

TRINITY VALLEY ENERGY CORP
(FORMERLY BRITANNICA RESOURCES CORP.)
MANAGEMENT'S DISCUSSION & ANALYSIS
PERIOD ENDED MARCH 31, 2016

GENERAL

This Management's Discussion and Analysis of Trinity Valley Energy Corp. (the "Company", "Trinity" or "TE") is dated May 27, 2016 and provides an analysis of Trinity's financial position and results of operation for the period ended March 31, 2016. The following information should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2016 and related notes and with our audited consolidated financial statements for the year ended December 31, 2015, which are available on SEDAR at www.sedar.com or at the Company's website: www.trinityvalleyenergy.com.

Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars.

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Corporation disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

CORPORATE PROFILE AND MISSION

Trinity Valley Energy Corp. is an exploration stage company engaged in the acquisition, exploration and development of mineral and oil and gas properties in Canada and the United States. The Company is a reporting issuer in British Columbia, Alberta and Quebec, and its common shares trade on the TSX Venture Exchange under the symbol **TE-V**. Additional information can be found at the website www.sedar.com or at the Company's website: www.trinityvalleyenergy.com.

ACTIVITY HIGHLIGHTS

- See result details in "**RESULTS OF OPERATIONS**".
- On January 17, 2012 the Company issued 1,000,000 options with an exercise price of \$0.325 and an expiry of January 18, 2017. The fair value of the options was estimated to be \$325,263. The fair value of the options was determined using the Black-Scholes pricing model and the following assumptions: estimated volatility of 218%, expected life of 5 years and risk free interest rate of 1.01%.
- On March 7th, 2012, the Company settled its outstanding note payable by paying \$170,000 in cash and the issuance of 224,040 common shares of the company at \$0.20 per share. The Company recorded a gain on debt settlement of \$22,040.
- On March 12th, 2012 the Company completed the acquisition of the Wedding Lake and Tavernier properties. The Wedding lake property consists of 9 claims and the Tavernier Property 10 claims in the Abitibi greenstone belt in the province of Quebec. The Company acquired the properties by issuing 600,000 common shares of the Company at \$0.20 per share. The properties are subject to a 2% NSR, which may be purchased by the Company at any time up to five years from the commencement of commercial production from the property, by making cash payment of \$1 million.
- On October 30th, 2012, the Company received its' portion of a mining tax recovery of \$589,156 for exploration expenditures incurred on the McKenzie Property in previous years.
- On November 12th, 2012, the Company sold 3 claims from the Deltador property and all the claims under the Bluebird property for gross proceeds of \$50,000. No gain or loss was recognized on this transaction.

- The Company has no plans to conduct further exploration of the Deltador property and, accordingly, has written off the carrying value to \$1 during the year ended December 31, 2012, resulting in an impairment of \$1,556,652.
- On February 7, 2013, the Company entered into a Joint Operating and Farm in Agreement (“JOA”) with Anderson County Land Company to earn a 33.33% working interest in the Days Chapel enhanced oil recovery project (the “Project”) located in Anderson County, Texas, subject to a total royalty burden of up to 20%. In order to earn into the Project, the Company was to fund a US\$1,500,000 work program. As at December 31, 2013, the Company has paid the US\$1,500,000 (\$1,524,068) and earned its 33.33% interest in the Project. The Company also paid a finder’s fee of 450,000 shares with a fair value of \$36,000. The Company has an option to acquire up to an additional 17.67% working interest (in 1% increments) of the Project.
- On August 19, 2013, the Company closed the first-tranche of a non-brokered private placement financing for gross proceeds of \$642,400. The Company has issued 12,848,000 units at a price of \$0.05 per unit for gross proceeds of \$642,400. Each unit consists of one common share and one common share purchase warrant. Each purchase warrant will entitle the holder to purchase one additional common share in the capital of the Company at a price of \$0.10, for a period of 24 months following the closing of the offering. The Company paid \$28,440 cash in commissions on the private placement, along with 568,800 non-transferable finder’s warrants, each entitling its holder to acquire one common share at \$0.10 for a 24-month period after closing of the financing.
- On September 6, 2013, the Company closed the second-tranche of \$75,500 of the non-brokered private placement, bringing the total gross proceeds raised to \$717,900. The Company has issued an additional 1,510,000 units at a price of \$0.05 per unit for gross proceeds of \$75,500 in the second tranche. Each unit consists of one common share (the “Common Share”) and one common share purchase warrant (the “Warrant”). Each Warrant will entitle the holder to purchase one additional Common Share in the capital of the Company at a price of \$0.10, for a period of 24 months following the closing of the Offering (the “Closing”). The Company has paid \$7,550 cash in commissions on the second-tranche of the private placement, along with 151,000 non-transferable finder’s warrants, each entitling its holder to acquire one common share at \$0.10 for a 24-month period after closing of the financing.
- Pursuant to a resolution passed by the directors of the Company on September 27, 2013, effective October 7th, 2013 the Company has changed its name to Trinity Valley Energy Corp. from Britannica Resources Corp.
- The Company has no plans to conduct further exploration of its 100% interest in the Bluebird property and Chassignole Eagle property in Quebec and, accordingly, has fully impaired the property, resulting in an impairment of \$28,502 during the year ended December 31, 2013.
- The Company has no plans to conduct further exploration work on the Wedding Lake and Tavernier properties in the province of Quebec and, accordingly, has fully impaired the properties, resulting in an impairment of \$138,000 during the year ended December 31, 2013.
- On July 13, 2015, the Company closed a private placement with Texas General Oil & Gas, LP (“Texas Oil”). In connection with the closing of the private placement the Company issued into escrow 34,765,160 common shares of the Company for gross proceeds of \$1,590,138 (US\$1,250,000) and 100 preferred shares for gross proceeds of \$1,272,110 (US\$1,000,000). All of the common shares, preferred shares and US\$2,250,000 (“Investment Amount”) were put into escrow. The Investment Amount is to be used by the Company for ongoing farm-in expenditures on the Days Chapel Project and for general working capital.
- On September 17, 2015, the escrow agent released from escrow US\$250,000 of the Investment Amount to the Company and 6,953,032 of the common shares to Texas Oil.
- On September 30, 2015, the Company completed a shares for debt transaction, the Company settled an aggregate of \$200,000 in outstanding debt to non-arms length parties, through the issuance of 4,000,000 common shares at a deemed price of \$0.05 per common share.
- On October 1, 2015 the Company was served with a notice of civil claim filed by ACLC, in the British Columbia Supreme Court. The claim relates to alleged amounts owing under the JOA between the Company and ACLC dated February 6, 2013. ACLC is seeking US\$58,506 plus interest (from July 1, 2015 at 13% per annum) and

costs. The Company believes this claim has little merit, and is defending the action. No accrual has been made as at December 31, 2015.

- On October 16, 2015 the Company filed a petition against ACLC and three of its principles in the District Court of Anderson County, Texas. The Company alleges in its petition that the JOA, which incorporated a joint operating agreement between the Company and ACLC dated February 6, 2013 contained material misstatements and omissions. The Company also alleges in its petition that the principles of ACLC are jointly and severally liable with ACLC. The Company is seeking in excess of US\$1,000,000 in damages. Subsequent to year end, the Company served ACLC and the three principals discovery requests.
- The Company, pursuant to the terms of the JOA, is due an assignment of a 33.33% working interest in the leases contained in the Days Chapel Project. As at December 31, 2015, the 33.33% interest in these leases had not been transferred to the Company. The Company cannot confirm that the leases ACLC has asserted it owned are owned by ACLC. As a result, pending the outcome of the matters in dispute with ACLC, the Company fully impaired the Days Chapel Project as at December 31, 2015, and recorded a loss on the statement of loss and comprehensive loss.

RESULTS OF OPERATIONS

Summary of exploration activities

Oil and gas

Days Chapel Project

On February 7, 2013, the Company entered into a JOA with Anderson County Land Company (“ACLC”) to earn a 33.33% working interest in the Days Chapel enhanced oil recovery project (the “Days Chapel Project”) located in Anderson County, Texas, subject to a total royalty burden of up to 20%. In order to earn into the Days Chapel Project, the Company funded a US\$1,500,000 work program.

During the year ended December 31, 2013, the Company funded a US\$1,500,000 (\$1,524,068) work program and earned its 33.33% interest in the Days Chapel Project. The Company also paid a finder’s fee of 450,000 shares with a fair value of \$36,000.

The Company has an option to acquire up to an additional 17.67% working interest (in 1% increments) of the Days Chapel Project. The price paid to acquire each additional 1% increment will be determined based on results of the independent engineering modeling.

- 1) If the independent engineering modeling recommends the inverted 7-spot vertical technology production method, then the purchase price will utilize the value of proven plus probable oil reserves at a 20% discounted present value, subject to a maximum price of US\$509,434 per each 1% undivided working interest.
- 2) If the independent engineering modeling recommends a steam-assisted gravity drainage production method, or a variation thereof, that increases the recovery factor of the original oil-in-place then it will utilize the value of proven plus probable oil reserves at a 20% discounted present value, subject to a maximum price of US\$721,697 per each 1% undivided working interest.

The purchase price can be paid by up to two thirds in common shares of the Company based on the prior 60 trading day weighted average market price with the remainder in US dollars.

The Company, pursuant to the terms of the JOA, is due an assignment of a 33.33% working interest in the leases contained in the Days Chapel Project. As at December 31, 2015, the 33.33% interest in these leases had not been transferred to the Company. The Company cannot confirm that the leases ACLC has asserted it owned are owned by ACLC. As a result, pending the outcome of the matters in dispute per Note 11, the Company fully impaired the Days Chapel Project as at December 31, 2015, and recorded a loss on the statement of loss and comprehensive loss.

Mineral

On February 23, 2009, the Company signed an agreement with NSM, a company with common directors, to acquire a 60% interest in the McKenzie Property in exchange for the payment of \$400,000 in cash and NSM shares with a fair value of

\$100,000. NSM committed to spend, in exploration work, \$1,500,000. Any amounts incurred in excess are to be borne by the parties in proportion to their respective interests, subject to dilution provisions. Pursuant to the Company's agreement with NSM, NSM spent approximately \$6,500,000 on exploration of the McKenzie Property. As a result, the Company recorded an amount owing of \$3,034,634, including accrued interest, for its portion of the exploration costs incurred at December 31, 2010. As at December 31, 2010, the Company determined that the McKenzie property was fully impaired and wrote down the carrying value of the property to Nil.

On January 24, 2011, NSM filed for bankruptcy. On September 9, 2011, the Company reached an agreement to settle the Company's debt owed to NSM in exchange for the Company assigning and conveying the remaining 40% interest in the McKenzie Property to NSM. As a result of this agreement, the Company recognized a gain on settlement of debt in the amount of \$3,034,634 during the year ended December 31, 2011.

On December 9, 2011, the Company completed the acquisition of privately held Clairmont through the issuance of 4,000,000 common shares at \$0.32 per share and the assumption of legal fees, accounts payable and notes payable of \$264,000. Clairmont owns the Deltador Property which is comprised of 146 mineral claims northeast of the city of Rouyn-Noranda, Quebec. The Deltador Property is subject to a 2% net smelter royalty.

During the year ended December 31, 2012, the Company sold 3 claims from the Deltador property and all the claims under the Bluebird property for gross proceeds of \$50,000. No gain or loss was recognized on this transaction.

The Company has no plans to conduct further exploration of the Deltador property and, accordingly, has written off the carrying value to \$1 during the year ended December 31, 2012, resulting in an impairment of \$1,556,652. During the year ended December 31, 2013, the Company wrote off the remaining \$1.

During the year ended December 31, 2013, the Company incurred nil in deferred exploration and development costs and incurred nil in acquisition costs as compared to \$87,166 and \$138,000, respectively for the year ended December 31, 2012. The deferred exploration and development costs incurred in the prior year resulted from the Company incurring maintenance and geologist and geophysics costs on the Deltador property and Bluebird and Chassignole-Eagle properties. The acquisition costs for the year ended December 31, 2012 related to the acquisition of the Wedding Lake and Tavernier properties.

The Company has no plans to conduct further exploration work on the Wedding Lake and Tavernier properties and, accordingly, has fully impaired the properties, resulting in an impairment of \$138,000 during the year ended December 31, 2013.

The Company has no plans to conduct further exploration of the Bluebird property and Chassignole Eagle property and, accordingly, has fully impaired the property, resulting in an impairment of \$28,502 during the year ended December 31, 2013.

Geological information presented herein was summarized by Eugene Gauthier Eng., a qualified person under National Instrument 43-101. Mr Gauthier is a director of the Company.

Selected Interim Information

The following chart shows the financial results derived from the Company's financial statements for each of the three most recently completed three month periods ended March 31.

	March 31, 2016	March 31, 2015	March 31, 2014
Net comprehensive loss for the period	(206,798)	(3,760)	(103,335)
Loss per share	(\$0.00)	(\$0.00)	(\$0.00)
Total assets	\$2,728,680	\$1,659,244	\$1,711,352

Analysis of operations

Net Comprehensive Income (loss)

Comparison between years ended March 31, 2016 and 2015

Net loss for the period was \$206,798 as compared to 3,760 in the comparative period. The increase in net loss is primarily due to foreign exchange loss recorded on the cash held in escrow at March 31, 2016.

Comparison between years ended March 31, 2015 and 2014

Net loss for the period was \$3,760 as compared to 103,335 in the comparative period. The decrease in net loss is primarily due to lower management fees incurred in the current period.

Total assets

Comparison between March 31, 2016 and December 31, 2015

- Decrease in cash to \$131,049 for the period ended March 31, 2016 as compared to \$207,566 as at the year ended 2014. The decrease is primarily the result of payments against accounts payables and accruals during the quarter ended March 31, 2016.
- Exploration and evaluation assets had no change from December 31, 2015.

Comparison between March 31, 2015 and December 31, 2014

- Decrease in cash to \$62,782 for the period ended March 31, 2015 as compared to \$66,838 as at the year ended 2014. The decrease is primarily the result of expenses incurred for operations during the first quarter.
- Exploration and evaluation assets had no change from December 31, 2014.

SUMMARY OF QUARTERLY RESULTS

Year Ended	Quarter	Net Comprehensive Income (Loss) (in 000's)	Net Income (Loss) per Share (basic and fully diluted)
2011	Q1	(\$16)	(\$0.01)
2011	Q2	(\$63)	(\$0.01)
2011	Q3	\$2,991	\$0.66
2011	Q4	(\$252)	(\$0.02)
2012	Q1	(\$480)	(\$0.02)
2012	Q2	(\$78)	(\$0.00)
2012	Q3	(\$87)	(\$0.00)
2012	Q4	(\$1,229)	(\$0.06)
2013	Q1	(\$137)	(\$0.01)
2013	Q2	(\$128)	(\$0.01)
2013	Q3	(\$124)	(\$0.00)
2013	Q4	(\$104)	(\$0.00)
2014	Q1	(\$103)	(\$0.00)
2014	Q2	(\$60)	(\$0.00)
2014	Q3	(\$6)	(\$0.00)
2014	Q3	(\$46)	(\$0.00)
2015	Q1	(\$4)	(\$0.00)
2015	Q2	(\$24)	(\$0.00)
2015	Q3	\$43	0.00
2015	Q4	(\$1,522)	0.02
2016	Q1	(\$207)	(\$0.00)

2016-Q1 Decrease to net loss as compared to the prior quarter is primarily the result of the recording of the impairment of the Days Chapel Project in the prior quarter.

2015-Q4 Decrease to net loss from net income in the prior quarter is primarily the result of the recording of the impairment of the Days Chapel Project in the quarter.

2015-Q3	Increase to net income from prior quarter is primarily the result of the foreign exchange gain recorded on the cash held in escrow.
2015-Q2	Increase from prior quarter is primarily the result of transfer agent and filing fees incurred on the financing that closed in July 2015 and fees for the annual general and special meeting of its shareholders held in July 2015.
2015-Q1	Decrease from prior quarter primarily the result of reduced management fees in the current quarter.
2014-Q4	Increase from prior quarter primarily the result of fiscal 2014 year end accruals for management fees and accounting fees net of a write-off of accounts payable.
2014-Q3	Decrease from prior quarter primarily the result of decreased travel and entertainment expense, professional fees and management fees in Q3
2014-Q2	Decrease from prior quarter primarily the result of decreased professional fees and management fees in Q2
2014-Q1	Consistent with prior quarter
2013-Q4	Decrease from prior quarter is primarily the result of mining taxes recovery of \$208,472, net of the recording of property impairments of \$166,503.
2013-Q3	Consistent with prior quarter
2013-Q2	Consistent with prior quarter
2013-Q1	Impairment on Deltador property recorded in Q4
2012-Q4	Increase in comprehensive loss is primarily the result of recording the impairment on the Deltador property of \$1,556,652 in Q4
2012-Q3	Consistent with Q2
2012-Q2	Share-based compensation in Q1
2012-Q1	Share-based compensation and professional fees

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016, the Company had working capital of \$83,361 as compared to working capital of \$111,360 at December 31, 2015. The Company plans to continue to fund its operations through equity financings, there are no guarantees that the Company can do so in the future.

The Company had no material commitments for capital expenditures as at March 31, 2016.

OFF BALANCE SHEET ARRANGEMENTS

There are no off balance sheet arrangements.

PROPOSED TRANSACTIONS

None

TRANSACTIONS WITH RELATED PARTIES

The Company incurred management fees to certain current and former officers and directors of the Company. The amounts incurred during the three months ended March 31, 2015 and 2014 are as follows:

	2016	2015
	\$	\$
Management fees	-	2,000

As at March 31, 2016, \$1,750 (December 31, 2015 - \$1,750) was due to directors, or companies controlled by directors, of the Company which are unsecured, non-interest bearing and due on demand. The above transactions are in the normal course of operations and are recorded at the exchange amounts which are the amounts agreed upon between the parties.

CONTROLS AND PROCEDURES

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely.

Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements for the three months ended March 31, 2016.

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com. In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture 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.

OUTSTANDING SHARE DATA

Authorized share capital

Authorized: An unlimited number of common shares without par value; and
An unlimited number of non-voting preferred shares without par value.

Issued share capital

As at March 31, 2016 and the date of this MD&A there were 73,530,320 issued common shares and 100 issued preferred shares.

On September 30, 2015, the Company issued 4,000,000 common shares with a fair value of \$120,000 to settle \$200,000 in outstanding debt to related parties and recognized a gain on settlement of debt of \$80,000.

On July 13, 2015, the Company closed a private placement with Texas Oil. In connection with the closing of the private placement the Company issued into escrow 34,765,160 common shares of the Company for gross proceeds of \$1,590,138 (US\$1,250,000) and 100 preferred shares for gross proceeds of \$1,272,110 (US\$1,000,000) (the "Preferred Equity"). All of the common shares, preferred shares and US\$2,250,000 ("Investment Amount") were put into escrow.

The Investment Amount is to be used by the Company for ongoing farm-in expenditures on the Days Chapel Project and for general working capital.

Escrow shares

The escrow shares, and the Investment Amount will be released from escrow as follows:

- US\$250,000 and 20% of the common shares (6,953,032 common shares) to be released on closing of the private placement (released in September 2015);
- US\$1,000,000 and 80% of the common shares (27,812,128 common shares) to be released:
 - upon the Company's successful acquisition of a 50% working interest in the Days Chapel Project;
 - The Company, or an entity controlled by Texas Oil, is appointed the operator under the Days Chapel Project's JOA; and
 - The JOA is amended to reflect a revised non-participating operator penalty suitable to enhanced oil recovery projects.
- US\$1,000,000 and 100% of the preferred shares (100 preferred shares) to be released once the common shares and the funds received from the common shares have been released from escrow.

As at March 31, 2016, 27,812,128 common shares and 100 preferred shares are held in escrow.

As at March 31, 2016, \$2,595,000 (US\$2,000,000) of the Investment Amount is held in escrow.

Preferred shares

Upon the preferred shares being released from escrow they will have the following rights and restrictions:

- annual dividend of 15% of the Preferred Equity. No dividends shall be paid on any common shares unless dividends are paid according to the terms herein on all of the preferred shares;
- non-subordinable to the issuance of any additional shares, common shares or preferred, debt or any other issuance by the Company. The preferred shares cannot be diluted without the prior written consent of Texas Oil;
- preference in the event of liquidation or winding up of the Company (entitled to receive—in preference to the holders of common shares—the Preferred Equity plus any accrued but unpaid dividends as of the date of the winding up or liquidation;
- transferable without restriction or consent of the Company or other subsequent investors, to any third party and for any reason.

Stock Options

The Company has a rolling stock option plan whereby it can issue stock options up to 10% of the issued and outstanding common shares of the Company at the grant date. The plan allows for a maximum term of ten years, and the vesting period is determined by the board of directors. Each option permits the holder to purchase one common share of the Company.

	Number of options outstanding and exercisable
March 31, 2015, December 31, 2015 and 2014	800,000

The weighted average life remaining and exercise price of options outstanding as at December 31, 2015 are 1.68 years and \$0.10, respectively. The options expire on December 6, 2017.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Standards Issued but Not Yet Effective

The standard issued but not yet effective up to the date of issuance of the Company's financial statements that are likely to have an impact on the Company is listed below. Other than the one listed below the accounting standards or amendments to existing standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements. The Company intends to adopt these standards when they become effective.

IFRS 9 - Financial Instruments ("IFRS 9") - The standard is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application may be required however, transition reliefs are provided (including no restatement of comparative period information). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules under IAS 39.

FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at March 31, 2016, the Company had net financial assets of \$2,081,905 denominated in US dollars. A 10% change in the Canadian dollar versus the US dollar would cause a change of approximately \$208,191 to net and comprehensive loss.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2016 \$	December 31, 2015 \$
Loans and receivables:		
Cash	131,049	207,566
Cash held in escrow	2,595,000	2,773,800

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2016 \$	December 31, 2015 \$
Trade payables	-	48,276
Due to related parties	1,750	1,750

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount due to their short terms of maturity. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments classified as level 1 include cash and cash held in escrow.

RISK AND UNCERTAINTIES

Risks inherent in the nature of mineral exploration and development

Exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs.

Financial risks

The Company is an exploration company. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Claims and title risks

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Tax

No assurance can be made that Canada Revenue Agency or Quebec Minister of Revenue will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses.

Dependence on key personnel

The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Conflicts of interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith of view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Environmental risks

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com or at the Company's website: www.trinityvalleyenergy.com.

(signed)
Jeffrey Cocks, Director

(signed)
Michael Dake, Director

May 27th, 2016