

APPIA ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended September 30, 2016

APPRIA ENERGY CORP.

Management's Discussion and Analysis – September 30, 2016 As of December 14, 2016

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Appria Energy Corp. ("Appria" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2016. The MD&A was prepared as of December 14, 2016 and should be read in conjunction with the audited financial statements ("Financial Statements") of the Company for the year ended September 30, 2016 and 2015, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 to the Financial Statements.

Executive Summary

Corporate

Appria is a Canadian mineral exploration company listed on the Canadian Securities Exchange under the trading symbol "API" and has a primary focus on Uranium and Rare Earth Elements. At September 30, 2016 the Company held an interest in 89,929 hectares (222,218 acres) in Saskatchewan, primarily in the Athabasca Basin.

In Ontario, Appria controls 13,008 hectares (32,143 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario, including National Instrument 43-101 ("NI 43-101") reported resources at Teasdale Lake and Banana Lake. The Elliot Lake area has produced over 300 M lbs. of U₃O₈ and is the only mining camp in Canada with significant historical commercial REE production.

As set out in detail in note 3 to the Financial Statements, in 2015 the Company voluntarily changed its accounting policy for exploration and evaluation expenditures and retrospectively applied the change. Previously, the Company capitalized both the mineral property acquisition costs and deferred exploration and evaluation expenditures on the properties.

Under the new policy, only the original acquisition cost of exploration and evaluation properties are capitalized with all exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development, charged to operations as incurred.

On June 28, 2016 Appria announced the closing of a non-brokered private placement with the sale of 1,315,000 working capital units ("WC Units") at \$0.20 per WC Unit for gross proceeds of \$263,000. The WC Unit includes a warrant to purchase one common share at \$0.30 until June 27, 2019, but the exercise could be forced earlier if the share price exceeds at least \$0.50 on the Canadian Securities Exchange for 20 consecutive days at least after four months from the closing date. A second closing on September 8 of 75,000 WC Units as well as 750,000 flow-through units ("FT Units") priced at \$0.20 per FT unit, comprising one common share and one-half of one warrant entitling the purchase of one share for \$0.35 per share for one full warrant within eighteen months of the closing, subject to the forced earlier exercise as for the WC units, raising an additional \$165,000 for a total of \$428,000. Funds raised will be primarily used to finance a 715 line-kilometre VTEM™ Max Time-Domain electromagnetic survey over the Loranger Property acquired in March of this year, along with subsequent exploration on the ground. The non-brokered offering has been extended to September 10, 2016.

On August 11, 2016 the Company announced the engagement of Palisade Global Investments Inc. for a period of twenty-two months to serve as financial advisory consultants in the United States, Canada and Europe. Appria also announced the appointment of Dr. Irvine R. Annesley as an advisor to the Company relating to the prospective uranium-thorium-Rare Earth Elements properties in Saskatchewan.

Saskatchewan

In September 2013, the Company discovered a new area of REE mineralization, plus uranium and thorium on claims south of Alces Lake. The zone is designated as the “Ivan Zone” and is located 125 metres northeast of the historical trenches. Outcrop and boulder train samples recorded radioactivity levels in excess of 56,000 cps. Samples from the outcrops and boulder trains have been assayed and reflect moderate to highly anomalous rare earth elements. Total REEs in 12 samples range from 1.1% to 35.7% by weight. Details of the laboratory analyses for individual elements were reported in the Company’s news release on the Ivan Zone on May 22, 2014.

Geotech Ltd.’s 154 line-kilometre helicopter-borne geophysical and radiometric surveys flown in June over the Alces Lake Property has outlined extensive radioactive anomalous areas similar to those with known areas of uranium and REE mineralization, providing input for geological interpretations of the Property.

Two new groups of mineral claims in the Athabasca Basin were acquired in March 2016 with details as follows:

Under the direction of recently appointed James Sykes, Director of Saskatchewan Operations, who has extensive experience on exploration projects in the Athabasca Basin, the “Loranger” and the “Otherside” properties were staked because of their similar geological and signatures to known high-grade, high-tonnage uranium deposits in the Basin: Fission Uranium Corp.’s Triple R deposit, NexGenEnergy’s Arrow deposits, and others.

The Loranger property is located 28 km southeast of Cameco’s Rabbit Lake mill and comprises 30,725 ha. (75,923 acres), centred on 4 individual conductors with an aggregate length of 96 km of which 94 km is untested. The property is hosted within the basement rocks of the Wollaston Domain, near the deposit rich eastern margin of the Basin.

The Otherside property comprises 21,868 ha. (54,307 acres), straddles a 40 km-long corridor hosting multiple discrete conductors with associated magnetic gradients and gravity lows, within the north central Athabasca Basin.

A VTEM survey over the Loranger property was flown in October and the results of the survey were reported in a news release issued on December 13, 2016 and detailed on page 4 of this MD&A.

The Company plans to follow-up the Loranger survey with ground gravity surveys over the most prospective target areas in January 2017, followed by a diamond drilling program in early 2017.

Appia also intends to carry out ground geophysical surveys and resistivity surveys over the primary target areas within the Otherside property in order to elevate the property to drill-ready status.

Ontario

The National Instrument 43-101 (“NI 43-101”) report on the Elliot Lake properties completed in 2013 incorporated a new concept of simultaneously mining a nine metre high underground zone, including the Upper Reef, the Rare Earth Elements (“REEs”) in the Intermediate Quartzite Zone and the Lower Reef. With the REE content by weight being over six times the uranium content, the economic value of the mineralized zone has been greatly enhanced. A significant portion of the previously categorized Inferred Resources was upgraded to Indicated Resources, and additional resources were defined.

More work to expand the Resources at Teasdale and the preparation of a Preliminary Economic Analysis of the project will be contingent on an improved price for uranium and a clearer picture of supply and demand for REEs.

Exploration and Evaluation Assets

Saskatchewan Properties:

Beginning in fiscal 2011, the Company participated in staking properties in Saskatchewan, with a significant addition of the Loranger and Otherside properties in the current year.

At September 30, 2016 the Company held a total of 89,929 hectares (222,218 acres) in Saskatchewan, including a 100% interest in 88,411 hectares (218,467 acres) as well as a 90% interest in 1,518 hectares (3,751 acres).

Alces Lake (90% interest)

In 2010, the Saskatchewan Geological Survey visited the Alces Lake area where a trenching program had been carried out at an earlier date, with 13 rock sample assays showing a significant presence of REEs, reaching as high as 29.8% total REEs and anomalous levels of uranium and thorium.

In 2011, the Company visited the site and recorded radioactivity levels over 15 boulder and outcrop samples in a range of 5,500 cps to 53,500 cps, with thorium levels off scale for the spectrometer. Assays on five samples reflected favourably on the 2010 REE findings.

In September 2013, the Company discovered a new area of REE mineralization, plus uranium and thorium on claims south of Alces Lake. The zone is designated as the "Ivan Zone" and is located 125 metres northeast of the historical trenches. Outcrop and boulder train samples recorded radioactivity levels in excess of 56,000 cps. Samples from the outcrops and boulder trains have been assayed and reflect moderate to highly anomalous rare earth elements. Total REEs in 12 samples range from 1.1% to 35.7% by weight. Details of the laboratory analyses for individual elements were reported in the Company's news release on the Ivan Zone on May 22, 2014.

Geotech Ltd.'s 154 line-kilometre helicopter-borne geophysical and radiometric surveys flown in June 2016 over the Alces Lake Property outlined extensive radioactive anomalous areas similar to those with known areas of uranium and REE mineralization, providing input for geological interpretations of the Property. The magnetic survey delineated a large magnetic high area which includes the trenches worked in 2010 and the Ivan Zone outcrops sampled in 2013. A positive correlation between the magnetic data and numerous radiometric anomalies suggest that the uranium and REE mineralization host-rock is widespread beneath the overburden cover. These survey results will prioritize future surface mapping and sampling programs as well as defining the sub-surface extent of the uranium and REE mineralization observed at surface. (Please refer to the July 19 news release for more details and an internet link to geological maps of the interpreted survey results from this program.) Follow up surface work is intended.

Athabasca Basin

Under the direction of James Sykes, Director of Saskatchewan Operations, who has extensive experience on exploration projects in the Athabasca Basin, the "Loranger" and the "Otherside" properties were staked in March 2016, because of their similar geological and signatures to known high-grade, high-tonnage uranium deposits in the Basin: Fission Uranium Corp.'s Triple R deposit, NexGenEnergy's Arrow deposits, and others.

The Loranger property now comprises 30,725 ha. (75,923 acres), centred on 4 individual conductors with an aggregate length of 96 km of which 94 km is untested. The property is hosted within the basement rocks of the Wollaston Domain, near the deposit rich eastern margin of the Basin. Included in the Loranger property is an additional 5,969 hectares (14,750 acres) immediately contiguous to the area originally staked, covering a 20 km aeromagnetic and electromagnetic trend extending to the southwest and hosting 12 km of sub-parallel conductors identified in an earlier airborne survey.

The Otherside property comprises 21,868 ha. (54,307 acres), straddles a 40 km-long corridor hosting multiple discrete conductors with associated magnetic gradients and gravity lows, within the north central Athabasca Basin.

In October 2016 Geotech Ltd. flew a 715 line-kilometre VTEM™ Max Time-Domain electromagnetic (“EM”) and magnetic survey over the Loranger property to better define the conductive zones that were identified in a 1978 Barringer/Questor airborne Mark VI Input EM survey.

In a news release on December 13, 2016 (see it on the website, www.appiaenergy.com), the Company reported that the survey identified the 94 km of primary northeast-southwest oriented structural corridors, occurring over a 33 km strike length of the Property, that share similar geophysical characteristics to a number of Athabasca Basin high-grade uranium deposits (“**uranium deposits**”). Specific characteristic details have been identified and are known to occur within other uranium deposits. These include the following:

- conductive zones exceeding 10 km in contiguous strike length
- conductor offsets (“jogs”) associated with very conductive materials
- jogs associated with the lack of conductive materials, and
- bifurcated and sub-parallel conductors .

Conductive zones account for 68 km of the primary structural corridors (>0.1 milliseconds), and 28 km of those conductive zones are considered very conductive (i.e. > 1.0 milliseconds).

The survey also outlined a series of north-south oriented structures, known as the Tabbernor fault system. A major Tabbernor fault offsets the property geology along both sides of the fault by 6 to 8 km. Many other uranium deposits have associations with the Tabbernor fault system, most notably UEX’s Raven-Horseshoe and Cameco’s Collins Bay deposits.

The Company plans to follow-up the survey with ground gravity surveys over the most prospective target areas in January 2017, followed by a diamond drilling program in early 2017.

Appia also intends to carry out ground geophysical surveys and resistivity surveys over the primary target areas within the Otherside property in order to elevate the property to drill-ready status.

Ontario Properties:

Appia holds over 13,008 hectares (32,143 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario. The zones are called Teasdale, Banana Lake, Canuc, Bouck Lake and Buckles Lake. Since the inception of mining, the Elliot Lake area has produced over 300 M lbs. of U₃O₈ and is the only mining camp in Canada with significant historical commercial REE production.

Teasdale Lake Zone

The following two tables set out the resources reported in the NI 43-101 report entitled “Update Report on the Appia Energy Corp. Uranium-Rare Earth Property, Elliot Lake District, North-Central Ontario, Canada,” by Watts Griffis and McQuat (“WGM”) dated July 30, 2013 which has been filed on SEDAR (www.sedar.com). It should be noted that the contents for the rare earth components are for rare earth metals, whereas it has become more common to report the contents as equivalent rare earth oxides, which results in an average increase of approximately 46% for the oxides versus the metallic form.

Table 1
Summary of Teasdale Zone Uranium and Rare Earth Mineral Resource Estimate

Zone	Tonnes ('000)	Tons ('000)	TREE (lbs/ton)	U ₃ O ₈ (lbs/ton)	Average Thickness (m)	Contained TREE ('000 lbs)	Contained U ₃ O ₈ ('000 lbs)
INDICATED RESOURCES							
UR	6,733	7,422	4.20	0.484	4.61	31,199	3,593
IQ	3,006	3,314	1.98	0.259	2.27	6,578	0.857
LR	3,355	3,699	2.68	0.958	2.60	9,912	3,544
Total	13,095	14,435	3.30	0.554	9.48	47,689	7,995
INFERRED RESOURCES							
UR	18,326	20,201	3.87	0.421	4.33	78,080	8,498
IQ	10,209	11,254	1.64	0.184	2.78	18,464	2,070
LR	9,972	10,992	3.33	0.869	2.71	36,631	9,564
Total	38,507	42,447	3.14	0.474	9.82	133,175	20,115

- Note:
1. Mineral Resources effective 30 July, 2013
 2. Mineral Resources are estimated at a cut-off value of \$100 per tonne, using a uranium price of US\$70/lb U₃O₈, a TREE price of \$78/kg, and a C\$:US\$ exchange rate of 1:0.9. TREE includes all the REE elements from lanthanum to lutetium plus yttrium.
 3. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. There are no known specific problems at this date.
 4. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
 5. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
 6. Specific Gravity of 2.85 tonnes/m³ (or 3.14 tons/m³) was used.
 7. Indicated amounts may not precisely sum due to rounding.

Table 2
Individual REE Resource Grade Composition Summary

Zone	Light REE (grams/tonne)						Heavy REE (grams/tonne)									
	La	Ce	Pr	Nd	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu	Hf	Y
INDICATED RESOURCES																
UR	540	951	93.9	313	51.7	1.9	32.8	3.9	17.2	2.7	7.0	0.9	5.5	0.8	6.8	72.9
IQ	256	452	44.9	148	24.4	1.0	14.7	1.8	7.7	1.2	3.1	0.4	2.5	0.4	3.6	30.6
LR	332	596	59.4	201	35.1	1.7	23.2	3.0	14.2	2.3	5.9	0.8	4.5	0.6	3.3	58.1
Average	422	745	73.8	247	41.1	1.7	26.2	3.2	14.3	2.3	5.8	0.8	4.6	0.7	5.2	59.4
INFERRED RESOURCES																
UR	498	876	85.9	285	47.2	1.8	29.3	3.5	15.9	2.5	6.5	0.9	5.3	0.8	6.8	67.9
IQ	213	374	37.0	122	20.0	0.8	12.3	1.4	6.4	1.0	2.6	0.4	2.2	0.3	3.3	26.5
LR	417	747	73.9	249	43.4	1.9	28.5	3.6	16.4	2.6	6.6	0.9	5.2	0.7	4.5	66.4
Average	401	709	69.9	232	39.0	1.6	24.6	3.0	13.5	2.1	5.5	0.7	4.4	0.6	5.3	56.5

Historical Estimates

Table 3

1979 Historical U₃O₈ Estimates on Appia's Elliot Lake Properties

<u>Zone</u>	<u>Quantity</u> (tons)	<u>Grade</u> (lbs U ₃ O ₈ /ton)	<u>Contained U₃O₈</u> (lbs)
Teasdale Lake Zone	17,458,200	1.206	20,787,200
Buckles Zone (Gemico Block #3)	42,800,000	0.38	16,264,000
Bouck Zone (Gemico Block #10)	20,700,000	0.75	15,525,000
Banana Lake Zone	175,800,000	0.76	133,608,000
Canuc Zone	<u>7,000,000</u>	<u>1.86</u>	<u>13,020,000</u>
Total	263,758,200	0.76	199,204,200

The foregoing historical resources were not estimated in accordance with definitions and practices established for the estimation of Mineral Resources and Mineral Reserves by the Canadian Institute of Mining and Metallurgy. As such, the historical resources are not compliant with Canada's security rule NI 43-101, and are unreliable for investment decisions. Neither Appia nor its Qualified Persons have done sufficient work to classify the historical resources as mineral resources under current mineral resource terminology and are not treating the historical resources as current mineral resources. Nevertheless, most of the historical resources were estimated by mining companies active in the Elliot Lake camp using assumptions, methods and practices that were accepted at the time, and based on corroborative mining experience.

Banana Lake Zone

Based on drilling by Appia during 2007, a subsequent Mineral Resource estimate for the Banana Lake Zone was prepared in 2011 by WGM in accordance with the provisions of NI 43-101. Some of Appia's drilling included holes that were wedged from historical drill holes that Appia re-entered. This resource, first reported in Workman and Breede (2011), is summarized in Table 4. A single hole drilled in 2012 to 1,647 metres did not encounter the typical geological formation with assays returning no significant values of U₃O₈, thorium or REEs. WGM, however, is of the belief that this hole did not materially impact the potential for additional resources in the Banana Lake Zone.

Table 4
Summary of Banana Lake Zone Mineral Resource Estimate

Category	Tons (^{'000})	Specific Gravity (tons/m ³)	lbs. U ₃ O ₈ /ton	Total lbs U ₃ O ₈ (^{'000})
Inferred Resources	30,315	3.14	0.912	27,638

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- Notes:
1. Effective, 1 April, 2011
 2. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
 3. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
 4. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
 5. A cut-off grade of 0.6 lb. U₃O₈ was used
 6. Specific Gravity of 2.85 tonnes/m³ (or 3.14 tons/m³) was used.
 7. Indicated amounts may not precisely sum due to rounding.

Summary:

The Company is considering the next stage of the Teasdale exploration and evaluation. The longer-term outlook for uranium prices is positive and the successful recovery of the REEs, particularly the heavy elements of the total rare earths encountered, is very encouraging. Factors favourable for the project include the following:

- new mine infrastructure development would be in brownfield areas already disturbed by industrial and mining activity;
- water, electrical, transportation and communications infrastructure is in place or close at hand;
- the recovery of uranium from Elliot Lake ore is well known. Based on Teasdale Lake test results, the recovery of REEs appears to face no significant technical uncertainties;
- Appia is not responsible in any manner for potential future environmental impacts arising out of historical mining operations or waste disposal; and,
- The Cameco uranium refinery is located approximately 50 km away, near Blind River.

Outlook

The results from the exploration work carried out at Alces Lake, Saskatchewan suggest that follow-up work is highly desirable, and the newly acquired Loranger and Otherside properties are promising exploration targets.

The Company plans to follow-up the Loranger survey with ground gravity surveys over the most prospective target areas in January 2017, followed by a diamond drilling program in early 2017.

The 2012 drilling at the Teasdale Zone of Elliot Lake and the change in the proposed mine plan resulted in very significant quantities of REEs being reported, with a large increase in the Indicated category and an overall increase in the Indicated and Inferred Resources. The preliminary metallurgical test recovery of 90% for uranium and 80% to 90% for most REEs is very encouraging. There have been significant developments in the separation of individual REEs from the composite ore which suggests that these test results can be improved upon.

More work to expand the Resources at Teasdale and the preparation of a Preliminary Economic Analysis of the project will be contingent on an improved price for uranium and a clearer picture of supply and demand for REEs.

The tsunami in Japan resulted in the shut-down of all of its 48 nuclear reactors, resulting in a severe drop in uranium prices. 36 reactors are expected to be restarted, but progress is slow. There are currently 64 reactors under construction around the world. A reactor start-up requires twice as much uranium in its first year of operation and normal industry practice is to build up a stockpile to ensure a seven year supply on start-up, but with the spot price of uranium at less than US\$25 per pound, operators are adopting a wait-and-see attitude and are not rebuilding their stockpiles to "normal" levels.

The Province of Ontario is extending the life of the Bruce and Darlington nuclear facility in order to continue providing 50% of the Province's electricity requirements with nuclear power for the next twenty years. The United Nations climate agreement, as well as severe air pollution issues in China are factors in building 6 to 8 new nuclear power reactors a year in China to reduce the use of coal, which is currently used to supply 70% of its electricity.

World deliveries of uranium under long-term contracts averaging US\$40.50 are reaching expiry dates. The World Nuclear Association recently stated that uranium supply and demand is expected to be in balance for the next several years. Analysts have projected that uranium prices will test a US\$80 price by 2018.

The US Government Accountability Office, ("GAO") released a report in February indicating that the Department of Defense has not addressed defining which of the REEs are critical regarding supply, although at various times 15 of the REEs have been identified as critical for weapon-related applications by the military. The Department of Defense has agreed with the GAO to identify which rare earths are critical, and work toward a department-wide strategy for securing its REE supply chain.

China controls most of the world supply of REEs, but is expected to be unable to even supply its own requirements in the foreseeable future. Current mine production is less than consumption. Demand is expected to increase by 58% by 2020, with known supplies not being able to meet this demand.

Appia's current financing will fund the proposed exploration work in the current calendar year in Saskatchewan, and will monitor financial market conditions, and if possible, complete another financing and/or seek a joint venture partner in order to further advance the exploration and development activities on its Saskatchewan and Elliot Lake properties.

Selected Annual Information (2015 and 2014 restated to reflect the new accounting policy)

	2016 \$	2015 \$	2014 \$
Net income/(loss)	(310,071)	(230,541)	(421,846)
Net loss per share – basic and diluted	(0.01)	(0.01)	(0.01)
Total assets	1,672,908	1,450,813	1,600,839

Results of Operations

Exploration expenses incurred during the year ended September 30, 2016 were \$84,099, nearly all in the Athabasca Basin Area of Saskatchewan, compared to \$44,568 for the same period in 2015 including Ontario. The refund from Saskatchewan received in 2016 offset the 2015 exploration costs incurred of \$21,209. In addition to exploration costs, \$31,556 was spent staking the additional groups of claims in Saskatchewan.

Total general and administrative expenses for the year ended September 30, 2016 were \$252,052 compared to \$193,721 in the same period in 2015. The increases in shareholder communication and investor relations to \$46,341 (2015 - \$18,080), and non-cash share-based compensation for consultants to \$33,165 (2015 - \$9,105) account for most of the difference. The Company continues to cut administrative costs where possible.

Interest income decreased to \$4,191 for the year ended September 30, 2016, compared to \$7,748 for 2015, due to lower cash balances held during the year.

The Company's net loss and comprehensive loss for the year ended September 30, 2016 was \$310,071 compared with \$230,541 in 2015.

Fourth Quarter

The Company's net loss and comprehensive loss for the three months ended September 30, 2016 was \$120,217 compared to \$45,941 in the prior year. The change in the fourth quarter of 2016 compared to 2015 was due to the

increase in non-cash share-based compensation to \$32,166 (2015 - \$nil) and an increase in shareholder's communication to \$29,462 (2015 - \$2,331).

Selected Quarterly Information – 2015 restated as outlined in Note 3 to the Financial Statements

2015 - 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015
	\$	\$	\$	\$
Net loss and comprehensive loss	(120,217)	(99,722)	(58,452)	(31,680)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,672,908	1,574,725	1,406,464	1,451,420
2014 - 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014
	\$	\$	\$	\$
Net loss and comprehensive loss	(45,941)	(53,728)	(68,721)	(62,151)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,450,813	1,478,181	1,505,667	1,545,476

Capital Resources and Liquidity

At September 30, 2016, the Company had working capital of \$226,999 (after providing for \$617,690 owing to related parties) compared to working capital of \$112,867 as at September 30, 2015. The Company has no operating revenue and has historically been funded with equity based private placements. The Company's exploration plans are contingent on raising capital resources. The Company has sufficient financial resources to continue operation through the next twelve months. Cash operating costs, not including exploration costs or amounts due to related parties, are currently approximately \$11,000 per month.

The Company's ability to meet its obligations and continue as a going concern continues to be dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

Common Share Data

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at September 30, 2016 was 43,791,078 and September 30, 2015 was 41,616,078.

The following table provides the details of changes in the number of issued common shares.

	Number	Amount
	#	\$
Balance, September 30, 2014 and 2015	41,616,078	7,835,123
Flow-through units issued	750,000	150,000
Working capital units issued	1,390,000	278,000
Broker compensation shares issued	35,000	(3,393)
Less: value associated with warrants issued		(104,295)
Share issue costs		(5,406)
<u>Balance, September 30, 2016</u>	<u>43,791,078</u>	<u>8,150,029</u>

Common share purchase stock options

The Company has a stock option plan for the benefit of directors, officers and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares.

As at September 30, 2016, 2,100,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan at September 30.

The following table provides the details of changes in the number of issued common share purchase options during the year:

	Options #	Weighted-average exercise price \$
Outstanding at September 30, 2015 and September 30, 2014	2,600,000	1.25
Expired, unexercised	(1,400,000)	1.25
Granted: April	500,000	0.10
August	400,000	0.30
Outstanding at September 30, 2016	2,100,000	0.80

The following table provides the details of issued common share purchase options, the number exercisable and the expiry dates.

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
400,000	400,000	4.0 months	\$1.25	February 1, 2017
400,000	400,000	18.3 months	\$1.25	April 9, 2018
400,000	400,000	29.8 months	\$1.25	March 25, 2019
500,000	250,000	54.5 months	\$0.10	April 14, 2021
300,000	300,000	21.0 months	\$0.30	June 30, 2018
100,000	50,000	58.7 months	\$0.30	August 22, 2021
2,100,000	1,800,000			

(c) Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company, and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number #	Price range \$
Balance September 30, 2015	-	-
Private placement warrants issued	1,765,000	\$0.20- \$0.35
Brokers warrants issued	35,000	\$0.20
Balance September 30, 2016	1,800,000	\$0.20-\$0.35

As at September 30, 2016 and December 14, 2016 the Company had 43,791,078 common shares, 1,800,000 purchase share warrants and 2,100,000 stock options outstanding for a fully diluted number of common shares that could have been outstanding of 47,691,078.

Related Party Transactions

During the year ended September 30, 2016, the Company incurred related party expenses of \$101,438 (2015 – \$101,400). These expenses related to management fees paid or payable to key management personnel; Tom Drivas, Chief Executive Officer, Frank van de Water, Secretary and Chief Financial Officer, Michael D’Amico, Chief Financial Officer until December 31, 2015, and office administration services paid to Romios Gold Resources Inc., a company with a number of common directors and officers. The amount charged for office administration services is included under office and general expenses.

At September 30, 2016, \$538,306 (2015 - \$478,306) of accumulated related party expenditures was payable to Tom Drivas. Canada Enerco Corp., a company controlled by Tom Drivas is owed \$26,753.

During the year ended September 30, 2016, the Company incurred expenses of \$18,000 (2015 – \$17,500) related to directors’ fees to independent directors. At September 30, 2016, \$45,000 (2015 - \$27,000) was outstanding.

During the year ended September 30, 2016, the Company incurred expenses of \$11,687 (2015 - \$2,333) for legal fees to a law firm related to a director of the Company, William R. Johnstone. At September 30, 2016 \$nil (2015 – \$108) was payable to this related party.

Share-based compensation to key management and directors for the year ended September 30, 2016 was \$1,207 (2015 - \$9,105) respectively.

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the year ended September 30, 2016 and 2015.

As disclosed in Note 6 of the Financial Statements, the Company’s major exploration property was acquired from a related party.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its exploration and evaluation assets for impairment to determine whether the acquisition cost of these properties will be recoverable from future cash flows or from their disposition. Assumptions underlying the cash flow estimates include the forecasted prices for uranium and rare earth elements, production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that as at September 30 and December 14, 2016, there is no impairment of the carrying value of its Ontario and Saskatchewan properties.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company’s financial instruments recognized in the balance sheet consist of cash, and cash equivalents, HST/GST receivable and current liabilities. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

Risk Factors

There are a number of risks that could affect Appia's business prospects. They include the speculative nature and the ability to finance the exploration and development of the Company's mineral properties, operating hazards, environmental and other government regulations, competition in the marketplace, markets for the Company's securities and the demand for uranium and rare earth elements. The Company's viability will depend on the successful definition of recoverable and economic resources and the establishment of positive comprehensive feasibility studies leading to production decisions. After completion of positive feasibility studies, the Company's success is dependent on maintaining the title and beneficial interest in the properties, obtaining the necessary governmental approvals and the successful financing, construction and operation of a facility to profitably extract the contained metals.

Exploration Risk

Mineral exploration and development involve a high degree of risk. A very low percentage of exploration projects ultimately evolve into producing mines. There is no assurance that the Company's exploration and development activities will result in the definition of a commercial ore body. The viability of an ore body depends on a number of factors which include, but are not limited to, location, size, grade, geometry of ore body, availability of experienced labourers, proximity to existing infrastructure, metal prices and government regulations, including environmental restrictions.

Financial Capability and Additional Financing

The Company had cash of approximately \$554,000 and working capital of approximately \$37,000 at December 14, 2016, (after providing for \$640,000 owing to related parties), has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to continue as a going concern.

Fluctuating Prices

The prices of uranium and rare earth elements have fluctuated widely in recent years and are affected by factors beyond the control of the Company. The market price of individual rare earth elements are largely determined by China, which controls as much as 90% of the current world supply. International economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends are some of the factors that could impact on the viability of the Company's exploration projects that are impossible to predict with certainty.

Environment

Both the exploration and production phases of the Company's operations are subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Title Matters

The Ontario mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims which convey the ownership of mineral rights on specific tracts of land is uncertain, although the boundaries are clearly shown on Ontario government maps. Such claims have not been converted to lease and tenure, and as a result, are subject to annual compliance with assessment work requirements. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered

agreements or transfers or land claims, including First Nations land claims, and title may be affected by undetected defects. There is no guarantee that title to the Company's properties or its rights to earn an interest in its properties will not be challenged or impugned. In many countries, including Canada, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries in respect of resource properties.

Uncertainty in the Estimation of Mineral Resources

The Mineral Resource quantities contained in this MD&A are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Resources could be mined or processed profitably. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

Fluctuation in REE and uranium prices, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources, or of the Company's ability to extract these Mineral Resources, could have a material adverse effect on the value of the resources.

Land access

As of April 1, 2013, under the modified Mining Act (Ontario), the Company is required to obtain permits to conduct exploration and evaluation activities on its Ontario properties. The Ontario Government is required to consult with the First Nations in order to reach agreement to permit activity in areas considered to have been historically inhabited. The impact of any possible delays on the Company's intended activity is unknown.

Voluntary Change in Accounting Policy

During the year ended September 30, 2015, the Company voluntarily changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures on mineral properties to the specific mineral properties, net of any recoveries received.

Under the new policy, only the original acquisition costs of exploration and evaluation properties are capitalized and net expenditures incurred prior to the establishment of a positive technical feasibility and commercial report on the viability of extracting mineral resources, and a decision to proceed with mine development, are charged to operations as incurred.

In accordance with the requirements of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company has retrospectively applied this change in accounting policy.

Management considers this accounting policy provides more reliable and relevant information and more clearly presents the Company's results and financial position.

The financial statement impact as at September 30, 2015 is as follows:

Statements of Financial Position	Under previous accounting policy	Effect of change	As reported
	\$	\$	\$
Deferred exploration expenditures	5,526,885	(5,526,885)	-
Total non-current assets	6,308,365	(5,526,885)	781,480
Total assets	6,977,698	(5,526,885)	1,450,813
Deferred income tax	520,533	(520,533)	-
Total Liabilities	1,076,998	(520,533)	556,465
Deficit	(4,347,962)	(5,006,352)	(9,354,314)
Total shareholders' equity	5,900,700	(5,006,352)	894,348
Total liabilities and shareholders' equity	6,977,698	(5,526,885)	1,450,813

Statements of Loss and Comprehensive Loss

	\$	\$	\$
Exploration and evaluation expenditures	-	(44,568)	(44,568)
Net loss and comprehensive loss for the year	(185,973)	(44,568)	(230,541)
Basic and diluted loss per year	(0.00)	(0.00)	(0.01)

Statements of Cash Flows

	\$	\$	\$
Net loss for the year	(185,973)	(44,568)	(230,541)
Cash flows used in operating activities	(98,023)	(44,568)	(142,591)
Deferred exploration expenditures incurred	(44,568)	44,568	-
Cash flows used in investing activities	(55,160)	44,568	(10,592)

Accounting pronouncements issued but not yet adopted

The following standard are either currently effective or will be effective soon with earlier adoption permitted. The Company has not early adopted any standards which are not yet effective and is currently assessing the impact they may have on the Statements:

IFRS 9, Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments – to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation has not yet adopted this standard and is in the process of determining the impact of this standard.

Special Note Regarding Forward-Looking Statements

Certain statements in this MD&A may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from the statements made. When used in this report, the words “estimate”, “believe”, “anticipate”, “intend”, “expect”, “plan”, “may”, “should”, and “will”, are intended to identify forward-looking statements, and reflect the current expectations of the management of the Company with respect to future events, and are subject to risks and uncertainties, such as reduced funding and general economic and market factors. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Additional Information

- (1) Additional information may be found on the Company’s website at www.appiaenergy.ca.
- (2) The technical information included in this MD&A regarding the Loranger property survey The technical content concerning the Property in this news release was reviewed and approved by Thomas Skimming, P.Eng, a Director of Appia, a Qualified Person as defined by National Instrument 43-101, and the technical information regarding the Elliot Lake properties has been reviewed and approved by Al Workman, P.Geo. Senior Geologist, Watts, Griffis and McOuat Ltd., a Qualified Person in accordance with the Canadian regulatory requirements as set out in NI 43-101.