

**GITENNES EXPLORATION INC.**  
**ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**April 27, 2016**

This Annual Management Discussion and Analysis (“MD&A”) supplements, but does not form part of, the annual audited consolidated financial statements of the Company for the year ended December 31, 2015. Consequently, the information set forth below should be read in conjunction with the Company’s annual audited consolidated financial statements, and the notes thereto, for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Additional information about the Company, including the audited consolidated financial statements, and the notes thereto, for the year ended December 31, 2014, prepared in accordance with IFRS, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Description of the Business**

Gitennes Exploration Inc. (the “Company”) is in the business of exploring for mineral deposits. The Company acquires properties directly by staking, through option agreements with prospectors or other exploration companies, and through reconnaissance programmes. The Company currently has a royalty interest in the Urumulqui property, which is being explored by AndeanGold Ltd. (“Andean”).

J. Blackwell, P.Geo., a director of the Company, acts as the Company’s “Qualified Person” as defined in National Instrument 43-101 and has reviewed this MD&A.

**Overall Performance and Outlook**

During the year ended December 31, 2015 and to the date hereof, the Company has continued to actively review opportunities for property or royalty acquisitions. The Company also continued to monitor Andean’s progress at its Urumulqui silver-gold project. During 2014, Andean completed the acquisition of a 100% interest in Urumulqui from the Company (subject to a 1.5% NSR) and agreed to make staged cash payments totalling \$600,000. At December 31, 2014, Andean owed the Company \$475,000 under this agreement with a payment of \$150,000 due on each of February 15, 2015 and April 19, 2015 and a final payment of \$175,000 due on June 21, 2015. On June 21, 2015, the full balance of this receivable rolled into a convertible debenture. To date, the Company has not received any payments from Andean. On February 29, 2016, Andean did not file its quarterly financial statements and MD&A and its shares remain halted in accordance with a Cease-Trade Order issued by the British Columbia Securities Commission. On December 31, 2015, the Company recorded an impairment loss on the convertible debenture, writing the carrying value down to a nominal level (see details under “*Properties*”).

During the year, the Company acquired title to two properties located in Ontario, Canada, which formed part of an exploration project that was abandoned and written off in 1996. In September 2015, the Company sold one of the lots for gross proceeds of \$25,000 and in April 2016 sold the other lot for gross proceeds of \$57,500 (see details under “*Properties*”).

Given the current difficult market conditions, the Company continues to preserve cash by keeping general and administrative expenses to a minimum. Management continues to consider potential property acquisitions and monitor capital markets for appropriate funding opportunities with the goal of becoming more active in mineral exploration.

## Selected Annual Information

The following table summarizes selected financial data for the Company, prepared in accordance with IFRS, for each of the three most recent fiscal years:

	Years Ended December 31		
	2015	2014	2013
Total assets	\$ 60,079	\$ 569,109	\$ 135,256
Cash	\$ 35,310	\$ 183,305	\$ 98,922
Current assets	\$ 47,946	\$ 207,284	\$ 117,860
Long term receivable	\$ 1,000	\$ 347,908	\$ -
Current liabilities	\$ 43,765	\$ 37,250	\$ 44,041
Long term liabilities	\$ -	\$ -	\$ -
Total shareholders' equity	\$ 16,314	\$ 531,859	\$ 91,215
Income (loss) for the year	\$ (515,545)	\$ 440,644	\$ (103,553)
Comprehensive income (loss) for the year	\$ (515,545)	\$ 440,644	\$ (100,753)
Basic and diluted income (loss) per share	\$ (0.01)	\$ 0.01	\$ (0.00)

## Results of Operations

Unless noted otherwise, all figures are in Canadian dollars.

The Company had a loss and comprehensive loss of \$515,545 for the year ended December 31, 2015, which compares to income and comprehensive income of \$440,644 for the year ended December 31, 2014.

During 2014, the Company received option payments totalling \$691,704 from Andean where no such payments were received in 2015.

General and administrative expenses totalled \$177,808 for the current year compared to \$240,634 incurred in 2014 when the Company incurred \$37,228 in general exploration costs relating to the inspection of properties located in Ghana; the Company incurred \$1,727 in general exploration costs during 2015. In addition, due to its reduced level of activity, the Company experienced lower accounting and audit expenses and general office expenses in the current year.

The Company recorded \$52,110 (2014 - \$1,204) in accretion of its long-term receivable/convertible debenture due from Andean. Due to the financial condition of Andean at December 31, 2015, the Company performed an impairment test on this receivable and as a result recorded an impairment loss of \$399,018, writing the carrying value of this receivable down to a nominal value (see details under "Properties").

In September 2015, the Company recorded a gain of \$22,421 on the sale of a property it held in Ontario, Canada (see details under "Properties").

Significant items included in the current results are as follows:

	2015	2014
Accounting and audit	\$ 50,549	\$ 70,905
Exploration and evaluation	\$ -	\$ (691,704)
General exploration	\$ 1,727	\$ 37,228
Management fees	\$ 60,000	\$ 60,000
Office, rent and miscellaneous	\$ 29,365	\$ 38,489
Accretion of Due from AndeanGold Ltd.	\$ 52,110	\$ 1,204
Gain on sale of property	\$ 22,421	\$ -
Impairment loss on available-for-sale securities	\$ 13,250	\$ 11,630
Impairment loss on Due from AndeanGold Ltd.	\$ 399,018	\$ -

Cash flows used in operations, before changes in non-cash working capital items, totalled \$175,024 for the current year and compare to cash flows provided by operations in the prior year of \$87,845. The reduced cash flows of the current year are due to the Company receiving no cash option payments in the current year, compared to receiving \$325,000 in the prior year, and due to lower general and administrative expenses incurred in the current year as detailed above.

## Financial Data for the Last Eight Quarters

Selected financial data for the eight most recent quarters are presented in accordance with IFRS:

Quarter Ended	Dec 31 2015	Sep 30 2015	Jun 30 2015	Mar 31 2015	Dec 31 2014	Sep 30 2014	Jun 30 2014	Mar 31 2014
General exploration (recovery)	\$ -	\$ 371	\$ -	\$ 1,356	\$ (1,180)	\$ -	\$ 38,408	\$ -
Option payments received	\$ -	\$ -	\$ -	\$ -	\$ 471,704	\$ -	\$ 10,000	\$ 210,000
Loss on impairment of marketable securities	\$ 13,250	\$ -	\$ -	\$ -	\$ 11,630	\$ -	\$ -	\$ -
Loss on impairment of Due from AndeanGold Ltd.	\$ 399,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on sale of property	\$ (1,268)	\$ 23,689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accretion of Due from AndeanGold Ltd.	\$ 13,865	\$ 13,384	\$ 12,782	\$ 12,079	\$ 1,204	\$ -	\$ -	\$ -
Income (loss) for the quarter	\$ (435,676)	\$ (5,189)	\$ (33,510)	\$ (41,170)	\$ 418,155	\$ (47,599)	\$ (81,461)	\$ 151,549
Comprehensive income (loss) for the quarter	\$ (425,068)	\$ (12,482)	\$ (50,085)	\$ (27,910)	\$ 426,470	\$ (57,544)	\$ (77,331)	\$ 149,049
Income (loss) per share - basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.01	\$ (0.00)	\$ (0.00)	\$ 0.00

The Company has no ongoing source of operating revenue. In addition to the normal expenses associated with its exploration and administrative activities, the Company had certain infrequent or non-recurring transactions that produced significant variances in its operating results.

During the quarter ended March 31, 2014, the Company received \$200,000 and 250,000 shares due under the Andean option agreement. During the quarter ended June 30, 2014, the Company received 250,000 Andean shares in consideration for amending the option agreement and incurred \$38,408 in general exploration costs relating to the inspection of properties located in Ghana. During the quarter ended December 31, 2014, the Company received \$125,000 plus a receivable with a face value of \$475,000 and an initial estimated fair value of \$346,704, which was received in accordance with its final amendment of the Andean option agreement. The Company also recorded an impairment loss of \$11,630 on its marketable securities.

During the quarter ended March 31, 2015, the Company recorded \$12,079 in accretion of its long-term receivable due from Andean. During the quarter ended June 30, 2015, the Company's long-term receivable with Andean rolled into a convertible debenture; the Company recorded \$12,782 in accretion on the receivable/debenture during the period. For the quarters ended September 30, 2015 and December 31, 2015, the Company recorded \$27,249 in accretion on the convertible debenture due from Andean and realized a gain of \$22,421 on the sale of a property in Ontario, Canada. On December 31, 2015, the Company recorded an impairment loss of \$13,250 on its marketable securities and an impairment loss of \$399,018 on its convertible debenture.

## Discussion of Current Quarter

The Company reported a loss and comprehensive loss during the fourth quarter of 2015 in the amount of \$435,676, which compares to income and comprehensive income of \$418,155 in the fourth quarter of 2014. The variance in these results is due primarily to the Company receiving \$471,704 in option payments from Andean in the comparative quarter, where no such payments were received in the current quarter. In addition, during the current quarter the Company recorded accretion of \$13,865 (2014 - \$1,204) and an impairment loss of \$399,018 on its convertible debenture receivable, which was not applicable in the comparative quarter.

Cash flows used in operations, before changes in non-cash working capital items, totalled \$35,309 for the current quarter and compare to cash flows provided in the comparative quarter of \$82,746. The reduced cash flows for the current quarter are primarily due to the \$125,000 cash option payment received from Andean in 2014, where no such payment was received in 2015.

## Properties

### Urumalqui Property

The Company owned a 100% interest in the Urumalqui project situated in north-central Peru. In April 2010, the Company signed an option agreement with Andean granting it the option to earn a 60% interest in the Urumalqui project. In May 2012, the Company signed a share sale and mining agreement (the "Second Option Agreement") that provided Andean with the option to acquire the Company's remaining 40% interest in the Urumalqui property. This agreement was amended several times and on December 22, 2014 the Company and Andean signed a final amendment to the Second Option Agreement, such that Andean exercised the option on the remaining 40% interest in the Urumalqui project by committing to make staged cash payments totaling \$600,000 from December 22, 2014 to June 21, 2015 as follows:

	Cash Payments
Upon signing of final amendment December 22, 2014 <i>(received)</i>	\$ 125,000
On or before February 15, 2015 <i>(payment not received)</i>	150,000
On or before April 19, 2015 <i>(payment not received)</i>	150,000
On or before June 21, 2015 <i>(payment not received)</i>	175,000
	<hr/>
	\$ 600,000

Both the April 2010 and the May 2012 agreements were option agreements and Andean retained the right to terminate these agreements with proper notice to the Company. Exercise of both of these agreements and the final vesting occurred on December 22, 2014 upon execution of the final amendment to the Second Option Agreement and receipt of \$125,000. The Company retains an uncapped NSR of 1.5% on all metals produced at Urumalqui with no buy-out or other provisions attached.

As at December 31, 2014, the balance receivable from Andean was \$475,000 and was due in three payments by June 21, 2015. Andean did not make any of the scheduled payments. In accordance with the agreement, the balance remaining unpaid at June 21, 2015 was rolled into a convertible debenture carrying an annual interest rate of 6% with interest only due semi-annually, a maturity of three years, and with the balance convertible into shares of Andean, at the Company's option, at a conversion rate of \$0.06 per Andean share. During the period of the debenture, Andean must pay 12% of any funds raised by it and certain of its subsidiaries, to pay down the debenture.

In December 2014, the Company classified this financial instrument as a long-term receivable and estimated its fair value at initial recognition at \$346,704. On June 21, 2015, the receivable converted into the convertible debenture. The Company estimated the fair value of the convertible debenture upon initial recognition to be equal to the June 21, 2015 carrying value of the receivable of \$371,480. The Company is using the effective interest method to accrete the balance over the expected life of the instrument. During 2015, the Company recorded accretion totalling \$52,110 (2014 - \$1,204).

In light of the financial condition of Andean as at December 31, 2015, the Company performed an impairment test on the convertible debenture receivable. Management considered all objective evidence supporting Andean's ability to satisfy the debt and consequently recorded an impairment loss of \$399,018 to write down the carrying value of the convertible debenture to a nominal value. Given the current market price and halted status of Andean's shares, the conversion feature of the convertible debenture is considered to be of negligible value.

As at December 31, 2015, to the best of management's knowledge, the Urumalqui project was in good standing and Andean was taking measures to advance the project. Management remains committed to collecting the \$475,000 face value of the debenture, plus accrued interest, as future circumstances permit.

#### Tucumachay and Titimina Properties

The Company held a 100% interest in the Tucumachay project, which it sold to a Peruvian subsidiary of Teck Resources Limited ("Teck") in 2010. The agreement called for Teck to make a payment of US\$1,200,000 if it announced a decision to commence commercial production on the Tucumachay project. In September 2015, Teck advised the Company that it had abandoned the project.

#### Ontario Properties – held for sale

During the year, the Company acquired title to two properties located in Ontario, Canada, which formed part of an exploration project that was abandoned and written off in 1996. The carrying value of the properties consists of the costs incurred to have the lots transferred from a former joint venture partner to the Company.

In September 2015, the Company sold one of the lots for net proceeds of \$23,732 and recorded a gain on sale of \$22,421. In April 2016, the Company sold the remaining property for a gross sale price of \$57,500.

#### Project Generation

The Company is actively seeking new project acquisitions. During 2014, the Company conducted a review of numerous targets in the country of Ghana, focused on concessions within known belts that host major gold deposits. Several early-stage opportunities have been recognized and are being considered for acquisition.

During 2015, the Company conducted reviews of several Canadian gold and base metal exploration properties that were submitted by prospectors or other companies. None of these opportunities were considered to be viable given the current market conditions.

#### Liquidity

The Company's cash position decreased by \$147,995 during the year, being the cash required for general and administrative expenses and operating activities, after the net proceeds realized on the sale of the Ontario property.

As at December 31, 2015, cash totalled \$35,310 which compares to \$183,305 as at December 31, 2014. The Company had working capital of \$4,181 as at December 31, 2015, which compares to working capital of \$170,034 as at December 31, 2014. Subsequent to December 31, 2015, the Company sold the remaining Ontario property and added net proceeds of approximately \$53,000 to its cash position.

Since 2012, the Company has relied on the liquidity provided by the collection of cash due under the option agreement with Andean. Since the final amendment of that agreement, no payments due under the receivable were made and no payments under the convertible debenture have been received. Management continues to keep general and administrative expenses to a minimum to conserve cash given current market conditions.

During the year, the Company experienced cash administrative expenses of approximately \$178,000. Management does not consider the Company's working capital resources of approximately \$4,000 (and subsequent net sale proceeds of approximately \$53,000) to be sufficient to meet its 2016 overhead requirements. Given the current market conditions for junior exploration companies, the Company does not intend to incur significant additional costs to conduct further property investigation activities unless market conditions improve or acceptable financing opportunities become available. In order to meet its planned 2016 general and administrative expenses, the Company will need to receive payments under the Andean convertible debenture or raise additional equity financing.

The Company establishes its administrative and exploration budgets based on expected cash resources and such budgets are regularly adjusted according to actual cash resources. Given the current uncertainty in the capital markets for junior exploration companies, the extent of such budgets and programs will be tailored to available cash resources.

## Capital Resources

Without operating revenues and recurring income from the sale or option of properties, the Company is dependent on meeting its future capital requirements through the issuance of capital stock. Accordingly, as discussed in Note 1 to the December 31, 2015 annual consolidated financial statements, management has identified certain conditions that cast significant doubt upon the Company's ability to continue as a going concern.

The Company's current capital resources are not sufficient to meet its operating overhead for the ensuing twelve months. Andean did not make any scheduled payments due under the receivable, and has not made any principal or interest payments under the convertible debenture. Given the current financial condition of Andean, payment of the debenture is not assured. If any principal or interest payments are received in future, and if such payments are insufficient to maintain its operations, the Company would have to raise equity capital through the issuance of shares.

Management believes that it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although the Company has been successful in the past in obtaining financing, 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.

## Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2015 or the date hereof.

## Proposed Transactions

The Company had no proposed transactions as at December 31, 2015 or the date hereof.

## Transactions with Related Parties and Key Management Compensation

The Company had related party transactions with associated persons or corporations, which were undertaken in the normal course of operations and were measured at the amounts agreed to by the parties.

Key management personnel include executive and non-executive directors and executive officers. The compensation paid or payable to key management is as follows:

	2015	2014
Administrative consulting fees (i)	\$ 60,000	\$ 60,000
Geological consulting fees (ii)	-	12,000
Accounting fees (iii)	38,500	42,000
	<u>\$ 98,500</u>	<u>\$ 114,000</u>

- (i) Paid to Highwood Advisory Services Inc., controlled by Ken Booth, director;
- (ii) Paid to Jerry Blackwell, director;
- (iii) Paid to Kerry Spong, chief financial officer.

Accounts payable includes \$17,850 (2014 - \$nil) in administrative consulting and accounting fees due to the chief executive officer and the chief financial officer.

## Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at December 31, 2015, the number of issued and outstanding common shares was 62,779,923 (66,179,923 on a diluted basis), which compares to issued and outstanding shares of 62,779,923 (67,029,923 on a diluted basis) as at December 31, 2014.

The decrease in the number of diluted shares outstanding since December 31, 2014 results from the expiry of 850,000 stock options during the current year. Note 7 to the Company's December 31, 2015 consolidated financial statements contains additional details of the Company's share transactions for the year.

Subsequent to December 31, 2015, 550,000 stock options expired. As at the date hereof, the number of issued and outstanding common shares is 62,779,923 (65,629,923 on a diluted basis).

As at the date hereof, the Company had stock options outstanding and fully vested entitling the holders to purchase common shares of the Company as follows:

Number	Exercise Price	Expiry Date
225,000	\$ 0.26	June 5, 2017
875,000	\$ 0.17	August 7, 2018
1,750,000	\$ 0.05	August 22, 2018
<u>2,850,000</u>		

There were no share purchase warrants outstanding at December 31, 2015 or the date hereof.

### **Significant Accounting Estimates and Judgments**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses during the year. Actual amounts could differ from these estimates.

The Company's most significant accounting estimates relate to the determination of assumptions used to estimate the initial fair value of, and subsequent impairment loss on, its long-term receivable. Judgments are involved in assessing the probability of recognition of the benefit of deferred tax assets and the determination of functional currency.

The Company considered all current available information to estimate the timing and amounts of future cash payments to be received on its long-term receivable and applied a discount rate to estimate its fair value at initial recognition. Should the carrying value of the receivable exceed the present value of the estimated future cash flows, an impairment loss will be recorded. Actual payment dates and amounts may vary from these estimates and any resulting differences will be recorded as future information becomes available.

The Company has not recognized its deferred tax assets as management does not currently consider it probable that these assets will be recovered.

The Company has considered all primary and secondary indicators under IFRS and determined that the functional currency of its subsidiary is the Canadian dollar. While transactions conducted outside of Canada are typically denominated in the U.S. dollar, the subsidiary has no revenues from operations, very limited transactional activity, and is entirely dependent upon the Company for financing of its operations, which are largely determined in Canada.

### **Changes in Accounting Policies**

There were no changes in accounting policies during the year.

### **Recent pronouncements**

#### *IFRS 9 – Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's initiative to replace IAS 39 *Financial Instruments – Recognition and Measurement*. The effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.

## IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – *Leases*, according to which all leases will be presented on the balance sheet of lessees, except those that meet the limited exception criteria. Respectively, rent expense is to be removed and replaced by the recording of depreciation and finance expenses. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has not yet assessed the impact on its consolidated financial statements of adopting this standard.

### **Disclosure for Venture Issuers without Significant Revenue**

Consistent with many companies in the mineral exploration industry, the Company has no source of operating revenue. The Company's December 31, 2015 consolidated statement of comprehensive income (loss) provides a breakdown of the expenses for the year and Note 8 to the consolidated financial statements provides an analysis of the Company's mineral interests.

### **Financial Instruments**

The Company's financial instruments consist of cash, marketable securities, accounts receivable, due from AndeanGold Ltd., and trade payables. Cash, accounts receivable, and trade payables are carried at amortized cost with carrying values that approximate fair value due to their short-term nature.

Marketable securities are classified as available-for-sale financial assets and carried at fair value measured using a Level 1 fair value measurement. Due from AndeanGold Ltd. has been classified as loans and receivables and is being carried at amortized cost less accumulated impairment.

All of the Company's cash is held in accounts at major Canadian financial institutions with investment grade ratings – management considers the credit risk associated with its cash balances to be low.

The Company's marketable securities are subject to market downturns and declines in market value and therefore the Company is exposed to market risk in respect of these financial instruments. Given the current market conditions for junior exploration companies and low metal prices, the Company's convertible debenture receivable, due from AndeanGold Ltd., is subject to credit risk.

Except for the credit risk associated with the convertible debenture receivable, due to the carrying value and nature of the Company's financial instruments, it is management's opinion that the Company is not exposed to significant credit, interest rate, or market risks in respect of these financial instruments. The carrying value (totalling \$38,185) of the financial assets recorded in the Company's financial statements represents its maximum exposure to credit and market risk as at December 31, 2015. The Company is exposed to liquidity risk due to its limited cash resources.

### **Risk and Uncertainties**

The business of exploration and mining is risky and there is no assurance that exploration programmes will eventually result in profitable mining operations. The recoverability of money spent on mineral properties is dependent upon various factors. These include discovering a potentially economic mineral deposit and then transforming the deposit into ore reserves through a series of stringent technical programmes. Following upon this is the ability of the Company to obtain all necessary financings to complete the development of a property and place it into commercial production. The Company must also raise funds for corporate and administrative expenses. While the Company has been successful in the past at raising funds, there can be no assurance that it will continue to do so.

The mineral industry is intensely competitive and there are inherent risks in all its phases. The Company competes with other companies, many of which have greater financial resources and experience. Metal prices are volatile and cannot be controlled or predicted.

The Company has no mining operations or current exploration properties and its royalty interest is on a mineral project that is at an early stage. It is therefore exposed to many risks common to comparable companies, including under-capitalization, lack of revenue, cash shortages, and limitations with respect to personnel, financial and other resources.

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to operations could result, and other persons would be required to manage and operate the Company. Certain of the Company's directors and officers serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

The Company's interest in and rights to mineral properties are subject to various risks. There can be no assurance that there are not title defects affecting the interest of Andean in the Urumalqui property or the NSR in favour of the Company. The Company may become subject to liability for hazards against which it is not insured. The Urumalqui property has been previously mined and it is possible that previous operations have resulted in pollution or other environmental hazards that the Company could become responsible for.

The consolidated financial statements for the year ended December 31, 2015 have been prepared on the basis of accounting principles applicable to a going concern. The assumption is that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Excepting those periods in which the Company has realized revenues from royalties or the sale or option of assets, the Company has consistently reported operating losses. The Company has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding will be available to explore and develop mineral property projects, or to cover the overhead costs necessary to maintain a publicly reporting company.

The securities of the Company are highly speculative due to the nature of the Company's business and the present stage of its development. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's common shares.

From time to time, the Company's exploration activities on properties outside of Canada make it subject to foreign currency fluctuations and this may affect the Company's financial position and results of operations. The Company does not engage in currency hedging activities.

### **Controls and procedures**

The Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements and the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

### **Disclosure controls and procedures**

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Approval**

The Board of Directors of the Company has approved the disclosure contained in this Annual MD&A, a copy of which will be provided to any interested parties upon request.

### **Additional Information**

The Company's publicly filed documents are available on the Company's website or on SEDAR at [ww.sedar.com](http://ww.sedar.com).

### **Cautionary Note**

*This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of minerals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*