A.I.S. RESOURCES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
MAY 1, 2017

Advisory regarding this MD&A and forward-looking statements

Securities laws encourage public issuers to disclose forward-looking information in their management's discussion and analysis (MD&A) so that investors can get a better understanding of the company's future prospects and make informed investment decisions.

Forward-looking information and statements included in this MD&A about the objectives of AIS and management's expectations, beliefs, intentions or strategies for the future are not guarantees of future performance and should not be unduly relied upon.

All forward-looking statements reflect management's current views as May 1, 2017, with respect to future events, and they are subject to certain risks, uncertainties and assumptions that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such risks, uncertainties and assumptions include, but are not limited to: general economic conditions; the cost and availability of capital; actions by government authorities; actions by regulatory authorities; availability of raw materials; changes in raw materials prices; currency exchange rates; interest rates; competitor activity; industry pricing pressures; seasonality of the construction industry; and weather related factors.

A more detailed assessment of the risks that could cause actual results to materially differ from our current expectations is included in the Risk Management and Assessment section of this MD&A.

The following MD&A of the operating results and financial condition of AIS Resources Limited ("AIS" or the "Company") is for the year ended December 31, 2016 and 2015.

The financial statements of AIS for the year ended December 31, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB").

Business of the Company

A.I.S. Resources Limited is incorporated under the laws of Bahamas Islands. The registered office of the Company is located at 308 East Bay Street, Nassau, Bahamas. The business of AIS is to identify and develop early stage projects worldwide that have strong potential for growth with the objective of providing returns for shareholders. The Company has also commenced activities in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties.

Fiedmont, Lac Manitou and Lac Volant

On July 4, 2016 the Company entered into an Option Agreement to acquire a 100% interest in the Fiedmont Lithium Property near Val d'Or, Quebec, and the Lac Manitou and Lac Volant cobalt properties located north of Sept-Îles, Quebec.

Under the terms of the agreement, the Company has the exclusive right to acquire an undivided 100% interest in the properties, subject to a 3.0% Gross Overriding Royalty (GORR) with respect to any and all mineral and/or metal production from the properties. The Company will maintain the right to repurchase 1% of the GORR for $2.5 million per property for a period of 5 years from the date of execution of the Agreement. The Agreement includes the rights to all metals and minerals occurring on the Properties with the exception of limestone, dolomite, and building stone.

In order to maintain the Option Agreement in good standing and acquire an undivided 100% interest in the property, the Company must, during the option period, complete the following:

• (a) On signing of this Agreement, pay the sum of $25,000 (the "*First Option Payment"- PAID*);

• (b) On the Exchange Approval Date, pay the sum of $25,000 (PAID) and issue 1,400,000 Shares (the "*Second Option Payment" – ISSUED August 17, 2016*);

• (c) On the first anniversary of the Exchange Approval Date, pay the sum of $75,000 and issue 1,200,000 Shares (the "*Third Option Payment"*);

• (d) On the second anniversary of the Exchange Approval Date, pay the sum of $75,000 (the "*Fourth Option Payment"*) ;

• (e) The Company shall incur in aggregate at least $500,000 of Expenditures on the Property(s) of which $250,000 will be expended by September 30, 2017 and $250,000 by September 30, 2018.

Guayatayoc and Laguna Vilama

On September 16, 2016 the Company entered into an Option Agreement to acquire a 100% interest in two lithium properties in Argentina, Guayatayoc and Laguna Vilama. Guayatayoc has been granted a mining licence and Guayatayoc III a mining transition licence.

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Under the terms of the agreement, AIS can acquire a 100% interest in the properties by;

1. Payment of $150,000 US for a 6 month option entitling AIS to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the projects – paid during the year ended December 31, 2016.
2. A onetime option payment of $4.5 Million US – payable at the conclusion of the 6 month option period. Subsequent to the year ended December 31, 2016, the Company entered into an agreement to extend the option period for an additional 3 months by paying $50,000 US per month commencing May 4, 2017.

   The properties are subject to 8.5% carried-free participation required by the provincial government and a 3% royalty to the Government.

On August 17, 2016 the company issued 562,000 common shares in satisfaction of $84,300 of indebtedness owed to two directors of the Company for unpaid fees and expenses.

On August 19, 2016 the Company completed a private placement of 3,000,000 units for gross proceeds of $300,000.

On September 19, 2016 the Company completed a private placement of 1,333,333 units for gross proceeds of $200,000.

On November 7, 2016 the Company completed a private placement of 2,000,000 units for gross proceeds of $500,000.

During the year ended December 31, 2016 1,673,580 warrants were exercised at $0.14 for cash proceeds of $234,301. Subsequent to December 31, 2016, 674,580 warrants were exercised for cash proceeds of $102,931 and 100,000 options were exercised for cash proceeds of $15,000.

During the year ended December 31, 2015 the Company closed non-brokered private placements totaling 6,153,000 units at $0.10 per unit for aggregate gross proceeds of $615,300. Each Unit was issued at a price of $0.10 and is comprised of one common share and one common share purchase warrant entitling the holder thereof to acquire one Common Share at a price of $0.14 for a year of two years from the date of closing.

During the year ended December 31, 2015 the Company subscribed for 1,330,665 shares of Buda Juice LLC a private company at $US $0.30 per share for a cost of $ 499,757 ($US 399,200).

Outlook

The Company invests in high risk venture capital investments. Liquidity of these investments varies among each respective investment and accordingly the investment cycle can be of long duration. The Company has also commenced activities in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties.

Buda Juice LLC is an operator and franchiser of cold pressed juice shops.

Fiedmont Property

The Fiedmont Property encompasses 2,063 hectares (5,097 acres), and is located proximal to the past producing Quebec Lithium Mine, covering the same geologic contact and potential extensions to the trend of other lithium occurrences to the northwest.

Lac Manitou Property

The Lac Manitou Property includes three claim blocks totaling 4,731 hectares (11,691 acres). The property covers the Tortuga Showing which includes surface rock sampling of Ni-Cu bearing sulphides, with one sample returning 0.35% Co.

Lac Volant Property

The Lac Volant Property includes three claim blocks totaling 1,200 hectares (2,967 acres). The property covers several known un-tested conductors within the immediate vicinity of the Lac Volant Showing. The Lac Volant Showing was discovered as a result of exploration in the 1990's. Drilling of the area in 1997 returned 2.51% Ni, 1.23% Cu, and 0.13% Co over 5.5 metres.

Guayatayoc and Guayatayoc III

Guayatayoc and Guayatayoc III are located in Jujuy Province along highway 11, 5 kilometres from the town of Abralaite in the Puna plateau. The property covers approximately 5,000 hectares of the Guayatayoc Salar which hosts favourable geology for lithium and boron, located adjacent to the El Aguillar mountain range, the source of lithium and boron. Previous exploration on the property has returned values between 200 ppm and 800 ppm of lithium. The magnesium to lithium ratios are less than 4 to 1, excellent for low cost processing. Ulexite is seen in outcroppings and in layers only 30 centimetres below the surface. There is a natural gas terminal located in San Antonio de Los Cobres approximately 120km away. The area is being actively mined for borates.

A PhD study published in 2013 by Steinmetz identifies the locations of aquifers and provides a detailed analysis of the lithology of the basin. During the course of the study the entirety of the basin was covered with 2D Seismic.

Guayatayoc has been granted a mining licence and Guayatayoc III a mining transition licence.

Laguna Vilama

Laguna Vilama is located in Jujuy Province, in north western Argentina along the Bolivian and Chilean borders. The property is comprised of 2,500 contiguous hectares covering the middle of the basin. Early mapping has identified a favourable environment for the presence of brines.

The Jujuy province of Argentina is a well-known, favourable mining jurisdiction. Orocobre's new development at the Olaroz salar, hosts a JORC/NI43-101 compliant, measured and indicated resource of 6.4 Mt LCE (Orocobre website, Oct 2, 2016). Lithium Americas is developing the Cauchari salar, jointly with SQM a JORC/NI43-101 compliant, measured and indicated resource of 8.7 Mt LCE. (Lithium Americas website. Oct 2, 2016). Both are less than 100km from the properties.

The Company is actively seeking other investments and is currently performing due diligence activities.

Investment in Marketable Securities, Cash and Cash Equivalent Deposits, and Notes Receivable

Security		Number	31/03/2016	30/06/2016	30/09/2016	31/12/2016
			$	$	$	$
Cash			5,036	8,463	317,417	360,039
Note receivable			15,641	16,573	17,266	14,875
Buda Juice LLC	Common	1,330,531	517,750	519,267	523,578	535,952
Value of portfolio			538,427	544,303	858,261	910,866
Value of portfolio per common share of A.I.S. Resources Limited			**$ 0.04**	**$ 0.04**	**$ 0.05**	**$ 0.04**
			12,659,763	**12,659,763**	**19,055,096**	**22,728,676**

Security		Number	31/03/2015	30/06/2015	30/09/2015	31/12/2015
			$	$	$	$
Bengal Energy Ltd.	Common	-	4,307	5,893	-	
Chlorment Tech	Common	-	-	3,000	-	
Huntington Exploration Inc.	Common	-	15,333	15,333	-	
Highbank Resources Ltd.	Common	13,500	5,865	1,215	945	
Noka Resources Inc.	Common	-	3,250	-	-	
Arctic Star Exploration	Common	-	5,000	3,500	-	
Margaret Lake Diamonds Inc.	Common	11,000	32,400	23,800	2,255	
Margaret Lake Diamonds Inc.	Warrants	90,000	5,139	3,205	1,705	794
Panorama Petroleum Inc.	Common	-	4,050	1,350	-	
Market value of investments			75,344	57,296	4,905	794
Cash			42,473	-	4,691	-
Note receivable			12,052	12,951	13,630	14,709
Buda Juice LLC	Common	1,330,531	236,974	499,757	534,634	552,437
Value of portfolio			291,499	512,708	552,955	567,146
Value of portfolio per common share of A.I.S. Resources Limited			**$ 0.04**	**$ 0.08**	**$ 0.05**	**$ 0.07**

The fair value of marketable securities is measured at the date of each reporting period. The change in fair value is recognized as unrealized gain/loss on marketable securities in the Statement of Income and Comprehensive Income.

Selected Annual Information

	December 31, 2016	December 31, 2015	December 31, 2014
	$	$	$
Revenue	(628)	(5,756)	40,621
Loss			
- total	(757,218)	(593,449)	(1,010,140)
- per share basis	(0.05)	(0.06)	(0.18)
Comprehensive loss	(773,703)	(540,770)	(1,010,140)
Total assets	1,418,861	567,940	186,920
Working capital	222,841	(331,487)	(30,771)

Summary of Quarterly Results

Period	Revenues	Profit or (Loss)	Profit or (Loss) per share	General & Administrative Expenditures
4th Quarter 2016	(3,185)	(422,308)	(0.02)	747,515
3rd Quarter 2016	693	(235,617)	(0.03)	6,645
2nd Quarter 2016	932	(56,023)	(0.00)	2,070
1st Quarter 2016	932	(43,270)	(0.00)	360
4th Quarter 2015	(463)	(109,082)	(0.00)	108,618
3rd Quarter 2015	(14,958)	(132,392)	(0.01)	117,433
2nd Quarter 2015	2,342	(258,939)	(0.04)	261,281
1st Quarter 2015	7,323	(93,036)	(0.01)	93,119

The Company’s primary activities in the year ended December 31, 2016 were as follows:

The Company continued its efforts to identify, evaluate and acquire additional suitable investments with a goal toward reactivating the Company on the TSX exchange. Costs increased over the same period in 2015 as the Company increased its acquisition and financing activities.

The Company realized a net loss of $757,218 or $0.05 per share (2015 – $593,449 or $0.06 per share). Management fees for directors or officers of the Company totaled $140,875 (2015 - $90,000). The increase is due to additional management activity as the Company actively pursued acquisitions during the year. Consulting fees totaled $78,480 (2015- $213,887). The decrease is due to reduced corporate financing consulting costs. Professional fees totaled $71,594 (2015 - $101,775). The Company incurred $90,704 (2015 – $22,974) in travel costs. The increase is as a result of additional travel to investigate potential acquisitions. Office and administrative expenses were $39,833 (2015 – $22,378). The increase is due to increased activity as the Company actively pursued acquisitions during the year. Rent was $9,004 (2015 - $23,902). Transfer agent and filing costs were $30,594 (2015- $19,960). The increase is due to increased financing activity.

Fourth Quarter

During the three months ended December 31, 2016 the Company realized a net loss of $422,308 or $0.03 per share (2015 – $10,9082 or $0.06 per share). Management fees for directors or officers of the Company totaled $65,625 (2015 - $22,500). The increase is due to additional management activity as the Company actively pursued acquisitions during the year. Consulting fees totaled $34,980 (2015- $20,000). The increase is due to increased corporate financing consulting costs in the quarter. Professional fees totaled $32,491 (2015 - $39,682). The Company incurred $69,890 (2015 – $6,823) in travel costs. The increase is as a result of additional travel to investigate potential acquisitions. Office and administrative expenses were $35,811 (2015 – $1,734). The increase is due to increased activity as the Company actively pursued acquisitions during the year. Rent was $5,828 (2015 - $600). Transfer agent and filing costs were $9,551 (2015- $3,453). The increase is due to increased financing activity.

The Company had $360,039 cash on hand at December 31, 2016 (December 31, 2015 - $nil). The primary use of cash during the period was the funding of operating activities of $383,722 (2015 - $16,121) and exploration and evaluation assets - $284,352 (2015 - $nil). The primary source of cash was shares issued for cash $725,821 (2015 - $nil) and disposition of marketable securities $nil (2015 – $3,480).

Liquidity and Capital Resources

The Company had $360,039 cash on hand at December 31, 2016 (December 31, 2015 - $nil). The primary use of cash during the period was the funding of operating activities of $574,777 (2015 - $263,395 recovery) and exploration and evaluation assets - $337,734 (2015 - investment in Buda Juice LLC - $499,758). The primary source of cash was shares issued for cash $1,236,821 (2015 - $605,077) and disposition of marketable securities $nil (2015 – $121,610).

The Company’s continued existence is dependent upon the achievement of profitable operations or the ability of the Company to raise alternative financing. Changes in future conditions could require material write-downs of carrying values of assets.

At December 31, 2016, the Company had working capital of $222,841 (December 31, 2015 – $331,487 deficiency) The Company does not have any commitments for capital expenditures. The Company has incurred net losses since inception and as of December 31, 2016, had accumulated losses of $5,027,307 (December 31, 2015 - $4,270,089).

On August 17, 2016 the company issued 562,000 common shares in satisfaction of $84,300 of indebtedness owed to two directors of the Company for unpaid fees and expenses

On August 19, 2016 the Company completed a private placement of 3,000,000 units for gross proceeds of $300,000.

On September 19, 2016 the Company completed a private placement of 1,333,333 units for gross proceeds of $200,000.

On November 07, 2016 the Company completed a private placement of 2,000,000 units for gross proceeds of $500,000.

During the year ended December 31, 2016 1,673,580 warrants were exercised at $0.14 for cash proceeds of $234,301. Subsequent to December 31, 2016, 674,580 warrants were exercised for cash proceeds of $102,931 and 100,000 options were exercised for cash proceeds of $15,000.

Capital Stock

As at May 1, 2017, the capital stock of the Company was as follows:

The authorized shares of the Company can be issued in any combination of common and preferred shares up to $5,000,000 USD with no par value.

The issued and outstanding share capital consists of 23,987,586 common shares.

On August 19, 2016 the Company completed a private placement of 3,000,000 units for gross proceeds of $300,000. Each unit was issued at a price of $0.10 and is comprised of one common share of the Company and one half common share purchase warrant, with each whole warrant entitling the holder thereof to acquire one common share at a price of $0.20 for a period of one year from the date of closing of the placement provided that if the closing price of the common shares of the Company on any stock exchange or quotation system on which the common shares are then listed or quoted is equal to or greater than $0.30 for a period of fifteen (15) consecutive trading days, the Company will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants that the warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than ten (10) business days from the date notice is given. The Company paid cash finders fees totaling $3,000 and issued 12,500 brokers warrants. The brokers warrants have the same terms as the private placement warrants. The fair value of the brokers warrants $1,076 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.55% and an expected volatility of 148%.

On September 19, 2016 the Company completed a private placement of 1,333,333 units for gross proceeds of $200,000. Each unit was issued at a price of $0.15 and is comprised of one common share of the Company and one half common share purchase warrant, with each whole Warrant entitling the holder thereof to acquire one common share at a price of $0.25 for a period of one year from the date of closing of the placement provided that if the closing price of the common shares of the Company on any stock exchange or quotation system on which the common shares are then listed or quoted is equal to or greater than $0.35 for a period of fifteen (15) consecutive trading days, the Company will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants that the warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than ten (10) business days from the date notice is given. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil.

On November 7, 2016 the Company completed a private placement of 2,000,000 units for gross proceeds of $500,000. Each unit was issued at a price of $0.25 and is comprised of one common share of the Company and one half common share purchase warrant, with each whole Warrant entitling the holder thereof to acquire one common share at a price of $0.40 for a period of one year from the date of closing of the placement provided that if the closing price of the common shares of the Company on any stock exchange or quotation system on which the common shares are then listed or quoted is equal to or greater than $0.50 for a period of fifteen (15) consecutive trading days, the Company will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants that the warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than ten (10) business days from the date notice is given. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil. The Company paid cash finder's fees totaling $24,480 and issued 48,960 brokers warrants. The brokers warrants have the same terms as the private placement warrants. The fair value of the brokers warrants $6,841 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.53% and an expected volatility of 145%.

On December 15, 2015 the Company closed the final tranche of the private placement announced on January 7, 2015 and issued 1,237,500 units for gross proceeds of $123,750. Each Unit was issued at a price of $0.10 and is comprised of one common share and one common share purchase warrant entitling the holder thereof to acquire one Common Share at a price of $0.14 for a year of two years from the date of closing. The fair value of the warrants was estimated at $50,113 using the residual method and is included in reserves.

On August 19, 2015 the Company closed the first tranche of the private placement announced on January 7, 2015 and issued 4,915,500 units for gross proceeds of $491,550. Each Unit was issued at a price of $0.10 and is comprised of one common share and one common share purchase warrant entitling the holder thereof to acquire one Common Share at a price of $0.14 for a year of two years from the date of closing. A total of $1,316 cash was paid to finders in addition to the issuance of 13,160 broker’s warrants which are exercisable into common shares at 14 cents per share for a two-year period. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil. The fair value of the finders’ warrants is estimated using Black-Scholes at $691.

Stock Options

On August 12, 2016, the Company granted 865,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of $0.15 and life of 5 years. The options vested immediately upon grant. The fair value of the options $139,466 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.60% and an expected volatility of 108%.

On September 26, 2016, the Company granted 162,500 stock options to a consultant of the Company. The options have an exercise price of $0.25 and life of 1 years. The options vested immediately upon grant. The fair value of the options $11,949 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.53% and an expected volatility of 143%.

On October 7, 2016, the Company granted 400,000 stock options to directors and officers of the Company. The options have an exercise price of $0.25 and life of 5 years. The Options vest immediately upon grant. The fair value of the options $78,784 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.73% and an expected volatility of 111%

On November 8, 2016, the Company granted 200,000 stock options to an officer of the Company. The options have an exercise price of $0.30 and life of 5 years. The Options vest immediately upon grant. The fair value of the options $53,609 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.87% and an expected volatility of 143%

During the year ended December 31, 2016 the Company recognized stock based consulting fees of $103,626 (2015 - $50,114) and stock based management fees of $192,136 (2015 - $14,208)

During the year ended December 31, 2016, 66,666 options exercisable at $0.60 and 50,000 options exercisable at $0.28 were cancelled. During the year ended December 31, 2015, 33,334 options exercisable at $0.60 were cancelled.

(i) Options

Number	Exercise Price	Expiry Date
400,000	$ 0.28	April 28, 2019
100,000	$ 0.60	May 21, 2019
765,000	$ 0.15	August 12, 2021
162,250	$ 0.25	September 26, 2021
400,000	$ 0.25	October 7, 2021
100,000	$ 0.30	November 8, 2021
410,000	$ 0.68	February 14, 2022
2,337,250		

(ii) Warrants

Number	Exercise Price	Expiry Date
2,772,330	$ 0.14	August 19, 2017
1,187,500	$ 0.14	December 15, 2017
1,370,670	$ 0.20	August 19, 2017
666,667	$ 0.25	September 19, 2017
1,048,960	$ 0.40	November 7, 2017
7,046,127		

Related Party Transactions

For the year ended December 31, 2016, the Company recorded the following transactions with related parties:

a) $15,000 and $64,875 in consulting fees and management fees, respectively, to the CEO of the Company (2015 - $nil and $nil).

b) $76,000 and $nil in management fees and consulting fees, respectively, to the former CEO of the Company (2015 - $90,000 and $9,000).

c) $54,600 in accounting fees to a company controlled by the CFO of the Company (2015 - $66,914).

d) The Company recorded $nil in rent expense to a company controlled by the CEO of the Company (2015 – $23,902).

e) On August 17, 2016, the company issued 562,000 common shares in satisfaction of $84,300 of indebtedness owed to two directors of the Company for unpaid fees and expenses.

f) The Company granted 1,300,000 stock options to directors and officers of the Company. The Company recorded stock based compensation of $242,933.

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

	December 31, 2016	December 31, 2015
	$	$
Short-term benefits	210,475	165,914
Stock-based compensation	242,933	-
Total	453,408	165,914

Amounts owing to related parties was as follows:

	December 31, 2016	December 31, 2015
	$	$
Former CEO for accrued management fees	-	32,628
Former CEO for expenses	1,470	-
Balance, end of period	1,470	32,628

Business Risk

The business of the Company is making equity investments in marketable securities and financial instruments. We are focused over the long-term on achieving as high a total return as possible without incurring risk significantly greater than the exposure to an investment of funds in the benchmark index. The benchmark index that we try to outperform over a trailing three year period is the S&P/TSX Composite Index (TTT-T).

Investments are made in a wide range of companies from very large to very small. The asset base available for investment by the Company is small which limits the degree of diversification of investments that is achievable.

Risks arise within the context of the general economic environment in which investment decisions are made. This includes but is not limited to, such macroeconomic factors as fluctuations in interest rates, commodity prices, foreign exchanges rates and liquidity in the economy and in specific markets. There are risk effects that these factors have on individual issuers and investments made by the Company.

Additionally, risks arise with respect to each individual investment made by the Company including, but not limited to factors such as operational performance, profitability, and the opportunity to sell the investment in the future. Investments may take extended periods of time until fruition becomes evident; and while management endeavors to perform at the highest level, there is a risk of failure.

The Company attempts to reduce adverse effects of these investment risks by holding a diverse portfolio of investments, by maintaining a portion of the portfolio in liquid assets including cash, and by investing a portion of the portfolio in assets that provide a cash flow stream of income distributions and dividends.

The Company has also commenced activities in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its resource properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that any of its resource properties could be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. 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 at its projects.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Matters: Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing its various option agreements could result in the loss of its rights to such properties.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its resource properties; (ii) the ability to produce minerals from any resource deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Price Fluctuations and Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Title: Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Acquisition of Mineral Concessions under Agreements: The agreement pursuant to which the Company has the right to acquire a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property acquisition agreement over their full term. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

New accounting standards adopted

Equipment

Equipment is carried at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a declining-balance basis to write off the cost of the assets to their residual values over their estimated useful lives, except in the year of acquisition, when half of the rate is used. The annual rate used to compute depreciation is as follows:

Computer equipment	50%
Other equipment	20%

The depreciation expense for each period is recognized in the statement of comprehensive loss except for certain items of equipment related to exploration and evaluation activities where the

Exploration and Evaluation Assets

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage.

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties, and the costs of the Company’s exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Decommissioning Obligations

A liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized decommissioning costs will be amortized to expense over the life of the related assets using the units-of-production method. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at December 31, 2016, the Company does not have material decommissioning obligations.

Impairment of Non-Financial Assets

The carrying amount of the Company’s non-financial assets (which include equipment and exploration and evaluation assets) is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. An impairment loss with respect to goodwill is never reversed.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

New accounting standards not yet adopted

IFRS 7 – Financial Instruments: Disclosure
IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IAS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The company is currently evaluating the impact this standard is expected to have on its financial instruments.

IFRS 9 - Financial Instruments
The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The IASB has determined that the revised effective date for IFRS 9 will be January 1, 2018.

IFRS 15 - Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 – Leases
IFRS 16 was issued on January 13, 2016, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The Company is currently evaluating the impact the final standard is expected to have on its financial instruments.

Additional Corporate Information

Additional information relating to the Company, including the Information Circular, can be found on the SEDAR website at www.sedar.com.