



**MNMANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**DECEMBER 31, 2016**

*Management's discussion and analysis (MD&A) is current to April 24, 2017 and is management's assessment of the operations and the financial results together with future prospects of Southeast Asia Mining Corp. ("Southeast Asia Mining", "SEA" or the "Company"). This MD&A should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2016 and 2015 and notes thereto, prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Southeast Asia's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. Additional information relevant to SEA's activities, including SEA's Press Releases can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

**OVERVIEW OF THE BUSINESS AND OVERALL PERFORMANCE**

The Company was incorporated on August 18, 2006 as Southeast Asia Mining Corp. by Articles of Incorporation under the *Canada Business Corporations Act*. On November 3, 2011, the Company consolidated the common shares in the capital of the Company on a 1 for 8 basis.

As at December 31, 2015, the focus of Southeast Asia Mining consisted of mineral exploration in Thailand where it conducted business through its wholly-controlled subsidiaries Southeast Asia Exploration and Mining Company Limited (formerly Geotai Exploration and Mining Ltd.) ("SEAM"), Southeast Asia Resources Co, Ltd. ("SEAR"), White Trillium Ltd., its 80% controlled subsidiary Southeast Asia Mining Co, Ltd. ("SEAMC") and its 90% controlled subsidiaries Tiger Resources Ltd. and Tiger Minerals Ltd.. All companies incorporated pursuant to the laws of Thailand.

On November 23, 2015, the Company signed an agreement with Metal Tiger plc ("Metal Tiger"), a London Stock Exchange listed natural resources company focused on the mining sector. The Agreement provided for Metal Tiger to earn 100% ownership of the exploration applications in Nakhon Sawan, Lopburi and Chanthaburi Provinces subject to a Joint Venture Agreement entered into between SEA and Metal Tiger on October 27, 2014, and amended on October 2, 2015 (the "JV Buyout"), and an option to purchase all of the Company's remaining exploration assets and subsidiaries located in Thailand (the "Thailand Asset Acquisition Option").

**The JV Buyout**

Subsequent to signing the Agreement Metal Tiger fulfilled its obligations under the JV Buyout and paid SEA US\$50,000 for 100% ownership of the exploration applications and/or licenses in Nakhon Sawan, Lopburi and Chanthaburi Provinces. Metal Tiger also paid SEA US\$30,000 to be used to advance certain exploration applications and to hold a shareholders meeting of the Company during the term of the Thailand Asset Acquisition Option outlined below.

**Thailand Asset Acquisition Option**

SEA granted Metal Tiger an exclusive option to purchase all of the Company's remaining exploration assets and subsidiaries located in Thailand until February 15, 2016. The significant terms of the Thailand Asset Acquisition Option were as follows:

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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- Upon exercising the Thailand Asset Acquisition Option metal Tiger will pay SEA US\$200,000 and issue to SEA Metal Tiger shares valued at \$US300,000. The price per Metal Tiger share will be determined using the volume weighted average price (“VWAP”) of Metal Tiger shares for the 14 day period preceding the date the shareholders of SEA approve the Thailand Asset Acquisition Option. Metal Tiger will also pay SEA the cash value of deposits made by the Company with the Thailand mining authorities of US\$ 33,286 (the “First Option”).
- Upon receipt of an exploration permit on for special prospecting license application 1/2557 which remains outstanding, Metal Tiger will pay SEA within 30 days \$US100,000 and issue SEA warrants to purchase Metal Tiger shares equal to the number of shares issued pursuant to the First Option with a three year term from the date of the First Option and an exercise price of two times the price the shares are issued pursuant to the First Option.

The Company obtained shareholders approval on January 12, 2016. On March 23, 2016 all the closing conditions of the Thailand Asset Acquisition Option were fulfilled. Metal Tiger paid SEA US\$200,000 and issued to SEA 23,799,000 Metal Tiger shares valued at US\$300,000 or GBP 0.0087 per share and paid SEA the cash value of deposits relating to mining applications of US\$33,286.

On March 23, 2016 in order to meet certain minimum working capital thresholds in the Thailand subsidiaries the Company converted \$258,324 of trade debt to 5,166,484 shares of the Company with a fair value of \$258,324. The Company also had additional debt settlements whereby \$51,682 of trade debt was converted to 1,033,632 shares of the Company with a fair value of \$51,682. In aggregate, 6,200,116 shares were issued with a fair value of \$310,006.

Pursuant to the agreement, upon receipt of an exploration permit for special prospecting license application 1/2557 which remains outstanding, Metal Tiger will pay SEA within 30 days US\$100,000 and issue SEA 23,799,000 warrants to purchase Metal Tiger shares to February 16, 2019 with an exercise price of GBP 0.0174. As the likelihood of this occurring is uncertain, this contingent amount has not been reflected in the financial statements.

The Company's short term objective is to monitor its investment of Metal Tiger common shares and seek a new principal business activity.

**Going Concern Uncertainty**

At December 31, 2016 the Company had a working capital deficiency of \$434,317 (December 31, 2015 – \$1,586,478 working capital deficiency). Working capital deficiency as at December 31, 2016 of \$434,317 consisted of: cash of \$574,630, an investment in Metal Tiger common shares of \$375,614, trade and other receivables of \$1,317, trade and other payables of \$1,222,598, and convertible debentures of \$163,280. The Company also has convertible debentures classified as equity of \$711,494. There can be no assurance the investment in Metal Tiger common shares can be sold at the current market value or the Company will be able to raise additional financing. The Company had not yet achieved profitable operations, has accumulated losses of \$22,412,011 (December 31, 2015 – \$23,231,882) and expects to incur further losses in the development of its business.

The Company does not have adequate cash resources to fund its operations and discharge its liabilities over the next twelve months and will require additional financing in order to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. There can be no assurance the Metal Tiger common shares can be sold at the current market value or certainty as to the ability of the Company to raise sufficient additional financing in order to continue to operate, and accordingly, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Subsequent to year end the Company completed a debt restructuring whereby it

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

settled \$155,128 of trade debt for \$33,578, converted \$687,647 of trade debt to 13,752,939 shares of the Company and converted all outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company. Also, the Company issued 7,500,000 shares to the Chief Executive Officer of the Company for services provided during the period 2013-2016.

**OPERATIONAL DISCUSSION**

The following is management's discussion and analysis of the results of operations and liquidity and financial condition of the Company for the year ended December 31, 2016. The MD&A should be read in conjunction with the audited financial statements and related notes for the years ended December 31, 2016 and 2015.

The following MD&A provides a summary of the audited financial information of the Company contained elsewhere herein. This discussion contains forward looking statements that involve certain risks and uncertainties. See "*Forward Looking Information*".

**Results of Operations and Selected Annual Information**

The following table sets forth financial information for the Company which has been summarized from the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015.

	<b>Three month period ended December 31, 2016 \$</b>	<b>Year ended December 31, 2016 \$</b>	<b>Three month period ended December 31, 2015 \$</b>	<b>Year ended December 31, 2015 \$</b>
<b>Statements of Income (Loss)</b>				
Expenses	32,464	(414,061)	63,140	177,619
Net Income (Loss)	(618,383)	819,871	(63,140)	(177,619)
Net Loss per Share – Basic and diluted	\$(0.03)	\$0.02	\$(0.00)	\$(0.01)

<b>Statements of Financial Position</b>				
Total Assets	951,561	951,561	94,507	94,507
Working Capital (Deficiency)	(434,317)	(434,317)	(1,586,478)	(1,586,478)
Long Term Liabilities	-	-	-	-
Shareholders' Equity (Deficiency)	(434,317)	(434,317)	(1,586,478)	(1,586,478)

**Results for the eight most recent three month periods ended**

	<b>December 31, 2016 \$</b>	<b>September 30, 2016 \$</b>	<b>June 30, 2016 \$</b>	<b>March 31, 2016 \$</b>
Total revenue	-	-	-	-
Net income (loss)	(618,383)	(133,745)	(253,787)	1,825,786
Income (loss) per share	(0.03)	(0.00)	(0.01)	0.06

	<b>December 31, 2015 \$</b>	<b>September 30, 2015 \$</b>	<b>June 30, 2015 \$</b>	<b>March 31, 2015 \$</b>
Total revenue	-	-	-	-
Net income (loss)	(63,140)	(50,311)	(60,425)	(3,743)
Income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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**Three Months Ended December 31, 2016 vs 2015**

Southeast Asia incurred a net loss of \$618,383 or \$(0.03) per share for the three month period ended December 31, 2016 compared to a net loss of \$63,140 or \$(0.00) per share for the three month period ended December 31, 2015. The more significant differences are outlined below.

During the three month period ended December 31, 2016 management and consulting expenses decreased to \$8,276 compared to \$113,691 during the same period in 2015. The amount decreased between the two periods due to the sale of the Thailand subsidiaries.

During the three month period ended December 31, 2016, exploration and evaluation expenses were nil compared to a recovery of \$35,878 during the same period in 2015. The amount decreased between the two periods due to the sale of the Thailand subsidiaries.

During the three month period ended December 31, 2016, office and general expenses decreased by \$8,451 to \$1,489 compared to \$9,940 in the same period in 2015. The amount decreased between the two periods due to the sale of the Thailand subsidiaries and the Company no longer maintaining a Toronto office.

Professional fees for the three month period ended December 31, 2016 were \$9,057 compared to \$759 in the same period in 2015. The amount was lower in the previous year due to supplier concessions received during the fourth quarter of 2015.

During the three month period ended December 31, 2016, shareholders information and regulatory costs decreased by \$6,745 to \$539 compared to \$7,284 in the same period in 2015. The amount decreased due to timing of various filings.

During the three month period ended December 31, 2016, the Company recognized an unrealized loss on marketable securities of \$719,697 (2015 - nil) as the value of the Metal Tiger shares decreased during the period.

During the three month period ended December 31, 2016, the Company recognized a realized gain on the sale of marketable securities of \$133,778 (2015 - nil) from the sale of 6,760,000 (2015 - nil) Metal Tiger shares.

**Year Ended December 31, 2016 vs 2015**

Southeast Asia incurred a net income of \$819,871 or \$0.02 per share for the year ended December 31, 2016 compared to a loss of \$177,619 or \$(0.01) per share for the year ended December 31, 2015. The more significant differences are outlined below.

During the year ended December 31, 2016, exploration and evaluation expenses increased to \$61,607 compared to a recovery of \$66,641 during the same period in 2015. The recovery recorded in the prior period is due to an option payment of USD\$50,000 received in connection with the Metal Tiger joint venture agreement.

During the year ended December 31, 2016 management and consulting expenses increased by \$64,193 to \$237,018 compared to \$172,825 in the same period in 2015. The increase is due to management bonuses accrued during the current period in connection with the successful sale of the Thailand subsidiaries.

Professional fees for the year ended December 31, 2016 were \$30,013 compared to \$12,428 in the same period in 2015. The amount increased due to various costs relating to the sale of the Thailand subsidiaries.

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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During the year ended December 31, 2016, office and general expenses decreased by \$41,313 to \$37,280 compared to \$78,593 in the same period in 2015. The amount decreased between the two periods due to the sale of the Thailand subsidiaries and the Company no longer maintaining a Toronto office.

During the year ended December 31, 2016, shareholders information and regulatory costs decreased by \$184 to \$12,886 compared to \$13,070 in the same period in 2015. The amount remained consistent between the two periods.

During the year ended December 31, 2016, the Company recognized a gain on sale of subsidiaries in the amount of \$829,128 (2015 - nil) in connection with cash and shares received from Metal Tiger in connection with the sale of the Thailand subsidiaries. The Company also recognized an unrealized gain on marketable securities of \$96,857 (2015 - nil) as the value of the Metal Tiger shares increased during the period.

During the year ended December 31, 2016, the Company recognized a realized gain on the sale of marketable securities of \$216,312 (2015 - nil) from the sale of 8,160,000 (2015 - nil) Metal Tiger shares.

**Financial Position**

As at December 31, 2016 the Company had assets of \$951,561 (December 31, 2015 - \$94,507), liabilities of \$1,385,878 (December 31, 2015 - \$1,680,985), and a shareholders' deficiency position of \$434,317 (December 31, 2015 - \$1,586,478 shareholders' deficiency position).

Total assets as at December 31, 2016 consisted primarily of cash and cash equivalents of \$574,630 (December 31, 2015 - \$46,440), marketable securities of \$375,614 (December 31, 2015 - nil), assets held for sale of nil (December 31, 2015 - \$44,573) and receivables of \$1,317 (December 31, 2015 - \$3,494).

Total liabilities as at December 31, 2016 consisted primarily of trade and other payables of \$1,222,598 (December 31, 2015 - \$1,420,406), convertible debentures \$163,280 (December 31, 2015 - \$163,280), and liabilities related to assets held for sale nil (December 31, 2015 - \$97,299).

Included in current liabilities are convertible debentures of \$163,280 (December 31, 2015 - \$163,280) with a face value of \$163,280 (December 31, 2015 - \$163,280). Included in shareholders' deficiency is a reserve for convertible debentures of \$711,494 (December 31, 2015 - \$711,494) with a face value of \$778,720 (December 31, 2015 - \$778,720). Subsequent to year end the Company completed a debt restructuring whereby it settled \$155,128 of trade debt for \$33,578, converted \$687,647 of trade debt to 13,752,939 shares of the Company and converted all outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company. Also, the Company issued 7,500,000 shares to the Chief Executive Officer of the Company for services provided during the period 2013-2016.

**RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	December 31, 2016	December 31, 2015
Short-term employee benefits	\$ 237,000	\$ 150,000
Total compensation to key management	\$ 237,000	\$ 150,000



**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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At December 31, 2016, included in trade and other payables is \$590,000 (December 31, 2015 - \$452,000) due to these key management personnel.

At December 31, 2016, included in trade and other payables is nil (December 31, 2015 - \$37,000) due to a service provider controlled by a member of key management of the Company.

During the year ended December 31, 2014, \$68,800 was advanced to SEA by a company related to a Director of SEA. As at December 31, 2016, nil (December 31, 2015 - \$68,800) is due. The note payable was unsecured, bore no interest and had no fixed terms of repayment. The promissory note was included in liabilities related to assets held for sale as at December 31, 2015, which were sold during the year ended December 31, 2016.

### **SALE OF SUBSIDIARIES**

On November 23, 2015, the Company signed an agreement with Metal Tiger plc ("Metal Tiger"), a London Stock Exchange listed natural resources company focused on the mining sector. The agreement provided for Metal Tiger to earn 100% ownership of the exploration applications in Nakhon Sawan, Lopburi and Chanthaburi Provinces subject to a Joint Venture Agreement entered into between SEA and Metal Tiger on October 27, 2014, and amended on October 2, 2015 (the "JV Buyout"), and an option to purchase all of the Company's remaining exploration assets and subsidiaries located in Thailand (the "Thailand Asset Acquisition Option"). See detailed discussion above under Overview of the Business and Overall Performance.

### **Financial Statement Presentation**

As at December 31, 2015, assets and liabilities related to the Thailand subsidiaries were classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell in the statements of financial position.

As at December 31, 2016, the transaction closed and assets held for sale and liabilities related to assets held for sale are nil. As at December 31, 2015, the assets and liabilities held for sale were comprised of:

	<u>December 31, 2015</u>
<b>Assets</b>	
Cash	\$ 25,778
Restricted cash	11,597
Prepaid expenses	2,494
Property, plant and equipment	4,704
	<u>\$ 44,573</u>
<b>Liabilities</b>	
Trade and other payables	\$ 28,499
Promissory note	68,800
	<u>\$ 97,299</u>

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

The Company recognized a gain on the transaction of \$829,128, recorded as a gain on sale of subsidiaries on the statement of income (loss) and comprehensive income (loss) for the year ended December 31, 2016, which was determined as follows:

Shares received (23,799,000 shares in Metal Tiger PLC) (1)	\$	424,205
Cash consideration		322,074
<b>Total consideration</b>	<b>\$</b>	<b>746,279</b>
<b>Net assets disposed of:</b>		
Cash		2,924
Restricted cash		1,866
Prepaid expenses		2,776
Property, plant and equipment		4,741
Accounts payable and accrued liabilities		(22,057)
Promissory note		(73,099)
		(82,849)
<b>Gain on sale of subsidiaries</b>		<b>829,128</b>

(1) The value of the 23,799,000 shares received in Metal Tiger PLC was based on the trading price on the London Stock Exchange of the shares on the date received.

## CAPITAL RESOURCES AND LIQUIDITY

At December 31, 2016 the Company had working capital deficiency of \$430,317 (December 31, 2015 – \$1,586,478 working capital deficiency). Working capital deficiency as at December 31, 2016 of \$430,317 consisted of: cash of \$574,630, an investment in Metal Tiger common shares of \$375,614, trade and other receivables of \$1,317, trade and other payables of \$1,222,598, and convertible debentures of \$163,280. The Company also has convertible debentures classified as equity of \$711,494. There can be no assurance the investment in Metal Tiger common shares can be sold at the current market value, or the Company will be able to raise additional financing. The Company had not yet achieved profitable operations, has accumulated losses of \$22,412,011 (December 31, 2015 – \$23,231,882) and expects to incur further losses in the development of its business.

Subsequent to year end the Company completed a debt restructuring whereby it settled \$155,128 of trade debt for \$33,578, converted \$687,647 of trade debt to 13,752,939 shares of the Company and converted all outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company. Also, the Company issued 7,500,000 shares to the Chief Executive Officer of the Company for services provided during the period 2013-2016.

## Recent Financing Activities

### Activity during the year ended December 31, 2016:

On March 23, 2016, pursuant to the terms of the sale of subsidiaries, in order to meet certain minimum working capital thresholds in the Thailand subsidiaries the Company converted \$258,324 of trade debt to 5,166,484 shares of the Company with a fair value of \$258,324. The Company also settled Canadian debts whereby \$51,682 of trade debt was converted to 1,033,632 shares of the Company with a fair value of \$51,682. In the aggregate, 6,200,116 shares were issued with a fair value of \$310,006. The fair value of the settlement was derived based on the value of the debt settled as the Company's shares do not trade and do not have an active quoted market price.

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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As part of the transaction, certain creditors agreed to forgive their debt resulting in a gain on forgiveness of debt of \$47,970 which was recognized in the statement of income (loss) and other comprehensive income (loss) for the year ended December 31, 2016. The Company also recognized a gain on forgiveness of debt in the amount of \$43,665 from the settlement of a previously filed claim against the Company.

**Activity during the year ended December 31, 2015:**

**Dividends on convertible debentures:**

On March 11, 2015, the Company paid dividends of \$53,510 by issuing 178,369 common shares with respect to convertible debentures issued on December 7, 2012 with a principal amount of \$224,500. Dividends were paid for the period January 1, 2014 to March 11, 2015 and pursuant to the terms of the debentures the common shares were issued at a price of \$0.30.

On March 11, 2015, the Company paid dividends of \$4,887 by issuing 16,287 common shares with respect to convertible debentures issued on November 21, 2013 with a principal amount of \$20,500. Dividends were paid for the period January 1, 2014 to March 11, 2015 and pursuant to the terms of the debentures the common shares were issued at a price of \$0.30.

As of December 31, 2014, the Company recorded dividends payable on the convertible debentures to December 31, 2014 of \$237,400. During the year ended December 31, 2015, \$58,397 in dividends were paid through the issuance of 194,656 shares and the remaining \$179,003 was forgiven pursuant to Forbearance Agreements signed by the remaining debenture holders.

**Conversion of convertible debentures:**

On March 11, 2015, the Company converted convertible debentures issued on December 7, 2012 with a principal amount of \$224,500 into 748,333 units of the Company at a conversion price of \$0.30 per unit. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant which will entitle the holder thereof to purchase one common share at a price of \$0.40 to December 31, 2016.

On March 11, 2015, the Company converted convertible debentures issued on November 21, 2013 with a principal amount of \$20,500 to 85,416 units of the Company at a conversion price of \$0.24. Each unit consisted of one common share and one half common share purchase warrant. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant which will entitle the holder thereof to purchase one common share at a price of \$0.32 to December 31, 2016.

**OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS**

The Company has no off-statement of financial position arrangements.

**DIVIDEND INFORMATION**

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



**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

	December 31, 2016 \$	December 31, 2015 \$
Corporate expenses	414,061	177,619
Total assets	951,561	94,507
<b>Corporate expenses</b>		
Management and consulting fees	237,018	172,825
Exploration and evaluation expenditures	61,607	(66,641)
Office and general	37,280	78,593
Accretion recovery	-	(32,656)
Professional fees	30,013	12,428
Shareholder information and regulatory costs	12,886	13,070
Foreign exchange loss	35,257	-
	<b>414,061</b>	<b>177,619</b>

**DISCLOSURE OF OUTSTANDING SHARE DATA AS OF APRIL 24, 2017**

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	39,477,701 Common Shares
Securities convertible or exercisable into voting or equity shares		a) Options to acquire up to 1,950,000 common shares b) 9,805,764 warrants exercisable to acquire common shares of the Company c) Shares issuable on conversion of Convertible debentures with principal amount of \$778,720 <sup>(1) (3)</sup> d) Shares issuable on conversion of Convertible debentures with principal amount of \$163,280 <sup>(2) (3)</sup>

- (1) During 2015, the Company converted to units or entered into Acknowledgement, Forbearance & Direction Agreements ("Forbearance Agreements") with all convertible debenture holders issued on December 7, 2012 and February 13, 2013. Pursuant to the Forbearance Agreement the convertible debenture holders have agreed to waive the right to all dividend payments commencing January 1, 2014 and to negotiate in good faith to amend certain terms of the convertible debenture.
- (2) During 2015, the Company converted to units or entered into Acknowledgement, Forbearance & Direction Agreements ("Forbearance Agreements") with all convertible debenture holders issued on November 21, 2013. Pursuant to the Forbearance Agreement the convertible debenture holders have agreed to waive the right to all dividend payments commencing January 1, 2014 and to negotiate in good faith to amend certain terms of the convertible debenture.
- (3) Subsequent to year end the Company completed a debt restructuring whereby it settled converted all outstanding debentures with a face value of \$942,000 to 18,840,000 shares of the Company.

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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**CRITICAL ACCOUNTING ESTIMATES**

The preparation of these financial statements using accounting policies in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

**Calculation of share based payments and warrants**

The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

**Income, value added, withholding and other taxes**

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

**Functional currency**

The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined that the functional currency of the parent company to be the Canadian dollar and the Baht was the functional currency for its Thai subsidiaries.

**Going concern assumption**

Going concern presentation of the financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

**Convertible debentures**

The classification of the Company's convertible debentures required management to analyze the terms and conditions of debentures and use judgment to assess whether these debentures are liability, equity or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered are, but not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, and if the settlement is already known to be equity, the amount will not vary based on the Company's future share price.

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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## **FINANCIAL RISK FACTORS**

### **Fair value hierarchy and fair value**

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

*Level 1* - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

*Level 3* - valuation techniques using inputs for the asset or liability that are not based on observable market data.

At December 31, 2016, the Company's marketable securities are based on Level 1 inputs.

As at December 31, 2016 and 2015, the carrying and fair value amounts of the Company's other financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

#### **i) Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

- a. **Cash and cash equivalents**— Cash and cash equivalents is held with a major Canadian (chartered bank) and Thai banks and therefore the risk of loss is minimal.
- b. **Trade and other receivables** – The Company is not exposed to significant credit risk from its trade and other receivables.

The Company's maximum exposure to credit risk as at December 31, 2016 and 2015 is the carrying value of cash and cash equivalents and trade and other receivables.

#### **ii) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. At December 31, 2016 the Company had a working capital deficiency of \$434,317 (December 31, 2015 – \$1,586,478 working capital deficiency). Working capital deficiency as at December 31, 2016 of \$434,317 consisted of: cash of \$574,630, an investment in Metal Tiger common shares of \$375,614, trade and other receivables of \$1,317, trade and other payables of \$1,222,598, and convertible debentures of \$163,280. The Company also has convertible debentures classified as equity of \$711,494. There can be no assurance the investment in Metal Tiger common shares can be sold at the current market value. The Company had not yet achieved profitable operations, has accumulated losses

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

of \$22,412,011 (December 31, 2015 – \$23,231,882) and expects to incur further losses in the development of its business.

**iii) Price risk**

The Company holds the common shares of a London Stock Exchange traded company. The Company has classified this investment as fair value through profit and loss investments and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions.

**iv) Interest rate risk**

The Company is not exposed to significant interest rate risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

**v) Currency risk**

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars, US dollar and UK Pounds. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

A 1% strengthening (weakening) of the Canadian dollar against the UK Pound and US dollar would decrease (increase) net loss by approximately \$5,664 (2015 - nil), and \$835 (2015- \$497), respectively.

2016	UK Pound	US Dollars
Cash	\$ 135,796	\$ 62,184
Investment	\$ 206,131	\$ -
	\$ 341,927	\$ 62,184

  

2015	UK Pound	US Dollars
Cash	\$ -	\$ -
Accounts Payable	\$ -	\$ 37,000
	\$ -	\$ 37,000

**Internal Control over Financial Reporting**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the year ended December 31, 2016, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of international control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Corporation is made known to the Corporation's certifying officers. The Corporation's controls are based on the Committee of Sponsoring Organizations ("COSO") 2013 framework. The Corporation's CEO and the CFO have evaluated the design and

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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effectiveness of the Corporation's DC&P as of December 31, 2016 and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Corporation is made known to them by others within the Corporation. The CEO and CFO have also evaluated the design and effectiveness of the Corporation's ICFR as of December 31, 2016 and concluded that these controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the current period there have been no changes in the Corporation's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

**Operational Risk Factors**

The following risk factors should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business. Any of the following risks could have a material adverse effect upon the Company, its business and future prospects. In addition, other risks and uncertainties not presently known by management of the Company could impair the Company and its business in the future.

There are various risks that could have a material adverse effect on among other things, the properties, business, condition (financial or otherwise) and the prospects of the Company. These factors should be reviewed carefully. Set out below are certain risk factors affecting the Company.

***Investment in Metal Tiger***

As a result of the sale of the Company's subsidiaries on March 23, 2016 to Metal Tiger the nature of our activities, our results of operations and financial condition are dependent upon the market value and liquidity of the Metal Tiger securities. Market value can be reflective of the actual or anticipated operating results of Metal Tiger and/or the general market conditions that affect the sectors in which Metal Tiger operates. Metal Tiger is currently concentrated in the natural resource industry sector which has been shown to experience significant performance shifts. There are various factors which could have a negative impact on the market value of Metal Tiger and thereby have an adverse effect on our business. Additionally, Metal Tiger is a small-cap business which may not ever mature or generate the returns we expect or may require a number of years to do so. Junior exploration companies may never achieve commercial discoveries and production. This may create an irregular pattern in our revenues (if any) and an investment in our securities may only be suitable for investors who are prepared to hold their investment for a long period of time. Macro factors such as fluctuations in commodity prices and global political and economic conditions could have an adverse effect on the market value of Metal Tiger. Company-specific risks, such as the risks associated with mining operations generally, could have an adverse effect on Metal Tiger. Company-specific and industry-specific risks which materially adversely affect metal Tiger may have a material adverse impact on our operating results.

***Share Prices of Investments***

Our investment in Metal Tiger is subject to share price volatility. There can be no assurance that an active trading market for Metal Tiger is sustainable. The trading prices of Metal Tiger could be subject to wide fluctuations in response to various factors beyond our control, including, quarterly variations in results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of Metal Tiger.

***Illiquid Securities***

A considerable period of time may elapse between the time a decision is made to sell Metal Tiger and the time we are able to do so, and the value of Metal Tiger could decline during such period. Illiquid



**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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investments are subject to various risks, particularly the risk that we will be unable to realize our investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. We are prohibited by contract from selling 50% of our investment in Metal Tiger for a period of six months from March 23, 2016. Furthermore, it may require a substantial length of time to liquidate the investment. Also, it may be difficult for us to make trades in the securities of Metal Tiger without adversely affecting the price of such securities.

***Failure to obtain additional financing***

In the past, the Company has not had and does not currently have positive cash flow from operations. The Company's available cash has been used and will continue to be used to fund its negative cash flow. No assurance can be given that the Company will ever generate a positive cash flow from operations. The Company does not currently have the financial resources necessary to fund its operations and discharge its liabilities. There can be no assurance that the Company will be successful in obtaining any additional required funding.

***Management***

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects.

***Price Volatility of Publicly Traded Securities***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

The value of the securities of the Company will be affected by market volatility. There has been no public market for the Company's Common Shares. An active public market for the Common Shares might not develop or be sustained after the listing of the Common Shares.

***Conflicts of Interest***

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate law.

***Dividends***

The Company has not paid any dividends or distributions on its Common Shares since incorporation. The declaration and payment of dividends are subject to the discretion of the Board and depend on, among other things, the Company's financial condition, general business conditions and other factors that the Board may in the future consider to be relevant.

***Speculative Nature of the Securities of the Company***

The securities of the Company are speculative in nature due to the Company's activities. The securities of the Company are more suited to persons who can accept a high degree of risk.

***Absence of Public Trading Market***

Currently there is no public market for the Common Shares, and there can be no assurance that an active market for the Common Shares will develop or be sustained. If an active public market for the

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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Common Shares does not develop, the liquidity of an investor's investment may be limited and the share price may decline below an investors initial purchase price.

***Officers and Directors of the Company Own Significant Common Shares and Can Exercise Significant Influence***

The officers and directors of the Company, as a group, beneficially own, on a non-diluted basis, approximately 4.95% of the outstanding Common Shares of the Company. As such, as shareholders, the officers and directors will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions. The concentration of ownership may also have the effect of delaying, deterring or preventing a change in control and may make some transactions more difficult or impossible to complete without the support of these shareholders.

***Future Sales of Common Shares by Existing Shareholders***

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

**Forward-Looking Information**

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to the Company's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements.

Readers are therefore cautioned that risks, uncertainties and other factors included in this document are not exhaustive, and should refer to the detailed risk factors which are discussed in the Company's non-offering prospectus. Any forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

**Management's Discussion and Analysis  
of Financial Condition and Results of Operation  
For the year ended December 31, 2016**

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**Management's Responsibility**

Management is responsible for all information contained in this report. The financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the financial statements with management. The Board of Directors has approved the financial statements on the recommendation of the Audit Committee.

April 24, 2017

(Signed) "Brian Jennings"  
Brian Jennings  
CEO, CFO