/t silver and 0.64 % zinc and a 1.0 metre rock- chip sample assayed 1.59% copper, 1.29 g/t gold, 32.9 g/t Ag and 1.51% zinc. Two representative grab samples were collected. The first assayed 1.01% copper, 0.16 g/t gold, 2.96 g/t Ag, and 2.07% zinc and the second, 0.26 % copper, 0.10 g/t gold, 1.03 g/t silver, and 0.33% zinc. Sample identification and the details of the analyses are outlined in the following table:

SAMPLE ID	SAMPLE TYPE	LENGTH (M)	Cu %	Au ( g/t)	Ag ( g/t)	Zn %
1430574	GRAB	-	0.26	0.10	1.03	0.33
1430575	ROCK-CHIP	4.0	0.47	0.41	8.31	0.44
1430576	ROCK-CHIP	2.0	0.51	0.56	8.67	0.50
1430504	GRAB	-	1.01	0.16	2.96	2.07
1430505	ROCK-CHIP	2.0	0.51	0.55	9.50	0.64
1430506	ROCK-CHIP	1.0	1.59	1.29	32.90	1.51

A map identifying the location of the samples collected during the summers of 2013-2015 at Burgundy Ridge is on the Company's website at <http://www.romios.com/s/BurgundyPhotos.asp>.

The high-grade mineralization at Burgundy Ridge occurs within breccias and intrusive dykes that are structurally located along the margin of a large dolomitic limestone body which has been intruded by a variety of porphyries. The contact hosts semi-massive pods of copper-gold-silver-zinc mineralization that exhibit an affinity for an epidote-garnet skarn zone. The high-grade core of the system is centered in a lower-grade envelope of disseminated copper-gold mineralization hosted in-part by dolomitic limestones, mega-crystalline syenite porphyry, syenite porphyry and diorite porphyry.

The additional prospecting and sampling carried out at Burgundy Ridge corroborates the high grade nature of the copper-gold-silver mineralization encountered in previous work on the property and adds credence to management's belief that the mineralization extends beneath the snowfields encircling the approximate 400 metres of mineralized surface exposure. In addition, the sampling enlarged the area underlain by high grade mineralization outlined by the sampling carried out during the summers of 2013 and 2014 at Burgundy Ridge.

## **Argent Showing**

In 2013, the field crews visited the Argent Showing in the southeast portion of the Newmont Lake area and located two veins within the southeast portion of the Argent Showing which were found to contain anomalous values in silver and copper. Nine rock grab samples collected over a 10 metre long exposure of these veins returned assays greater than 31 grams of silver per tonne and significant copper values. The three highest grade samples assayed 840 g/t Ag, 1.25 % Cu; 917 g/t Ag, 1.69 % Cu, 0.15 g/t Au; and 1450 g/t Ag, 2.76 % Cu, and 0.22 g/t Au.

Two veins located approximately 300 metres further north, along the eastern side of the Argent Showing also contain elevated silver and copper. Grab samples from outcrops of these veins assayed 1.9 g/t Ag, 0.39% Cu; and 1.6 g/t Ag, 0.24% Cu. A sample from an exposed quartz vein located in the northwest portion of the Argent Showing assayed 11.8 g/t Au and 2.8 g/t Ag.

While these assays may not be representative of the entire Argent Showing, they do confirm the strongly mineralized nature of the showing, which appears similar to the vein and shear-hosted mineralization styles of the historic Johnny Mountain and Snip Gold deposits located approximately 15 kilometres to the southwest. Johnny Mountain produced approximately 220,000 tonnes grading 18.7 g/t Ag, 12.4 g/t Au, and 0.5% Cu. Barrick Gold mined the Snip Gold deposit and reported nearly 1 million tonnes grading approximately 31 g/t Au.

## **Metallurgical Testing**

In 2013, scandium drill core samples from the Ken Zone of the Newmont Lake Project area were submitted to SGS Minerals Services for scoping level mineralogical testing and beneficiation and metallurgical recovery testing. Beneficiation tests did not indicate satisfactory recoveries. Different recovery methods on whole ore were tried, with an acid leach-bake test indicating 70% recovery, but with high acid usage. Further testing has been recommended, and as the samples were from only a small number of drill holes, further testing on additional drill intersections is also warranted.

## **Ontario**

### **Timmins-Hislop**

The Timmins-Hislop Property is located on the southwestern edge of the Porcupine-Destor Fault and is surrounded by a number of significant gold occurrences and deposits, including the St. Andrew Goldfields Ltd.'s Hislop mine, and within 400 metres of Brigus Gold Corp.'s "Contact Zone".

Visible gold was encountered in three of the four holes drilled on the Property in September, 2012.

The most notable gold mineralization was in drill hole R12-001 which intersected a 3.8 metre (12.46 feet) interval that averaged 9.0 g/t gold. A higher grade zone within this interval assayed 23.5 g/t gold over 0.80 metres (2.62 feet). In drill hole R12-003, an interval of 1.3 metres (4.26 feet) was intersected that averaged 21.4 g/t gold. Deeper in the hole, a second interval of 4.7 metres (15.42 feet) assayed 2.7 g/t gold.

On July 15, 2013 the Company reported on its review of all available previous exploration work carried out on the Property including 12 exploratory drill holes completed by Chevron in 1988. This review included re-logging and re-assaying the drill core, including previously un-assayed core, with the results of this work computerized and analyzed in detail. As previously reported, gold was encountered in most of the Chevron holes, the most notable being hole C-88-202 which intersected a zone 0.72 metre (2.36 feet) wide that assayed 12.12 g/t gold. Re-sampling the core in other drill holes identified a 1.0 metre (3.28 feet) wide zone in hole C-88-204 that assayed 2.6 g/t gold as well as a 1.0 metre (3.28 feet) wide zone in hole C-88-232 that assayed 4.51 g/t gold.

As a result of the comprehensive review of the results of exploration on the property, four potential, parallel gold-bearing zones transecting the Property with an azimuth of approximately 290 degrees were identified. This attitude is consistent with the orientation of several neighbouring gold zones south and southeast of the property. The property is approximately 65 hectares, is strategically located with regard to the neighbouring gold zones and is ready for drilling.

## **Lundmark-Akow Lake**

The Lundmark-Akow Lake property is located in the centre of the North Caribou Lake greenstone belt in northwestern Ontario. Exploration and drilling in earlier years identified evidence of widespread gold mineralization and a zone of copper mineralization believed to reflect a more massive sulphide occurrence at depth. A three-year exploration permit was received from the Ministry of Northern Development and Mines, Ontario in January, 2014. On December 2, 2015 the Company announced that an exploration Memorandum of Understanding had been entered into with the North Caribou Lake First Nations Community to establish a mutually beneficial and cooperative relationship during the exploration stage of the property.

An airborne VTEM geophysical survey of 262 line kilometres has provided data enabling a more precise positioning of proposed drill holes to reach potentially significant deeper conductors. Geophysical modelling has shown that previous drill holes were not drilled deep enough to have intersected the anomalies identified at depth. Subject to financing, Romios plans to initiate a drill program to test the significance of these anomalies, as well as the deeper levels of the gold-bearing shear zone identified in earlier exploration programs.

## **Nevada**

Romios owns the Scossa Gold property located 6 miles from the Rosebud Mine and 8 miles from the Hycroft Mine in northwestern Nevada. The property operated as a high grade, underground gold mine in the 1930s and encompasses a number of gold-bearing veins. Thirty historical drill holes were completed to test a number of gold-bearing epithermal quartz breccia veins and gold has been found in every hole to date. There has not been any current activity but additional drilling and exploration is justified to advance this prospect.

## **Quebec**

The La Corne molybdenum, bismuth and lithium property is located in northwestern Quebec approximately 30 kilometres from the city of Val d'Or. It previously produced 3.8 million tons of ore grading 0.33% MoS<sub>2</sub> and 0.04% bismuth. Romios completed two drilling programs on the property by 2010. The Company also conducted a program to sample and evaluate the tailings on the property for possible reprocessing and intends to evaluate the bulk tonnage potential of the property. In December 2013, consultants completed a property survey of the 2008 drill core, testing the core for resistivity, chargeability and magnetism. A more detailed review of the data has been recommended, but induced polarization and resistivity is considered a favourable exploration method in this area. Testing of the stockpiled waste rock confirmed its suitability for mine road works, and that the existing tailings are suitable for neutralizing or capping other tailing ponds.

## **Outlook**

The Company's focus remains the systematic exploration of its properties in the Golden Triangle area of northwestern British Columbia. Since the summer of 2008 Romios has carried out extensive exploration programs in this area with considerable success.

The additional prospecting and sampling carried out at Burgundy Ridge in August 2015 corroborates the high grade nature of the copper-gold-silver mineralization encountered in previous work on the property and adds credence to management's belief that the mineralization extends beneath the snowfields encircling the approximate 400 metres of mineralized surface exposure. In addition, the sampling enlarged the area underlain by high grade mineralization outlined by the sampling carried out during the summers of 2013 and 2014. More work is proposed on this property.

Subject to obtaining financing, the Company proposes to proceed with a drilling program on the Lundmark-Akow Lake property to follow up on earlier drill results and the recent airborne geophysical survey over an area of widespread gold mineralization.

The Company is considering further work at the La Corne molybdenum, bismuth and lithium property, subject to metal prices and financial market conditions, in order to evaluate the viability of open pit mining of the molybdenum bearing granite within and adjacent to old mine workings.

Romios is pursuing financing opportunities, including joint ventures and strategic alliances.

The Company had a cash balance of \$270,625 at February 8, 2016 and anticipates that it will be able to raise additional funds at the appropriate time to finance future exploration and evaluation programs.

## Results of Operations

Exploration expenses incurred during the three months ended December 31, 2015, totalled \$12,664 compared to \$24,664 for the same period in 2014, with nearly all expenditures in the Golden Triangle area of B.C. Exploration expenses for the six months ended December 31, 2015 were \$40,861 compared to \$188,697 in 2014. The \$165,248 B.C. provincial refund received in 2014 for exploration work done in 2013 largely offset the 2014 costs incurred.

General and administrative expenses for the three months ended December 31, 2015 were \$119,869 compared to \$183,884 for the same period in 2014; the difference being the non-cash share-based compensation recorded in 2014 of \$35,505 compared to nil in 2015. For the six months ended December 31, 2015 expenses were \$247,040 compared to \$314,476 in 2014: the decrease being the non-cash share-based compensation.

Interest income was \$707 for the three months ended December 31, 2015, compared to \$2,358 for 2014 and for the six months \$1,827, ( \$6,682 in 2014). The decrease is due to decreased cash balances held during the year.

The Company's net loss and comprehensive loss for the three months ended December 31, 2015 was \$119,162 compared to \$181,526 in 2014, and for the six months \$245,213 compared to \$307,794 in 2014.

## Selected Quarterly Information – Restated as outlined in Note 2 to the Financial Statements

<b>2015</b>	<b>Dec 31, 2015</b>	<b>Sep 30, 2015</b>	<b>June 30, 2015</b>	<b>Mar 31, 2015</b>
	\$	\$	\$	\$
Net (loss) and comprehensive (loss)	(119,162)	(126,051)	(84,911)	(155,232)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	4,658,188	4,774,082	4,864,137	4,898,674
<b>2014</b>	<b>Dec 31, 2014</b>	<b>Sep 30, 2014</b>	<b>June 30, 2014</b>	<b>Mar 31, 2014</b>
	\$	\$	\$	\$
Net (loss) and comprehensive (loss)	(181,526)	(126,267)	(300,613)	(213,842)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	4,997,405	5,152,668	5,232,901	5,335,084

## Capital Resources and Liquidity

At December 31, 2015, the Company had working capital of \$173,190 compared to \$433,403 as at June 30, 2015, and at February 8, 2016, \$152,603, after providing \$159,333 for amounts due to related parties. As the Company has no operating revenue, it has been funded with equity based private placements. The Company's estimated monthly cash costs in 2016, excluding any exploration costs, are projected to average \$10,000 per month, and is working to further reduce these costs. The Company believes that it has enough financial resources to continue operations for the next twelve months. Additional funding will be required to maintain ongoing operations and to fully pursue the exploration and development of its properties. The Company's ability to meet its obligations and continue as a going concern continues to be dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

## Common Shares

The Company is authorized to issue an unlimited number of no par value common shares. The following table provides the details of changes in the number of issued common shares.

	<b>Number</b> #	<b>Amount</b> \$
Balance, June 30, 2013	156,762,001	30,796,443
Flow through units issued December 2013	1,600,000	80,000
Share issue costs	-	(4,450)
<b>Balance, June 30, 2014 and December 2015</b>	<b>158,362,001</b>	<b>30,871,993</b>

## Common share purchase options

The Company has a stock option plan for the benefit of directors, officers, key employees, and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at December 31, 2015, 8,950,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

The following table provides the details of changes in the number of issued common share purchase options during the period:

	<b>Options</b> #	<b>Weighted-average</b> <b>exercise price</b> \$
Outstanding at June 30, 2014	11,850,000	0.14
Expired	(2,900,000)	0.14
<b>Outstanding at June 30, 2015 and December 31, 2015</b>	<b>8,950,000</b>	<b>0.13</b>
<b>Options exercisable at June 30, 2015 and December 31, 2015</b>	<b>8,950,000</b>	<b>0.13</b>

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
250,000	250,000	3 months	\$0.20	March 31, 2016
450,000	450,000	3 months	\$0.10	March 31, 2016
2,650,000	2,650,000	17.4 months	\$0.20	June 12, 2017
250,000	250,000	27.3 months	\$0.10	April 9, 2018
5,350,000	5,350,000	40.2 months	\$0.10	May 5, 2019
<b>8,950,000</b>	<b>8,950,000</b>			

As at December 31, 2015 and February 8, 2016 the Company had 158,362,001 common shares outstanding, 8,950,000 stock options, and 1,000,000 common shares reserved for property transactions. The fully diluted number of common shares that could be outstanding was 168,312,001.

## Related Party Transactions

During the three months ended December 31, 2015, the Company incurred related party expenses of \$49,675 (2014 – \$53,200) and \$98,692 for the six months ended December 31, 2015 (2014 - \$103,150). These expenses related to salary and consulting fees paid or payable to the Company's key senior officers, Tom Drivas, President and Chief Executive Officer, Frank van de Water, Chief Operating Officer, Thomas Skimming, V.P. Exploration and Michael D'Amico, Chief Financial Officer. As at December 31, 2015, \$124,046 (2014 - \$50,000) was due and payable to these related parties. Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the period ended December 31, 2015 and 2014.

Share based compensation to key management and directors for the six months ended December 31, 2015 was \$ nil (2014 - \$58,155).



During the six months ended December 31, 2015, the Company incurred expenses of \$1,400 (2014 - \$1,107) and for legal fees to a law firm related to a Director of the Company, William R. Johnstone. At December 31, 2015, \$1,400 (2014 - \$1,107) was outstanding.

During the three months ended December 31, 2015, the Company incurred expenses of \$3,000 (2014 - \$8,000) and \$8,500 for the six months ended December 31, 2015 (2014 - \$12,000) related to directors' fees to independent directors. At December 31, 2015, \$28,500 (2014 - \$12,000) was due and payable.

These amounts were expensed in the period incurred as administrative and general expenses. Expenses and amounts paid and owing are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### **Contingencies and commitments**

As at December 31, 2015:

- a) the Company has a lease commitment to December 31, 2019 for its principle office location estimated to total \$65,340, and;
- b) the Company has \$40,894 on deposit as property reclamation bonds with various governmental agencies. These amounts are included with prepaid expenses.

### **Carrying value of mining and exploration properties**

The Company regularly reviews the carrying value of its properties for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows or from the proceeds of disposition of the properties. Assumptions underlying the cash flow estimates include the forecasted prices for gold, copper, silver and molybdenum, production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that as at December 31, 2015 there is no impairment of the carrying value of its exploration properties.

### **Off-Balance Sheet Arrangements**

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

### **Financial Instruments and Other Instruments**

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments recognized in the balance sheet consist of cash, and cash equivalents, HST/GST receivable and current liabilities. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

### **Risk Factors**

An investment in the Company's securities is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect the Company and its financial position. Please refer to the "Risk Factors" section the Company's MD&A for the fiscal year ended June 30, 2015, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Special Note Regarding Forward-Looking Statements**

Certain statements in this MD&A may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from the statements made. When used in this report, the words “estimate”, “believe”, “anticipate”, “intend”, “expect”, “plan”, “may”, “should”, and “will”, are intended to identify forward-looking statements, and reflect the current expectations of the management of the Company with respect to future events, and are subject to risks and uncertainties, such as reduced funding and general economic and market factors. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

## **Additional Information**

- (1) Additional information may be found on SEDAR at [www.sedar.com](http://www.sedar.com).
- (2) Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the Company's most recent annual meeting of security holders that involved the election of directors.
- (3) Thomas Skimming, P. Eng., Vice-President, Exploration and a Director of the Company, a qualified person under NI 43-101, has reviewed and approved the technical information included in this Management Discussion and Analysis.