

## **ZADAR VENTURES LTD.**

### **Management Discussion and Analysis**

**(Expressed in Canadian Dollars, Unless Otherwise Stated)**

**For the Year Ended July 31, 2015**

## **INTRODUCTION**

This Management Discussion and Analysis (“MD&A”) of the operating results and financial condition of Zadar Ventures Ltd. (the “Company” or “Zadar”) for the year ended July 31, 2015 should be read in conjunction with the audited financial statements for the year ended July 31, 2015, which are prepared in accordance with International Financial Reporting Standards (“IFRS”).

This MD&A is prepared as of November 30, 2015. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise stated. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

This MD&A contains certain statements that constitute forward-looking statements. When used in this document the words “anticipate”, “believe”, “estimate”, “expect”, “plan”, “future”, “intend”, “may”, “will”, “should”, “predicts”, “potential”, “continue”, and similar expressions, as they relate to Zadar Ventures Ltd. or its management, are intended to identify forward-looking statements. Such statements reflect current views of Zadar Ventures Ltd. with respect to future events and are subject to certain known and unknown risks, uncertainties, and assumptions. These statements should not be relied upon. Many factors could cause the actual results, performance, or achievements to be materially different for many future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. Zadar Ventures Ltd. does not intend, and does not assume, any obligation to update these forward looking statements, except as required by securities regulation.

## **DESCRIPTION OF THE BUSINESS**

Zadar Ventures Ltd. is a public company incorporated under the *Business Corporations Act* of British Columbia on August 6, 2008. The common shares of Zadar commenced trading on the TSX Venture Exchange on May 28, 2012 under the trading symbol “ZAD”.

The Company’s principal business activity is the acquisition and exploration of mineral properties.

The Company’s corporate office and principal place of business is at Suite 1100 – 888 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 3K4.

The Company is engaged in the business of mineral exploration. It acquires, explores, and develops mineral resource properties. The Company's immediate goal is to undertake follow-up exploration for uranium in the Provinces of Alberta and Saskatchewan. It commenced operations in April, 2010 with exploration activities in Alberta.

### **Whiskey Gap Property**

The Company entered into an Option Agreement dated April 29, 2010 as amended on May 30, 2011, September 30, 2011, June 1, 2012 and November 19, 2014 with 1177129 Alberta Limited (the "Optionor"). The Optionor is a wholly owned subsidiary of International Ranger Corp. Jason Walsh, who is the President and Director of the Optionor, is also a Director of International Ranger Corp. and a shareholder and former Chief Financial Officer and Secretary of International Ranger Corp.

The Option Agreement, as amended, provides that in order for the Company to earn a 60% interest in the Property (as hereinafter defined), the Company must pay the Optionor:

- a) \$12,500 (paid) and issue and allot to the Optionor 100,000 shares of the Company (issued);
- b) on or before the first anniversary of the execution of the Agreement, it must pay the Optionor a further \$12,500 (paid) and issue and allot to the Optionor a further 200,000 shares (issued);
- c) on or before the second anniversary of the execution of the Agreement, it must pay the Optionor a further \$25,000 (paid) and issue and allot to the Optionor a further 300,000 shares (issued);
- d) on or before September 30, 2010, the Company shall expend not less than \$100,000 on Exploration Expenditures on the Property; (which has been incurred)
- e) on or before June 30, 2012, the Company shall pay \$100,000 to the Optionor (paid);
- f) on or before December 31, 2012, the Company shall pay a further \$50,000 (paid) and issue and allot to the Optionor a further 500,000 shares (issued).

The Company has a further option to acquire the remaining 40% interest in the Property by paying the Optionor \$100,000 and issuing the Optionor an additional 1,000,000 shares (issued) on or before September 30, 2016.

Metallic mineral production in Alberta is subject to a provincial royalty amounting to one percent gross mine mouth revenue until payout and the greater of one percent gross mine mouth revenue and 12 % net revenue, after payout.

At July 31, 2015, management has decided to write the costs accumulated on the property down to \$10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitates a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

### **Bullrun Uranium Project**

On April 12, 2013, the Company entered into a purchase agreement with an arm's length vendor to acquire a 100% interest in the Bullrun uranium project, located in the southwestern Athabasca Basin in Saskatchewan, Canada.

To earn the 100% interest, the Company was required to make payments and issue shares as follows:

- a) \$5,000 non-refundable due diligence deposit (paid);
- b) \$10,000 cash payment (paid) and issue 100,000 shares (issued) by May 20, 2013;
- c) Issue 200,000 shares (issued) by April 12, 2014;
- d) Issue 250,000 shares by April 12, 2015; and
- e) \$250,000 cash payment by the earlier of April 12, 2019 or upon receipt of a NI 43-101 report indicating resources of a minimum 250,000lbs of uranium deposits on the property.
- f) The Company is to incur no less than \$50,000 of exploration expenditures on the claims on or before July 2015 and \$100,000 exploration expenditures on or before July 2016.

The Vendor will retain a 1% NSR, of which 0.5% can be purchased by the Company for a cash payment of \$1,000,000 less any amount previously paid by the Company to the Vendor as NSR payments.

A finder's fee comprising \$1,500 in cash and 10,000 shares was paid/issued.

During the current year, the Company returned the Bullrun property to the vendor without penalty and the capitalized costs have been written off.

### **Bullrun Blocks D and E**

On May 10, 2013, pursuant to a purchase agreement with an unrelated party, the Company acquired a 100% interest in certain mineral claims known as the Bullrun Blocks D and E properties, in exchange for issuance of 250,000 common shares of the Company (issued), and reservation to the vendor of a 2% net smelter revenue royalty. A finder's fee of 25,000 shares were also issued.

During the current fiscal year, the Company abandoned Bullrun Blocks D and E and wrote off the capitalized costs.

### **Upper Poulton Lake**

On April 10, 2013 and as amended on October 10, 2013 and April 15, 2014, the Company entered into an option agreement with an arm's length vendor (the "Vendor"), whereby the Company can earn a 100% interest in the Upper Poulton Lake Property located in the Athabasca Basin in Saskatchewan, Canada.

To earn a 100% interest, the Company must make payments, issue shares and incur exploration expenditures as follows:

- a) \$10,000 non-refundable due diligence deposit (paid);
- b) \$40,000 cash payment (paid) and issuance of 100,000 shares (issued) by April 20, 2013;
- c) \$50,000 cash payment (\$32,760 paid) by January 18, 2014;
- d) issuance of 550,000 shares by April 10, 2014 (issued);
- e) \$75,000 cash payment by April 10, 2015;
- f) \$50,000 cash payment and issuance of 250,000 shares by April 10, 2016;
- g) \$1,000,000 cash payment by April 10, 2017; and
- h) No less than \$2,000,000 in exploration expenditures by April 10, 2017.

The Vendor will retain a 1% NSR, of which 0.5% can be purchased by the Company for a cash payment of \$1,000,000 less any amount previously paid by the Company to the Vendor as NSR payments.

A finder's fee of \$10,000 and 10,000 shares was paid/issued.

The Upper Poulton Lake project (2,730 hectares) lies ~21km SE of the Cigar Mine. Adjoining property holders include Denison Mines Corp. and Purepoint Uranium Group Inc. Geology at Upper Poulton Lake is dominated by the NE-trending Bird Lake Reverse Fault. Historically, drilling has focused on the Bird Lake Fault which does not have a clear geophysical electromagnetic response. A large, 2.5 km wide illite, U and Pb-enriched boulder train partly covers the trace of the fault as well as a portion of an adjacent magnetic high. The primary targets are a series of northeast trending electromagnetic anomalies residing within a magnetic low, identified through a GEOTEM airborne survey by Cameco Corp. in 2004.

During the current year, the Company allowed its interest in the Upper Poulton Lake property to lapse and is negotiating a settlement with the Vendor, and the capitalized costs have been written off.

### **Patterson Northeast**

The Company entered into an option agreement with Basin Minerals Ltd., ("Basin"), on May 31, 2013 and as amended on July 9, 2013 and February 8, 2014 to acquire a 100% interest in certain mineral interests located in Saskatchewan, known as the Patterson Northeast Property.

To earn a 100% interest, the Company must make payments, issue shares and incur exploration expenditures as follows:

- a) \$5,000 non-refundable due diligence deposit (paid);
- b) \$125,000 cash payment 160 days after signing (paid) of which \$100,000 will be invested in the private placement being undertaken by the Company (subscription received);
- c) \$25,000 cash payment by December 22, 2014;
- d) \$75,000 cash payment by May 1, 2015;
- e) \$150,000 cash payment by November 1, 2015;
- f) \$150,000 cash payment by May 1, 2016;
- g) \$1,000,000 cash payment by November 1, 2016;

- h) \$1,500,000 cash payment by May 9, 2017; and
- i) \$2,000,000 in exploration expenditures by May 31, 2017.

A finder's fee of \$16,400 was paid during the current year.

Basin will retain a NSR of 1%, of which 0.5% may be purchased by the Company at any time for \$1,000,000, less all amounts previously paid to Basin as NSR payments.

This is a project with high discovery potential for uranium mineralization. The target-type is unconformity or basement hosted uranium deposits at shallow depths. The project contains a number of MegaTEM anomalies indicating broad conductive zones, potentially graphitic horizons or alteration halos. As well, boulders with elevated to anomalous uranium and boron contents (pathfinders for uranium deposits) occur on-property. These have not yet been traced to source. Only one hole has been drilled on the project. This showed clay alteration, fracturing and abundant pyrite, indicative of hydrothermal enrichment.

The Patterson Northeast project is located ~11km NE of the Patterson Lake South project (Fission Uranium Corp./Alpha Minerals Inc.), where high-grade uranium intersections are being encountered at shallow depths. Drilling has identified high grade uranium in bedrock in 3 separate pods and results include an intersection of 49.5 metres @ 6.26% U<sub>3</sub>O<sub>8</sub> including 6.0 metres @ 35.0% U<sub>3</sub>O<sub>8</sub> (Alpha Minerals Inc. news release of April 24, 2013). The project also lies ~27km southeast of the Shea Creek deposit (UEX Corp./AREVA), which has a reported U<sub>3</sub>O<sub>8</sub> mineral resource estimate of 67.66 million pounds indicated and 28.19 million pounds inferred, at a cut-off grade of 0.30%. ([http://www.uex-corporation.com/s/shea\\_creek.asp?ReportID=477100](http://www.uex-corporation.com/s/shea_creek.asp?ReportID=477100)) The Patterson Northeast project also adjoins the Patterson Lake North project (Azincourt Uranium Inc. (50%)/Fission Uranium (50%)).

The Patterson Northeast project lies within a large basin scale NE trending gravity low structural corridor. The former Cluff Lake mine (>60M lbs U<sub>3</sub>O<sub>8</sub> produced) and the UEX-Areva Shea Creek deposits (42 km and 27 km to the north respectively) lie along the western margin of this structural feature. The recently discovered high-grade uranium mineralization found at the Patterson Lake South project also lies within this structural corridor.

During the current year, the Company has abandoned the Patterson Northeast property and has returned it without penalty to Basin and the capitalized costs have been written off.

### **Pasfield Lake Project**

On September 25, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, for consideration comprising \$25,000 in cash (paid) and issuance of 1,745,000 shares of the Company (issued).

During 2014 a fee of \$50,000 was paid to extend the option period and a finder's fee of \$6,000 was paid.

The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.

The Pasfield Lake project (37,445 hectares) is situated on the Pasfield Structure (possibly an astrobleme and similar to the Cluff Lake Structure) and astride the Cable Bay shear zone (“CBSZ”). Exploration has identified important indications of the presence of uranium-bearing hydrothermal fluids along the fault that forms the eastern arm of the CBSZ. Further drilling is required to adequately test for uranium mineralization in this structurally complex area, especially where shallow basement (300-500 metres) is indicated by geophysical surveys. The property is a large and compelling exploration target encompassing a major basement uplift feature, with at least 600 metres of vertical displacement relative to regional basement depths. It is located on a major regional shear zone, with strong surface geochemical anomalies and strongly altered and radioactive rocks discovered in drill core, and coincident with the eastern and western “arms” of the “CBSZ”.

Historic exploration comprised lake sediment sampling, soil and biogeochemical sampling, airborne electromagnetic and gravity surveys, and diamond drilling. Soil and bio-geochemical surveys identified a robust multi-element anomaly with significantly elevated uranium values accompanied by elevated levels of boron, lead, molybdenum, vanadium and arsenic, the five key pathfinder elements associated with alteration halos above unconformity-type uranium deposits in the Athabasca Basin. Previous reconnaissance drilling identified the presence of significant alteration features indicative of proximity to uranium ore-bodies. Pervasive bleaching was present in basement rocks at the unconformity in all holes. Other features intersected in individual holes included intensely clay-altered granitic gneiss, hematite-filled breccia in basement granite gneiss, + 300 metres of graphitic garnet-mica metapelitic gneiss, strongly graphitic fracture zones, and weak but extensive clay alteration of the sandstone. Two zones with increased radioactivity and elevated uranium, boron and other key pathfinder elements were identified; one at the unconformity and another 800 metres above the unconformity.

At July 31, 2015, management has decided to write the costs accumulated on the Pasfield Lake property down to \$10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitates a write down at this time in line with the Company’s accounting policy for exploration and evaluation assets.

### **Highrock/Riverlake Projects**

On November 21, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, in exchange for issuance of 330,000 common shares of the Company (issued).

The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.

The Riverlake (5,583 hectares) and Highrock projects (5,831 hectares) have a similar geological setting as the Key Lake mine (Gaertner and Deilmann uranium-nickel orebodies (mined out)). The northwest corner of the Highrock property is 8 km from the Gaertner and Deilmann

orebodies. Historic exploration comprised airborne and ground electromagnetic surveys, soil sampling and diamond drilling. At Riverlake, a 1,200 metre long NE-SW by 600 metre wide NW-SE soil anomaly with peak uranium values of 3.74 ppm and coincident elevated to anomalous arsenic, molybdenum, vanadium and lead values was identified (A1 grid). The A1 grid covers a set of three sub-parallel conductors having a combined strike length of 5 km and interpreted to be a single metasedimentary unit that is disrupted by folds and faults.

Previous reconnaissance drilling intersected continuous and significantly anomalous radioactivity within sheared and fault-brecciated basement rocks of graphitic metapelite and pegmatite. One hole intersected a 63 metre interval exhibiting 5 to 10 times background radioactivity including a measured 2,625 cps in schistose graphitic fault breccias. Geochemically, the radioactive graphite schist breccias have anomalous uranium contents up to 3.34 ppm, with interleaved pegmatite bands containing up to 116 ppm uranium. Of the key pathfinder elements, boron correlates most strongly with the uranium anomalies, and is important evidence for the presence of hydrothermal fluids. The pronounced orientation of the soil anomaly and the presence of anomalous uranium and alteration in the basement rocks are strongly reminiscent of the Gaertner, Deilmann and P-Patch uranium deposits. The B1 grid on the Highrock property covers part of the eastern limb of the Key Lake syncline, which hosts uranium mineralization at the P-Patch prospect, 7 kilometres north of the grid, and the Gaertner and Deilmann deposits.

During fiscal 2015 the Company allowed the Highrock claims to lapse.

### **West Carswell Project**

On December 17, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, in exchange for issuance of 385,000 common shares (issued) of the Company.

The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.

The West Carswell project (8,157 hectares) is situated on the west margin of the Carswell Structure ( a meteorite-impact site or astrobleme) which is a multi-ring, roughly circular feature approximately 35 km in diameter that represents a “plug” of uplifted basement material (up to 2 km) within the Athabasca Basin boundary. There are numerous uranium deposits within the Carswell Structure (SMDI: Saskatchewan Mineral Deposit Inventory occurrences) including the D, N, OP, Claude, Dominique-Peter, Dominique-Janine and West Dominique-Janine collectively are referred to as the Cluff Lake Mine which COGEMA Resources Inc. operated for 22 years, producing > 60M lbs of U308 (Geology, Mineral and Petroleum Resources of Saskatchewan; Saskatchewan Industry and Resources, 2003). The Shea Creek uranium prospect (Kianna, Anne, Collette and 58B deposits) remains the largest undeveloped uranium resource in the Athabasca Basin and is the third largest uranium resource in the Athabasca Basin ([http://www.uex-corporation.com/s/shea\\_creek.asp](http://www.uex-corporation.com/s/shea_creek.asp)). The Shea Creek uranium mineralization lies outside of the Carswell Structure, about 20 kilometres to the south of the Cluff Lake deposits and 15 kilometres to the south-east of the West Carswell project. The West Carswell property is within the same basement domain as both Cluff Lake and Shea Creek defined by narrow, northwest-southeast

trending magnetic zones defined on regional aeromagnetic maps. The Harrison Shear Zone is a regional fault/shear zone that forms part of the southwestern margin of the Carswell Structure. The shear zone transects the northeastern part of the West Carswell project and is a significant target for potential uranium deposits. Historic exploration comprised airborne and ground electromagnetic surveys and diamond drilling. The electromagnetic surveys outlined a strongly conductive feature named the MP Anomaly (~ 4.3 km long E/W by 1.2 km wide N/S). Reconnaissance drilling of the MP anomaly intersected evidence of uranium mineralization in the form of fault and hydrothermal breccia zones, elevated to anomalous boron (9-316 ppm) in the sandstone, weakly radioactive zones up to 60 metres wide in sandstones at the unconformity, and haematitic and radioactive basement granitoid rocks. The geophysical surveys also identified electromagnetic conductors associated with the Harrison Shear Zone which have not been drilled.

At July 31, 2015, management has decided to write the costs accumulated on the West Carswell property down to \$10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitates a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

## **RESULTS OF OPERATIONS**

The Company's net loss for the year ended July 31, 2015 was \$2,414,750 as compared to a net loss of \$1,579,763 for the year ended July 31, 2014. The increase in net loss is due mainly to write-offs of exploration and evaluation assets.



The Company's net loss for the fourth quarter ended July 31, 2015 was \$2,054,948 as compared to a net loss of \$573,109 for the quarter ended July 31, 2014. The increase in net loss is due mainly to write-offs of exploration and evaluation assets.

## SUMMARY OF QUARTERLY RESULTS

| <b>Quarter ended</b> | <b>Revenue \$</b> | <b>Net loss \$</b> | <b>Loss per share \$</b> |
|----------------------|-------------------|--------------------|--------------------------|
| July 31, 2015        | –                 | (2,054,948)        | (0.08)                   |
| April 30, 2015       | –                 | (205,744)          | (0.01)                   |
| January 31, 2015     | –                 | (131,172)          | (0.00)                   |
| October 31, 2014     | –                 | (91,241)           | (0.00)                   |
| July 31, 2014        | –                 | (573,109)          | (0.02)                   |
| April 30, 2014       | –                 | (492,992)          | (0.02)                   |
| January 31, 2014     | –                 | (373,480)          | (0.02)                   |
| October 31, 2013     | –                 | (140,182)          | (0.01)                   |

## SELECTED ANNUAL INFORMATION

| <b>Year Ended July 31</b>               | <b>2015</b>    | <b>2014</b>    | <b>2013</b>  |
|---|----------------|----------------|--------------|
| Revenues                                | \$ -           | \$ -           | \$ -         |
| Net loss for the year                   | \$ (2,414,750) | \$ (1,579,763) | \$ (405,637) |
| Loss per share (basic and diluted)      | \$ (0.09)      | \$ (0.08)      | \$ (0.04)    |
| Total assets                            | \$ 298,367     | \$ 2,582,023   | \$ 852,443   |
| Total non-current financial liabilities | \$ -           | \$ -           | \$ -         |
| Dividends declared                      | \$ Nil         | \$ Nil         | \$ Nil       |

## LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2015, the Company had a working capital deficiency of \$133,187. To date, the Company has relied entirely upon the sale of common shares to generate working capital for exploration activities and to fund the administration expenses of the Company. Since the Company does not expect to generate any revenues in the near future, it will continue to rely primarily upon the sale of common shares to raise capital. There can be no assurance that financing will be available to the Company when required.

The Company has financed its operations primarily through the proceeds of the sale of its common shares. The Company has incurred a total of \$1,815,860 for mineral property

acquisition costs and \$220,554 in exploration expenditures on its properties from inception to July 31, 2015.

At present, there are no known demands, commitments, events or uncertainties that would adversely affect the trends and expected fluctuations in the Company's liquidity. The Company does not believe that its current financial resources will be adequate to meet its business objectives and projected working capital and other cash requirements for at least 12 months. Accordingly the Company will have to evaluate additional means of financing, including additional debt or equity financings. See "Risk Factors".

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **RELATED PARTY TRANSACTIONS**

During the year ended July 31, 2015 the Company incurred an aggregate of \$30,000 (2014 – \$48,400) for management fees of which \$12,000 was payable to 622738 B.C. Ltd., a company wholly owned by Mark Tommasi, the CEO and director of the Company and \$18,000 was payable to Bua Capital Management Ltd.

Office administration fees of \$49,200 (2013 – \$43,700) were paid or accrued to Bua Group Holdings Ltd.

Consulting fees of \$1,500 (2014 – \$45,476) were provided by GRW Inc., a company controlled by Geoffrey Watson.

Accounts payable and accrued liabilities as of July 31, 2015 include \$40,856 owing to companies controlled by directors and officers of the Company for services rendered.

Amounts due from related parties comprise \$29,206 in advances to companies controlled by officers and directors. Such amounts are unsecured, non-interest bearing and without specific repayment terms.

Amounts due to related parties comprise \$112,721 in advances from companies with officers in common.

Jason Walsh, the former CFO and former Secretary of the Company, is a director of Bua Group Holdings Ltd. Geoffrey R. Watson, the CFO and Secretary of the Company, is a shareholder of Bua Group Holdings Ltd. Jason Walsh is also a director and shareholder of Bua Capital Management Ltd.

## PROPOSED TRANSACTIONS

There are no proposed assets or business acquisitions or disposition, other than those in the ordinary course of business, before the board of directors for consideration.

## COMMON SHARES OUTSTANDING

|  | Number            | Issued price | Amount              |
|--|-------------------|--------------|---------------------|
| <b>August 1, 2010</b>  | <b>1,100,000</b>  |              | <b>\$ 11,000</b>    |
| Issued for cash  | 5,000,000         | \$ 0.059     | 295,000             |
| <b>Balance at January 31, 2011</b>                                       | <b>6,100,000</b>  |              | <b>306,000</b>      |
| Issued for property  | 200,000           | \$ 0.065     | 13,000              |
| <b>Balance at July 31, 2011</b>  | <b>6,300,000</b>  |              | <b>319,000</b>      |
| Issued for exercise of warrants  | 505,000           | \$ 0.10      | 50,500              |
| Issued for property  | 300,000           | \$ 0.065     | 19,500              |
| Initial public offering  | 2,200,000         | \$ 0.25      | 405,245             |
| <b>Balance at July 31, 2012</b>  | <b>9,305,000</b>  |              | <b>794,245</b>      |
| Issued for exercise of warrants  | 2,225,500         | \$ 0.10      | 222,550             |
| Issued for property  | 995,000           | \$ 0.27      | 272,000             |
| <b>Balance at July 31, 2013</b>  | <b>12,525,500</b> |              | <b>1,288,795</b>    |
| Issued for exercise of warrants  | 269,500           | \$ 0.10      | 26,950              |
| Issued for exercise of options   | 150,000           | \$ 0.25      | 60,683              |
| Issued for cash  | 4,664,500         | \$ 0.20      | 884,555             |
| Issued for property  | 4,250,000         | \$ 0.23      | 979,500             |
| Issued for investment  | 4,160,000         | \$ 0.30      | 1,248,000           |
| Issued as finders' fees  | 332,800           |              | -                   |
| <b>Balance at July 31, 2014, July 31, 2015<br/>and November 30, 2015</b> | <b>26,352,300</b> |              | <b>\$ 4,488,483</b> |

## WARRANTS OUTSTANDING

As of November 30, 2015, the Company has no share purchase warrants outstanding.

## OPTIONS OUTSTANDING

As of November 30, 2015, the Company has 600,000 options outstanding, which are exercisable at a price of \$0.25 per share, which expire on May 30, 2017.

## **CRITICAL ACCOUNTING ESTIMATES**

### **Mineral Properties and Exploration Costs**

The Company records its interests in mineral properties and exploration costs at historical cost. All direct costs are capitalized until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized on the unit of production basis over the proven reserves of the related property following commencement of production. Proceeds received, as a result of the sale of a mineral property, will be applied first against the book value of the property, and any excess will be set off against deferred exploration costs.

The mineral properties and exploration costs are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. When there is evidence of impairment, the net carrying amount of the asset will be written down to its net recoverable amount which is the estimated undiscounted future net cash flows expected to result from the asset and its eventual disposition. The amounts shown as mineral properties and deferred exploration costs represent unamortized costs to date and do not necessarily reflect present or future values.

## **CHANGES IN ACCOUNTING POLICIES**

The following new accounting standards have not yet been adopted by the Company:

### **IFRS 9 – Financial Instruments**

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after January 1, 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The impact of the adoption of this standard is yet to be assessed.

## IFRS 15 – Revenue from Contracts with Customers

IFRS 15 deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. It is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Standard is not expected to have an impact on the Company in its present form.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments include cash, investment, due from related parties, accounts payable and accrued liabilities and due to related parties. The fair value of cash, due from related parties, accounts payable and accrued liabilities and due to related parties approximates their carrying value.

The Company classifies financial assets and liabilities as fair value through profit and loss, available-for-sale, held-to maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition.

The Company classified its cash and due from related parties as loans and receivables and its accounts payable and accrued liabilities and due to related parties as other financial liabilities, and its investment as held for trading, fair value through profit or loss.

## **OTHER RISKS AND UNCERTAINTIES**

The Company is an exploration stage company with respect to its mineral interests. Based on the information available to date, the Company has not yet determined whether its mineral interests contain economically recoverable reserves. The recoverability of the amounts shown for mineral interests is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development, and upon future profitable production. In conducting its business, the Company is subject to a number of other risks and uncertainties that could have a material adverse effect on the Company's business prospects or financial condition that could result in a delay or indefinite postponement in the development of the Company's mineral interests.

### **Risks associated with exploration stage companies**

Exploring for mineral resources involves a variety of operational, financial, and regulatory risks that are typical in the natural resource industry. The Company has not commenced commercial

operations and has no proven history of performance, earnings, or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan. The Company's Common Shares must be considered speculative primarily due to the nature of the Company's business and early stage of development. The Company has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions, and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. There can be no assurance that financing, whether equity or debt, will be available to the Company in the amount required by the Company at any particular time or for any period, and that such financing can be obtained on terms satisfactory to the Company.

### **Exploration and development**

At this time, the Company's mineral properties are in the exploration stage and the Company does not have an operating history with respect to its exploration activities. Exploration and development of mineral resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. The amounts attributed to the Company's interest in its properties as reflected in its financial statements represent acquisition and exploration expenses, less impairment, and should not be taken to represent realizable value. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs which may be affected by a number of factors such as unusual or unexpected geological formations, and other conditions.

### **Property title**

Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties it owns, controls, or has the right to acquire by option, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral interests may be subject to prior unrecorded agreements or transfers or native land claims, and title may be affected by undetected defects. There may be valid challenges to the title of the Company's mineral interests which, if successful, could impair development and operations. This situation may be exacerbated due to the large number of title transfers historically involved with some properties.

### **Licenses and permits**

The Company will require licenses and permits from various governmental authorities regarding the Company's mineral interests. There can be no assurance that the Company will be able to

obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations for its mineral interests. Failure to obtain and maintain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration and development work which may result in its losing its interest in the subject property.

### **Operating hazards and risks**

Fires, power outages, labour disputes, flooding, explosions, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment, or labour are some of the risks involved in exploration programs. Unknowns with respect to geological structures and other conditions are involved. Existing and future environmental laws may cause additional expense and delays in the activities of the Company, and may render the Company's properties uneconomic. The Company has no liability insurance and the Company may become subject to liability for pollution, cave-ins, or hazards against which it cannot insure, or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect of the Company's financial position.

### **Competition**

The mining industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other corporations which have greater technical and financial resources. The Company may be unable to acquire additional attractive mining properties on terms it considers acceptable.

### **Profitability of operations**

The Company does not have profitable operations at this time and it should be anticipated that it will operate at a loss until such time as production is achieved from its properties, if production is in fact ever achieved. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

### **Market risks**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices have fluctuated widely in recent years. The marketability and price of minerals which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These factors include extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals, and many other aspects of the mining business. Declines in mineral prices may have a negative effect of the Company.

**Future financings**

If the Company's exploration programs are successful, additional funds will be required for further exploration and development to place a property into commercial production. The Company's available sources of funds are: existing cash; the further sale of equity capital; and the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof. There is no assurance such sources will continue to be available on favourable terms or at all. If available, future equity financings may result in dilution to current shareholders.

**Going concern**

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its on-going commitments and further its mineral exploration programs.

**ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).