

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Six Months Ended October 31, 2015 and 2014**

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The following Management's Discussion & Analysis ("MD&A") as provided by the management of Top Strike Resources Corp. ("Top Strike" or the "Company") should be read in conjunction with the Company's unaudited condensed interim financial statements and accompanying notes for the three and six months ended October 31, 2015 and 2014 and audited financial statements and accompanying notes for the years ended April 30, 2015 and 2014. All financial measures are expressed in Canadian dollars unless otherwise indicated. Top Strike's MD&A and financial statements were prepared under International Financial Reporting Standards ("IFRS"). The reader should be aware that historical results are not necessarily indicative of future performance. The effective date of this MD&A is December 23, 2015.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management on a quarterly basis to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See "Forward Looking Statements" on page 7 of this report.

The reader is encouraged to review the Company's statutory filings on [www.sedar.com](http://www.sedar.com).

## **DESCRIPTION OF BUSINESS AND OVERVIEW**

The Company is in the business of acquiring, exploring and developing petroleum and natural gas properties and currently has no resource development activity.

Common shares of the Company trade under the symbol "TSR.H" on the NEX board, which is a separate board of the TSX Venture Exchange.

The Company has evaluated several oil and gas opportunities, but has not reached the point where the Company can enter into a binding letter of intent. The Company is focused on international oil and gas projects but also considers domestic oil and gas opportunities. Management will continue to seek projects, primarily in the oil and gas sector, that will provide the best opportunities to increase shareholder value.

## **SUMMARY OF QUARTERLY RESULTS**

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

	Oct 31, 2015	July 31, 2015	Apr 30, 2015	Jan 31, 2015	Oct 31, 2014	July 31, 2014	Apr 30, 2014	Jan 31, 2014
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss for the period	2,983	4,733	10,451	2,558	3,870	3,505	35,253	19,368
Loss per share - basic	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00
Total assets	174,113	186,821	186,041	189,255	214,323	231,387	235,772	251,271
Total liabilities	4,983	14,708	9,195	1,958	27,943	41,137	42,014	22,263

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Six Months Ended October 31, 2015 and 2014**

---

## **RESULTS OF OPERATIONS**

### ***Financial results***

Overall, the Company recorded a loss of \$2,983 (\$0.00 loss per share) for the three months ended October 31, 2015 as compared to a loss of \$3,870 (\$0.00 loss per share) for the three months ended October 31, 2014.

The Company had no operating revenue for the three months ended October 31, 2015 and 2014. The loss is comprised of general and administrative expenses of \$3,446 (October 31, 2014 - \$4,500) less finance income of \$463 (October 31, 2014 - \$630).

Significant expenses during the three months ended October 31, 2015 were consulting fees of \$nil (October 31, 2014 - \$353), professional fees of \$1,572 (legal of \$635 (October 31, 2014 - \$nil) and audit and accounting of \$937 (October 31, 2014 - \$1,650)), and corporate communication expenses of \$1,840 (October 31, 2014 - \$2,496). Corporate communication expenses consist of transfer agent fees, listing and filing fees and press release costs.

General and administrative expenses remain low as there was minimal corporate activity during the period. For the three months ended October 31, 2014, consulting fees consist of \$353 paid to a former director of the Company.

Overall, the Company recorded a loss of \$7,716 (\$0.00 loss per share) for the six months ended October 31, 2015 as compared to a loss of \$7,375 (\$0.00 loss per share) for the six months ended October 31, 2014.

The Company had no operating revenue for the six months ended October 31, 2015 and 2014. The loss is comprised of general and administrative expenses of \$8,691 (October 31, 2014 - \$8,635) less finance income of \$975 (October 31, 2014 - \$1,260).

Significant expenses during the six months ended October 31, 2015 were consulting fees of \$nil (October 31, 2014 - \$1,603), professional fees of \$2,872 (legal of \$635 (October 31, 2014 - \$nil) and audit and accounting of \$2,237 (October 31, 2014 - \$2,650)), and corporate communication expenses of \$5,760 (October 31, 2014 - \$4,365). Corporate communication expenses consist of transfer agent fees, listing and filing fees and press release costs.

General and administrative expenses remain low as there was minimal corporate activity during the period. For the six months ended October 31, 2014, consulting fees consist of \$1,603 paid to a former director of the Company.

## **LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES**

As at October 31, 2015, the Company had a cash and cash equivalent balance of \$170,923 (April 30, 2015 - \$183,095) to settle current liabilities of \$4,983 (April 30, 2015 - \$9,195).

As at October 31, 2015, the Company's cash and cash equivalents decreased by \$12,172 from April 30, 2015, which is the net cash used in operating activities.

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Six Months Ended October 31, 2015 and 2014**

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## **CAPITAL COMMITMENTS**

The Company has no commitments for property and equipment expenditures for fiscal 2016 and beyond. The Company anticipates that any property and equipment expenditures based on future needs, will be funded from cash on hand and the issuance of equity securities.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgement relate to fair value measurements for financial instruments and share-based payments and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgements.

## **ACCOUNTING POLICIES**

The accounting policies of Top Strike used in the determination of the results for the six months ended October 31, 2015 are described in detail in Note 3 of the Company's audited financial statements for the year ended April 30, 2015. These policies have been applied in preparing the financial statements for the six months ended October 31, 2015 and the comparative information presented in the financial statements for the three months ended October 31, 2014.

### **New standards and interpretations not yet adopted**

Standards that are issued but not yet effective and that the Company reasonably expects to be applicable at a future date are listed below.

#### **Accounting for acquisitions of interests in joint operations**

In May 2014, the IASB issued amendments to IFRS 11 "Joint Arrangements" to clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business is required to apply all of the principles of business combinations accounting in IFRS 3 "Business Combinations". Prospective application of this interpretation is effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amendment could impact the Company in the event that it increases or decreases its ownership share in an existing joint operation or invests in a new joint operation.

#### **Sale or contribution of assets between an investor and its associate or joint venture**

In September 2014, the IASB issued amendments to address an inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and those in IAS 28 "Investments in Associates and Joint Ventures" regarding the sale or contribution of assets between an investor and its associate or joint venture. The amendment clarified that a full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Six Months Ended October 31, 2015 and 2014**

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business. Prospective application of this interpretation is effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amendment could impact the Company in the event that it has transactions with associates or joint ventures.

#### Disclosure initiative

In December 2014, the IASB issued narrow-focus amendments to IAS 1 "Presentation of Financial Statements" to clarify existing requirements relating to materiality, order of notes, subtotals, accounting policies and disaggregation. Retrospective application of this standard is effective for fiscal years beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amended standard is not expected to have a material impact on the Company's disclosure.

#### Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers". It replaces existing revenue recognition guidance and provides a single, principles-based five-step model to be applied to all contracts with customers. Retrospective application of this standard was to be effective for fiscal years beginning on or after January 1, 2017, with earlier application permitted. On May 19, 2015, the IASB published the expected exposure draft aimed at deferring the effective date of IFRS 15 "Revenue from Contracts with Customers" to January 1, 2018. On July 22, 2015, the IASB confirmed its proposal to defer the effective date to January 1, 2018. The Company is currently assessing the impact of this standard.

#### Financial instruments: recognition and measurement

In July 2014, IFRS 9 "Financial Instruments" was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. Retrospective application of this standard with certain exemptions is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of this standard.

### **FINANCIAL INSTRUMENTS**

Financial instruments comprise cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturities.

Financial assets and liabilities are classified as either financial assets or liabilities at fair value through profit and loss ("FVTPL"), loans and receivables, held to maturity investments, available for sale financial assets, or other liabilities, as appropriate. Financial assets and liabilities are recognized initially at fair value.

Subsequent measurement of financial instruments is based on their initial classification. FVTPL financial assets and liabilities are measured at fair value and changes in fair value are recognized in profit or loss. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive loss until the instrument is derecognized or impaired. The remaining categories of financial instruments are recognized at amortized cost using the effective interest rate method.

The transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability classified as FVTPL are expensed immediately. For a financial asset or financial

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Six Months Ended October 31, 2015 and 2014**

---

liability carried at amortized cost, transaction costs directly attributable to acquiring or issuing the asset or liability are added to or deducted from the fair value on initial recognition and amortized through profit or loss income over the term of the financial instrument.

*(i) Non-derivative financial instruments*

Cash and cash equivalents, as well as accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

*(ii) Derivative financial instruments*

The Company may enter into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments will not be used for trading or speculative purposes. The Company will not designate its financial derivative contracts as effective accounting hedges and therefore will not apply hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all derivative contracts will be classified as FVTPL and will be recorded on the statement of financial position at fair value. Transaction costs will be recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives will be measured at fair value, and changes therein will be recognized immediately in profit or loss.

The Company may enter into physical delivery sales contracts for the purposes of receipt or delivery of nonfinancial items in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and will not be recorded at fair value on the statement of financial position. Settlements on these physical delivery contracts will be recognized in petroleum and natural gas revenue in the period of settlement.

*Fair value*

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the valuation date. For financial instruments that have no active market, fair value is determined using valuation techniques including the use of recent arm's length market transactions, reference to the current market value of equivalent financial instruments and discounted cash flow analysis.

*Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of a chequing account and guaranteed investment certificates at a reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in other receivables consist of amounts due from government agencies and a chartered bank. The Company limits its exposure to credit loss for cash by placing its cash with high

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Six Months Ended October 31, 2015 and 2014**

---

quality financial institution and for receivables by standard credit checks. At October 31, 2015, the Company's exposure to credit risk is minimal.

*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 endeavours to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As at October 31, 2015, the Company had a cash and cash equivalents balance of \$170,923 (April 30, 2015 - \$183,095) to settle current liabilities of \$4,983 (April 30, 2015 - \$9,195).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements, and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank. As of October 31, 2015, the Company had \$160,000 in investment-grade short-term deposit certificates plus accrued interest of \$1,608.

b) Foreign currency risk

The Company does not have any balances denominated in a foreign currency and believes it has no significant foreign currency risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**OFF- BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Six Months Ended October 31, 2015 and 2014**

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**PROPOSED TRANSACTIONS**

As at the date of this MD&A, there are no proposed transactions that the board of directors or senior management have decided to proceed with and that have not been publicly disclosed.

**RELATED PARTY TRANSACTIONS**

The Company paid or accrued consulting fees of \$nil (October 31, 2014 - \$1,603) to a company controlled by a former director of the Company, and paid or accrued accounting fees of \$2,238 (October 31, 2014 - \$2,650) to a company controlled by an officer of the Company. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

As at October 31, 2015, accounts payable and accrued liabilities included amounts payable to related parties totaling \$1,000 (October 31, 2014 - \$16,200) for accounting and legal fees.

**SHARE CAPITAL**

The Company has an unlimited number of common shares authorized for issuance. At December 23, 2015, there were 16,431,428 common shares issued and outstanding and 900,000 stock options outstanding.

**RISKS AND UNCERTAINTIES**

The Company's financial success will be dependent upon the Company's ability to raise equity. There is no assurance that the Company will be able to raise the equity required to meet the obligations of the Company and the Company has no source of financing other than those identified in the previous section.

**Going Concern**

To date, the Company has not generated any significant revenues. The Company has a history of negative cash flows from operations and as of October 31, 2015 has an accumulated deficit of \$17,621,509. The Company continues to be dependent upon its ability to finance its operations and any acquisitions of exploration and evaluation properties through financing activities that may include issuances of additional debt or equity securities.

**FORWARD-LOOKING STATEMENTS**

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, conclusions of economic assessments of projects, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

**Top Strike Resources Corp.**  
**Management's Discussion & Analysis**  
**Three and Six Months Ended October 31, 2015 and 2014**

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The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability, uncertainty related to the resolution of legal disputes and lawsuits; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in prices of oil and gas; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in reserves, recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the oil and gas industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of oil and gas operations, tax rules and regulations, and political and economic developments in countries in which the Company operates.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management Discussion & Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

#### **OTHER INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).