SIGNAL EXPLORATION INC.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2016

1.1 Date of Report: August 28, 2016

The following management's discussion and analysis should be read together with the annual financial statements and accompanying notes for the year ended December 31, 2015 and related notes hereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This management discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance

Nature of Business and Overall Performance

Signal Exploration Inc. (the "Company") was incorporated in the province of British Columbia on March 9, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties. During the period ended September 30, 2015 the Company's listing was moved to the NEX board on the TSX Venture Exchange due to the Company's failure to continue meeting the TSX Venture Exchange's minimum listing requirements. The Company is currently exploring for base metals on its Scotch Creek property in British Columbia.

Background

<u>Investment in Scotch Creek, British Columbia.</u>

The Company's principal asset and project is its interest in the Scotch Creek Property, comprised of 8 map-staked mineral claims covering a total area of approximately 1,384.12 hectares (3,418.78 acres) located in the Kamloops Mining Division and in the Kamloops Land District in Shuswap Highland of south-central British Columbia. The current expiry date of these claims is February 19, 2023. In the current fiscal year and for the foreseeable future, the Company intends to continue to focus its efforts on advancing the exploration and, if merited, the development of the Scotch Creek Property.

The Company is in the process of completing a $50,500 electro-magnetic study of the property in July 2016.

<u>Investment in East Fault Property, Nevada</u>

On July 8, 2016, the Company entered into a Letter of Intent (the "LOI") to acquire a 100% undivided interest in the 2,100-acre East Fault Property, located in Esmeralda County, Nevada (the "Property) from with Ty & Sons Exploration (Nevada) Inc. The option of this property is subject to TSX approval. To date the Company has invested US$50,000 as a non-refundable deposit on the property. If approved by the

TSX, the Company will have to invest an additional US$125,000 over the next year and issue 3.3 million shares.

1.3 Selected Annual Information

The following financial data are selected information for the Company for the two most recently completed financial years:

	Six months ended June 30	
	2016 $	2015 $
Total revenues	-	-
Net loss for six months	(66,730)	(38,619)
Net loss per share, basic and diluted	(0.01)	(0.00)
Total Assets	473,182	344,930
Total Long Term Liabilities	-	-
Cash paid dividends per share	-	-

1.4 Results of Operations

The Company has not generated revenues to date and has experienced minimal operating cash flow and incurred a net loss of $66,730 for the six month ended June 30, 2016 as compared to a net loss of $38,619 for the six months ended June 30, 2015.

Comparison of Results of Operations of the six months ended June 30, 2016 and 2015

Expense	Six months ended June 30, 2016 $	Six months ended June 30, 2015 $	Variance $	Explanation
Consulting	48,813	24,000	24,813	The Company paid consultants to travel to Reno, Nevada to meet with geologists to further the Scotch Creek property and to explore further activities.
Professional Fees	8,000	8,000	-	Costs consist of audit and AGM costs.
Transfer agent and filing fees	6,499	6,000	499	
Travel and promotion	3,315	-	3,115	Travel costs to Reno Nevada
Other items	103	619	(516)	
Total Expenses	66,730	38,619	28,111	

1.5 Summary of Quarterly Results

The following table sets out selected quarterly information for each of the Company's most recent eight completed quarters.

	Total Revenues $	Net loss $	Net loss per share (Basic and diluted) $
September 30, 2014	--	12,953	0.00
December 31, 2014	--	17,727	0.00
March 31, 2015	--	18,532	0.00
June 30, 2015	--	20,087	0.00
September 30, 2015	--	12,944	0.00
December 31, 2015	--	14,503	0.00
March 31, 2016	--	6,205	0.00
June 30, 2016	--	60,523	0.01

1.6 Liquidity

The Company has total assets of $473,182 consisting of $133,704 in cash, taxes receivable of $2,441, and an investment in Scotch Creek of $337,667. The Company has working capital of $53,576.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the funding through future equity issuances and through short term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

During the six ended June 30, 2016, the Company has issued an aggregate of 3,400,000 common shares of private placement for total proceeds of $160,000 (net $150,000 after finders' fees). Subsequent to June 30, 2016 the Company issued 900,000 shares for total proceeds of $90,000 pursuant to the exercise of stock options.

1.7 Capital Resources

On July 8, 2016, the Company entered into Letter of Intent to acquire certain mineral rights known as the East Fault Property in the Esmeralda County, Nevada. Under the terms of the LOI, the Company paid US$50,000 (CAD$66,010), and subject to regulatory approval pay an additional US$125,000 and issue 3.3 million shares. The property is a 2,100-acre property and includes eleven kilometers (7 miles) of the East Fault, 3.5 kilometers (2.2 miles) of the E-2 Fault, and eight kilometers (5 miles) of the (projected) 1,000-meter bedrock depth gravity contour. This property Pure Energy's eastern border of their Clayton Valley property.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

During the year ended April 30, 2016, the Company was involved in the following related party transactions:

The Company incurred the following expenditures charged by directors and officers of the Company, and companies controlled by directors of the Company:

Related party transactions	For the years ended April 30	
	2016 $	2015 $
Consulting Fees	24,000	24,000
Accounts payable to insiders	53,425	45,880

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Key management personnel compensation

The Company considers its President, Chief Executive Officer and Chief Financial Officer and directors of the Company to be key management. See above for compensations paid to key management personnel.

1.12 Critical Accounting Estimates

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements is the assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgement. The factors considered by management are disclosed in the financial statements.

1.13 Changes in Accounting Policies

Accounting standards issued but not yet applied

The following new standard and interpretation is not yet effective and has not been applied in preparing this financial statement. The Company is currently evaluating the potential impacts of this new standard and does not anticipate any material change to the financial statements upon adoption of this new and revised accounting pronouncement.

(i) IFRS 9, Financial Instruments (New)
(ii) IFRS 11, Joint Arrangements (New)
(iii) IFRS 16, Property, Plant, and Equipment (Amended)
(iv) IAS 27, Separate Financial Statements (Amended)
(v) IAS 38, Intangible Assets (Amended)

The Company has not early adopted these new and revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, amount receivable, accounts payable and accrued liabilities and convertible loans payable.

The Company's financial instruments are exposed to the following risks:

Credit risk

The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 — Inputs that are not based on observable market data.

1.15 Other MD&A Requirements

Disclosure of Outstanding Share Data

i) Authorized:

Unlimited common shares without par value

ii) Common Shares Issued:

	Number	Amount $
Balance as of June 30, 2016	13,750,000	925,026
Date of MD&A	14,650,000	1,015,026

iii) Share Purchase Options Outstanding: Balance as of June 30, 2016 - 900,000 exercisable at $0.10. (Balance as of date of MD&A – Nil) exercisable over 5 years.

iv) Share Purchase Warrants Outstanding: Balance as of June 30, 2016 – 3,400,000 warrants exercisable at $0.07 on or before June 29, 2017.

Approved and authorized by the Directors of the Company on August 28.2016:

/s/Barry Hartley
Barry Hartley

/s/Brent Hahn
Brent Hahn