

# **IRONSIDE RESOURCES INC.**

**Management's Discussion and Analysis**

**For the Six Months Ended**

**December 31, 2016**

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TSX.V: **IRC**

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## Overview

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of Ironside Resources Inc. ("the Company" or "IRC"), as prepared at February 28, 2017, should be read in conjunction with the condensed interim consolidated financial statements and related notes for the six months ended December 31, 2016. The reader should also refer to the audited consolidated financial statements and MD&A for the year ended June 30, 2016.

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included in the following MD&A are expressed in Canadian dollars except where noted.

Additional information regarding the Company and its activities is available on SEDAR at [www.sedar.com](http://www.sedar.com), and also on the Company's web site at [www.ironsideresources.com](http://www.ironsideresources.com), or by requesting further information from the Company's head office located in Kelowna, British Columbia, Canada.

## Forward-Looking Statements

Statements in this report that are not historically based fact are forward looking statements involving known and unknown risks and uncertainties which could cause actual results to vary considerably. Readers are cautioned not to place undue reliance on forward-looking statements.

## Description of Business

IRC is a Canadian company incorporated under the Business Corporation Act of British Columbia. The Company was formed on September 28, 2010 with the amalgamation of Papuan Precious Metals Corp. ("Papuan") and Jalna Minerals Ltd. ("Jalna"). With an effective date of April 20, 2015 the name of the Company was changed from Papuan Precious Metals Corp. to Ironside Resources Inc. Trading under the symbol "IRC" on the TSX Venture Exchange commenced on April 21, 2015. Previously, trading under the symbol "PAU.V" commenced on October 1, 2010.

IRC is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties (exploration and evaluation assets). The Company's primary objective is to locate, acquire and evaluate mineral properties and to finance their exploration and potential development by way of joint venture, equity financing, option agreements or by other means. In March of 2015, the Company incorporated Adan Ventures Ltd., a British Virgin Islands corporation, in order to facilitate the purchase of the interest in the Wadi Sawawin project in Saudi Arabia. The Company also has a wholly owned subsidiary, Papuan Precious Metals Ltd. ("PPML"), located in Port Moresby, Papua New Guinea ("PNG"). As the Company no longer holds any rights to mineral tenements in PNG, PPML is considered dormant.

There are a number of inherent risks and uncertainties related to exploration and development, including, but not limited to: the ability to raise sufficient capital to fund further exploration and development; changes in economic conditions and/or financial markets; increases in input costs; litigation, legislation, environmental and/or other judicial, regulatory, political and competitive factors; technological or operational difficulties, inability to obtain access and/or permits; labour relations matters and economic issues that could materially affect precious metals exploration and mining.

## Liquidity and Capital Resources

Ironside is an exploration and evaluation company and has yet to determine whether its properties contain mineral resources that are economically viable. The recoverability of the amounts shown for exploration and evaluation assets, including acquisition costs and related exploration and evaluation costs, are dependent upon the existence of economically recoverable reserves, the ability of the

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Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The Company has no significant source of revenue and has certain cash requirements to maintain its mineral property interests and to meet its administrative overhead. Management has determined that the Company will be able to continue as a going concern for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business, and therefore, the annual consolidated financial have been prepared on a going concern basis and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to secure equity, debt or joint venture financing and generate profitable future operations.

The accompanying condensed interim consolidated financial statements for the six months ended December 31, 2016 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company is actively pursuing joint venture partners and has minimized its exploration activities and over-all operations in an effort to conserve cash until global market conditions improve.

The Company had cash and cash equivalents of \$71,454 as at December 31, 2016 with a negative working capital balance of \$67,072. In the prior year, the Company had cash and cash equivalents of \$401,588 and a negative working capital balance of \$23,424.

Accounts payable and accrued liabilities at December 31, 2016 were \$145,431 compared to \$453,470 as at December 31, 2015. The decrease is due to the debt settlement of the accrued salaries and fees payable to related parties.

### Overall Performance

The expenses incurred by the Company are typical of junior exploration and development companies that do not have an established cash flow from mining operations. Changes in these expenditures from quarter to quarter are impacted directly by non-recurring activities or events.

The Company's net and comprehensive loss for the six months ended December 31, 2016 was \$239,300 compared to the corresponding previous period loss of \$250,403 in 2015.

### Selected Annual Information (audited)

<b>For the year ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Net loss and comprehensive loss	\$ (5,373,228)	\$ (720,023)	\$ (864,223)
Total assets	628,238	5,522,146	6,013,977
Total liabilities	46,281	585,193	335,497
Shareholders' equity	581,957	4,936,953	5,678,480
Basic and diluted loss per common share	\$ (0.77)	\$ (0.14)	\$ (0.19)

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### Summary of Quarterly Results (unaudited)

Quarter Ended	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Total assets	\$ 488,088	\$ 549,467	\$ 628,238	\$ 5,853,662
Working capital	(67,072)	64,710	171,741	(126,774)
Net (loss) for the period	(132,026)	(107,274)	(5,028,567)	(94,258)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.48)	(0.01)

Quarter Ended	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Total assets	\$ 5,926,751	\$ 6,038,519	\$ 5,522,146	\$ 5,524,998
Working capital	(23,424)	110,008	(502,002)	81,248
Net (loss) for the period	(116,331)	(134,072)	(205,607)	(63,061)
Basic and diluted loss per common share	(0.02)	(0.02)	(0.04)	(0.01)

### Exploration and Evaluation Assets

#### Wadi Sawawin:

IRC announced on April 6, 2015, the formation of a Joint Venture ("JV") with Juniper Capital Partners Limited to acquire an interest in the highly strategic Wadi Sawawin Iron Ore project in Saudi Arabia. The JV has acquired London Mining PLC's contractual equity rights to a 25% carried interest of the project which is owned by National Mining Company ("NMC") of Saudi Arabia.

The Company is obligated to provide initial funding to the JV in the amount of US\$375,000 with Juniper and the Company then contributing additional funds to the JV pro-rata so that each partner will provide one-half of the additional funds required by the JV. Juniper has agreed to manage the JV's interests in the project for a minimum of two years. Juniper is a natural resources focused investment and advisory business with offices in Singapore, London and representation in Riyadh.

The Wadi Sawawin property is an advanced-stage iron ore exploration project located in the Northern Hijaz region of the Kingdom of Saudi Arabia. Situated 125km from Tabuk and just 60km from the port of Duba on the Red Sea, the open pit project could supply Saudi Arabia with a domestic source of DRI (direct reduced iron) pellets for use in the DRI steel plants which account for 90 percent of steel production in the Middle East and North Africa region.

NMC holds Exploration licences for each of the Western, Eastern and Al Hamra Blocks and a 30 year Exploitation licence for part of the Western block where the main deposit is located. Within the Western Block, the project hosts Algoma-type Jaspilitic iron ore which forms a bedded deposit in a sequence of volcanoclastic and sedimentary rocks whose primary iron mineral is hematite (Fe<sub>2</sub>O<sub>3</sub>) and secondary iron mineral is magnetite (Fe<sub>3</sub>O<sub>4</sub>).

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### **New Hanover:**

During the year ended June 30, 2016, a loss of \$4,998,763 was recognized upon the relinquishment of the 100% PPM owned EL-1566 – New Hanover. The Company no longer holds any exploration permits in Papua New Guinea.

### **Related Party Transactions**

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the six months ended December 31, 2016 were \$150,000 (December 31, 2015 - \$150,000). There were no share-based payments granted to key management personnel during the period ended December 31, 2016 and 2015.

The following transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

- Included in accounts payable at December 31, 2016 is \$259 owing to related companies for rent and general administrative costs (June 30, 2016 – \$1,102);
- Included in accrued liabilities at December 31, 2016 is \$126,000 owing to officers and directors for consulting fees (June 30, 2016 - \$18,000); On June 30, 2016, the Company completed a Debt Settlement agreement with the CEO and directors of the Company. As a result, a total of 3,311,111 shares at a value of \$223,500 were issued and a gain of \$147,500 was recognized through profit and loss;
- Included in advances to related parties at December 31, 2016 is \$88,326 (June 30, 2016 - \$83,695). As at December 31, 2016, a provision for doubtful accounts was recorded for the full amount of the advance outstanding.

### **Outstanding Share Data**

As at February 28, 2017 the Company had 10,425,677 common shares outstanding.

As at February 28, 2017, 323,333 exercisable share options at \$0.75/share were outstanding with an expiration date of April 14, 2017.

### **Private Placement Financings**

On July 10, 2015, the Company announced the completion of a private placement with Ballyliffin. Ballyliffin acquired 2,189,200 common shares of the Company at a price of \$0.125 per share for gross proceeds of \$820,950. The Company shares acquired by Ballyliffin were subsequently distributed to the shareholders of Ballyliffin in exchange for their shareholdings in Ballyliffin. The Company incurred \$34,218 in financing costs in relation to this transaction. The record date is July 9, 2015.

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### **Financial Instruments**

The Company classifies its cash and cash equivalents as held-for-trading. Amounts receivable are classified as loans and receivables, measured at amortized costs. Accounts payable and accrued liabilities are classified as other liabilities and are measured at amortized costs.

### **Significant Accounting Policies**

A summary of the Company's significant accounting policies is included in Note 3 of the audited consolidated financial statements for the year ended June 30, 2016.

### **New Standards, Amendments and Interpretations**

The IASB has issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after July 1, 2016. None of the new or revised standards or amendments is expected to have any significant impact to the Company's financial statements.

### **Critical Accounting Estimates**

The preparation of consolidated financial statements in conformity with IAS 3 requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Accounts that require significant estimates as the basis for determining the stated amounts include exploration and evaluation expenditures and share-based payments. The assessment of any impairment of exploration and evaluation assets is based on the estimated recovery of future exploitation or sale where the activities have not reached a stage which permits a reasonable assessment of existence of reserves. Share-based payment expense is calculated using Black-Scholes pricing model which requires significant judgment as to considerations such as stock option lives and stock volatility.