

MAG COPPER LIMITED

MANAGEMENT'S DISCUSSION & ANALYSIS

December 31, 2015

Management's discussion and analysis (MD&A) current to April 12, 2016, is management's assessment of the statement of operations and the financial results together with future prospects of Mag Copper Limited ("Mag Copper" or the "Company"). The MD&A should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2015 and 2014. This discussion contains forward-looking statements that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to Mag Copper's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. Additional information relevant to the Company's activities including the Company's Annual Report and audited consolidated financial statements can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Mag Copper to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Mag Copper to fund the capital and operating expenses necessary to achieve the business objectives of Mag Copper, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Mag Copper. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Mag Copper should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" and "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements contained in any documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

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Overview

The Company is a reporting issuer, whose common shares commenced trading on July 26, 2005 on the Canadian National Stock Exchange (nCNSXð) (CNSX Symbol i QUE).

As at April 12, 2016, the directors and officer of the Company were:

Chris Irwin	Interim President and Director
Marco Guidi	CFO
Lisa McCormack	Corporate Secretary
Greg Gibson	Director
Terry Loney	Director
John Carter	Director
Dan Weir	Director

The Company is engaged in the acquisition and exploration of properties with the potential for base metal, gold and other mineral commodities. The Company, either directly or through joint venture partnership, holds interests in exploration properties in Ontario and Quebec, Canada. No director, officer, insider or promoter of the Company has any interest in the mineral properties located contiguously to the property interests of the Company.

Updates:

- On February 18, 2016, the Company received notice of termination of the option agreement between Globex Mining Enterprises Inc. and Mag Copper with respect to the Magusi and Fabie Bay properties.
- On February 25, 2014, the Company acquired seven additional mining claims in the Halle Township, Quebec. These claims adjoin the southeast corner of the Mag Copper/ Richmond Minerals Halle Township Joint Venture Property located near Belleterre, Quebec and contain the southeast extension of the GEOTEM airborne anomaly identified by Mag/Richmond during the Phase I exploration program in 2006.

The claims are being acquired from Fieldex Exploration. Pursuant to the terms of agreement Richmond and Mag will each acquire 50% interest in the claims by issuing 250,000 of their common shares each to Fieldex. Fieldex retains the right to back-in anytime for a 33 1/3 interest in the claims by reimbursing twice the exploration funds invested in these claims by Richmond/Mag.

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Exploration and evaluation assets

Magusi River/Fabie Bay Property

On April 28, 2011, the effective date, the Company, through its subsidiary, signed an option agreement with Globex Mining Enterprises Inc. The Company paid \$150,000 for the exclusivity agreement. The Company has an option to acquire 100% interest in the properties located in Hebecourt, Duparquet, Duprat, and Montbray Townships in the Province of Quebec.

The Company can exercise the option as follows:

- (a) Making an aggregate total of \$1,075,000 of cash payment:
 - (i) \$25,000 as a non-refundable deposit (paid)
 - (ii) \$100,000 on or before the effective date (paid);
 - (iii) \$125,000 on or before the six (6) month anniversary of the effective date (paid);
 - (iv) \$125,000 on or before the twelve (12) month anniversary of the effective date (paid);
 - (v) \$300,000 on or before the twenty-four (24) month anniversary of the effective date (amended as per below); and
 - (vi) \$400,000 on or before the thirty-six (36) month anniversary of the effective date (amended as per below).
- (b) Issuing 13,500,000 common shares (issued)
- (c) Making an aggregate total of \$10,250,000 of expenditures on the property as follows:
 - (i) \$750,000 on or before the one (1) year anniversary of the effective date (incurred);
 - (ii) Additional \$1,500,000 on or before the two (2) year anniversary of the effective date (incurred);
 - (iii) Additional \$3,000,000 on or before the three (3) year anniversary of the effective date (amended as per below);
 - (iv) Additional \$5,000,000 on or before the four (4) year anniversary of the effective date (amended as per below).
- (d) Completing a Bankable Feasibility Study on the property on or before the four (4) year anniversary.

On April 8, 2013, the Company amended the terms of its option agreement with Globex Mining Enterprises Inc. with respect to the Magusi and Fabie Bay properties. Under the terms of the amending agreement the due date for a \$300,000 payment which were due to Globex on April 28, 2013, has been extended to three \$100,000 payments due on April 28, 2013, August 28, 2013 and December 28, 2013, respectively. In addition, expenditure commitments of \$8,000,000 (\$3,000,000 to be incurred on or before April 28, 2013 and \$5,000,000 to be incurred on or before April 28, 2014) have each been extended for a 12 month period to April 28, 2014 and 2015, respectively.

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On April 28, 2014, the Company amended the terms of its option agreement with Globex with respect to the Magusi and Fabie Bay properties. Under the terms of the amending agreement, the due date for a \$400,000 payment which was due to Globex on April 28, 2014, was extended and amended to be four \$100,000 payments due on April 28, 2014 (paid), August 31, 2014 (paid), December 31, 2014 and April 28, 2015, respectively. In addition, expenditure commitments of \$8,000,000 (\$3,000,000 to be incurred on or before April 28, 2014 and \$5,000,000 to be incurred on or before April 28, 2015) have each been extended for 12 month periods to April 28, 2015 and 2016, respectively.

The Company has not currently met the initial \$3,000,000 expenditure commitment and has made a partial payment of \$25,000 towards the December 31, 2014 instalment of \$100,000 due. As at December 31, 2015, the Company has not paid the remaining \$75,000 towards the December 31, 2014 instalment and has not paid the \$100,000 instalment due April 28, 2015 for a total outstanding option payment payable of \$175,000 and has not incurred the required expenditure commitments.

On February 18, 2016, the Company received notice of termination of the option agreement between Globex Mining Enterprises Inc. and Mag Copper with respect to the Magusi and Fabie Bay properties.

In accordance with National Instrument 43-101 (NI 43-101) requirements, Roscoe Postle Associates Inc. (RPA) has prepared the Mineral Resource Estimate for the Magusi River Deposit using 3D block modeling. The effective date of this Mineral Resource Estimate is March 21, 2012.

The following table summarizes the Mineral Resource Estimate:

Area	Tonnes	Cu%	Zn%	Ag (g/t)	Au (g/t)	NSR (\$/t)(1)
High Grade Copper	729,000	3.26	0.58	43.4	0.41	183
High Grade Zinc	580,000	0.39	8.57	42.1	2.34	174
Total Indicated	1,309,000	1.99	4.12	42.8	1.27	179
Inferred	355,000	3.41	0.39	24.2	0.26	182

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of \$110 NSR/tonne.
3. Mineral Resources are estimated using an average long-term copper price of US\$3.50 per pound, a zinc price of US\$0.95 per pound, a gold price of US\$1,300 per ounce, a silver price of US\$21.00 per ounce, and a US\$/C\$ exchange rate of 1.00 to 1.00.
4. Grade interpolation was carried out with inverse distance squared (ID2) method.
5. Mag provided RPA with NSR multipliers per metal unit. The NSR multipliers, which vary with head grades and metal recoveries, are based on SGS Lakefield metallurgical tests. The NSR values were calculated for each assay as well as each block in the model.
6. Minimum underground mining width of two metres was used.

The Mineral Resource Estimate is based on approximately 56,200 metres of diamond drilling in 258 holes including 28,170 metres in 119 holes that were carried out during a drill program undertaken on the Magusi River Deposit during 2007-2008. Most of the 2007-2008 holes were NQ diameter.

The Magusi River Deposit is an auriferous copper and zinc rich VMS mineralization. It consists of an east-west striking and 50 degrees south dipping sheet of stratiform, pyritic banded massive sulphides that reaches a maximum thickness of 35 metres.

The Magusi River Deposit is open at depth and laterally and several drill holes indicate a good potential for additional mineralization.

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Subsequently, a total of 4,591 metres of drilling was completed in 13 holes for this program. Highlights include:

- **MD-12-02 with 1.08% Cu, 1.23% Zn, 0.34 g/t Au and 25.63 g/t Ag over 24.13 m true width including a high grade interval of 0.67% Cu, 6.33% Zn, 0.58 g/t Au and 23.68 g/t Ag over 3.16 m true width;**
- **MD-12-03 with 1.03% Cu, 1.88% Zn, 0.23 g/t Au and 18.43 g/t Ag over 5.56 m true width; and**
- **MI-12-07 with 1.08% Cu, 3.95% Zn, 0.32 g/t Au and 20.14 g/t Ag over 5.5 m true width.**

The focus of this drilling campaign was three-fold; to expand current reserves by testing targets located east, west and at depth from the Magusi Deposit; to establish the continuity of mineralization between the two zones comprising the Magusi Deposit (referred to as the Main and East Zones); and to test other targets on the Property that exhibit geological and geophysical characteristics similar to the Magusi and neighboring Fabie Bay Deposits.

The East Zone is located along strike and 100 m east of the Main Zone. Management of Mag Copper is of the opinion that the East Zone is an extension of the Main Zone. However due to the lack of historical drilling between these zones, the current Magusi Deposit NI 43-101 compliant mineral resource is confined to the Main Zone alone. As described in the NI 43-101 Compliant Mineral Resource Estimate for the Magusi Deposit prepared by Roscoe Postle Associates Inc. dated March 21, 2012, establishing the continuity of mineralization between the Main and East zones has ñgood potential to increase the currently known massive sulphide mineralizationñ and the NI 43-101 compliant Mineral Resource.

Other

The Company holds no interest in producing or commercial ore deposits. The Company has no production or other revenue. There is no operating history upon which investors may rely. Commercial development of any kind will only occur in the event that sufficient quantities of ore containing economic concentrations of gold or other mineral resources are discovered. If a discovery is made, substantial financial resources may be required to establish ore reserves. Additional substantial financial resources will be required to develop mining and processing for any ore reserves that may be discovered. If the Company is unable to finance the establishment of ore reserves or the development of mining and processing facilities, it may be required to sell all or a portion of its interest in such property to one or more parties capable of financing such development.

Exploration and evaluation expenditures for the year ended December 31, 2015 and 2014 are set out below:

Exploration and evaluation expenditures – Exploration and evaluation costs

<i>As at</i>	Year ended		Cumulative to date*
	December 31, 2015	December 31, 2014	
Magusi River/Fabie Bay	\$ 149,294	\$ 636,702	\$ 8,423,033
Total exploration and evaluation expenditures	\$ 149,294	\$ 636,702	\$ 8,423,033

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A breakdown of exploration and evaluation expenditures for the year ended December 31, 2015 and 2014 is set out below:

Year ended December 31, 2015

	Magusi River/Fabie Bay
Acquisition costs	\$ 4,757
Consulting	60,000
Field work	66,305
Other	18,232
Total exploration and evaluation expenditures	\$ 149,294

Year ended December 31, 2014

	Magusi River/Fabie Bay
Acquisition costs	\$ 303,522
Consulting	63,140
Drilling	67,650
Other	2,834
Total exploration and evaluation expenditures	\$ 437,146

THREE MONTHS ENDED DECEMBER 31, 2015

The Company incurred a loss of \$35,363 or \$0.00 a share for the three month period ended December 31, 2015, compared to a loss of \$203,817 or \$0.00 a share for the same period in 2014. Net loss decreased as the Company has limited funds and is currently operating in a care and maintenance approach only incurring necessary costs to keep operating.

General and administration costs decreased to \$3,580 in the three month period ended December 31, 2015 compared to \$20,440 in 2014. General and administration costs include storage, investor relations, and general expenses. The decrease comes as the Company has limited funds and is currently operating in a care and maintenance approach only incurring necessary costs to keep operating.

Professional fees for the three month period ended December 31, 2015 were \$2,676 compared to \$38,051 in the same period of 2014. The decrease is attributable to the Company incurring a significant amount of professional fees in an effort to re-negotiate terms on the Magusi property during the comparable period.

During the three month period ended December 31, 2015, the Company incurred \$6,000 in consulting fees compared to \$15,000 in the same period in 2014. The decrease is due to a reduction in the fee charged by certain consultants as activity in the Company has diminished.

During the three month period ended December 31, 2015, the Company had \$18,232 in exploration and evaluations costs compared to \$128,076 in 2014. During the current quarter, the Company did not have any exploration activities on its property and paid claim renewal fees.

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YEAR ENDED DECEMBER 31, 2015

The Company incurred a loss of \$232,303 or \$0.01 a share for the year ended December 31, 2015, compared to a loss of \$937,107 or \$0.06 a share for the same period in 2014. Net loss decreased as the Company has limited funds and is currently operating in a care and maintenance approach only incurring necessary costs to keep operating.

General and administration costs decreased to \$24,805 in the year ended December 31, 2015 compared to \$83,979 in 2014. General and administration costs include storage, investor relations, and general expenses. These costs decreased in the current quarter as the Company continues its cost control initiatives as it works towards raising additional funds to advance its projects. The decrease is also due to investor relation costs the Company incurred in the comparative period as it attempted to increase its Company awareness in an effort to raise financing.

Professional fees for the year ended December 31, 2015 were \$52,788 compared to \$123,030 in the same period of 2014. The decrease comes as the Company has limited funds and is currently operating in a care and maintenance approach only incurring necessary costs to keep operating. The decrease is also attributable to the Company incurring a significant amount of professional fees in an effort to re-negotiate terms on the Magusi property during the comparable period.

The Company had share based payment expenses of \$nil (2014 i \$2,000) during the year ended December 31, 2015. Share based payment expenses are calculated based on number of options issued valued using the Black Scholes valuation model. No options were issued during the year ended December 31, 2015 (2014 i 200,000).

During the year ended December 31, 2015, the Company incurred \$5,291 in consulting fees compared to \$105,000 in the same period in 2014. The decrease is due to a recovery from the write off of consulting fees from several years ago that were in dispute and no longer payable which offset consulting fees. The decrease is also due to the Company currently operating in a care and maintenance approach only incurring necessary costs to keep operating.

During the year ended December 31, 2015, the Company had \$149,294 in exploration and evaluations costs compared to \$636,702 in 2014. The decrease is due to the decreased funds available to the Company and thus exploration activity being reduced to conserve cash.

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Selected Consolidated Financial Information

The information below should be read in conjunction with the audited consolidated financial statements and related notes and other financial information.

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	\$	\$	\$
Revenue	Nil	Nil	Nil
Net Loss before other income and expenses	232,178	950,111	1,011,737
Loss before income taxes	232,303	961,107	977,908
Net Loss	232,303	937,107	945,908
Loss Per Share	0.01	0.01	0.02
Total Assets	21,209	65,011	622,413
Liabilities	1,303,282	1,114,781	743,326

Selected Quarterly Information

	2015 Q1	2015 Q2	2015 Q3	2015 Q4
	\$	\$	\$	\$
Revenues	-	-	-	-
Net loss	76,285	92,014	28,641	35,363
Basic and fully diluted loss per share	0.00	0.00	0.00	0.00

	2014 Q1	2014 Q2	2014 Q3	2014 Q4
	\$	\$	\$	\$
Revenues	-	-	-	-
Net loss	193,129	263,034	277,127	203,817
Basic and fully diluted loss per share	0.00	0.00	0.00	0.00

CAPITAL RESOURCES, CAPITAL EXPENDITURES AND LIQUIDITY

The Company had a working capital deficiency of \$1,282,073 as at December 31, 2015, compared to a working capital deficiency of \$1,049,770 as at December 31, 2014. The Company anticipates that additional financings will be required during 2016 to fund its operations and cover its general and administrative expenses.

The Company's properties are not yet in production and consequently do not produce any revenue. As a result, the Company's ability to conduct operations, including the acquisition and exploration of minerals properties, is based completely on its ability to raise funds, primarily from equity sources. The recoverability of amounts recorded for minerals properties and deferred exploration expenditures is dependent on the discovery of economically recoverable reserves on its mineral properties, and the ability of the Company to obtain additional financing to complete exploration and development and upon future profitable production or on sufficient proceeds from disposition of such properties. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually have to forfeit or sell, at fair market value, its interest in its properties.

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OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) Mag Copper incurred expenses with related parties:

Year ended December 31,	Notes	2015	2014
Marco Guidi (CFO)	(i)	\$ 48,000	\$ 60,000
Irwin Lowy (President)	(ii)	\$ 46,948	\$ 136,755
Terry Loney (Director)	(iii)	\$ 60,000	\$ 96,000

(i) During the year ended December 31, 2015, Marco Guidi (CFO) accrued fees of \$48,000 (2014 - \$60,000) for professional services fees, for CFO services.

(ii) During the year ended December 31, 2015, Irwin Lowy (President) accrued fees of \$46,948 (2014 - \$136,755) for professional services fees, for President and legal services.

(iii) During the year ended December 31, 2015, Terry Loney (Director) accrued fees of \$60,000 (2014 - \$96,000) for services.

(b) During the year ended December 31, 2013, the Company received loans of \$100,000 and \$225,000 from Chris Irwin, President of the Company. The loans are payable on demand and are non-interest bearing. As at December 31, 2015, \$175,000 (December 31, 2014 - \$175,000) in loans is owed to Chris Irwin and is included in due to related parties.

(c) At December 31, 2015, amounts included in due to related parties of \$1,149,298 (December 31, 2014 - \$952,623) are non-interest bearing and due on demand.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

Dividends

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Estimate of Stock Based Compensation and Associated Assumptions

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This valuation required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 12 of the December 31, 2015 audited consolidated financial statements for further details.

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Assessment of Recoverability of Receivables

The carrying amount of accounts receivables are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded.

CRITICAL ACCOUNTING POLICIES

Exploration and evaluation assets

All exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop the property capitalized to Exploration and evaluation assets. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (ñequity-settled transactionsö).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (ñthe vesting dateö). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

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Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the consolidated statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the consolidated statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

Åwhere the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Åin respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

Åwhere the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Åin respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the consolidated statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

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Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered

Impairment of financial assets

The Company assesses at each date of the consolidated statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Impairment of non-financial assets

At each date of the consolidated statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Disclosure of Outstanding Share Data

	April 12, 2016
Issued and outstanding common shares	15,703,722
Outstanding options to purchase common shares	660,000
Outstanding purchase warrants	Nil

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Risks and Uncertainties

Operational

The Company wishes to make clear that it is not basing its production decision on a preliminary economic assessment demonstrating the potential viability of mineral resources or a feasibility study of mineral reserves demonstrating economic and technical viability, and as a result there is increased uncertainty and multiple technical and economic risks of failure which are associated with this production decision.

There is uncertainty about the Company's ability to realize the carrying value of its assets and discharge its liabilities as they come due. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

The Company's assets are subject to the risk of increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations. Operational risks include finding and developing economic ore reserves. Financial risks include interest and U.S. dollar exchange rates, which are beyond the control of the Company. The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of exploited minerals and metals. The Company is subject to various regulatory risks, many of which also are beyond the control of the Company.

The Company is considered to be in the exploration stage and has not yet recorded any revenues from its on-going operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that the Company will generate any revenues or that the assumed levels of expenses will prove to be accurate.

The Company expects to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require substantial resources to complete the development of its properties. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future.

The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of on-going development, the results of consultant's analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company's vulnerability to changes in metal prices may cause its share price to be volatile and may affect the Company's operations and financial results.

Changes in the market price of precious and base metals will significantly impact the ability of the Company to finance its operations and, indirectly, its share price. The Company's financial results will be very sensitive to external economic factors related to metal prices. A major risk will arise if there is a prolonged period of lower metal prices. Many factors beyond the Company's control influence the market price of the metals the Company seeks on its mineral properties. These factors include: global supply and demand; availability and costs of metal substitutes; speculative activities; international political and economic conditions; and production levels and costs in other gold-producing countries.

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The Company is subject to extensive environmental legislation and the costs of complying with these regulations may be significant. Changes in environmental legislation could increase the costs of complying with applicable regulations and reduce levels of production. Environmental legislation relating to land, air and water affects nearly all aspects of the Company's operations. This legislation requires the Company to obtain various operating licenses and also imposes standards and controls on activities relating to exploration, development and production of gold and other precious metals. The cost of obtaining operating licenses and abiding by standards and controls on its activities may be significant. Further, if the Company fails to obtain or maintain such operating licenses or breaches such standards or controls imposed on its activities, it may not be able to continue its operations in its usual manner, or at all, or the Company may be subject to fines or other claims for remediation which may have a material adverse impact on its operations or financial results. While the Company is unaware of any existing material environmental liabilities, it cannot guarantee that no such liabilities currently exist or will occur in the future.

Changes in environmental laws, new information on existing environmental conditions or other events may increase future compliance expenditures or otherwise have a negative effect on the Company's financial condition and results of operations. In addition to existing requirements, it is expected that other environmental regulations will likely be implemented in the future with the objective of protecting human health and the environment. Some of the issues currently under review by environmental agencies include reducing or stabilizing air emissions, mine reclamation and restoration, and water quality. Other changes in environmental legislation could have a negative effect on production levels, product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it difficult for the Company to predict their impact. The Company expects that capital and operating expenditures will increase as a result of compliance with the introduction of new more stringent environmental regulations. Failure to comply with environmental legislation may result in the issuance of clean-up orders, imposition of penalties, liability for related damages and the loss of operating permits. While the Company believes it is now in material compliance with existing environmental legislation, it cannot give assurances that it will, at all future times, be in compliance with all federal and provincial environmental regulations or that steps to bring the Company into compliance would not have a negative effect on its financial condition and results of operations. The mining industry is intensely competitive and the Corporation must compete in all aspects of its operations with a substantial number of other junior mining companies, some of which have greater technical and financial resources. The Company may be at a disadvantage with respect to some of its competitors in the acquisition and/or development of high potential mining properties throughout the principal markets and geographical areas in which the Company carries on its business activities.

Financing risk

There can be no assurance that any funding required by the Company will become available, and, if so, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects or that they can be secured on competitive terms.

Political Risk

All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

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Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.

Segregation of duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of closing its financial statements in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

Proposed Transactions

The Company does not anticipate any proposed asset or business acquisitions or dispositions as of the date hereof.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Reliance on Management

The success of the Company depends to a large extent upon its abilities to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

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Financial Instruments

Fair value

The Company's financial instruments as at December 31, 2015 include cash, other financial assets, trade and other receivables, trade and other payables, and due to related parties. The Company has designated its cash and other financial assets as FVTPL, which are measured at fair value and are determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables and due to related parties are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Interest-rate risk

The Company has cash balances bearing fixed interest rates and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consist of bank deposits, which have been invested in a Canadian chartered bank, from which management believes the risk of loss is remote. As at December 31, 2015, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to December 31, 2015. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at December 31, 2015 is the carrying value of cash and trade and other receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2015, the Company had a working capital deficiency of \$1,282,073 (December 31, 2014 i \$1,049,770). The Company intends on securing further financing to ensure that the obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Mag Copper may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its some or all of its interests and reduce or terminate its operations therein.

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Price risk

The Company holds common shares of a TSXV-traded company. The Company has classified some of these investments as FVTPL and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The Company's President and Chief Executive Officer and Chief Financial Officer have ensured the design of internal control over financial reporting.

During the most recent year, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Corporation's Chief Executive Officer (the CEO) and Chief Financial Officer (the CFO) are responsible for the design and effectiveness of disclosure controls and procedures (the DC&P) and the design of internal control over financial reporting (the ICFR) to provide reasonable assurance that material information related to the Corporation is made known to the Corporation's certifying officers. The Corporation's controls are based on the Committee of Sponsoring Organizations (the COSO) 2013 framework. The Corporation's CEO and the CFO have evaluated the design and effectiveness of the Corporation's DC&P as of December 31, 2015 and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Corporation is made known to them by others within the Corporation. The CEO and CFO have also evaluated the design and effectiveness of the Corporation's ICFR as of December 31, 2015 and concluded that these controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the current period there have been no changes in the Corporation's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Other Information

This MD&A of the financial position and results of operation as at December 31, 2015, should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2015 and 2014. Additional information will be accessible at the Company's website www.magcopper.com or through the Company's public filings at www.sedar.com.

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Management’s Responsibility

Management is responsible for all information contained in this MD&A. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management’s informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved these consolidated financial statements on the recommendation of the Audit Committee.

Chris Irwin
Interim President
April 12, 2016