

**ICONIC MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED NOVEMBER 30, 2015**

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Dated: January 26, 2016

**OVERVIEW**

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The following management discussion and analysis (“MDA”) of the financial position of Iconic Minerals Ltd. (the “Company”) and results of operations should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2015 and the unaudited condensed consolidated interim financial statements for the three months ended November 30, 2015. All monetary amounts referred to herein are in Canadian dollars unless otherwise stated. The financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com), on the Company’s website at [www.iconicmineralsltd.com](http://www.iconicmineralsltd.com), or by requesting further information from the Company’s head office in Vancouver.

**FORWARD LOOKING STATEMENTS**

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Information contained in this MDA that is not historical fact may be considered “forward looking statements”. These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company’s objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information regarding recoverable reserves, changes in commodity demand and prices, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward looking information.

**DESCRIPTION OF BUSINESS**

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Iconic Minerals Ltd. (TSX-V: ICM) is a mineral exploration company focused on acquiring and exploring gold and lithium properties in Nevada and uranium and gold properties in Canada leading to NI43-101 compliant mineral resources in the near term.

The Company holds highly prospective gold exploration properties in Nevada with the potential to host both Carlin-type and Round Mountain style gold/silver deposits. The Company, through option agreements, has acquired 50% interests in the New Pass and Squaw creek properties located in Nevada.

In September 2011 the Company entered into an earn-in agreement to acquire up to a 70% interest in a lease in the Hercules Project located in Lyon County, Nevada. To acquire its interest, the Company was required to expend a total of US\$3,000,000 in staged expenditures on the property over a five year period. In October 2013, the Company amended the earn-in agreement to obtain an additional 30% in the lease (total 100%) in consideration of a one-time payment of US\$10,000. As a result, the Company is now responsible for the commitments of the underlying lease agreement, which was concurrently amended. The terms of the amended underlying lease agreement are disclosed in the consolidated financial statements.

The Company’s property portfolio also consists of uranium, polymetallic and diamond, exploration and evaluation assets located in the Athabasca Basin in Saskatchewan.

In April 2013, the Company entered into a Property Option Agreement to acquire up to an 85% exclusive right and interest in and to certain surface and mineral rights comprising 1,785 hectares, in the James Bay area, Quebec, known as the Yellow Lake Property. The agreement was extended for an additional 2 years.

In December 2015, the Company entered into a property option agreement with a related party to acquire a 100% interest in certain Lithium claims located in Nye County, Nevada.

**ICONIC MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED NOVEMBER 30, 2015**

**EXPLORATION AND EVALUATION ASSETS**

A summary of the Company's exploration and evaluation assets at November 30, 2015 and August 31, 2015 is as follows:

	November 30, 2015 - \$ -	Current Expenditures - \$ -	August 31, 2015 - \$ -
United States			
New Pass, Nevada	3,248,893	-	3,248,893
Hercules Project, Nevada	1,171,073	42,206	1,128,867
Squaw Creek, Nevada	1	-	1
<b>Total - USA</b>	<b>4,419,967</b>	<b>42,206</b>	<b>4,377,761</b>
Canada			
Yellow Lake, Quebec	140,775	-	140,775
Four Lakes, Saskatchewan	1	-	1
<b>Total – Canada</b>	<b>140,776</b>	<b>-</b>	<b>140,776</b>
<b>Total Exploration and Evaluation Assets</b>	<b>4,560,743</b>	<b>42,206</b>	<b>4,518,537</b>

**UNITED STATES**

**Overview**

With the acquisition of a 100% interest in the Hercules Project the Company has focused its effort on bringing this bulk minable, heap leachable type target to production. The New Pass and Squaw Creek properties will be further explored once Hercules is advanced.

**Hercules Project, Nevada**

In September 2011 the Company entered into an earn-in agreement to acquire up to a 70% interest in a lease to explore the Hercules Project located in Lyon County, Nevada. To acquire its interest in the lease, the Company was required to expend a total of US\$3,000,000 in staged expenditures on the property over a five year period. In October 2013, the Company amended the earn-in agreement to obtain an additional 30% in the lease (total 100%) in consideration of a one-time payment of US\$10,000. As a result, the Company is now responsible for the commitments of the underlying agreement, which was concurrently amended. The terms of the amended underlying lease agreement are disclosed in the consolidated financial statements.

The Hercules Project is located in the Como Mining District, Lyon County, Nevada, approximately 15 kilometers east of the Comstock Mine. Similar to Comstock the Hercules Project is a high level epithermal vein and disseminated gold/silver prospect occurring within Tertiary volcanic rocks. Iconic has agreed to explore the Project due to its potential for bulk minable heap leachable gold-silver mineralization as well as deeper high-grade and bonanza grade gold/silver. Two sub-parallel structural zones approximately 750 meters apart can be traced along surface for over 2,700 meters.

The Company completed a summer drilling program at Hercules during 2012 consisting of 12 Reverse Circulation and 8 core holes totaling 6,631 feet (2,021 meters). During the summer of 2014, surface alteration mapping was conducted at Hercules. The identification of broad outcrops of potentially mineralized material led to the design of a surface outcrop and trench sampling program. In January, 2015 the Company was granted a Plan of Operation (POO) permit by the Bureau of Land Management (BLM) which will allow drilling of additional 200+ holes. This drilling will allow determination of an NI 43-101 resource for the Project. Completion of this work remains subject to additional funding. Early in the spring of 2015 outcrop sampling was initiated. Sample lines are carefully surveyed, logged and channel sampled on 0.3 to 3.0 meter intervals. To insure quality control, standards and blanks are added before the samples are sent to ALS Chemex in Reno, Nevada for analysis. Results will be published after compilation.

**ICONIC MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED NOVEMBER 30, 2015**

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**New Pass Property, Nevada**

In April 2006 the Company received a mineral resource report on the New Pass project compiled by Sam S. Arentz III, P.E. of Sierra Environmental Engineers, Inc., Reno, Nevada. The report was prepared using NI 43-101 guidelines and standards and is identified as an addendum to the NI 43-101 report filed on SEDAR.

According to the Arentz report the New Pass project contains an Inferred Mineral Resource of 11.5 million tons (10.5 million tonnes) averaging 0.0226 oz/t (0.78 g/t) gold and 0.2214 oz/t (7.59 g/t) silver. This is equivalent to approximately 260,000 ounces of gold and 2.546 million ounces of silver. The shallow and largely oxidized nature of the resource indicates it may be amenable to open pit heap-leach mining methods.

On September 8, 2010, the Company filed an NI 43-101 technical report which included updated information on all of the drilling since the 2006 resource report. A Plan of Operation was granted in July, 2009 and bonded in November, 2009. In a news release dated June 11, 2013, the Company announced the results of the 11 holes exploration program completed during the period at the Company's New Pass property.

**Squaw Creek Property, Nevada**

The Squaw Creek property is located in the Ivanhoe Mining District, four miles northwest of the Hollister Deposit and is 15 miles southeast of the Ken Snyder Deposit in the Midas Mining District. Both the Ivanhoe Mining District and the Midas Mining District lie on the northwest strike projection of the Carlin Trend and within the Northern Nevada Rift. The Midas Mining District lies at the northwest end of a line of gold deposits, which extends to the southeast to the Rain deposit, south of Carlin. The property is a joint venture with McEwen Mining Inc. (Formerly White Knight Resources Ltd.)

According to the NI 43-101 report on the property, strongly anomalous gold mineralization has been consistently intersected in drill holes over an area 3 miles long by 1 mile wide. The Company conducted a geophysics survey of the property and a 3 holes deep core drilling program. The primary target is a high grade vein deposit like the Ken Snyder mine or the deeper part of the Ivanhoe (Hollister) mine.

During fiscal 2012 the Company decided to concentrate its resources and efforts towards its Hercules Project properties, and accordingly impaired the Squaw Creek Property to a nominal value, but continues to hold the rights to further explore this property.

**Lithium Project, Nevada**

In December 2015, the Company entered into a property option agreement with a related party to acquire a 100% interest in certain Lithium claims located in Nye County, Nevada.

The Company may earn its 100% interest in the property by: (a) reimbursing expenses not to exceed US \$20,000 for the property; (b) expending initial claim filing fees and expenses estimated to be US \$76,500; and (c) expending US \$100,000 for the first year exploration development program, and by thereafter completing additional work requirements for the second (US \$200,000), third (US \$400,000) and fourth (US \$600,000) year totaling US \$1,200,000.

The Vendor will retain a 4.5% NSR, 1.5% of which the Company shall have the right to buy back within 90 days of the property going into production for US \$2,000,000, and an additional 1.5% of which the Company shall have the right to buy back within 180 days of the property going into production for US \$4,000,000; and (b) a cash payment of US \$1,000,000 to be made by the Company to the Vendor upon the property attaining commercial production.

**CANADA**

**Saskatchewan**

In July 2007, the Company acquired a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan.

**ICONIC MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED NOVEMBER 30, 2015**

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Roughly one-third of the Four Lakes Property is located within the Athabasca Basin contiguous with the former producing Key Lake Uranium Mine; whereas the remaining claims encompass the NE-SW trending Wollaston Belt gneisses and granites that form the basement units to the Athabasca Basin. The Wollaston Belt hosts a number of sub-parallel NE-SW faults known for their uranium mineralization.

**Quebec**

In April 2013, the Company entered into a Property Option Agreement to acquire up to an 85% exclusive right and interest in and to certain surface and mineral rights comprising 1,784.59 hectares, in the James Bay area, Quebec, known as the Yellow Lake Property. During fiscal 2015, the agreement was extended for an additional two years.

Pursuant to the agreement, the Company may earn an initial 50% interest in the property by paying the optionors a total of \$50,000 cash (paid), issuing 125,000 common shares upon signing (issued), issuing 250,000 shares within 12 months (issued), and expending \$500,000 for exploration work by April 2017.

The agreement provides that the Company may acquire an additional 35% interest in the Yellow Lake Property for further expenditures and share issuances within 5 years. The agreement is subject to a 2% net smelter royalty (NSR), 1% of which may be purchased for \$1,500,000, and the Company has the right of first refusal to purchase the remaining 1% NSR.

Pursuant to an amending agreement, all exploration expenditure requirements have been extended by a further two years.

**SELECTED ANNUAL INFORMATION**

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The following table provides a brief summary of the Company's financial operations for the prior three fiscal years. For more detailed information, refer to the Company's financial statements for the years then ended.

	Years ended August 31	2015	2014	2013
		- \$ -	- \$ -	- \$ -
Net loss		(644,537)	(430,239)	(608,732)
Basic and diluted loss per share		(0.03)	(0.04)	(0.07)
Total assets		4,565,476	4,222,939	4,062,041
Total long term liabilities		2,217,423	2,176,754	2,080,838
Total equity		665,712	126,712	532,220

**Year ended August 31, 2015:** The Company recorded a net loss for the year of \$644,537 compared to \$430,239 in 2014. Significant variances in costs between the two years include foreign exchange loss, office administration, stock based compensation and consulting fees.

Foreign exchange loss increased to \$141,174 in 2014 (2015 - \$34,943) due to significant drop in value of the Canadian dollar versus US dollar. Office administration decreased to \$87,045 (2014 \$132,474) as Company reduced its activities to conserve cash. Consulting costs increased to \$99,868 (2014- \$48,500) as Company increased the use of consultants. Stock based compensation increased to \$79,713 (2014 \$ Nil) due to granting of stock options during the year.

As a result of changing market values of the Company's marketable securities, the Company recorded an unrealized loss of \$4,000 during the year (2014 –gain of \$800).

At year end, there was a working capital deficiency of \$1,635,402 (2014 - \$1,909,070). Net cash provided by (used in) operations was (\$329,130) (2014 – \$3,294), net cash used in investing activities totaled \$132,103 (2014 \$1,430), and net cash provided by (used in) financing activities was \$501,359 (2014 – (\$269)).

**ICONIC MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**THREE MONTHS ENDED NOVEMBER 30, 2015**

**Year ended August 31, 2014:** The Company recorded a net loss for the year of \$430,239 compared to \$608,732 in 2013. Significant variances in costs between the two years include professional fees, interest expense (accretion) and consulting fees.

Professional fees decreased to \$30,121 in 2014 (2013 - \$42,285) due to decrease usage of professional assistance in regulatory compliance matters. Interest expense (accretion) decreased to \$65,916 (2013 \$160,887) results from a change in management's estimated amount of repayment of the Company's non-interest bearing long-term debt from a period of 11 years in the year ended August 31, 2013 to 25 years in the fiscal year 2014. Consulting costs decreased to \$48,500 (2013- \$87,500). Consulting fees decreased to \$48,500 (2013 \$87,500) as Company reduced its consulting activities to conserve cash.

As a result of changing market values of the Company's marketable securities, the Company recorded unrealized gain of \$800 during the year (2013 – (\$7,600)).

At year end, there was a working capital deficiency of \$1,909,070 (2013 - \$1,440,604). Net cash provided by (used in) operations was \$3,294 (2013 – (\$63,219)), net cash used in investing activities totaled \$1,430 (2013 \$267,443), and net cash provided by (used in) financing activities was (\$269) (2013 –\$332,009).

**Summary of quarterly financial results:** The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements for eight quarters ending November 30, 2015:

	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
<i>Three months ending</i>	- \$ -	- \$ -	- \$ -	- \$ -
Total assets	4,585,581	4,565,476	4,360,386	4,409,629
Exploration and evaluation assets	4,560,743	4,518,537	4,345,649	4,322,386
Working capital deficiency	(1,770,830)	(1,635,402)	(1,478,228)	(1,357,462)
Long term liabilities	2,228,497	2,217,423	2,188,091	2,177,312
Shareholders' equity	561,416	665,712	658,330	766,612
Net loss	(105,808)	(195,597)	(183,928)	(155,077)
Loss per share	(0.00)	(0.01)	(0.01)	(0.01)

	November 30, 2014	August 31, 2014	May 31, 2014	February 28, 2014
<i>Three months ending</i>	- \$ -	- \$ -	- \$ -	- \$ -
Total assets	4,267,751	4,222,939	4,114,700	4,083,619
Exploration and evaluation assets	4,247,653	4,212,536	4,081,720	4,046,255
Working capital deficiency	(2,021,845)	(1,909,070)	(1,716,230)	(1,642,090)
Long term liabilities	2,166,533	2,176,754	2,111,735	2,101,436
Shareholders' equity	38,275	126,712	275,432	324,995
Net loss	(109,935)	(148,717)	(74,297)	(107,102)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

**ICONIC MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**THREE MONTHS ENDED NOVEMBER 30, 2015**

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**Comparison of operating results for the three months ended November 30, 2015 and 2014:** The Company had a net loss of \$105,808 in the period compared to a net loss of \$109,935 in the prior year's comparable period. Most expenses were similar in both periods, with the most significant variances explained in the following table:

	<i>Three months ended</i>	November 30, 2015	November 30, 2014
		- \$ -	- \$ -
Professional fees		8,001	5,000
The increase in professional fees relates to the Company increased accrual of audit fees in the current period.			
Share-based compensation		1,533	-
The increase in share-based payment is due to the vesting of stock options during the period.			
Foreign exchange loss		27,941	42,937
The decrease in foreign exchange loss is due to the change in value of the Canadian dollar versus US dollar in prior year and the reduction of US denominated debt.			

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## **LIQUIDITY AND CAPITAL RESOURCES**

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The Company has financed its operations to date primarily through the issuance of common shares, exercise of stock options and related party advances. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

At November 30, 2015 the Company had a working capital deficiency of \$1,770,830 and a cumulative deficit of \$38,906,287. Management considers its cash-on-hand is not sufficient to fund its recommended exploration work, planned acquisition program and corporate overhead through the next twelve months. Accordingly, the Company is continuing to seek additional funds from existing shareholders and potential investors.

During the quarter ended November 30, 2015, the Company expended \$42,206 on its Nevada properties.

### **Share-based payment**

On March 16, 2015, a total of 1,350,000 stock options were granted to purchase common shares, exercisable on or before March 15, 2017, at an exercise price of \$0.075 per share. 1,250,000 options vest immediately and 100,000 investor relations consultants' options vest over one year from the date of grant. The estimated grant date fair value of these options was \$82,779 with \$79,713 vested in last fiscal year.

The grant date fair values of the options granted above were estimates based on the following assumptions: share price at grant date of \$0.07; exercise price of \$0.075; expected life of 2 years; expected volatility of 219%; risk free interest rate of 0.49%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

### **Private Placement**

On August 26, 2015, the Company issued a total of 4,066,250 common shares at \$0.05 per share for gross proceeds of \$203,312.

On February 25, 2015, the Company issued a total of 6,355,880 units at \$0.05 per unit for gross proceeds of \$317,794. Each unit consists of one common share and one half share purchase warrant, with each whole warrant entitling the holder to purchase one common share at \$0.15 per share on or before February 24, 2016.

**ICONIC MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED NOVEMBER 30, 2015**

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**Debt Settlement**

On February 25, 2015 the Company issued a total of 12,049,300 common shares at a fair value of \$0.05 per share to settle \$602,465 in outstanding debts.

The Company's future capital requirements will depend on many factors, including costs of exploration and development of the properties, cash flow from operations, costs to complete additional exploration, and competition and global market conditions. The Company's recurring operating losses and growing working capital needs will require that it obtain additional capital to operate its business.

The Company will depend on outside capital to complete the exploration and development of the resource properties. Such outside capital will include the sale of additional common shares. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected.

**RELATED PARTY TRANSACTIONS**

Related party transactions were as follows:

<i>Three months ended November 30</i>	2015 - \$ -	2014 - \$ -
Management fees paid or accrued to Richard Kern, the president of the Company	19,957	15,000
Consulting fees paid or accrued to a company controlled by Joe DeVries, the corporate manager of the Company	12,000	12,000
Office administration fees paid or accrued to a company controlled by Richard Barnett, the CFO and Corporate Secretary	6,000	6,000
Rent and administration fees accrued to a company controlled by the corporate manager	13,500	13,500

At November 30, 2015 and August 31, 2015 the key management balances were as follows:

	Nov 30, 2015 - \$ -	Aug 31, 2015 - \$ -
Included in accounts payable are amounts due to the corporate manager or companies controlled by the corporate manager	694,976	633,563
Included in accounts payable are amounts due to a company controlled by the CFO	24,000	18,000
Included in accounts payable are amounts due to Richard Kern, director and a former director, or companies related to them	697,120	690,921

These transactions and the other related party transactions disclosed elsewhere in the financial statements were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**OTHER MATTERS**

**Outstanding Share Data:** At the current date, the Company has 32,847,143 common shares outstanding.

**Stock options** - During the quarter ended November 30, 2015 there were no stock options granted. At the current date, there are 1,350,000 stock options outstanding.

**ICONIC MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED NOVEMBER 30, 2015**

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**Warrants** - As of the current date, there are 3,177,940 warrants outstanding.

**Off-Balance Sheet Arrangements** - The Company has not entered into any off-balance sheet arrangements.

**FINANCIAL INSTRUMENTS – PRESENTATION AND DISCLOSURE**

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Financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be measured at fair value at initial recognition. Measurement in subsequent periods is dependent upon classification of the financial instruments as fair value through profit or loss (“FVTPL”), available for sale, loans and receivables, held to maturity, or other financial liabilities. For financial instruments classified as FVTPL, transaction costs are added to the initial fair value of the related financial instrument.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities classified as FVTPL are measured at fair value with changes in those fair values recognized in consolidated statement of operations. Financial assets classified as available for sale are measured at fair value with changes in those fair values recognized in Other Comprehensive Income. Financial assets classified as loans and receivables, held to maturity or other financial liabilities are measured at amortized cost using the effective interest rate method of amortization. Where a financial asset classified as held to maturity or available for sale has a loss in value which is considered to be other than temporary, the loss is recognized in the consolidated statement of operations.

The Company has classified cash and marketable securities as FVTPL, accounts payable and accrued liabilities and long-term liabilities as other financial liabilities.

**ACCOUNTING POLICIES**

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**New accounting standards adopted**

The Company adopted new accounting standards during the period ended November 30, 2015. The new standards adopted, which had no effect on the Company are as follows:

***New standards, interpretations and amendments not yet effective***

A number of new standards, amendments to standards and interpretations are not yet effective as of November 30, 2015 and have not been applied in preparing these financial statements.

IAS 32, Financial Instruments: Presentation is amended to clarify requirements for offsetting of financial assets and financial liabilities.

IAS 36, Impairment of Assets, is amended to address the disclosures required regarding the recoverable amount of impaired assets or cash generating units (CGUs) for periods in which an impairment loss has been recognized or reversed.

**ICONIC MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED NOVEMBER 30, 2015**

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***New standards, interpretations and amendments not yet effective***

A number of new standards, amendments to standards and interpretations are not yet effective as of November 30, 2015 and have not been applied in preparing these financial statements.

Effective for annual periods beginning on or after January 1, 2016

***IAS 16 & IAS 38, Clarification of Acceptable Methods of Depreciation and Amortization***

Amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriated, and (ii) provide a rebuttable presumption for intangible assets.

Effective for annual periods beginning on or after January 1, 2018

***IFRS 15, Revenue from Contracts with Customers:***

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Service*.

In May 2015, the International Accounting Standards Board ("IASB") proposed to defer the effective date to January 1, 2018. Early application of the Standard would still be permitted.

***IFRS 9, Financial Instruments – Classification and Measurement***

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements

**RISKS**

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The Company is engaged in the exploration for and development of exploration and evaluation assets. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade, proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in an exploration and evaluation asset that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The accompanying consolidated financial statements do not give

**ICONIC MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED NOVEMBER 30, 2015**

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effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

Any forward-looking information in the management discussion and analysis is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

**INTERNAL CONTROLS OVER FINANCIAL REPORTING**

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The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. We have designed controls for this process and have conducted an evaluation which has identified potential weaknesses in such controls. Due to the limited number of staff, it is not feasible to attain complete segregation of incompatible duties. Weaknesses in the Company's internal controls over financial reporting allow for a greater likelihood that a material misstatement would not be prevented or detected.

**DIRECTORS**

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Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.