LIONS GATE METALS INC.

Management's Discussion and Analysis
Year ended December 31, 2015
April 28, 2016

LIONS GATE METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

Lions Gate Metals Inc. (the "Company" or "Lions Gate") was incorporated in the Province of British Columbia, Canada on March 11, 2009. The Company is in the business of acquisition and exploration of its exploration and evaluation assets in Canada. The Company is currently in the exploration stage of developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. On June 20, 2014, the Company delisted from the TSX Venture Exchange ("TSX-V") and commenced trading on the Canadian Securities Exchange ("CSE") on June 23, 2014 under the symbol "LGM". The address of the Company's registered office is 313-515 West Pender Street, Vancouver, British Columbia, V6B 6H5.

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the year ended December 31, 2015 and is prepared as of April 28, 2016. The MD&A should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2015 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its planned exploration activities, the adequacy of its financial resources and statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Description of Business

Lions Gate Metals Inc. is an exploration stage company engaged in the acquisition, exploration and development of resource properties. As at December 31, 2015, the Company has interests in the following resource properties:

1. Poplar Property

In prior years, the Company entered into various option agreements to acquire a 100% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1, 2 and 3"), situated in the Omineca Mining District of B.C. The Company has met all required cash payments and share issuances related to these option agreements, and have staked additional adjacent hectares ("Poplar 4") (collectively, "Poplar").

The Poplar 2 and 3 properties are subject to a 1% NSR which can be purchased by the Company for $1,000,000 and $100,000 respectively less any NSR amounts previously paid.

During the year ended December 31, 2014 the Company entered into an agreement with Aldever Resources Inc. (formerly Glenmark Capital Corp.) ("Aldever") to option a 100% interest, subject to existing royalties, in the Poplar property. Under the terms of the agreement, Aldever can acquire a 100% interest by:

- Paying $50,000 on or before December 22, 2014 (paid);
- Paying $100,000 on or before June 1, 2015;
- Paying $200,000 on or before December 22, 2015;
- Paying $500,000 on or before December 22, 2016;
- Paying $500,000 on or before December 22, 2017;
- Paying $1,650,000 on or before December 22, 2018;
- Completing $3,000,000 in exploration expenditures on the mineral claims within four years of signing the agreement.

On January 8, 2016, the Company amended its agreement with Aldever Resources Inc. (formerly Glenmark Capital Corp.). Under the amended agreement, Aldever can acquire 100% interest by:

- Paying $50,000 on or before December 22, 2014 (paid);
- 1,500,000 common shares issued upon TSX Venture Exchange Approval (issued with fair value of $195,000);
- 2,500,000 common shares issued upon TSX Venture Exchange Approval of this amendment (issued with fair value of $500,000);
- Paying $200,000 on or before December 22, 2016;
- Paying $200,000 on or before December 22, 2017;
- Paying $400,000 on or before December 22, 2018;
- Paying $1,500,000 on or before December 22, 2019;
- Completing $3,000,000 in exploration expenditures on the mineral claims within six years of signing the agreement.

TSX Venture Exchange approval was received for this amended agreement on January 14, 2016.

The gross proceeds to the Company resulting from the earn-in agreement with Aldever are $3,000,000 over the next four years. The Company recorded an impairment of $2,252,288 amounting to the difference between the discounted cash flows receivable from the earn-in agreement and the carrying value of the property at December 31, 2014.

2. Whitford Lake

Pursuant to the terms of an Option Agreement dated February 18, 2013, and amended on August 26, 2013, with St. Jacques Mineral Corp., the Company has agreed to acquire an undivided 100% interest in the Whitford Lake Property located in the Athabasca Basin in Saskatchewan. In September 2013, the Company entered into a Whitford Lake Option Assignment Agreement with Canadian Uranium Corp., which was later amended on December 1, 2013 and Palisades Ventures Inc. (formerly Uranium Standard Resources Ltd.) ("Palisades").

This property is subject to a 1% NSR one half of which can be purchased by the Company for $750,000 less any NSR amounts previously paid.

During the year ended December 31, 2013 the Company recorded a write down of $119,000 with respect to the Whitford Lake mineral property.

The following share issuances and cash payments are currently required pursuant to the terms of the Option Agreement and Option Assignment Agreement:

Payable or issuable to:	**Payable or issuable by Lions Gate Metals Inc.**	**Payable or issuable by Palisades Ventures Inc.**
St. Jacques Mineral Corp.	Issuance of 625,000 common shares (issued).	N/A
St. Jacques Mineral Corp.	$300,000 in non-refundable cash payments (paid)	$100,000 in non-refundable cash payments (paid)
Lions Gate Metals Inc.	N/A	Issuance of 4,500,000 CanU common shares (issued)
Lions Gate Metals Inc.	N/A	$60,000 in non-refundable cash payments (paid)
Lions Gate Metals Inc.	N/A	$200,000 on or before December 31, 2015 ($155,000 paid at September 30, 2014) **(Currently in Default)**
Lions Gate Metals Inc.	N/A	$160,000 due October 29, 2016
St. Jacques Mineral Corp.	Obligation transferred to CanU	$750,000 in non-refundable cash payments due by February 18, 2017.
St. Jacques Mineral Corp.	Obligation transferred to CanU	$3,000,000 of qualifying exploration expenditures to be incurred on the property before February 18, 2017 or the equivalent amount to be paid to the Vendor in cash.

During the year ended December 31, 2014 the former President and CEO of the Company became a director of Palisades Venture Inc. During the year ended December 31, 2015, the option agreement for Poplar Property went into default, however the Company is currently in negotiations to extend the agreement and both the optioner and optionee consider it still in good standing.

3. Howard Lake

Pursuant to the terms of an Option Agreement dated September 18, 2014 with St. Jacques Mineral Corp. and Urania Resource Corp. (the "Vendors"), the Company can earn a 100% interest in the Howard Lake Project located on the northeast shore of Howard Lake in Saskatchewan. The current CFO of the Company is the CEO of Urania Resource Corp. The property is subject to a 1% Gross Overriding Royalty ("GORR") that has been granted to the vendors relating to the claims held by each of them. The Company may purchase half of the GORR (0.5%) from each vendor for $1,000,000.

As per the terms of the Option Agreement, the Company must complete the following requirements:

- Transfer the 4,500,000 common shares of CanU shares to the Vendors. (completed)
- Complete no less than $500,000 in qualifying exploration expenditures on the Property within 24 months of signing the agreement.
- Make cash payments of $500,000 to the Vendors on or before the date which is 24 months following the date of signing the agreement.
- Within 5 years of the signing of this Agreement, define a NI143-101 compliant resource of no less than 10,000,000 lbs copper and 25,000,000 lbs nickel on the claims.

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its resource properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The Company's business will be the acquisition, exploration and development of resource properties. The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, 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 marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that any of its resource properties could be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Consolidated financial statements have been prepared assuming the Company will continue on a going concern basis: The Company's consolidated financial statements have been prepared on the basis that it will continue as a going concern. For the year ended December 31, 2015, the Company incurred a loss of $264,426 (December 31, 2014: $2,585,127) and as of that date the Company's deficit was $23,777,743 (December 13, 2014: $23,513,316). As at December 31, 2015, the Company had a working capital deficit of $104,418, which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. If the Company is unable to obtain adequate additional financing, it may be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would likely differ significantly from their going concern assumption carrying values.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Matters: Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing its various option agreements could result in the loss of its rights to such properties.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its resource properties; (ii) the ability to produce minerals from any resource deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

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

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Title: Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Selected Annual Information

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the audited financial statements of the Company for the years ended December 31, 2015, 2014 and 2013 prepared in accordance with IFRS. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

The following selected financial information is extracted from the audited annual consolidated financial statements of the Company prepared in accordance with IFRS.

	31Dec15	31Dec14	31Dec13
Interest Income	$Nil	$Nil	$Nil
Net Gain/Loss for the year	$(264,426)	$(2,585,127)	$(717,210)
Loss per Share	$(0.04)	$(0.37)	$(0.10)
Total Assets	$3,185,178	$3,375,044	$5,855,010
Total Liabilities	$193,891	$127,228	$46,335
Working Capital	$(104,418)	$(89,804)	$100,221

The referenced audited annual consolidated financial statements of the Company above have been prepared in accordance with IFRS. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

Results of Operations

At December 31, 2015 total assets were $3,185,178 compared to $3,375,044 as at December 31, 2015. This slight decrease in assets is the result of decreases in cash, equipment, and exploration and evaluation assets offset by an increase in available-for-sale investments as a result of the amendment to the Poplar Agreement and receivables.

The Company has no operating revenues.

During the year ended December 31, 2015, the Company had a net loss from operations of $71,156 compared to a net loss from operations of $318,953 for the same period in the prior year. Expenses decreased as a result of increased activity pertaining to the exploration and advancement of the Company's properties and the acquisition of additional assets.

Summary of Quarterly Results

	31Dec15	30Sep15	30Jun15	31Mar15	31Dec14	31Sep14	30Jun14	31Mar14
Interest Income	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net Income (Loss)	$(208,799)	$(11,887)	$(17,295)	$(26,445)	$(198,647)	$50,020	$(85,721)	$(131,814)
Total Assets	$3,185,178	$3,343,191	$3,343,780	$3,351,919	$3,375,044	$5,794,394	$5,725,889	$5,749,048
Total Liabilities	$193,891	$203,304	$191,274	$175,548	$172,228	$153,255	$134,769	$72,207
Working Capital	$(104,418)	$27,424	$(153,188)	$(126,260)	$(34,502)	$(37,565)	$12,398	$70,347

The following discussion outlines the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factors in establishing the financial health of the Company. Of far greater significance are the resource properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties, none of which are possible to predict with any accuracy.

There are no general trends regarding the Company's quarterly results and the Company's business of resource exploration is not seasonal, as it can work on its property on a year-round basis (funding and weather permitting). Quarterly results may vary significantly depending mainly on whether the Company has abandoned any properties or granted any stock options and these factors which may account for material variations in the Company's quarterly net income (losses) are not predictable. The major factor which may cause a material variation in net loss on a quarterly basis is the receipt of an option payment related to the Whitford Lake Property earn-in agreement with Palisades Ventures Inc. (formerly Uranium Standard Resources Ltd.) which can be seen in the quarter of September 31, 2014. General and administrative costs tend to be quite similar from period to period, except in certain cases when there is an increase in corporate activities as may be seen in the quarters ended December 31, 2014 and December 31, 2013 due to the completion of the Company's audit. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds and therefore has been incurring losses since inception. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements and the exercise of stock options. The Company also has raised funds through the sale of interests in its mineral properties. When acquiring interests in resource properties through purchase or option, the Company issues common shares or a combination of cash and shares to the vendors of the property as consideration for the property in order to conserve its cash. The Company expects that it will continue to operate at a loss for the foreseeable future and will require additional financing to fund the exploration of its existing properties and the acquisition of potential resource properties.

At December 31, 2015, the Company had cash of $18,377 compared to cash of $50,794 as at December 31, 2014. The Company has no off-balance sheet financing. The Company has no long-term debt. The Company's cash flow has decreased due to the implementation of cash conservative measures to keep operating costs low, resulting in a decrease in GST receivables and an increase in amounts due to related parties resulting from additional loans and a lack of financing.

At this time, the Company has no operating revenues, and does not anticipate any operating revenues until the Company is able to find, acquire, place in production, and operate a resource property. Historically, the Company has raised funds through equity financing to fund its operations.

The Company will need to raise additional cash for working capital or other expenses. In addition, as a result of the Company's activities, unanticipated problems or expenses could result and require additional capital requirements, subject to Canadian Securities Exchange policies and approvals.

The Company has no assets other than cash deposits and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes the Company does not have sufficient working capital at this time to meet its current financial obligations.

Related Party Transactions

During the year ended December 31, 2015, the Company entered into the following transactions with related parties:

Name and Relationship to Company	Transaction	Three months ended December 31, 2015	Year ended December 31, 2015	Three months ended December 31, 2014	Three months ended December 31, 2014
		$	$	$	$
Adapt Management Ltd., a company controlled by a common officer	Management Fees	6,000	24,000	1,000	1,000
1727856 Ontario Ltd., a company controlled by a common director	Geological Consulting Fees	3,000	12,000	-	-
Marco Parente, a former director of the Company	Accounting Fees	650	650	-	-

Key management of the Company includes the President, CEO, CFO and the Directors. For the year ended December 31, 2015, compensation in respect of services provided by key management consists of $11,000 (December 31, 2014: $Nil) in geological consulting fees paid to the President, $650 in professional fees paid to a former director (December 31, 2014: $48,019 in professional fees paid for CFO and accounting services to Malaspina Consultants Inc., a Company in which the former CFO was an associate), $Nil (December 31, 2014: $76,093) in management and employment termination fees paid to the President, and $24,000 (December 31, 2014: $Nil) in office services fees paid to Adapt Management Ltd., a Company in which the CFO is president.

The amounts in accounts payable and accrued liabilities are non-interest bearing and payable on demand and are comprised of $10,000 (December 31, 2014: $Nil) for geological consulting fees, payable to a company controlled by a former director, $3,000 (December 31, 2014: $3,000) for director fees payable to former directors, $40,557 (December 31, 2014: $40,557) for salaries payable to the former President and $37,374 (December 31, 2014: $38,364) for professional fees payable to Malaspina Consultants Inc.

The Company has entered into option agreements for mineral properties with former and current officers of the Company, specifically in relation to the Whitford Lake and Howard Lake properties (Note 7).

Critical Accounting Estimates

In the application of the Company's accounting policies, which are described in note 2 to the audited consolidated financial statements for the year ended December 31, 2015, management is required to make judgments, apart from those requiring estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- the determination of the element of costs recorded as exploration and evaluation assets and determination of

reclamation obligations;
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiaries.

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Accounting Standards Issued but not yet Adopted:

IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has tentatively been set for January 1, 2018, however early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the financial statements as the classification and measurement of the Company's financial instruments is not expected to change given of the nature of the Company's operations and the types of financial instruments that it currently holds.

Fair Value of Financial Instruments

1. Fair value of financial instruments

The carrying values of cash and cash equivalents, amounts receivable and trade payables and accrued liabilities approximate their fair values because of their short term nature. The fair values of marketable securities are based on current bid prices at December 31, 2015.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for the asset or liability that are not based on observable market data.

There were no financial assets at fair value as at December 31, 2015:

During the nine months ended December 31, 2015, a mark-to-market loss of $Nil (2014 – $Nil) for marketable securities designated as available-for-sale has been recognized in other comprehensive loss.

There were no financial liabilities at fair value as at December 31, 2015, and April 28, 2016.

2. Financial instrument risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of advances made to related parties. The Company manages liquidity risk through the management of its capital structure and financial leverage. Management does not believe that there is significant credit risk arising from these advances. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

(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 monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial papers. Foreign exchange risk The Company's functional currency is the Canadian dollar. Therefore, the Company is not exposed to foreign exchange risk.

(iii) Market risk

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Financial assets and financial liabilities are not exposed to interest rate risk because they are non-interest bearing.

(c) Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of palladium, nickel, and gold. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

During the nine months ended December 31, 2015, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support the acquisition, exploration and development of exploration and evaluation assets such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or sell assets to settle liabilities. The Company has no long-term debt and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities, loans, advances from related parties and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's management of capital during the year ended December 31, 2015.

Outstanding Share Data

(1) Authorized and Issued Capital Stock

a) Authorized - Unlimited common shares without par value.

b) Issued

On November 11, 2013, the common shares of the Company were consolidated on the basis of four pre-consolidated common shares for one post-consolidation common share. The Company's options and warrants were also consolidated on the same 4 for 1 basis. All shares are reflected on a post-consolidation basis unless otherwise noted.

(2) Options and Warrants Outstanding

a) Stock options outstanding are as follows:

The Company has a Rolling Stock Option Plan (the "Plan"), which follows the policies of the Exchange regarding stock option awards granted to employees, directors, and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.
There were no options issued during the year ended December 31, 2015.

As at December 31, 2015 and April 28, 2016, the Company has 122,500 options issued and outstanding.

b) Warrants outstanding are as follows:

There were no warrants issued during the nine month period ended December 31, 2015.

As at December 31, 2015 and April 28, 2016, the Company has no warrants issued and outstanding.

Subsequent Events

Poplar Option Amendment

On January 8, 2016, the Company further amended its agreement with Aldever Resources Inc. (formerly Glenmark Capital Corp.) ("Aldever"). Under the amended terms, Aldever can earn 100% interest in the Poplar Copper-Moly by completing the following;

a) $50,000 on or before December 22, 2014; *(paid)*
b) 1,500,000 common shares issued upon TSX Venture Exchange Approval; *(issued at fair value of $195,000)*
c) 2,500,000 common shares issued upon TSX Venture Exchange Approval; *(issued at fair value of $500,000)*
d) Issuing 2,500,000 common shares (issued with fair value of $500,000);
e) A cash consideration of $200,000 on or before December 22, 2016;
f) A further cash consideration of $200,000 on or before December 22, 2017;
g) A further cash consideration of $400,000 on or before December 22, 2018;
h) A further cash consideration of $1,500,000 on or before December 22, 2019; and
i) Aldever shall have completed $3,000,000 in exploration expenditures on the Mineral Claim(s) within 6 years of the signing of the agreement.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com.