MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2015

Date of Report: October 17, 2016

The following Management Discussion and Analysis ("MD&A") provides analysis of financial results of Matica Enterprises Inc. ("the Company") for the year ended December 31, 2015 with comparisons to 2014. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2015 and 2014. Additional information relevant to the Company is available for review on SEDAR at www.sedar.com.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Information

Certain information included in this discussion may constitute forward-looking statements.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," or "continue" or the negative thereof or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. These factors include the inherent risks involved in the mining, exploration, and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating mineral prices, the possibility of project cost overruns or unanticipated operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors identified by the Company as risk factors. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. The reader is cautioned not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company was incorporated pursuant to the Business Corporation Act (British Columbia) in November 2007 under the name of Cadman Resources Inc. The Company was listed in July 2008 as a capital pool company ("CPC"), as defined in the policies of the TSX Venture Exchange (the "Exchange"). In December 2010, the listing of the Company's shares was transferred to the NEX Board. In July 2012, the Company began trading on the Canadian National Stock Exchange ("CNSX") under the symbol "CUZ" and delisted from the NEX board.

In April 2014, the Company changed its name to Matica Graphite Inc. and began trading under the new symbol "GRF". In July 2014, the Company changed its name to Matica Enterprises Inc. In July 2014, the Company's shares were accepted for trading on the Frankfurt Stock Exchange. In May 2014, the Company was subject to a management cease trade order ("MCTO") for failure to file its December 31, 2013. These were subsequently filed and the MCTO was revoked.

During the year ended December 31, 2014, the Company completed a change of business with a primary focus in the medical marijuana industry. As a result of the change in business focus, trading of Matica shares was halted in August 2014 and resumed trading in November 2014 as "MMJ". The Company retained its exploration property portfolio.

During the year ended December 31, 2015 the Company ceased funding its medical marijuana initiative and has initiated legal action to attempt to recover funds provided. The Company has acquired additional exploration properties and continues to be active in the junior resource exploration field.

HIGHLIGHTS OF COMPANY ACTIVITIES

January 2016 to October 2016:

Corporate Activities:

In January 2016, the Company extended the expiry date of 7,270,000 warrants exercisable at $0.07 from January 8, 2016 to January 8, 2017.

In February 2016, the Company granted 3,400,000 stock options to four directors and/or officers and 2,100,000 stock options to three consultants and one consulting firm. The options are exercisable at a price of $0.02 per share for a period of five years expiring in February 2021. The options vested immediately on the date of grant. Of these, the 1,500,000 options granted to Mr. Ziger, a Director and CEO, and the 1,500,000 options granted to Mr. Brown, a Director and interim CFO, were cancelled subsequent to grant.

In February 2016, the Company acquired a second lithium property in Clayton Valley, Nevada. The McGee claims were acquired for $23,244 (US$17,500) due on signing (paid), US$30,000 due within 12 months (outstanding), and 8,500,000 common shares of the Company (6,500,000 issued to four companies and 2,000,000 issued jointly to two spouses). The property is subject to a 3.75% net smelter return ("NSR") and was sold in July 2016.

In April 2016, the Company granted 3,700,000 stock options to five consultants and one consulting firm. The options are exercisable at a price of $0.02 per share for a period of five years expiring in April 2021. The options vested immediately on the date of grant.

In April 2016, the Company filed a notice of change of auditor from Manning Elliott LLP of Vancouver to McGovern, Hurley, Cunningham, LLP of Toronto.

In May 2016, the Company granted 1,000,000 stock options to a consulting firm. The options are exercisable at a price of $0.015 per share for a period of five years expiring in May 2021. The options vested immediately on the date of grant.

In May 2016, the Ontario Securities Commission ("OSC") issued a temporary and then a permanent MCTO for failure to file the December 31, 2015 fiscal year filings. The MCTO was revoked in August 2016.

In June 2016, Mr. Deol resigned from the board of directors of the Company and the 200,000 stock options granted in June 2014 were subsequently cancelled.

In June 2016, the company granted 3,000,000 stock options to a consulting firm. The options are exercisable at a price of $0.01 per share for a period of one year expiring in June 2017. The options vested immediately on the date of grant.

In July 2016, the Company granted 3,000,000 stock options to two consulting firms. The options are exercisable at a price of $0.01 per share for a period of one year expiring on July 2017. The options vested immediately on the date of grant.

In August 2016, the OSC revoked the MCTO and issued a general cease trade order ("CTO") against the Company for failure to file required disclosure documents including but not limited to the December 31, 2015 and 2014 audited consolidated financial statements and the associated management discussion and analysis.

In October 2016, the Company borrowed $30,000 from a non-insider. The loan is repayable on or by January 31, 2017 and bears interest at 2% per month (or part month) and is secured by the 4,700,000 common shares of Spearmint Resources Ltd. held by the Company.

January 2015 to December 2015:

Corporate Restructuring:

In January 2015, the Company entered into an arrangement agreement (the “Arrangement”) to transfer assets to four subsidiaries. The purpose of the Arrangement was to enable the Company to focus on the development of the medical marijuana business and to divest its other assets to its subsidiaries. The Arrangement was approved by shareholders and by the Supreme Court of British Columbia in March 2015. Each of the subsidiaries was to become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.

In August 2015, the Company cancelled the Arrangement. Each of the four corporations created remain as wholly owned subsidiaries of the Company. The four subsidiaries at the time were Ravenline Exploration Ltd., 1022607 B.C. Ltd., 1022608 B.C. Ltd., and 1024250 B.C. Ltd.

Corporate Activities:

In January 2015, the Company issued 400,000 common shares to four individuals as settlement of the $40,000 finder’s fee included in the accounts payable at December 31, 2014 relating to the option agreement with Bellerosa Distributing Ltd. (“Bellerosa”). Of the 400,000 common shares, 160,000 were issued to the brother of Mr. Tong, the former CFO, and 80,000 were issued to the daughter of Mr. Deol, a former director.

In February 2015, the Company granted 1,000,000 stock options to two directors and/or officers and 1,200,000 stock options to one consultant and three consulting firms. The options are exercisable at a price of $0.105 per share for a period of five years expiring in February 2020. The options vested on the date of grant.

Also in February 2015, the Company granted 500,000 stock options to two directors and 375,000 stock options to one consultant. The options are exercisable at a price of $0.125 per share for a period of five years expiring in February 2020. The options vested on the date of grant.

In April 2015, Mr. Lakhan resigned as a director of the Company and his 200,000 stock options granted in February 2015 were subsequently cancelled.

In May 2015, the Company granted 1,500,000 stock options to two consulting firms exercisable at a price of $0.07 per share for a period of five years expiring in May 2020. The options vested on the date of grant.

In May 2015, the OSC issued a temporary and then a permanent MCTO for failure to file the 2014 audited financial statements and associated materials. The MCTO was terminated two business days after completion of the required filings in June 2015.

In May 2015, Mr. Brown was appointed a director of the Company and was appointed Chairman of the audit committee.

In June 2015, the Company granted 500,000 stock options to Mr. Brown, a Director, and 200,000 stock options to one consultant. The options are exercisable at a price of $0.07 per share for a period of five years expiring in June 2020.

Also in June 2015, the Company granted 1,000,000 options to one consulting firm exercisable at a price of $0.055 per share for a period of five years expiring in June 2020. The options vested on the date of grant.

In July 2015, the Company granted 500,000 stock options to one consulting firm exercisable at a price of $0.05 per share for a period of five years expiring in July 2020. The options vested on the date of grant.

In August 2015, the Company granted 300,000 stock options to one consultant exercisable at a price of $0.05 per share for a period of five years expiring in August 2020. The options vested on the date of grant. These stock options were cancelled as at December 31, 2015.

In September 2015, the Company signed a non-binding letter of intent ("LOI") to acquire 51 percent of Riopel Marine Inc. operating as Canadian Electric Boat Company ("CEBC"), a Montreal based manufacturer of high-end electric powered pleasure boats. The Company has not advanced beyond the signing of the LOI.

In October 2015, the Company signed a property agreement with vendors to acquire a 100% interest in lithium claims located in Esmeralda County, Nevada. The Company paid $15,000 and issued 6,000,000 common shares to two corporations at a fair value of $240,000 as payment for a 100% interest in the property. The Company recorded an impairment of $255,000 as at December 31, 2015 as the Company has no future exploration plans for this property.

In October 2015, the Company issued 1,130,000 common shares to Jacob Securities Inc. ("JSI") at a fair value of $45,200 as settlement of debt.

In October 2015, as a result of a review by staff of the OSC, the Company filed amended financials for the three month and six month periods ended June 30, 2015 with corresponding amended MD&A. As a result of the review, Mr. Tong resigned as the CFO and Mr. Brown, a director, was appointed interim CFO.

In November 2015, Ravenline Exploration Ltd., a wholly owned subsidiary of the Company, incorporated a wholly owned subsidiary, Ravenline USA Ltd. This subsidiary holds the minerals interests of the Company for properties in the USA.

Financing Activities:

In March 2015, the Company closed on 9,702,275 units in a first tranche and 3,975,000 units in the second tranche of a brokered private placement offering of units of the Company at a price of $0.08 per unit for which the Company received cash of $544,182, management debt settlement with two directors and/or officers valued at $100,000, and vendor debt settlement valued at $450,000. The Company paid JSI, the agent on the private placement, a commission of $24,725 representing 3% to 8% of the funds raised in connection with the offering and issued 168,000 broker warrants valued at $11,391 equal to 8% of the units issued to subscribers introduced by JSI. The broker warrants have the same term and exercise price as the private placement warrants.

In December 2015, the Company closed on 5,750,750 units in a non-brokered private placement offering of units of the Company at a price of $0.04 per Unit for which the Company received cash of $158,250 and debt settlement in the amount of $71,780. Each unit is comprised of one common share and one common share purchase warrant exercisable to acquire one common share of the Company at $0.05 per warrant until 18 months from the closing date.

From January 1, 2015 to December 31, 2015, 1,980,000 common shares were issued on exercise of warrants for cash proceeds of $138,600, of which $1,400 was received and included in subscriptions received as at December 31, 2014.

From January 1, 2015 to December 31, 2015, 3,125,000 common shares were issued on exercise of stock options for cash proceeds of $232,000.

The Company has issued 6,400,000 common shares for stock options granted and exercised subsequent to December 31, 2015 for cash proceeds of $83,000.

Subsequent to December 31, 2015, the Company issued 7,250,000 common shares as settlement of $117,500 of debt.

Exploration Activities:

Nevada U.S.A.

In January 2014, the Company entered into a letter of intent (“LOI”) to acquire 100% of a new graphite project in northwest Nevada known as the Grumpy Lizard Project. The Company paid a deposit of $5,670 (US$5,000.) and incurred $15,736 of expenses in 2014 related to this LOI which was allowed to lapse in April 2014.

In September 2014, the Company entered into a property option and royalty agreement to acquire a 100% interest in the Grumpy Lizard Project (see January 2014 above). As consideration, The Company paid $57,291 and issued 3,400,000 shares to three individuals at a fair value of $272,000 as well as incurring $23,403 in staking costs. This agreement was subject to a 2.5% NSR on any materials sold from the project. The original claims were abandoned in 2015 and the exploration and evaluation balance for this project of $352,694 as at December 31, 2014 was recorded in 2015 as an impairment expense.

During 2015, the Company staked additional claims to the Grumpy Lizard Project. The company incurred staking costs of $10,057 (US$8,298.20) and exploration and evaluation expenses of $26,676. These claims were renewed in September 2016.

In October 2015, the Company signed a property agreement to acquire 100% interest in the Clayton Valley Lithium Project located in Esmeralda County, Nevada. The Company issued 6,000,000 common shares to two companies at fair value of $240,000 and paid $15,000 in acquisition costs. The $255,000 was charged as an impairment expense as at December 31, 2015 as the Company has no future exploration plans for this property.

In February 2016, the Company signed an agreement to acquire additional lithium claims in the Clayton Valley, Nevada. The Company signed an agreement to acquire a 100% interest in the McGee claims located in the south-eastern Clayton Valley. The payments required for a 100% interest are $23,244 (US$17,500) due at signing (paid) and a further US$30,000 within 12 months of signing (outstanding) and 8,500,000 common shares issued in February 2016. These were issued 6,500,000 common shares to four companies and 2,000,000 common shares to two individuals jointly as spouses. There is a 3.75% NSR associated with the property.

In March 2016 the Company entered into a letter to intent with Cache Exploration Inc. to option the McGee Lithium Project in Nevada. In May 2016, the letter of intent was terminated by mutual consent.

In July 2016, the Company agreed to sell the two Clayton Valley lithium properties to Spearmint Resources Inc. (“Spearmint”) for 4,700,000 common shares of Spearmint issued in July 2016. The Company continues to hold a 2% NSR on one of the two properties. Spearmint may purchase half of the 2% NSR for US$500,000. These shares have been pledged as security for the $30,000 loan received by the Company in October 2016.

Exploration Activities:

Quebec, Canada

In September 2013, the Company signed an agreement to acquire a 100% interest in the Buckingham North property located in Quebec east of Ottawa/Gatineau. To earn a 100% interest in the property, the Company was required to deliver 3,000,000 common shares (issued to a company at a value of $135,000) and make a payment of $5,000 (outstanding). During the year ended December 31, 2015, management determined not to pursue any further exploration in the property and the $135,000 of deferred acquisition cost incurred on this property was written off as an impairment expense in 2015.

In November 2013, the Company signed another option agreement to acquire additional property adjacent to the Buckingham North property in the Ottawa Valley of western Quebec. To exercise this option and earn a 100% interest in the property, the Company was required to deliver 1,000,000 common shares (issued to three individuals in 2014 at a value of $50,000) and make a payment of $5,000 (outstanding). During the year ended December 31, 2015, management determined not to pursue any further exploration in the property and the $50,000 of deferred acquisition costs incurred on this property was written off as an impairment expense.

Medical Marijuana Activities:

In October 2014, the Company entered into an investment agreement (the "THCD Agreement") with THC Dispensaries Canada Ltd. ("THCD") and the sole shareholder of THCD (jointly the "Vendors") to acquire a 50% interest in THCD. THCD was a private company incorporated under the laws of Nova Scotia and was in the process of applying to become a licensed producer under the Health Canada marijuana for medical purposes regulation program ("MMPR").

Since incorporation in September 2014, THCD had been making improvements to the leased free standing facility in compliance with the requirements of Health Canada's directive on physical security requirements for controlled substances. THCD had received a ready to build letter from Health Canada and was awaiting the pre-license inspection to become a licensed producer under the MMPR. Under the terms of the THCD Agreement, the Company had an option to acquire a 50% interest in THCD by providing funding of $325,000 (provided) and delivering 1,000,000 common shares (624,000 issued to one company and 376,000 issued to one individual as directed by THCD at a combined value of $130,000). Upon THCD becoming a licensed producer, the Company would have been required to fund THCD for a further $1,175,000 ($240,000 of which was advanced in 2015) and delivering an additional 4,000,000 common shares to THCD nominees.

The Company provided THCD with an additional $240,000 in 2015 in anticipation of THCD becoming a licensed producer. The additional $240,000 paid to THCD was intended to be used for the purchase of HVAC equipment required in preparation for the pre-licensing inspection by Health Canada. These additional advances reduced the balance of the amount outstanding that the Company would have been required to fund upon THCD becoming a licensed producer.

In November 2015, the Company filed a notice of civil claim in the Vancouver registry of the supreme court of British Columbia naming THCD, Francis MacMaster, CEO of THCD, and other related parties as defendants in an attempt to recover funds and other damages suffered by the Company as a result of breaches of the THCD Agreement by the defendants. The Agreement provided that, should a licence not be granted by Health Canada by October 31, 2015, then the Agreement would terminate and Matica would return its 50% shareholding in THCD. The Company contends that Mr. Francis MacMaster, the CEO of THCD, failed to complete the facility and created conditions under which the October 31, 2015 deadline could not be met. The Company has not surrendered its share of THCD and does not intend to do so until the Court has ruled upon the merits of the Company's legal claims.

OUTLOOK

Throughout 2015 and 2014, the junior resource markets have experienced very difficult financing conditions. Overall share prices have declined and traditional sources of financings have weakened. The immediate future of the entire sector is somewhat diminished as demand for raw materials and prices fluctuate and the junior resource sector consolidates.

In response to these events, the Company has been seeking alternative sources of financing in order to ensure the continuation of the Company. Since May of 2014, the Company has been researching the medical marijuana sector with the intent to pursue, source, and evaluate projects in the medical marijuana sector, including, but not limited to, the agricultural, medical, technological, and real estate sectors of the industry.

A new focus on materials associated with electric vehicles has sparked the resurgence of interest in the junior resource market. The market for materials relating to the production of lithium ion batteries, namely, lithium and graphite, has seen an increase in interest. The Company continues to hold interests in graphite and lithium projects in Nevada.

OVERALL PERFORMANCE

As at December 31, 2015, the Company had cash and other current assets totalling $146,554 (2014 - $190,813) and a working capital deficit of $246,448 (2014 - $246,580). For the year ended December 31, 2015, the Company incurred $1,732,851 (2014 - $1,226,054) in general and administrative expenses.

Selected Annual Information

The following table shows the financial results derived from the Company's financial statements for the years ended December 31, 2015, 2014, and 2013:

Year ended December 31,	2015	2014	2013
	$	$	$
Total Revenues	-	-	-
Net Profit (Loss)	(3,196,059)	(1,834,596)	(968,615)
Basic and diluted loss per share	(0.04)	(0.04)	(0.04)
Total Assets	183,287	1,219,371	226,827
Total Long Term Liabilities	-	-	-

In the current year, the Company incurred a net loss of $3,196,059 compared to a net loss of $1,834,596 for the year ended December 31, 2014. The $1,361,463 increase in net loss is mainly due to the increase in impairment charges of $687,677 from the 2015 impairment of the investment in THCD and a 2015 impairment of exploration and evaluation assets of $795,315.

The Company had a loss per share of $0.04 in 2015 compared to $0.04 in 2014. Total assets at the end of 2015 amounted to $183,287 as compared to total assets of $1,219,371 in 2014. The decrease of $1,036,084 in total assets reflects the 2015 impairment applied to investment in associate of $687,677for THCD and the 2015 impairment of exploration and evaluation assets of $795,315.

FINANCIAL RESULTS

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company.

Quarterly Information	Revenue	Net Profit Income (Loss)	Basic and diluted income (loss) per common share
Three months ended:	$	$	$
December 31, 2015	-	(665,718)	(0.00)
September 30, 2015	-	(511,109)	(0.01)
June 30, 2015	-	(1,274,544)	(0.02)
March 31, 2015	-	(744,688)	(0.01)
December 31, 2014	-	(928,441)	(0.02)
September 30, 2014	-	(671,271)	(0.03)
June 30, 2014	-	(173,431)	(0.01)
March 31, 2014	-	(61,453)	(0.01)

Comparison of operating results

Quarterly Information

For the three months ended December 31,	**2015**	**2014**
General and administrative expenses	$	$
Consulting	32,500	5,129
General exploration expense	-	28,731
Management and director's fees	(66,000)	61,844
Marketing	101,105	133,685
Office and miscellaneous	18,851	15,513
Professional fees	3,532	40,543
Rent	17,159	17,358
Share-based compensation	19,595	(22,079)
Transfer agent and filing fees	7,356	21,653
Travel and promotion	2,333	17,522
	136,431	319,899

Comparison of results for the three months ended December 31, 2015 and 2014:

-The Company's general and administrative expenses decreased by $183,468 as a result of a decrease in activity due to a lack of working capital and the October 31, 2015 effective termination of the THCD Agreement.

-Consulting was $27,371 higher due to $25,000 charged by two consultants who were not included in 2014.

-General exploration was nil due to the suspension of exploration activities compared to $28,731 in 2014.

-The management fee credit of ($66,000) in 2015 is as a result of Mr. Ziger, a Director and CEO, electing to forgo the 2015 salary portion of his compensation in light of the failure of THCD to complete the facilities and obtain a Health Canada licence by October 31, 2015. This is a decrease of $127,844.

-Marketing costs decreased by $32,580 due to a reduction in marketing activities subsequent to the October 31, 2015 expiry of the THCD Agreement.

-Office and miscellaneous expenses increased by $3,338 due to an office administration billing of $8,000 not incurred in the same period of 2014.

-Professional fees were $37,011 higher in 2014, which reflects that the 2014 legal fees included work on the proposed Arrangement information circular prepared in late 2014 for mailing in January 2015.

-Share-based compensation was recorded as a credit of ($22,079) for the last three months of 2014 due to year end adjustments to the 2014 calculated Black-Scholes value of option grants. The expense in 2015 is therefore $41,674 higher due to there not being similar adjustment in 2015.

-Transfer agent and filing fees were $14,297 higher in 2014 due to costs related to shares and warrants issued in the two November 2014 private placements.

-Travel and promotion was $15,189 higher in 2014 due to a THCD marketing trip to Vancouver in October 2014 and a four person THCD due diligence trip to Nova Scotia in December 2014.

Annual Information

For the twelve months ended December 31, **General and administrative expenses**	**2015** $	**2014** $
Consulting	74,598	102,550
General exploration expense	-	28,731
Management and director's fees	49,500	185,844
Marketing	1,067,253	575,058
Office and miscellaneous	44,492	41,435
Professional fees	239,502	130,965
Rent	59,158	43,418
Share-based compensation	132,310	47,145
Transfer agent and filing fees	44,492	44,468
Travel and promotion	21,546	26,440
	1,732,851	1,226,054

Comparison of results for the twelve months ended December 31, 2015 and 2014:

-The Company's general and administrative expenses increased by $506,797 mainly as a result of the $492,195 of increase in marketing contracted to consultants to attempt to raise market awareness to enable the Company to close the proposed 2015 financings that were intended to fund THCD.

-Consulting was $27,952 higher in 2014 due to 2014 including share-based compensation charges that are now reported in share-based compensation in 2015.

-General exploration was nil due to the suspension of exploration activities compared to $28,731 in 2014.

-Management fees are lower by $106,500 as a result of Mr. Ziger, a Director and CEO, electing to forgo $80,000 of compensation in light of the failure of THCD to complete the facilities and obtain a Health Canada licence by October 31, 2015, and as a result of the resignation of Mr. Tong, the CFO, in October 2015. Directors fee are also lower due to $22,844 of share-based compensation having been reported as Director's fees in 2014 for which comparables are now reported as share-based compensation expense in 2015. Director's fees also decreased by $7,000 due to a reduction of one paid director, from two down to one.

-Office and miscellaneous expenses increased $3,057 reflecting a 7% increase.

-Professional fees were $108,537 higher for 2015 which included an increase of $87,761 in accounting and audit fees and a $20,776 increase in legal fees. Significant increases in billings by both Manning Elliott LLP, the former Company auditors, and by S. Wang & Associates, the former Company accountant resulted in a change of auditors and a change of accountant in 2016 to avoid the continuation of excessive charges.

-Share-based compensation increased by $85,165 reflecting both an increase in the value of share-based compensation awards and the changes made to no longer reporting some of these share-based expenses in consulting expenses and in director's fees.

-Transfer agent and filing fees were virtually unchanged for the year.

-Travel and promotion was higher by $4,894 in 2014 due to charges for a four person THCD due diligence trip to Nova Scotia in December 2014.

Liquidity and Capital Resources

As of December 31, 2015, the Company had cash of $94,975 compared to $119,594 at December 31, 2014. Working capital deficiency was $246,448 compared to a deficiency of $246,580 at December 31, 2014.

In management's view, given the nature of the Company's operations, which consists of exploration and evaluation of mineral properties, the most relevant financial information relates primarily to current liquidity, solvency, and planned property expenditures. The Company's financial success is dependent upon the extent to which it can discover mineralization on the exploration properties. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

LATEST OUTSTANDING SHARE DATA

The following is the latest share data as of October 17, 2016.

Common shares at December 31, 2015	98,345,024
Issued subsequent to December 31, 2015	22,150,000
Common shares at October 17, 2016	120,495,024
Stock options at December 31, 2015	3,050,000
Stock options granted subsequent to December 31, 2015	16,200,000
Less stock options exercised subsequent to December 31, 2015	6,400,000
Less stock options expired subsequent to December 31, 2015	300,000
Less stock options cancelled subsequent to December 31, 2015	3,000,000
Stock options at October 17, 2016	9,550,000
Warrants at December 31, 2015	33,670,275
Warrants issued subsequent to December 31, 2015	-
Less warrants expired subsequent to December 31, 2015	6,804,250
Less warrants cancelled subsequent to December 31, 2015	1,000,000
Warrants at October 17, 2016	25,866,025
Fully diluted at December 31, 2015	135,065,299
Fully diluted at October 17, 2016	155,911,049

OFF BALANCE SHEET TRANSACTIONS

The Corporation has not entered into any off balance sheet agreements.

RELATED PARTY TRANSACTIONS

The following is a summary of transactions with directors and officers, and companies controlled by directors of the Company:

Year ended December 31,	2015	2014
	$	$
Director fees-CD Financial Inc. (Mr. Deol, former Director, $1,500/month)	-	7,000
Director fees-Sprint Capital Inc. (Mr. Deol, former Director, $1,500/month)	18,000	-
Director fees-SWR Marketing Inc. (Mr. Ritchings, former Director, $2,000/month)	-	18,000
Management fees – Mr. Ziger, CEO ($8,000/month)	-	96,000
Management fees – Mr. Tong, former CFO ($3,500/month)	31,500	42,000
Share-based compensation – Mr. Ziger, Director and CEO	77,233	20,940
Share-based compensation – Mr. Tong, former CFO	30,156	26,206
Share-based compensation – Mr. Deol, former Director	-	15,229
Share-based compensation – Mr. Lee, Director	11,326	7,615
Share-based compensation – Mr. Brown, Director and interim CFO	26,000	-
Total key management compensation	194,215	232,990

Due from related parties	December 31, 2015
	$
Expense advance – Mr. Ziger, Director and CEO	2,000
Expense advance – Mr. Brown, Director and interim CFO	2,000

Due to related parties	December 31, 2015
	$
Salary and expenses – Mr. Ziger, Director and CEO	8,455
Expenses – Mr. Brown, Director and interim CFO	1,269

The following are related party details for units issued for debt:

	No. of Units	Unit Prices	Fair Value
		$	$
Management fees – Mr. Ziger, Director and CEO	1,000,000	0.10	100,000
Management fees – Mr. Ziger, Director and CEO	1,000,000	0.05	50,000
Management fees – Mr. Tong, former CFO	1,000,000	0.05	50,000
Director – Mr. Ritchings, former Director	210,000	0.05	10,500
December 31, 2014	3,210,000		210,500

	No. of Units	Unit Prices	Fair Value
		$	$
Management fees – Mr. Ziger, Director and CEO	1,000,000	0.08	80,000
Management fees – Mr. Tong, former CFO	250,000	0.08	20,000
December 31, 2015	1,250,000		100,000

Due to related parties include payables to directors and/or officers in the amount of $9,724 (2014 - $29,720). These amounts are unsecured and non-interest bearing.

During the year ended December 31, 2014, the Company issued 2,210,000 units at $0.05 per unit to three directors and/or officers for debt settlement of $110,500 and 1,000,000 units at $0.10 per unit to one director and/or officer for debt settlement of $100,000.

During the year ended December 31, 2015, the Company issued 1,250,000 units at $0.08 per unit to two directors and/or officers for debt settlement of $100,000. Mr. Ziger, a Director and the CEO, elected to forgo his 2015 salary compensation in light of the failure of THCD to complete the facilities and obtain a Health Canada licence by October 31, 2015 and therefore 1,000,000 units issued to him for debt settlement of $80,000 were cancelled in 2016. These units are recorded as treasury units at December 31, 2015.

As part of the December 2015 financing, Mr. Ziger, a Director and CEO, participated for 543,750 units representing $21,750 of proceeds.

BROKERED AND NON-BROKERED PRIVATE PLACEMENTS AND SHARE ISSUES

In January 2014, pursuant to the Buckingham North property agreement, the Company issued 1,000,000 common shares to three individuals at fair value of $50,000.

In May 2014, pursuant to the Galaxy Graphite property agreement, the Company issued 300,000 common shares to a company at a fair value of $12,000.

In July 2014, the Company closed a private placement of 9,130,000 units at a price of $0.05 per unit for gross proceeds of $456,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.07 per share for a period of eighteen months. The consideration received was all allocated to the common shares and no value was allocated to warrants. Of the 9,130,000 units, 2,210,000 units were issued for settlement of $110,500 owed to three directors and/or officers and 520,000 units were issued for $26,000 owed to vendors. The Company also issued 609,000 common shares as finder’s fees for a fair value of $30,450.

In July 2014, the Company also issued 150,000 units at $0.14 per unit to settle an amount of $21,000 owed to a vendor. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.07 per share for a period of eighteen months. The $21,000 was all allocated to the common shares and no value was allocated to the warrants.

In October 2014, pursuant to the Grumpy Lizard property agreement, the Company issued 3,400,000 common shares to three individuals at fair value of $272,000.

In November 2014, the Company closed a private placement of 8,030,000 units at a price of $0.10 per unit for gross proceeds of $803,000. Each unit consisted of one common share and one-half of common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of $0.15 per share for a period of eighteen months. The consideration received was all allocated to the common shares and no value was allocated to the warrants. Of the 8,030,000 units, 1,000,000 units were issued for settlement of $100,000 owed to Mr. Ziger, a director and officer, and 1,530,000 units were issued for $153,000 owed to vendors. The Company incurred cash commission of $43,040 and issued 48,000 warrants at a fair value of $1,730 as finder’s fees. These warrants have the same term and exercise price as the private placement warrants.

In November 2014, the Company also issued 1,000,000 common shares (624,000 to one company and 376,000 to one individual) at a fair value of $130,000 pursuant to the THCD Agreement. In November 2014, 325,000 common shares were also issued to two companies and two individuals at a fair value of $32,500 as a finder’s fee for the THCD transaction.

In November 2014, the Company also closed a private placement of 1,642,500 units at a price of $0.10 per unit for gross proceeds of $164,250. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of $0.15 for a period of eighteen months. The consideration received was all allocated to the common shares and no value was allocated to the warrants. Of the 1,642,500 units, 230,000 units were issued for settlement of $23,000 of debt to vendors. The Company incurred a cash commission of $8,800 and issued 64,000 broker warrants at a fair value of $4,923 as a finders' fee. The broker warrants have the same term and exercise price as the private placement warrants.

In December 2014, the Company issued 4,000,000 common shares at fair value of $360,000 pursuant to the option agreement with Bellerosa Distributing Ltd. ("Bellerosa") Two companies were issued 2,500,000 common shares and 1,500,000 common shares were issued to one individual who is the brother of Mr. Tong, the former CFO.

During the year ended December 31, 2014, 2,397,381 common shares were issued on exercise of warrants for gross proceeds of $182,450.

During the year ended December 31, 2014, 550,000 common shares were issued on exercise of options for gross proceeds of $55,000.

In January 2015, the Company issued 400,000 common shares to four individuals, which included 160,000 common shares to a brother of Mr. Tong, the former CFO and 80,000 common shares to the daughter of Mr. Deol, a former director, as debt settlement of the $40,000 finders fee included in accounts payable at December 31, 2014. The finders fee represented 10% of the value of the 4,000,000 common shares issued to Bellerosa in 2014.

In January and March 2015, the Company engaged JSI to act as an agent in connection with a private placement offering of up to 12,500,000 units of the Company at a price of $0.08 per unit for gross proceeds of up to $1,000,000 (the "Offering"). Each unit was comprised of one common share and one common share purchase warrant exercisable to acquire one common share of the Company at $0.15 per share until 36 months from the closing date. As consideration JSI was to receive a commission representing 8% of the funds raised (3% if raised through the President's list) and such number of broker warrants as equal to 8% of the units that would be issued in connection with the Offering. Each broker warrant was to have the same term and exercise price as the private placement warrants.

In addition, a total of 1,000,000 common shares were to be issued to JSI at the closing time on the initial closing date of the private placement as a financing fee. The Company had also agreed to issue an additional financing fee comprised of the number of common shares of the Company equivalent to the amount of gross proceeds raised in such offering, provided that the maximum number of common shares issued to JSI in respect of such financing fees and in respect of all subsequent offerings was not to exceed 4,000,000 common shares.

In March 2015, the Company closed on 9,702,275 units in a first tranche of the brokered private placement offering of units of the Company at a price of $0.08 per unit for which the Company received cash of $402,182, management debt settlement of $100,000 with two directors and/or officers, and vendor debt settlement in the amount of $274,000. The Company paid JSI, the agent on the private placement, a commission of $15,315 representing 3% to 8% of the funds raised in connection with the offering and issued 65,000 broker warrants at a value of $5,655 equal to 8% of the units issued to subscribers introduced by JSI.

Also in March 2015 the Company closed on 3,975,000 units in the second tranche of the brokered private placement offering at a price of $0.08 per unit for which the Company received cash of $142,000 and debt settlement in the amount of $176,000. The Company paid JSI, the agent on the private placement, a commission of $9,410 representing 3% to 8% of the funds raised in connection with the offering and issued 103,000 broker warrants valued at $5,736 equal to 8% of the units issued to subscribers introduced by JSI.

In October 2015, The Company issued 6,000,000 common shares to two companies at a fair value of $240,000 as partial payment for a 100% interest in lithium claims located in Esmeralda County, Nevada.

In December 2015, the Company closed on 5,750,750 units in a non-brokered private placement offering of units of the Company at a price of $0.04 per unit for which the Company received cash of $158,250 and debt settlement in the amount of $71,780. Each unit is comprised of one common share and one common share purchase warrant exercisable to acquire one common share of the Company at $0.05 per warrant until 18 months from the closing date.

During the year ended December 31, 2015, 1,980,000 common shares were issued on exercise of warrants for cash proceeds of $138,600, of which $1,400 was received and included in subscriptions received as at December 31, 2014.

During the year ended December 31, 2015, 3,125,000 common shares were issued on exercise of stock options for cash proceeds of $232,000.

Subsequent to December 31, 2015, the Company issued 7,250,000 common shares as settlement of $117,500 of debt.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management judgement and estimates include the determination of impairment of exploration and evaluation assets and financial instruments, decommissioning liabilities, deferred income tax assets and liabilities, assumptions used in valuing options in share-based payment calculations, indemnification provision for flow-through shares and interest and penalties of flow-through shares, and determination of control in investment in associates. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Under IFRS, the Company defers all costs relating to the acquisition and exploration of its mineral properties ("exploration and evaluation" assets). Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using a unit-of-production method. The Company reviews events or changes in circumstances that may indicate that the carrying values of its properties need to be reassessed for recoverability. When the carrying value of a property exceeds the estimated net recoverable amount, provision is made for an impairment in value. IFRS also allows the reversal of impairments if conditions that gave rise to those impairments no longer exist.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property do create measurement uncertainty concerning the estimate of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

Under IFRS 2 - Share-based Payments, stock options are accounted for by the fair value method of accounting. Under this method, the Company is required to recognize a charge to the statement of loss based on an option-pricing model based on certain assumptions including dividends to be paid, historical volatility of the Company's share price, an annual risk free interest rate, forfeiter rates, and expected lives of the options.

ADOPTION OF NEW PRONOUNCEMENTS

The Company adopted the following accounting policies effective January 1, 2015:

IFRS 8 - Operating Segments ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present a reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014.

IFRS 13 - Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

The adoption of the above new standards and the amendments to other standards did not have a significant impact on the Company's consolidated financial statements.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standards will be effective for annual periods beginning on or after January 1, 2016:

IAS 1 *Presentation of Financial Statements* - In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2018 with early adoption permitted.

IFRS 10 ***Consolidated Financial Statements ("IFRS 10")*** **and IAS 28** ***Investments in Associates and Joint Ventures*** **("IAS 28")** - IFRS 10 and IAS 28 were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

IFRS 16 - Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 - Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Classification
Financial instruments are classified into one of five categories: fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the values of these investments will depend on their initial classification as follows: FVTPL financial assets are measured at fair value with changes in fair value recognized in operations. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents as FVTPL. Accounts payable and due to related parties are classified as other financial liabilities.

The following table summarizes the carrying values of the Company's financial instruments:

As at December 31,	2015	2014
	$	$
FVTPL (i)	94,975	119,594
Other financial liabilities (ii)	252,850	302,347

(i) Cash and cash equivalents
(ii) Accounts payable and due to related parties

Fair value

As at December 31, 2015, the Company's financial instruments consist of cash and cash equivalents, accounts payable and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 “Financial Instruments – Disclosures”, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company’s financial instruments measured at fair value on a recurring basis are as follows:

At December 31, 2015:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalent	94,975	-	-	94,975

At December 31, 2014:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalent	119,594	-	-	119,594

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a financial institution.

Liquidity risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company’s financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed Commercial Paper or similar instruments.

Foreign exchange risk

The Company has limited foreign exchange risk as the majority of its transactions are in Canadian dollars. Foreign currency transactions are recorded in Canadian dollars based upon the exchange rates as at the time of the transaction.

Interest rate risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions.

RISK AND UNCERTAINTIES

Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure or easy access.

The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Depending on the price of minerals produced, which have fluctuated widely in the past, the Company may determine it is impractical to commence or continue commercial production.

Reserves and resource estimates

Any mineral and resources estimates if disclosed in the Company's public filings are only estimates and no assurances can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable deposit which can be legally and economically exploited. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by ore type at optimal crush sizes.

Actual mineral recoveries may exceed or fall short of projected laboratory test results. As stated previously, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions among other things. Short-term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under onsite conditions or in production scale operations. Material changes in proven and probable reserves or resource grades, waste-to-ore ratios or recovery rates may affect the economic viability of projects. The estimated proven and probable reserves and resources disclosed in the Company's public filings should not be interpreted as assurances of mine life or of the profitability of future operations.

The Company engages, as needed, expert independent technical consultants to advise on, among other things, mineral reserves and resources and project engineering. The Company believes these experts to be competent and that they carry out their work in accordance with internationally recognized standards. If, however, any work conducted by these experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience resulting delays and increased costs.

Foreign countries, laws and regulations

The Company has acquired mineral properties and incorporated a subsidiary in Nevada, USA, and is therefore exposed to the laws governing the mining industry in the State of Nevada and the USA.

Commodity prices

The profitability of the Company's operations, if established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, forward sales by producers, production, industrial and jewelry demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political development. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production of the Company's properties to become impracticable.

A reduction in the price of commodities may prevent the Company's properties from being economically mined or result in the write-off of assets whose value is impaired as a result of low prices.

The price of graphite and lithium may also have a significant influence on the market price of the Company's common shares.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Financial Officer and Chief Executive Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures ("the Procedures") which provide reasonable assurance that information required to be disclosed by the Company under provincial or territorial securities legislation (the "Required Filings") is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Company's Certifying Officers are also responsible for establishing and maintaining internal controls over financial reporting ("Internal Controls") and have designed such Internal Controls, or caused it to be designed under their supervision, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There are inherent weaknesses in the Internal Controls due to the small size of the Company and its inability to segregate incompatible functions. The Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time.

The Certifying Officers evaluate the Company's internal controls on a regular basis and have certified that there was no change in the Company's internal controls during the period ended December 31, 2015 that materially affected, or is reasonably likely to materially affect, the Company's internal controls.

APPROVAL

The Board of Directors of Matica Enterprises Inc. has approved the disclosure contained in this MD&A on October 17, 2016. A copy of this MD&A will be provided to anyone who requests it and can be obtained, along with additional information, under the Company profile on the SEDAR website at www.sedar.com.