# Malbex Resources Inc.

## Management's Discussion & Analysis

**FOR THE YEAR ENDED DECEMBER 31, 2015**

*This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations of Malbex Resources Inc. ("Malbex" or the "Company") to enable a reader to assess material changes in the financial condition and results of operations of the Company as at and for the year ended December 31, 2015. This MD&A should be read in conjunction with the consolidated financial statements and notes thereto of the Company for the year ended December 31, 2015 and fifteen months ended December 31, 2014 ("Statements").*

*The Company's Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").*

*Joseph Hamilton, the Company's President and CEO, is a Professional Geoscientist in the Province of Ontario and is the Qualified Person as defined by National Instrument 43-101 responsible for the technical information contained in this MD&A.*

*All amounts included in this MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of April 29, 2016. Readers are encouraged to read the Company's public filings, which can be viewed on the SEDAR website (www.sedar.com).*

*On January 8, 2016, the Company completed the share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. As part of the share consolidation, the stock options were also consolidated and the exercise price adjusted to reflect the consolidation. The share consolidation has been reflected in this MD&A and all applicable references to the number of shares and stock options and their strike price and per share information has been restated.*

## RECENT HIGHLIGHTS

- December 31, 2015: Working capital of $6.0 million, including cash-on-hand of $6.7 million, compared with working capital of negative $0.7 million, including cash-on-hand of $0.1 million, at December 31, 2014.
- In April 2015, Malbex sold its indirect interest in the Del Carmen Project for US$4.75 million cash and retained a 0.5% net smelter royalty on any future production.
- In August 2015, Malbex received the refund of the US$1.0 million held as security for the contractual guarantee on the Del Carmen Project.

## STRATEGIC OBJECTIVE

In April 2015, Malbex sold its indirect interest in the Del Carmen Project for US$4.75 million cash and retained a 0.5% net smelter royalty on any future production. As a result the Company has no current exploration or development properties. The Company will continue to examine business opportunities in a number of sectors as it formulates a new strategic direction.

While the Company had applications pending for a property in an emerging gold belt in the western Dominican Republic, it did not receive approval for this application from the Department of Mines in Santo Domingo, Dominican Republic. As a result of continued and inexplicable delays in the application process, the Company terminated the application and ceased all activities in the Dominican Republic in late March 2015.

## OUTLOOK

The capital markets continue to be extremely challenging for exploration companies. The sale of the indirect interest in the Del Carmen Project has allowed the Company to significantly enhance its balance sheet liquidity during this challenging period. The strategic objectives are currently under review as management searches for new opportunities or business combinations. A stronger balance sheet should allow the Company to identify, evaluate and advance opportunities and projects without immediate access to the fragile capital markets.

## SELECTED ANNUAL FINANCIAL INFORMATION

| | Year ended December 31, 2015 ($) | Fifteen months ended December 31, 2014 ($) | Year ended September 30, 2013 ($) |
|---|---|---|---|
| | | | |
| Net loss (income) | (5,375,378) | 1,040,172 | 3,276,234 |
| | | | |
| Basic and diluted loss (income) per share | (0.37) | 0.08 | 0.20 |
| | | | |
| Total assets | 6,760,782 | 1,780,873 | 1,890,138 |

## SELECTED QUARTERLY FINANCIAL INFORMATION

| Three Months Ended | Total Revenue ($) | Loss (income) | | Total Assets ($) |
|---|---|---|---|---|
| | | Total ($) | Per Share ($) | |
| December 31, 2015 | - | 162,721 | 0.01 | 6,760,782 |
| September 30, 2015 | - | (240,005) | (0.02) | 6,645,503 |
| June 30, 2015 | - | (5,423,939) | (0.37) | 6,357,714 |
| March 31, 2015 | - | 125,845 | 0.01 | 1,808,761 |
| December 31, 2014 | - | (108,993) | (0.01) | 1,780,873 |
| September 30, 2014 | - | (149,318) | (0.01) | 1,770,986 |
| June 30, 2014 | - | 1,006,821 | 0.08 | 1,358,768 |
| March 31, 2014 | - | (26,774) | (0.00) | 1,867,958 |

## RESULTS OF OPERATIONS

On April 6, 2015 the Company entered into an agreement with Barrick Gold Corporation ("Barrick") pursuant to which Barrick agreed to acquire the balance of Malbex's interest in the Del Carmen project in San Juan Province, Argentina (the "Del Carmen Project") for US$4.75 million and retained a 0.5% net smelter royalty on any future production. At that time Malbex's interest in the Del Carmen Project was indirectly held through a 95%-owned entity which had an exploration agreement covering the Del Carmen Project (the "Joint Venture Company"). The remaining 5% interest in the Joint Venture Company was owned by a wholly-owned subsidiary of Barrick, and the entity was operated as a Joint Venture Company pursuant to a Shareholders' Agreement dated August 28, 2014 which provided, among other things, that Barrick had the option to earn a 51%, and then a 75% interest, in the Del Carmen Project by meeting certain expenditure requirements. In addition, the Shareholders' Agreement provided for Barrick to become the owner of 100% of the shares of the Joint Venture Company if Malbex's interest at any time fell to 10% or less of the outstanding shares pursuant to a dilution mechanism. In lieu of possible future dilution, the sale of the Company's interest in the Joint Venture Company accelerated the consolidation of Barrick's interest in the Del Carmen Project in exchange for the certainty of a substantial upfront payment to Malbex and a 0.5% net smelter royalty on the Del Carmen Project granted to Malbex.

As a result of the sale of its interest in the Joint Venture Company to a subsidiary of Barrick, the Company no longer has any interest in the Exploration Contract that covers the Del Carmen Project. As a result, the US$1.0 million cash deposit that was used to secure the Company's performance under the exploration contract was returned in August 2015.

Three months ended December 31, 2015 compared to three months ended December 31, 2014

The Company's net loss totaled $162,721 for the three months ended December 31, 2015, with basic and diluted loss per share of $0.01. This compares with a net income of $108,993, with basic and diluted income per share of $0.01 for the three months ended December 31, 2014. The decrease from net income of $271,714 to a net loss was principally because:

- For the three months ended December 31, 2015, exploration and evaluation expenditures went from a recovery of $347,075 to a recovery of $143,639. The recovery in the current period is a result of the decrease in the administrative penalty payable to reflect the actual paid.
- For the three months ended December 31, 2015, professional fees decreased $89,487 due to legal expenses incurred related to the agreement with Barrick in the prior period partially offset by the inclusion of CFO fees in the current period in professional fees versus salaries and benefits in the comparable period and costs related to examining business opportunities.
- For the three months ended December 31, 2015, corporate expenses increased $235,487 mainly due to the writing off the Company's HST receivable balance in the period and non-salary and benefit expenses from Argentina being included in corporate expense subsequent to the sale of the Del Carmen Project versus exploration and evaluation expenditures.

Year ended December 31, 2015 compared to fifteen months ended December 31, 2014

The Company's net income totaled $5,375,378 for the year ended December 31, 2015, with basic and diluted income per share of $0.37. This compares with a net loss of $1,040,172, with basic and diluted loss per share of $0.08 for the fifteen months ended December 31, 2014. The change from a net loss to net income of $6,415,550 was principally because:

- For the year ended December 31, 2015, exploration and evaluation expenditures went from a recovery of $324,760 to a recovery of $94,036. The recovery in the current year is a result of the decrease in the administrative penalty payable to reflect the actual paid.
- For the year ended December 31, 2015, the foreign exchange gain increased $650,593 due to fluctuations of the Argentinean Peso and US Dollar against the Canadian Dollar.
- For the year ended December 31, 2015, the Company recorded a gain on sale of mineral property interests of $5,689,700 due to the sale of the Company's interest in the Del Carmen Project.

- For the fifteen months ended December 31, 2014, impairment of property and equipment was $220,003 due to the determination that the property and equipment in Argentina has no further value as a result of transfer of the interest in the Del Carmen Property and the subsequent sale of the remaining property and equipment in Canada.
- For the year ended December 31, 2015, professional fees increased $162,699 due to legal expenses incurred related to the sale of the Del Carmen Project to Barrick in the current period, the inclusion of CFO fees in the current period in professional fees versus salaries and benefits in the comparable period and costs related to examining business opportunities. This was partially offset by legal costs related to the Shareholders' Agreement with Barrick in the prior period.
- For the year ended December 31, 2015, salaries and benefits decreased $249,881 mainly due to salary and severance payments in the prior period for the former CFO.

# CASH FLOW STATEMENT

## *Liquidity, Capital Resources and Contractual Obligations*

As December 31, 2015 the Company had working capital of $5,992,928 (December 31, 2014 – negative $714,585) and held cash of $6,733,689 (December 31, 2014 - $104,306). The increase in working capital at December 31, 2015 is due to the sale of the Company's interest in the Del Carmen Project and the refund of the US$1.0 million held as security for the contractual guarantee on the Del Carmen Project, partially offset by Argentinean and Canadian corporate working capital requirements. The Company has certain VAT receivables which are fully provided for at present, which Malbex may recover in the future. There is no guarantee of the sufficiency or success of this recovery. In the year ended December 31, 2015, the Company received no VAT repayments from the Argentinean government compared to a repayment of $1,038,651 in the fifteen month period ended December 31, 2014.

The Company's only sources of liquidity are its cash balances, the exercise of stock options, the equity markets and related party debt from promissory notes. On an ongoing basis, the Company examines various financing alternatives to address future funding requirements. There is no guarantee of the sufficiency or success of these initiatives. See "Results of Operations" above.

The timing and ability to complete any future funding efforts will depend on the liquidity of the financial markets, the willingness of investors to finance resource based junior companies, the results of the Company's exploration activities and the willingness of investors to support the acquisition of projects. At this time, the Company has no profit from operations; therefore, it will have to rely on its ability to obtain equity or debt financing for growth. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable to the Company.

# RELATED PARTY AND OTHER TRANSACTIONS

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of key management personnel is determined by the compensation committee having regard to the performance of individuals and market trends and was as follows:

| | Year ended December 31, 2015 ($) | Fifteen months ended December 31, 2014 ($) |
|---|---|---|
| Management salaries | 94,754 | 274,659 |
| Termination benefits | - | 130,000 |
| Director fees | 75,000 | 93,750 |
| **Total** | **169,754** | **498,409** |

During the year ended December 31, 2014, the Company reported transactions with TMAC Resources Inc. ("TMAC"), a related party by virtue of sharing two common directors with Malbex, whereby TMAC reimbursed Malbex for shared office costs. Transactions during the year ended December 31, 2014 totaled $86,033.

During the year ended December 31, 2015, promissory notes totaling $nil (period ended December 31, 2014 - $95,000) were signed with three directors for total principal of $245,000. The notes were due on demand and bore interest at 9 percent per annum. Interest accrued on the notes during the year ended December 31, 2015 of $6,645 (period ended December 31, 2014 - $21,475) was charged to interest expense. During the year ended December 31, 2015, the promissory notes were repaid.

The Company received consulting services from Pickax International Corporation ("Pickax"), a company controlled by the President and Chief Executive Officer ("CEO"). During the year ended December 31, 2015 the Company incurred $45,000 (period ended December 31, 2014 - $65,000) for CEO services. As at December 31, 2015, Pickax was owed $1,000 (December 31, 2014 - $94,100) and this amount was included in accounts payable and accrued liabilities.

The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"), a firm also providing accounting services. During the year ended December 31, 2015 the Company incurred $49,754 (period ended December 31, 2014 - $nil) for CFO and accounting services rendered by MSSI. As at December 31, 2015, MSSI was owed $8,359 (December 31, 2014 - $nil) and this amount was included in accounts payable and accrued liabilities.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

### *General and Administrative*

| | Year ended December 31, 2015 ($) | Fifteen months ended December 31, 2014 ($) |
|---|---|---|
| Corporate expenses | 428,491 | 290,661 |
| Salaries and benefits | 95,240 | 345,121 |
| Travel | - | 23,547 |
| Investor relations | 43,175 | 62,163 |
| Professional fees | 525,371 | 362,672 |
| Depreciation | - | 14,916 |
| **Total** | **1,092,277** | **1,099,080** |

### *Exploration and Evaluation Expenditures*

| Argentina | Year ended December 31, 2015 ($) | Fifteen months ended December 31, 2014 ($) |
|---|---|---|
| Land / Concession | (1,815) | 122,786 |
| Geology | - | 3,161 |
| Environmental studies | - | 8,466 |
| Logistics and indirect costs | 37,268 | 640,626 |
| Depreciation | - | 38,806 |
| Value-added tax | 10,162 | 61,213 |
| Value-added tax recovery | - | (1,038,651) |
| Gain on completion of private placement | - | (549,238) |
| Fine by Mining Police | (139,651) | 388,071 |
| **Total** | **(94,036)** | **(324,760)** |

## CRITICAL ACCOUNTING ESTIMATES

### *Functional currency*

Under IFRS, each entity within the Company has its results measured using the currency of the primary economic environment in which the entity operates (the "functional" currency). Judgment is necessary in assessing each entity's functional currency. The Company considers the currency of expenses and outflows, as well as financing activities as part of its decision-making process.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of voting common shares without par value and an unlimited number of preferred shares, issuable in series.

As of the date of this MD&A, the Company had 14,654,730 issued and outstanding common shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

| Options | Expiry Date | Exercise Price ($) |
|---|---|---|
| 157,500 | January 16, 2017 | 4.50 |
| **157,500** | | |

## OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## CHANGE IN ACCOUNTING POLICIES

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2015. These changes were made in accordance with the applicable transitional provisions.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. On January 1, 2015, the Company adopted this standard and there was no significant impact on the consolidated financial statements.

IAS 36, Impairment of Assets ("IAS 36") was amended by the IASB in May 2013. The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units are required to be disclosed, clarifies the disclosures required, and introduces an explicit requirement to disclose the discount rate used in determining impairment. On January 1, 2015, the Company adopted this standard and there was no significant impact on the consolidated financial statements.

IFRIC Interpretation 21, Levies ("IFRIC 21") was published in May 2013. IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. On January 1, 2015, the Company adopted this standard and there was no significant impact on the consolidated financial statements.

## FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9 – Financial instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit or loss ("FVTPL"), those measured at fair value through other comprehensive income ("FVOCI") and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the consolidated statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting, however, there is no impact to the Company from these amendments as it does not apply hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet assessed the impact of adoption.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company has not yet assessed the impact of adoption.

## CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of capital stock, contributed surplus, deficit and accumulated other comprehensive income, which at December 31, 2015 totaled $5,992,928 (December 31, 2014 - $451,601).

When managing capital, the Company's objective is to ensure Malbex continues as a going concern, to identify a new project as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management reviews and adjusts its capital structure on an ongoing basis. There can be no assurance that the Company will be able to continue to meet its funding requirements in this manner.

The Company is dependent on external financing to fund its activities. In order to identify a new project and pay for administrative costs, the Company will spend its existing working capital and may issue new shares to facilitate the management of its capital requirements.

## FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk, including interest rate, foreign currency rate, and commodity price risk.

Financial risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### *Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, restricted cash and receivables. Cash is held with Canadian, and Argentinean chartered banks which are closely monitored by management. Restricted cash was held on deposit by a reputable Swiss insurance company.

## *Liquidity Risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had cash and receivables of $6,740,465 to settle current liabilities of $767,854. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

## *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices.

i) Interest Rate Risk

The Company has cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in interest-bearing accounts of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

ii) Foreign Currency Risk

The Company's functional currency is the Canadian Dollar. Major purchases are transacted by the subsidiaries in Argentinean Pesos and US Dollars. The Company funds certain operations, exploration and administrative expenses in Argentina using the US Dollar. The Company's restricted cash and a portion of its cash is denominated in US Dollars. Management does not hedge its foreign exchange risk. As at December 31, 2015, approximately USD$4.5M ($6.3M) of the Company's cash is held in USD.

iii) Commodity Price Risk

The Company was exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors commodity prices as they relate to precious metals and the stock market to determine the appropriate course of action to be taken.

## *Financial Instruments*

The Company has designated its cash, restricted cash and receivables as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and promissory notes are classified as other financial liabilities, which are measured at amortized cost. The Company's financial instruments are exposed to certain financial risks, including currency risk and interest risk.

As at December 31, 2015 and December 31, 2014, the carrying value and fair value amounts of the Company's financial instruments were approximately equivalent.

### *Sensitivity Analysis*

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible":

i) The Company is exposed to interest rate risk on its cash balances. A fluctuation of a plus or minus 0.25% change in the interest rate received would affect net loss and comprehensive loss by approximately $17,000 with all other variables held constant.

ii) The Company is exposed to foreign currency risk on fluctuations related to cash, restricted cash and accounts payable and accrued liabilities that are dominated in US Dollars, Argentinean Peso and European Euro. A fluctuation of a plus or minus 10% change in the foreign exchange rates would affect net loss and comprehensive loss by approximately $602,000 with all other variables held constant.

## DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Statements; and (ii) the Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

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"), this 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. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) 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
ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (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 this certificate. 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.

## RISK FACTORS

An investment in securities of the Company is highly speculative and involves significant risks. There are various risk factors that could have a material adverse effect on, among other things, the operating results, properties, business and condition (financial or otherwise) of the Company. Any prospective investor should carefully consider those risk factors and all of the other information contained in the Company's Annual Information Form dated December 30, 2013 and elsewhere, or incorporated by reference (including information contained in the section entitled "Forward-Looking Statements") before purchasing any of the securities of the Company. The risks described herein, or in documents incorporated herein by reference, are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially and adversely affect its operating results, properties, business and condition (financial or otherwise).

As a result of the disposition of the Company's sole property in March of 2015 (which closed in April 2015), it does not currently have any active exploration or development projects. While the Company is currently in the process of examining business opportunities as it formulates a new strategic direction, the Company may currently be considered to be operating with more than one deficiency under the TSX-V Tier 2 continued listing requirements. A failure to remedy these deficiencies in a prescribed period could result in the Company's common shares being transferred to the NEX, which is a unique and separate board of the TSX-V for listed companies that have fallen below the TSX-V's ongoing listing requirements.

## FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws which is prospective in nature. Forward-looking information by its nature requires the Company to make assumptions and is subject to inherent risks and uncertainties. Forward-looking information includes, but is not limited to, statements about strategic plans, future operations, cost estimates, sustaining capital, anticipated financial results, future work programs, capital expenditures and objectives, evolution and economic performance of projects, budgets and targets, continuity of a favourable markets, contractual commitments, continuous availability of required manpower and continuous access to capital markets, future ability to finance projects and other statements that express management's expectations or estimates regarding the timing of completion of various aspects of business or of the Company's future performance. Forward-looking information is generally, but not always, identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative or other variations of these words or comparable terminology. The Company has made certain assumptions about the Company's business, the economy and the mineral exploration industry in general and has also assumed that there will be no significant events occurring outside of the Company's normal course of business.

Readers are cautioned not to place undue reliance on the forward-looking information herein because a number of factors, known and unknown, could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information. There can be no assurance that forward-looking information will prove to be accurate. The following are material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information in this MD&A: the inability of the Company to identify new business opportunities and consummate transactions, risks normally incidental to exploration and development of mineral properties, changes in governmental regulation adverse to the Company, risks normally associated with operating in foreign jurisdictions, environmental risks, lack of adequate infrastructure at the Company's projects, economic uncertainties, the inability of the Company to obtain additional financing when and as needed, dependence on a small number of key personnel, competition from other businesses, the future price of gold and other metals and commodities, fluctuation in currency exchange rates, title defects, and other related matters. Although the Company has attempted to identify material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information, there may be other factors that could cause results to differ from what is anticipated, estimated or intended. Those factors are described or referred to under the heading "Risk Factors" in the Company's most recently filed Annual Information Form dated December 30, 2013.

All forward-looking information contained in this MD&A is given as of the date hereof. Except as required under applicable laws, the Company undertakes no obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.