CANADIAN OREBODIES

Management's Discussion and Analysis

of the Financial Condition and Results of Operations

Six Months Ended July 31, 2016

September 28, 2016

The following discussion of financial performance and condition should be read in conjunction with the unaudited condensed interim financial statements of Canadian Orebodies Inc. (the “Company”) for the six months ended July 31, 2016 and the audited financial statements for the year ended January 31, 2016 and the notes thereto, that have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts are expressed in Canadian dollars unless otherwise indicated. This report which is dated September 28, 2016 has been approved by the Board of Directors and the Company’s other public filings can be reviewed on the SEDAR website. (www.sedar.com).

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. Also refer to the ***Risks and uncertainties*** section of this MD&A.

Corporate Information

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (of Alberta) on January 28, 2008. On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts expended on the mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of such properties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Overall Performance

As at July 31, 2016, the Company had assets of $817,599 and a net equity position of $755,595. This compares with assets of $718,888 and a net equity position of $694,079 at January 31, 2016.

Review of Operations

Recent Activity

On March 3, 2015, the Company issued 200,000 shares, valued at $10,000, to the underlying owners of the Zig Zag Property as payment of the pre-production royalty.

On July 9, 2015, the Company completed the Share Consolidation on the basis of one post-consolidation common share for every five pre-consolidation common shares. The Share Consolidation reduced the Company's 164,620,290 issued and outstanding common shares to 32,924,059 post-consolidation common shares. The exercise price of outstanding share options, and the number of such options, were also proportionately adjusted based upon the Share Consolidation. All historical information has been adjusted to reflect the Share Consolidation.

On September 28, 2015 the Company's Board of Directors passed a resolution to cancel all 2,135,000 of the outstanding share options.

On November 12, 2015 the Company signed an option agreement with Pavey Ark Minerals Inc. ("Pavey Ark") whereby Pavey Ark can acquire a 100% legal and beneficial interest in the Company's Hawkins property, subject to a 0.5% NSR retained by the Company. Under the terms of the option agreement, Pavey Ark must make 13 monthly payments of $8,000 for total consideration of $104,000 in cash. Pavey Ark had the option to reduce the total consideration to $96,000 by paying the balance of that amount in full in February 2016. Pavey Ark elected to exercise this option and full payment was received on February 23, 2016.

On November 27, 2015, the Company voluntarily delisted its shares from the TSX Venture Exchange but remained a reporting issuer in Ontario. The Company delisted from the TSX Venture Exchange to reduce operating costs during the continued weakness in the resource sector and to allow for a streamlined process to recapitalize the Company.

On December 31, 2015, the Company closed a non-brokered private placement to raise $702,500 through the sale of common shares of the Company. In total, the Company issued 35,125,000 common shares at $0.02 per share and paid cash finders' fees to eligible finders in the aggregate amount of $35,175 of the gross proceeds. Concurrent with the closing of the private placement, the Company repaid the full amount of the related party loan outstanding to 695202 Ontario Inc., a company controlled by a relative of Gordon McKinnon, the Company's Chief Executive Officer, through the issuance of 11,651,784 Common Shares at $0.02 per share valued at $233,035. In addition, the Company's management converted $84,226 of accrued salary that was payable to 4,211,281 Common Shares at $0.02 per share.

On January 6, 2016, the Company closed a second tranche of a non-brokered private placement to raise $21,000 through the sale of 1,050,000 common shares at $0.02 per share.

On February 23, 2016, the Company completed the sale of the Hawkins Property to Pavey Ark Minerals Inc. and received a final payment of $72,000 for total cash consideration of $96,000. In addition, the Company was granted a 0.5% net smelter returns royalty.

On March 3, 2016, the Company issued 500,000 shares, valued at $10,000, to the underlying owners of the Zig Zag Property as payment of the pre-production royalty.

On March 4, 2016, the Company announced the signing of an option agreement to sell its 100% interest in the Zig Zag and Falcon Lake Properties to Sunrise International Resources Ltd. (“Sunrise”), a subsidiary of Argonaut Resources NL, for cash payments totaling $420,000 by November 30, 2016. In addition, Sunrise must pay the Company milestone payments upon the completion of a maiden resource estimate and a decision to mine the properties.

On March 28, 2016, the Company earned a 50% interest in the Bateman Lake Property located approximately 75km north-east of Cochrane, Ontario, by contributing to the cost of staking.

On April 28, 2016 the Company sold its 100% interest in the Greenbush Property to Sunrise Canada Inc., a subsidiary of Argonaut Resources NL, in exchange for a cash payment of $100,000 on closing and the granting of a 2% net smelter returns royalty.

On May 24, 2016, the Company acquired a 100% interest in 135 claim units located near Hemlo, Ontario in exchange for a cash payment of $25,000, the issuance of 500,000 common shares of the Company, and the granting of a 1.0% net smelter returns royalty.

On June 1, 2016, the Company granted incentive stock options to Directors, Officers, and consultants of the Company in the aggregate amount of 6,650,000 under the terms of the incentive stock option plan of the Company. The options are exercisable at a price of $0.05 per share for a period of five years.

On August 12, 2016, the Company closed a first tranche of a private placement financing, raising gross proceeds of $2,405,200 through the sale of 40,086,668 units of the Company (each, a "Unit") at a price of $0.06 per Unit. Each Unit is comprised of one common share of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant of the Company (each such whole Common Share purchase warrant, a "Warrant"). Each Warrant will be exercisable into one Common Share for a period of 18 months from closing at an exercise price of $0.14 per share beginning on the date of the closing of the financing.

On August, 18, 2016, the Company closed the second and final tranche of the financing, raising gross proceeds of $3,352,280 through the sale of 55,871,331 Units. In total, the Company raised gross proceeds of $5,757,480 through the sale of 95,957,999 Units. A total of $149,789 cash was paid in finder's fees resulting in net proceeds to the Company of $5,607,691 from both tranches. In addition, a total of 2,460,480 finder's warrants exercisable at $0.06 for a period of 18 months from closing were issued in connection with the financing.

Portfolio of Properties

Exploration Expenditures by Property

During the six months ended July 31, 2016 the Company incurred a total of $133,037 in exploration expenditures. In addition, the Company recovered $172,000 through the sale of the Hawkins and Greenbush properties, and received $220,000 in option payments relating to the Falcon Lake and Zig Zag properties.

The majority of the exploration expenditures were spent on the Hemlo North Limb project, including $90,615 in acquisition costs, and a total of $25,107 relating to historical data compilation, mapping, prospecting, and equipment rental.

For the Lithium and Rare Metals projects, the Company spent $10,000 to fulfill its Zig Zag property requirements, $6,815 in staking costs for the Greenbush property, and also spent $500 on staking costs for the Bateman Lake graphite property.

A complete breakdown of the exploration expenditures by project and category is provided below:

	Belcher Islands Iron		Lithium & Rare Metals		Trump & Hawkins		Hemlo North Limb		Total	
Period beginning	**01-Feb-2016**	**01-Feb-2015**	**01-Feb-2016**	**01-Feb-2015**	**01-Feb-2016**	**01-Feb-2015**	**01-Feb-2016**	**01-Feb-2015**	**01-Feb-2015**	**01-Feb-2015**
Period end	**31-Jul-2016**	**31-Jan-2016**	**31-Jul-2016**	**31-Jan-2016**	**31-Jul-2016**	**31-Jan-2016**	**31-Jul-2016**	**31-Jan-2016**	**31-Jul-2016**	**31-Jan-2016**
Balance, beginning of period	**$ 14,197,416**	**$ 14,196,238**	**$ 1,295,724**	**$ 1,285,724**	**$ 726,984**	**$ 750,984**	**$ -**	**$ -**	**$ 16,220,124**	**$ 16,232,946**
Acquisition, Staking & Options	-	3,678	17,315	10,000	-	-	90,615	-	107,930	13,678
Assays & Sampling	-	-	-	-	-	-	-	-	-	-
Camp Costs & Equipment	-	-	-	-	-	-	6,987	-	6,987	-
Consulting	-	-	-	-	-	-	4,050	-	4,050	-
Drilling	-	-	-	-	-	-	-	-	-	-
Geology	-	-	-	-	-	-	14,070	-	14,070	-
Geophysical	-	-	-	-	-	-	-	-	-	-
Permitting	-	-	-	-	-	-	-	-	-	-
Recovery of Costs	-	(2,500)	-	-	-	-	-	-	-	(2,500)
Salaries & Labour	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Property Sales/Options	-	-	(320,000)	-	(72,000)	(24,000)	-	-	(392,000)	(24,000)
Disposals	-	-	-	-	(654,984)	-	-	-	(654,984)	-
Total for period	**-**	**1,178**	**(302,685)**	**10,000**	**(726,984)**	**(24,000)**	**115,722**	**-**	**(913,947)**	**(12,822)**
Balance, end of period	**$ 14,197,416**	**$ 14,197,416**	**$ 993,039**	**$ 1,295,724**	**$ -**	**$ 726,984**	**$ 115,722**	**$ -**	**$ 15,306,177**	**$ 16,220,124**

Belcher Islands Iron

The Company has a 100% interest in the Belcher Islands Iron Project ("Belcher Project"), which covers 23,042 hectares located on the Belcher Islands in Nunavut, Canada. The project consists of 1,226 hectares of Inuit Owned Land and 29 claims covering 21,816 hectares of Municipal Land. A significant amount of exploration work, including numerous widely-spaced diamond drill holes, was carried out on the property during the 1950's by Belcher Mining Corporation Ltd. Since acquiring the Belcher Project, the Company has drilled 97 holes on a number of target areas. The Company's 2011 exploration program culminated in a NI 43-101 Resource Estimate prepared by George Wahl of GH Wahl & Associates Consulting, which was effective February 6, 2012. The Belcher Project is host to the Haig Inlet Deposit which has an indicated resource of 230 million tonnes at 35.17% Fe and an additional inferred resource of 289 million tonnes at 35.47% Fe.

The Haig Inlet Deposit is a Lake Superior Type iron formation, is Paleoproterozoic (1,880 Ga) and is located at the western edge of the Superior Province. This iron formation is thought to have been deposited under similar conditions and timing as the Sokoman Formation which hosts the Labrador Trough iron deposits. Many of the stratigraphic sub-units of the Sokoman can be correlated to similar units in the Kipalu Formation which hosts the Haig Inlet deposit. The Kipalu Iron Formation hosts the Haig Inlet Iron mineralization and is overlain by a sequence of flood basalts. The iron formation is comprised of granular cherts and banded red cherts suggesting an alternating sequence of near shore environment with deposition above and below the wave base and a deeper and quieter marine environment. Lake Superior Type deposits mineralized predominantly with hematite have been successfully mined and concentrated at mining operations in the Labrador Trough since 1954.

Lithium and Rare Metals

Crescent Lake Project

The Company has 3 lithium and rare metals properties (the "Crescent Lake Project") which in total consist of 162 claim units comprising 2,592 hectares, all of which are 100%-owned. The Zig Zag property is located near Crescent Lake, Ontario, and covers 86 claim units consisting of 1,376 hectares. The Falcon and Outer Zig Zag properties are located near Falcon Lake, Ontario, and cover 76 claim units consisting of 1,216 hectares.

The Crescent Lake Project is located within the northeastern region of the Wabigoon Sub-Province of the Achaean Superior Province, along a 130 kilometre long boundary zone with the English River Sub-Province. The boundary is marked by a major, anastomosing east-west trending suture and hosts numerous pegmatite dykes which have intruded amphibolite facies meta-volcanic rocks of the Wabigoon Sub-Province and occasionally meta-wackes of the English River Sub-Province. The east-west trending Caribou Lake-O'Sullivan Greenstone Belt underlying the Lithium Project is composed of the older Marshall Lake Group and the younger Toronto Lake Group, which are sandwiched by the Robinson Lake Batholith to the south and the English River Sub-Province to the north. The Summit Lake Batholith, a tonalitic to quartz-dioritic intrusive complex, has intruded the northeastern portion of the belt and is thought to be the parent magma to the Crescent Lake and Falcon Lake Group Pegmatite Dykes.

Option of Crescent Lake Project

On March 4, 2016 the Company entered into an Option Agreement (the "Option") to sell its 100% interest in the Crescent Lake Project to Sunrise International Resources Ltd, a subsidiary of Argonaut Resources NL ("Argonaut"), an ASX listed company. The principal terms of the Option are:

(i) Canadian Orebodies grants Argonaut exclusivity to conduct a due diligence study on the Crescent Lake Project for a period of six weeks in return for a cash payment of $20,000 (received);
(ii) Argonaut may exercise the Option by making a cash payment to Orebodies of $50,000 (received);
(iii) An interim option fee of $150,000 in cash is due on or before July 8, 2016 (received); and

(iv) Argonaut will then have until November 30, 2016 to complete its assessment of the project, at which time it can elect to purchase 100% the Crescent Lake Project for $200,000 in cash.

The following milestone payments are also defined in the Option:

(i) $400,000 in cash or shares payable to Canadian Orebodies on announcement of a maiden resource estimate with any resource defined in the "Indicated" category of the JORC code or its equivalent NI 43-101 category; and
(ii) $1,000,000 in cash or shares payable to Canadian Orebodies on a decision to mine.

Greenbush Property

On March 22, 2016 the Company staked 49 claim units totaling 752 hectares near Greenbush Lake, ON (the "Greenbush Property") that covers a known pegmatite occurrence near the southern end of East Pashkokogan Lake.

On April 28, 2016 the Company sold its 100% interest in the Greenbush Property to Sunrise Canada Inc., a subsidiary of Argonaut Resources NL, in exchange for a cash payment of $100,000 on closing and the granting of a 2% net smelter returns royalty.

Bateman Lake Property

On March 28, 2016 the Company earned a 50% interest in the Bateman Lake Property, located approximately 75km northeast of Cochrane, Ontario, by contributing to the cost of staking. The Bateman Lake Property was worked by Dome Exploration Canada Limited ("Dome") in the 1970s with electromagnetic and magnetometer surveys being completed in 1975. The results of the geophysical surveys showed a number of strong conductors with good continuity that indicated a strong possibility that they may represent graphitic zones. In 1977, Dome drilled 10 diamond drill holes totaling 3,812 feet spread over the Bateman Lake Property and the surrounding area to test the electromagnetic anomalies. Two of these diamond drill holes were completed on the Bateman Lake Property and showed intersections of graphitic breccia, graphitic tuff, and graphitic schist. The target area is centered on a strongly conductive body that coincides directly with a magnetic low. The Company believes the Bateman Lake Property is highly prospective for the discovery of graphite mineralization.

Trump Property

The Trump Property consisted of 96 claim units comprising 1,536 hectares in the James Bay Lowlands near McFaulds Lake, Ontario. The Company held an 80% interest through a joint venture agreement with Rainy Mountain Royalty Corp ("Rainy Mountain"). On February 4, 2016 the Company relinquished its mineral claims.

Hawkins Property

The Hawkins Property, located 120 km south of Hearst, Ontario, consists of 96 claim units covering a total area of 1,536 hectares. The property is host to the historic Shenango Gold Mine. The Shenango prospect was in production during 1936, 1937 and 1945. Two shafts were sunk to 52 and 125 feet and an adit was driven 90 feet while following auriferous quartz veins cutting mafic metavolcanics. In the mid-1980's Falconbridge Exploration Ltd. carried out an extensive shallow drilling program and defined a low-grade auriferous felsic horizon with values of 1 to 4 grams per ton gold over 4 to 30 meter widths along a minimum strike length of 3 to 4 kilometers. No thorough drilling was carried out to evaluate these felsic volcaniclastic units at depth or to the west.

On November 12, 2015 the Company signed an option agreement with Pavey Ark Minerals Inc. ("Pavey Ark") whereby Pavey Ark can acquire a 100% legal and beneficial interest in the Hawkins Property, subject to a 0.5% NSR retained by the Company. Under the terms of the option agreement, Pavey Ark must make 13 monthly payments of $8,000 for total consideration of $104,000 in cash. Pavey Ark had the option to reduce the total consideration to $96,000 by paying the balance of that amount in full in February 2016.

On February 23, 2016, the Company completed the sale of the Hawkins Property to Pavey Ark Minerals Inc. and received a final payment of $72,000 for total cash consideration of $96,000. In addition, the Company was granted a 0.5% net smelter returns royalty.

Hemlo North Limb Project

On May 24, 2016, the Company purchased a 100% interest in 135 claim units comprising 2,160 hectares approximately 40 kilometers northeast of Marathon, Ontario. As consideration, the Company paid a total of $25,000 in cash and issued 500,000 common shares valued at $0.05 per share. In addition, the vendors retain a 1% NSR on the purchased claims.

In addition to the purchased claims, the Company staked 261 claim units totaling 4,176 hectares.

McFaulds Lake ‘Ring of Fire’ Royalty Interests

In May 2010, the Company entered into an agreement with Noble Mineral Exploration Inc. (“NOB”, formally Ring of Fire Resources Inc. and Hawk Uranium Inc.) by which the Company sold its interest in eight 100% owned northern properties (the “Northern Properties”) and seven 50% owned southern properties (the “Southern Properties”). The agreement entitles the Company to a 10% NPI royalty on the Northern Properties and a 10% NPI royalty on the portion of the Southern Properties acquired by NOB, which would be converted to a 0.15% NSR royalty if NOB’s interest in the Southern Properties is reduced to less than 10% and therefore converted to a NSR royalty. NOB subsequently sold the Northern Properties and Southern Properties to Macdonald Mines Exploration Ltd. (“BMK”).

Results of Operations

For the six months ended July 31, 2016, the Company incurred a loss of $228,199 compared to a loss of $278,246 in the prior year.

In addition, the Company had other comprehensive income comprised of an unrealized gain of $10,000 compared to a loss of $29,741 for the comparative period with respect to marketable securities held on hand. The Company also reclassified realized gains to profit and loss in the amount of $2,000 during the six months ended July 31, 2016, compared to realized losses of $37,418 in the prior year.

Comparison of the six months ended July 31, 2016 versus the six months ended July 31, 2015

The Company spent $133,037 on exploration expenditures, an increase on the $10,000 incurred during the prior period, as a result of acquiring three properties and performing preliminary geological work.

During the six months ended July 31, 2016, the Company received $392,000 from the sale of properties and option payments, versus nil in the same period of the previous year.

The Company expensed $19,871 in professional and consulting fees as compared to $6,442 in the same period of the preceding year for an increase of $13,429. The increase was a result of legal fees attributed to the property purchases and sales.

The Company incurred $185,275 for management and administrative expenses, in line with the $183,247 incurred in the previous period. In addition, the Company incurred a non-cash share based compensation expense of $246,715 (July 31, 2015 – nil) relating to the grant of incentive stock options to officers, directors, and consultants of the Company.

Office and administrative expenses were $28,527 for the six months ended July 31, 2016, 2016, slightly below the $29,646 incurred in the same period of the previous year.

Shareholder information expense for the period was $11,002, down from $11,772 in the previous period, for a decrease of $770.

During the six months ended July 31, 2016, the Company earned interest on its cash investments aggregating $2,228, up from $279 in the prior period.

In accordance with IFRS reporting, an investment gain of $2,000 (July 31, 2015 – loss of $37,418) is recognized in operations and is the realized gain (loss) on the sale of marketable securities during the period.

Summary of Quarterly Results

($)	May 1, 2016 to Jul. 31, 2016	Feb. 1, 2016 to Apr. 30, 2016	Nov. 1, 2015 to Jan. 31, 2016	Aug. 1, 2015 to Oct. 31, 2015
Total revenues	-	-	-	-
Net income (loss) before other comprehensive income (loss)	(341,339)	113,140	(79,392)	(120,661)
Net income (loss) and per share – basic and fully diluted	(0.00)	0.00	(0.00)	(0.00)
Total assets	817,599	901,237	718,888	126,111
Long-term debt	Nil	Nil	Nil	Nil
Shareholders’ equity	755,595	825,219	694,079	(238,115)
Cash dividends declared per common share	Nil	Nil	Nil	Nil

($)	May 1, 2015 to Jul. 31, 2015	Feb. 1, 2015 to Apr. 30, 2015	Nov. 1, 2014 to Jan. 31, 2015	Aug. 1, 2014 to Oct. 31, 2014
Total revenues	-	-	-	-
Net income (loss) before other comprehensive income (loss)	(120,733)	(157,513)	(377,394)	(168,380)
Net income (loss) and per share – basic and fully diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	138,850	258,736	399,141	482,077
Long-term debt	Nil	Nil	Nil	Nil
Shareholders' equity	(131,469)	(9)	129,100	246,686
Cash dividends declared per common share	Nil	Nil	Nil	Nil

Objectives and Milestones

The objectives of the Company are to (i) enhance its geological knowledge of its Hemlo North Limb Project, Belcher Islands Iron Project and its other properties (ii) develop targets on the properties for future sampling and drilling programs; and (iii) target, review and, if desirable, acquire and develop additional mineral assets in order to augment and strengthen its current mineral property portfolio.

In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history or location of the properties, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental issues; land title; competition; and, the potential failure of the Company to generate adequate funding for any such acquisitions. See the ***Risks and Uncertainties*** section of this MD&A.

Liquidity and Capital Resources

As at July 31, 2016, the Company had working capital of $755,595 (January 31, 2016 – $694,079). See *Risks and Uncertainties – Liquidity Risk.*

On December 31, 2015, the Company closed a non-brokered private placement to raise $702,500 through the sale of common shares of the Company. In total, the Company issued 35,125,000 common shares at $0.02 per share and paid cash finders' fees to eligible finders in the aggregate amount of $35,175 of the gross proceeds. Concurrent with the closing of the private placement, the Company repaid the full amount of the related party loan outstanding to 695202 Ontario Inc., a company controlled by a relative of Gordon McKinnon, the Company's Chief Executive Officer, through the issuance of 11,651,784 Common Shares at $0.02 per share valued at $233,035. In addition, the Company's management converted $84,226 of accrued salary that was payable to 4,211,281 Common Shares at $0.02 per share.

On January 6, 2016, the Company closed a second tranche of a non-brokered private placement to raise $21,000 through the sale of 1,050,000 common shares at $0.02 per share.

On August 12, 2016, the Company closed a first tranche of a private placement financing, raising gross proceeds of $2,405,200 through the sale of 40,086,668 Units of the Company at a price of $0.06 per Unit.

On August, 18, 2016, the Company closed the second and final tranche of the financing, raising gross proceeds of $3,352,280 through the sale of 55,871,331 Units. In total, the Company raised gross proceeds of $5,757,480 through the sale of 95,957,999 Units. A total of $149,789 cash was paid in finders' fees resulting in net proceeds to the Company of $5,607,691 from both tranches. In addition, a total of 2,460,480 finders warrants exercisable at $0.06 for a period of 18 months from closing were issued in connection with the financing.

The Company estimates that its corporate and general costs to maintain the requirements of a reporting issuer for the next twelve months will total approximately $500,000. The Company currently has sufficient working capital to fund its corporate and general costs over the next twelve months. The Company may seek to monetize its interest in one or more of its properties or raise additional capital in the next year.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mining interest expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern. Accordingly, the Company’s financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the financial statements.

The exploration and development of the Company’s properties depends on the ability of the Company to obtain financing. If the Company’s exploration programs are successful, additional funds will be required to develop the Company’s properties and, if successful, to place them in commercial production. The only sources of future funds available to the Company are further offerings of either debt or equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

Capital Management

In managing its capital, the Company’s primary objective is to ensure the entity can continue as a going concern as well as to provide optimal returns to its shareholders, in the long term. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative returns on capital criteria for management due to the nature of the industry, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be equity, which is comprised of share capital, reserves and accumulated deficit, which at July 31, 2016 totaled $755,595 (January 31, 2016 - $694,079).

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

1. attempting to maintain a liquidity cushion in order to address any potential disruptions or industry downturns;
2. minimizing discretionary disbursements;
3. reducing or eliminating exploration expenditures that are of limited strategic value; and
4. exploring alternative sources of liquidity.

As such, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the Company's relative size, is reasonable.

There were no changes in the Company's approach to capital management during the six months ended July 31, 2016. The Company is not subject to externally imposed capital requirements.

Critical Accounting Policies and Estimates

Mineral Properties and Exploration Expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Share-based Compensation

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Related-party Transactions

During the six months ended July 31, 2016, a total of 6,100,000 (2015 – nil) share options were granted to directors and officers of the Company.

During the same period of the prior year, the Company's executive management elected to voluntarily defer a portion of their salaries totaling $24,000. This amount was included in accounts payable and accrued liabilities and was paid on December 31, 2016 through the issuance of common shares of the Company.

The Company had a loan from 695202 Ontario Limited, a corporation controlled by a relative of Gordon McKinnon, the Chief Executive Officer and a director of the Board, in the amount of $233,035 that was converted to 11,651,784 common shares of the Company at a price of $0.02 per share on December 31, 2015.

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.

Off-balance Sheet Transactions

During the six months ended July 31, 2016, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

Dividends

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Risks and Uncertainties

Credit Risk

The Company deposits cash with financial institutions it believes to be creditworthy. In some circumstances, cash balances at these financial institutions may exceed the federally guaranteed amount. The Company's current credit risk is primarily attributable to cash and HST recoverable. Cash is held with a reputable, Tier A Canadian chartered bank and as such, management believes the risk of loss to be minimal. HST recoverable is due from the federal government of Canada. Management believes that the credit risk with respect to financial instruments included in HST recoverable is minimal and remote.

Liquidity Risk

The Company's ability to remain liquid over the long term depends on its ability to obtain financing necessary to complete exploration and development of its mineral properties and their future profitable production or, alternatively, upon the Corporation's ability to dispose of its interest on an advantageous basis.

As mentioned previously in this MD&A, as at July 31, 2016, the Company had working capital of $755,595 (January 31, 2016 – $694,079). The Company is seeking additional capital to increase its liquidity over the medium to long term. All of the Company's accounts payable and accrual liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company's financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assume the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's continued existence is dependent upon it ability to obtain the necessary financing to meet ongoing expenses, to complete the development of its mineral properties and upon future profitable operations.

Market Risk

Currency Risk

The Company has no foreign currency denominated assets or liabilities. Major purchases are transacted in Canadian dollars and therefore the Company has no material foreign currency exposure at July 31, 2016.

Interest Rate Risk

The Company has cash and cash equivalents balances and no interest-bearing debt. Interest rate risk is remote.

Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of financial instruments of the Company. Except for marketable securities, the Company's other financial instruments (cash, HST recoverable, accounts payable and accrued liabilities and due to a related party) are not subject to price risk.

Commodity Price Risk

The Company is exposed to price risk with respect to iron and other commodity prices, such prices impacting the future economic feasibility of its exploration properties. The Company closely monitors iron and other commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period.

The Company's marketable securities are sensitive to a plus or minus 50% change in Canadian equity prices which would affect comprehensive income (loss) by approximately $6,000.

Fair Value

The Company has designated its cash as held-for-trading. HST recoverable is classified for accounting purposes as loans and receivables, which are measure at amortized costs which equals fair value. Marketable securities are valued at the bid price as at July 31, 2016. Accounts payable and accrued liabilities and amounts due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equal fair value. Fair values of accounts receivable, marketable securities, accounts payable and accrued liabilities and amounts due to a related party are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements.

As at July 31, 2016, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Additional Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Environmental and Permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Political Risk

All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada, which the Company believes to be low. The Company's mineral exploration activities could be affected in varying degrees by future political instability and or government regulation relating to foreign investment and the mining business. Although not expected, operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company may not always own 100% of the mineral concessions. Similarly, any non-compliance with or non-satisfaction of the terms of an option by the Company could affect its ability to exercise the option and earn its interest in the mining concessions and assets relating to properties.

Mining concessions may not include surface rights and there can be no assurance that the Company will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations. The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company operations and financial performance.

Disclosure of Outstanding Share Information

The following table sets forth information concerning the outstanding securities of the Company as at September 28, 2016:

Common Shares of no par value	**Number**
Shares	181,920,123
Options	6,650,000
Warrants	50,439,476

Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework that has been used is the COSO framework. There were no changes in the Company's ICFR that occurred that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Additional Information

Additional information relating to the Company is available on the internet at the SEDAR website located at www.sedar.com or the Company's website located at www.canadianorebodies.com.