

MENIKA MINING LTD.

Management's Discussion and Analysis
Nine month ended November 30, 2015
January 12, 2016

MENIKA MINING LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended November 30, 2015

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Menika Mining Ltd. (the "Company" or "Menika") was incorporated in British Columbia under the *Business Corporations Act* (British Columbia) and is engaged in the acquisition, exploration and development of resource properties. The Company's common shares are listed for trading on Tier 2 of the TSX Venture Exchange (the "Exchange") under the symbol "MML".

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the nine months ended November 30, 2015 and is prepared as of January 12, 2016. The MD&A should be read in conjunction with the Company's unaudited interim financial statements for the nine months ended November 30, 2015 and the audited consolidated financial statements for the years ended February 28, 2015 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its planned exploration activities, the adequacy of its financial resources and statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company 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 not to be as anticipated, estimated or intended. The Company provides 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.

Description of Business

Menika Mining Ltd. is an exploration stage company engaged in the acquisition, exploration and development of resource properties. As at November 30, 2015, the Company has interests in the following resource properties:

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1. RELIANCE GOLD PROPERTY, BRITISH COLUMBIA, CANADA

The Company holds a 100% interest in the Reliance property, which consists of approximately 977.7 hectares, located 10 kilometers north of the Historic Bralorne Gold Mine and five kilometers east of the town of Goldbridge, B.C.

HISTORICAL INFORMATION

During fiscal 2006, the Company added five claims comprising 21 units and two cells called the Carter, Carter 2, Carp 1, Carp 2 and Carp 3 claims to its Reliance property located in the Lillooet mining district covering 250.27 hectares.

The gold mineralization on the Reliance property is on the north-slope. The Carp 1, Carp 2 and Carp 3 claims are located on the north side of the Reliance and extend the boundary by 380 metres. The Carter claims cover a few fractions south of the Reliance, and extends the southern boundary by 2,240 metres. The estimated net area of the new property is 516.75 hectares, bringing the total Reliance claim area to 977.749 hectares.

The Reliance Group of claims is in good standing until 2017 and 2018 respectively.

During July and August 2006, the Company carried out further MMI soil sampling surveys on the Reliance property. The purpose was to extend the known anomalies as well as determine the response over the known mineralization from past exploration. This included the Imperial zone, the Treasure zone and the Mint zone.

During fiscal 2009 the Company signed a drilling contract for 10,000 feet of diamond drilling to be carried out on the Reliance property. The drilling program was completed, and a 43-101 Technical Report with results and recommendations can be viewed on SEDAR at www.sedar.com

During the year ended February 29, 2012, the Company wrote the Reliance Mining Group Claims down to \$1 to reflect the uncertainty related to its economic value.

During the nine month period ended November 30, 2015, there were \$Nil in exploration expenditures on the property.

2. AVA PROPERTY CLAIMS, BRITISH COLUMBIA, CANADA

On July 12, 2006, the Company acquired from Charles Boitard, the former president of the Company, seven claims located in the Deadman Valley, of British Columbia. During December 2006, the Company added the Ava 9, Ava 10 and the Mow 3 mineral claims to its portfolio, bringing the total to 2,336.479 hectares. During December 2012, four claims were left to expire with a total area of 1,015.940 hectares, bringing the total to 1,320.539 hectares, all in good standing. The claims are situated in the vicinity of the Vidette gold camp area and are easily accessible.

HISTORICAL INFORMATION

The claim group is located at and to the east of the village of Criss Creek, which is 37 kilometers north-northeast of Savona, located at the west end of Kamloops Lake. Access is good, with the localized main road running through the property. Claims belonging to other owners occur within six to 12 kilometers to the north, south, east and west of the AVA claims. The AVA claim group is of exploration interest because of mineralized float found within the area that reportedly ran 9 per cent copper, 0.7 per cent tungsten, 11 ounces per ton silver and 0.2 ounce per ton gold. The geology of the property is unknown because of widespread overburden cover. However, the government airborne magnetic survey showed that the southeastern part of the property is covered with Tertiary basalts, with the rest of the property being underlain by an unknown rock type that is not Tertiary basalts. It is not likely sedimentary rocks, but could be older volcanics or intrusives. The airborne survey also showed a lineation striking northeasterly through the centre of the property, with a second one intersecting it in a north-south direction. These lineations are indicative of structure such as faults, shear zones, or contacts, and where they intersect is of exploration interest because of the possibility of mineralizing fluids filling the resulting fractured rock.

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During December 2014, four claims were left to expire with a total area of 914.173 hectares, bringing the total to 264.124 hectares. The AVA claims were written down during the year ended February 29, 2012.

During the nine month period ended November 30, 2015, there were \$Nil in exploration expenditures on the property.

Risk Factors

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

Mining Industry is Intensely Competitive: The Company's business will be the acquisition, exploration and development of resource properties. The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

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

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

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

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

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Consolidated financial statements have been prepared assuming the Company will continue on a going concern basis: The Company's consolidated financial statements have been prepared on the basis that it will continue as a going concern. The Company incurred a loss of \$35,609 (2014: \$22,661) for nine months ended November 30, 2015. As at November 30, 2015, the Company had a working capital of \$7,877 (2014: \$24,169) and an accumulated deficit of \$5,646,687 (2014: \$5,611,078), which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. If the Company is unable to obtain adequate additional financing, it may be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would likely differ significantly from their going concern assumption carrying values.

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

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

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

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

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

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

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in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

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

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

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

Selected Annual Information

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the audited financial statements of the Company for the years ended February 28, 2015, 2014 and 2013 prepared in accordance with IFRS. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

The following selected financial information is extracted from the audited annual consolidated financial statements of the Company prepared in accordance with IFRS.

	28Feb15	28Feb14	28Feb13
Net Loss for the year	\$(32,640)	\$(209,740)	\$(97,589)
Loss per Share	\$(0.00)	\$(0.07)	\$(0.00)
Total Assets	\$13,130	\$32,709	\$23,943
Working Capital	\$(24,148)	\$8,492	\$(332,029)

The referenced unaudited interim consolidated financial statements of the Company above have been prepared in accordance with IFRS. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

Results of Operations

At November 30, 2015 total assets were \$17,411 compared to \$13,130 as at February 28, 2015. This increase in assets is the result of an increase in cash due to loans received during the quarter.

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The Company has no operating revenues. During the nine month period ending November 30, 2015, and November 30, 2014, the Company earned \$75 in interest income.

During the nine month period ended November 30, 2015, the Company had a net loss of \$35,609 compared to a net loss of \$22,661 for the same period in the prior year. Expenses increased as a result of increased filing and listing fees due to the completion of a private placement and the grant of options during the quarter. Activity pertaining to the exploration and advancement of the Company's properties and the acquisition of additional assets has been limited due to financial restrictions of the Company.

Summary of Quarterly Results

	30Nov15	31Aug15	31May15	28Feb15	30Nov14	31Aug14	31May14	28Feb14
Revenue	\$NIL	\$NIL	\$NIL	\$NIL	\$NIL	\$NIL	\$NIL	\$NIL
Net Income (Loss)	\$(9,856)	\$(7,260)	\$(8,892)	\$(29,957)	\$(6,933)	\$(3,983)	\$(11,470)	\$(101,804)
Basic/Diluted Loss per Share	\$(0.01)	\$(0.01)	\$(0.001)	\$0.00	\$(0.01)	\$(0.01)	\$(0.001)	\$0.07

The following discussion outlines the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factors in establishing the financial health of the Company. Of far greater significance are the resource properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties, none of which are possible to predict with any accuracy.

There are no general trends regarding the Company's quarterly results and the Company's business of resource exploration is not seasonal, as it can work on its property on a year-round basis (funding permitting). Quarterly results may vary significantly depending mainly on whether the Company has abandoned any properties or granted any stock options and these factors which may account for material variations in the Company's quarterly net income (losses) are not predictable. The major factor which may cause a material variation in net loss on a quarterly basis is the receipt of loans, the completion of a private placement or grant of options, which may be of a significant amount when completed. These loans can be seen in the quarters of February 28, 2015, May 31, 2015 and August 31, 2015, and the completion of a private placement can be seen in the quarter of February 28, 2014 and November 30, 2015. General and administrative costs tend to be quite similar from period to period, except in certain cases when there is an increase in corporate activities as may be seen in the quarters ended February 28, 2014 and February 28, 2015. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds and therefore has been incurring losses since inception. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements and the exercise of stock options. The Company also has raised funds through the sale of interests in its mineral properties. When acquiring interests in resource properties through purchase or option, the Company issues common shares or a combination of cash and shares to the vendors of the property as consideration for the property in order to conserve its cash. The Company expects that it will continue to operate at a loss for the foreseeable future and will require additional financing to fund the exploration of its existing properties and the acquisition of potential resource properties.

At November 30, 2015, the Company had cash of \$6,180, compared to cash of \$1,007 as at November 30, 2014. The Company has no off-balance sheet financing. The Company has no long-term debt. The Company's cash flow has

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increased due to the completion of the Company's private placement in the quarter ended November 30, 2015. Share capital has also increased due the aforementioned private placement completed during the quarter.

At this time, the Company has no operating revenues, and does not anticipate any operating revenues until the Company is able to find, acquire, place in production, and operate a resource property. Historically, the Company has raised funds through equity financing to fund its operations.

The Company will need to raise additional cash for working capital or other expenses. In addition, as a result of the Company's activities, unanticipated problems or expenses could result and require additional capital requirements, subject to TSX Venture Exchange policies and approvals.

The Company has no assets other than cash deposits and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes the Company does not have sufficient working capital at this time to meet its current financial obligations.

On September 17, 2015, the Company issued 650,000 non-flow through units at a price of \$0.08 per unit, for gross proceeds of \$52,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at an exercise price of \$0.10 for a period of five years from the date of closing. No Finder's fees were paid.

Related Party Transactions

During the nine months ended November 30, 2015, the Company entered into the following transactions with related parties:

Name and Relationship to Company	Transaction	Three months ended November 30, 2015	Nine months ended November 30, 2015	Three months ended November 30, 2014	Nine months ended November 30, 2014
		\$	\$	\$	\$
Delore Management, a company controlled by a former officer	Office Services	-	-	-	-

Critical Accounting Estimates

In the application of the Company's accounting policies, which are described in note 2 to the audited consolidated financial statements for the year ended February 28, 2015, management is required to make judgments, apart from those requiring estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- the determination of the element of costs recorded as exploration and evaluation assets and determination of reclamation obligations;
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiaries.

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

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Accounting Standards Issued but not yet Adopted:

IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has tentatively been set for January 1, 2018, however early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the financial statements as the classification and measurement of the Company's financial instruments is not expected to change given of the nature of the Company's operations and the types of financial instruments that it currently holds.

Fair Value of Financial Instruments

1. Fair value of financial instruments

The carrying values of cash and cash equivalents, amounts receivable and trade payables and accrued liabilities approximate their fair values because of their short term nature. The fair values of marketable securities are based on current bid prices at November 30, 2015.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of 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 for the asset or liability that are not based on observable market data.

There were no financial assets at fair value as at November 30, 2015:

During the nine months ended November 30, 2015, a mark-to-market loss of \$nil (2014 – \$nil) for marketable securities designated as available-for-sale has been recognized in other comprehensive loss.

There were no financial liabilities at fair value as at November 30, 2015, and January 12, 2016.

2. Financial instrument risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) 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. Financial instruments that potentially subject the Company to credit risk consist of

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advances made to related parties. The Company manages liquidity risk through the management of its capital structure and financial leverage. Management does not believe that there is significant credit risk arising from these advances. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

(ii) 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 monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial papers. Foreign exchange risk The Company's functional currency is the Canadian dollar. Therefore, the Company is not exposed to foreign exchange risk.

(iii) Market risk

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Financial assets and financial liabilities are not exposed to interest rate risk because they are non-interest bearing.

(c) Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of palladium, nickel, and gold. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

During the nine months ended November 30, 2015, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support the acquisition, exploration and development of exploration and evaluation assets such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or sell assets to settle liabilities. The Company has no long-term debt and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities, loans, advances from related parties and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's management of capital during the nine months ended November 30, 2015.

Outstanding Share Data

(1) Authorized and Issued Capital Stock

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a) Authorized - Unlimited common shares without par value.

b) Issued

As at November 30, 2015, and January 12, 2016 the Company had 11,659,948 common shares issued and outstanding.

(2) Options and Warrants Outstanding

a) Stock options outstanding are as follows:

The Company has a Rolling Stock Option Plan (the "Plan"), which follows the policies of the Exchange regarding stock option awards granted to employees, directors, and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

During the nine month period ended November 30, 2015, and January 12, 2016 the Company granted stock options to consultants of the Company. The Company granted a total of 1,100,000 options at an exercise price of \$0.10 per common share. These options are exercisable over a period of five years and vest immediately on grant.

b) Warrants outstanding are as follows:

As at November 30, 2015, and January 12, 2016, the Company had 10,650,000 warrants issued and outstanding.

Subsequent Events

On December 23, 2015, shareholders representing 6.59% of the Company's outstanding shares, reappointed Anita Algie, Samantha Stewart, Richard Ko and Peter Born, P.Geo. to the board of directors. Shareholders approved the special resolution to alter the name of the company, if and when deemed appropriate by the board of directors, and provided approval for the special resolution to consolidate the Company's issued and outstanding shares on a basis of up to a maximum of five (5) to one (1). Shareholders also re-approved the 10-per-cent rolling stock option plan, re-appointed Manning Elliott Chartered Accountants as auditor of the Company for the ensuing year, and authorized the directors to fix the remuneration to be paid to the auditor.

On December 29, 2015, three mineral claims (543162, 543165, and 543167) which comprise the Company's AVA Property expired. The Company intends to re-stake these claims.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com.