This management's discussion and analysis of Prime Meridian Resources Corp. (the "Company") contains analysis of the Company's operational and financial results for the year ended December 31, 2015 and 2014. The following should be read in conjunction with the Company's consolidated financial statements. All figures are in Canadian dollars unless otherwise stated.

## DATE OF REPORT

April 29, 2016

### JURISDICTION OF INCORPORATION AND CORPORATE NAME

The Company is engaged in the acquisition and exploration of minerals and complimentary products for the Oil and Gas sector and was federally incorporated on February 22, 2007. The Company is a reporting issuer listed on the TSX Venture Exchange under the symbol "PMR.V". The Company has one wholly owned subsidiary, Prime Meridian Resources Inc., which manages the exploration work on the Company's properties located in the United States. The Company's corporate head office is located at #700 – 1199 West Hastings Street, Vancouver, B.C., V6E 3T5. Additional information relating to the Company is available on the Company's website at www.primemeridianres.com or on SEDAR at www.sedar.com.

### HIGHLIGHTS

In continuance of its strategic plan, Prime Meridian Resources Corp. has entered into a letter of intent with African Guar Gum Corp. (AGGC) for a global guar gum powder off-take agreement. The off-take will commence once AGGC has achieved reliable production that meets the specifications as determined by the parties. The specifications will be developed jointly between the technical teams of Prime and AGGC over the period between the execution of a formal off-take agreement and the commencement of production. The formal off-take agreement will be subject to TSX Venture Exchange acceptance.

For over 100 years, guar has been used for multiple applications in the food industry. The guar bean is principally grown in India and Pakistan, and India produces 2.5 million to 3.5 million tonnes of guar annually, making it the largest producer with about 80 per cent of world production. Guar gum is produced from guar beans, and the world production of guar gum and its derivatives is about one million tonnes per year. Industrial guar gum accounts for about 70 per cent of the total demand. It is mainly used as a proppant transport/proppant suspending agent in the hydraulic fracturing process.

### OUTLOOK

The future outlook for the Company is strong. The investment climate for junior companies is looking encouraging, with increased interest from investment firms in well planned and solid projects with a bright economic future. Management is focused on the development of minerals and other materials for the oil and gas sector.

### SUBSEQUENT EVENTS

Subsequent to the year end, on January 27, 2016, the Company announced a non-brokered private placement of up to five million units at a price of $0.10 per unit to raise proceeds of up to $500,000. Each unit consists of one common share and one common share purchase warrant with each unit warrant entitling the holder to acquire one additional common share at a price of $0.25 cents per share for six months from closing and then for a price of $0.50 cents per share from six months to 12 months from closing. The proceeds of the private placement will be allocated toward working capital and business development expenditures.

Subsequent to the year end, on March 2, 2016, the Company announced the appointment of Ed Low as the chief financial officer for the company. Mr. Low has provided accounting services to public companies for the past 18 years and has been the CFO for several companies traded on the TSX Venture Exchange. Previously, Mr. Low was the controller for Nevada Geothermal Power Inc., an alternative energy company with an operating geothermal power plant in northern Nevada, which had revenues of $20-million (U.S.) annually and raised over $280-million over an eight-year period from 2003 to 2012. The Company further announces that Gregory Pearson has been appointed as a director of the Company and the vice-president of corporate development. Mr. Pearson has been a partner in Nexvu Capital Corp. since 2002, and has over 30 years of experience in the private and public sector capital markets. The Company also announced the resignations of Annie Storey, former CFO, and Chantal Schutz as directors of the company.

**MINERAL EXPLORATION PROJECTS**

The Company has a number of projects in Michigan which have been re-evaluated following the LOI with Nexvu. Management has decided not to continue with the current projects and as a result an impairment was been recorded during the year ended December 31, 2013, bringing the carrying value of all properties to $1. In August 2014, the Company sold certain of its mineral property interests in Baraga Basin, Michigan to MMG USA Exploration LLC for proceeds of $56,644 and a royalty equal to 0.5% of net smelter returns. In September 2014, the Company sold certain other of its mineral property interests in Baraga Basin, Michigan to Bitterroot Resources Ltd., ("Bitterroot") for proceeds of $7,500 cash and 500,000 units with a fair value of $10,000, with each unit consisting of one Bitterroot common share and one warrant, exercisable for two years at $0.10 per share. The resulting $74,144, net of a finder's fee of $750 and property expenses of $6,877, has been recognized as a gain on disposal of exploration and evaluation assets in the statement of comprehensive loss.

All other exploration and evaluation assets held by the Company have been abandoned.

**SELECTED ANNUAL FINANCIAL INFORMATION**

The financial data presented below for the current and comparative periods was prepared in accordance with IFRS. Because the Company's subsidiary incurs exploration expenses in United States dollars, it has been determined to have a United States dollar functional currency, and a United States dollar reporting currency. The functional currency of the parent is in Canadian dollars.

The selected period information and summary of financial results in this MD&A should be read in conjunction with our quarterly financial condensed interim consolidated financial statements dated December 31, 2014, and with our annual consolidated financial statements for the years ended December 31, 2015, 2014 and 2013.

## Results of Operations

The following financial data are derived from our consolidated financial statements for the years ended December 31, 2015, 2014 and 2013:

| Years Ended: | 31 December 2015 | 31 December 2014 | 31 December 2013 |
|---|---|---|---|
| **Revenues** | **$ -** | $ - | $ - |
| **Expenses** | **446,735** | 418,924 | 170,690 |
| **Other (income) and expenses** | **25,674** | (120,100) | 2,376,174 |
| **Net loss** | **472,409** | 285,886 | 2,546,864 |
| **Comprehensive loss** | **573,083** | 329,203 | 2,460,223 |
| **Basic and diluted loss per share** | **0.03** | 0.02 | 0.20 |
| **Total current assets** | **37,010** | 131,133 | 1,502 |
| **Total assets** | **37,010** | 142,744 | 54,683 |
| **Total current liabilities** | **1,214,023** | 865,494 | 1,206,103 |
| **Total liabilities** | **1,214,023** | 865,494 | 1,206,103 |

### Year ended December 31, 2015 compared to December 31, 2014

Consulting and management fees (2015 - $277,500; 2014 - $277,990) are consistent with the prior year.

Insurance expense (2015 - $4,731; 2014 – $7,698) decreased slightly due to the cancellation of the insurance policy.

Office and miscellaneous expense (2015 - $13,327; 2014 – $13,698) is consistent with the prior year.

Rent and administrative services expense (2015 - $121,000; 2014 - $84,613) increased due to increased activity during in 2015 and a change on office location.

### Financial Position – December 31, 2015 vs December 31, 2014

Cash balances decreased over the previous period (2015 - $8; 2014 - $107,337) due to working capital requirements.

GST receivable (2015 - $35,502; 2014 - $13,796) as the Company incurred more expenses which are subject to GST, and has not yet received its GST refund.

Reclamation bond (2015 - $nil; 2014 - $11,611) decreased as the Company abandoned its properties during the year and received a refund of the bond.

Marketable securities (2015 - $1,500; 2014 - $10,000) decreased due to the decline of the fair value of Bitterroot shares.

Accounts payable and accrued liabilities (2015 - $527,900; 2014 - $272,823) increased due to cash flow constraints.

Payable to Primrose Drilling Ventures Ltd. (2015 - $686,123; 2014 - $592,671) increased due to the strengthening of the US dollar.

Share capital (2015 - $7,109,908; 2014 - $7,061,088) increased as a result of receipt of the subscription receivable. Accumulated other comprehensive income increased due to the strengthening of the US dollar relative to the Canadian dollar.

## LIQUIDITY AND CAPITAL RESOURCES

| | | December 31, 2015 | | December 31, 2014 |
|---|---|---|---|---|
| **Current assets** | **$** | **37,010** | $ | 131,133 |
| **Reclamation bonds** | | **-** | | - |
| | | | | |
| **Current liabilities** | | **1,214,023** | | 865,494 |
| **Shareholders' deficiency** | | **(1,177,013)** | | (722,750) |
| **Working capital deficiency** | | **(1,177,013)** | | (734,361) |

The Company has historically relied upon advances from Primrose to satisfy its capital requirements and will in future depend heavily upon the capital markets to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on terms acceptable to the Company. The Company anticipates it will need additional capital in the future to finance ongoing exploration, which will be derived from the exercise of stock options and warrants, and/or private placements.

| | | December 31, 2015 | | December 31, 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | **$** | **8** | $ | 107,337 |
| Marketable securities | | **1,500** | | 10,000 |
| HST receivable | | **35,502** | | 13,796 |
| | | **37,010** | | 131,133 |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | **$** | **527,900** | $ | 272,823 |
| Payable to related party | | **686,123** | | 592,671 |
| | | **1,214,023** | | 865,494 |
| **Working capital deficit** | **$** | **(1,177,013)** | $ | (734,361) |

At December 31, 2015, the Company had cash of $8 (December 31, 2014 - $107,337) and negative working capital of $1,177,013 (December 31, 2013 - $725,559). This represents an increase in the working capital deficit which is primarily a result of the increase in the payable to related parties.

Significant working capital components include cash in current or interest bearing accounts, marketable securities, GST receivable, accounts payable, and payable to related parties.

Operating activities used cash of $210,923 during the period ended December 31, 2015, compared to cash used in operating activities in the amount of $225,289 during the same period in 2014.

Investing activities used cash of $15,226 during the period ended December 31, 2015, as compared to providing cash of $83,100 during the same period in 2014. Both period usages relate to exploration and evaluation expenditures on the Company's projects, with 2014 also providing cash inflows from the refund of the reclamation bond and proceeds received on sale of exploration and evaluation assets.

Financing activities brought in cash of $118,820 during the period ended December 31, 2015 as compared to $249,435 cash provided in the same period in 2014. 2015 financing cash flows resulted primarily from funds raised via private placements.

**Analysis of exploration and evaluation expenditures**

In August 2014, the Company sold certain of its mineral property interests in Baraga Basin, Michigan to MMG USA Exploration LLC for proceeds of $56,644 and a royalty equal to 0.5% of net smelter returns. In September 2014, the Company sold certain other of its mineral property interests in Baraga Basin, Michigan to Bitterroot Resources Ltd., ("Bitterroot") for proceeds of $7,500 cash and 500,000 units with a fair value of $10,000, with each unit consisting of one Bitterroot common share and one warrant, exercisable for two years at $0.10 per share. The resulting $74,144, net of a finder's fee of $750 and property expenses of $6,877, has been recognized as a gain on disposal of exploration and evaluation assets in the statement of comprehensive loss during the year ended December 31, 2014.

The Company allowed all properties inherited on the transaction with Primrose to lapse, and an impairment allowance was adjusted during the year ended December 31, 2013.

In November 2014, the Company announced that it has entered into a binding letter of intent with Phoenix Metals Inc. to option a 60% interest in four metallic and industrial mineral permits in northwestern Alberta, collectively known as the Peace River Frac Sand Project (note 7). The agreement requires a one-time cash payment of $50,000 ($25,000 paid) and cumulative work expenditures of $500,000 over 24 months. In the year ended December 31, 2015, the Company decided to abandon this project. An impairment was recognized in the statement of comprehensive loss in the amount of $25,000 during the year ended December 31, 2014, and $15,226 during the year ended December 31, 2015.

**Share Capital**

The Company's share capital consists of unlimited common voting shares, without par value.

There were no shares issued during the period ended December 31, 2015. The Company issued 8,115,000 common shares during the year ended December 31, 2014. As at December 31, 2015 and the date of this report, 20,590,422 common shares were outstanding.

**Stock options**

The Company has adopted an incentive stock option plan under the rules of the TSX-V pursuant to which it is authorized to grant options, as amended, to executive officers, directors, employees and consultants, enabling them to acquire up to 20% of the issued and outstanding common shares of the Company.

During the period ended December 31, 2015 and the year ended December 31, 2014, no options were issued. As at December 31, 2015, December 31, 2014 and the date of this report, no options were outstanding.

**Warrants**

During the period ended December 31, 2015, the no warrants were issued. During the year ended December 31, 2014, the Company issued 5,115,000 warrants in conjunction with the private placement, with each warrant entitling the holder to acquire one additional common share at a price of $0.50 for one year from closing. No warrants were exercised during the period ended December 31, 2015 or the year ended December 31, 2014.

A summary of changes in warrants outstanding is as follows:

| | Number of warrants | | Weighted average exercise price |
|---|---|---|---|
| Balance, December 31, 2013 | - | $ | - |
| Issued | 5,115,000 | | 0.50 |
| Balance, December 31, 2014 | 5,115,000 | $ | 0.05 |
| **Expired** | **(5,115,000)** | | **0.05** |
| **Balance, December 31, 2015** | **-** | | |

As at December 31, 2015, December 31, 2014 and the date of this report, 5,115,000 warrants were outstanding, all of which expire October 30, 2015.

## COMMITMENTS

The Company does not have any significant commitments, other than those discussed above under exploration and evaluation assets.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have material off-balance sheet arrangements.

## RELATED PARTIES AND KEY MANAGEMENT COMPENSATION

### Key management compensation

Key management includes the Company's directors and officers and their related companies, as included in the above table. Compensation to key management for the period ended December 31, 2015 and 2014 is as follows:

| | | **December 31, 2015** | | December 31, 2014 |
|---|---|---|---|---|
| **Compensation to key personnel** | **$** | **277,500** | $ | 279,210 |

The Company entered into transactions with the following related parties:

| Individual | Relationship | Nature of Transactions | | Fees incurred period ended December 31, 2015 | | Fees incurred period ended December 31, 2014 | | Balance payable at December 31, 2015 | | Balance payable at December 31, 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Brian Leeners | Chief executive officer and director | Management services | $ | 120,000 | $ | 90,000 | $ | 144,400 | $ | 69,725 |
| ISG Professional Services Inc. | Annie Storey is a shareholder | Accounting services | | 60,000 | | 60,000 | | 82,688 | | 43,313 |
| Nexvu Services Inc. | Brian Leeners is a shareholder | Rent and corporate services | | 120,000 | | 80,000 | | 84,000 | | 11,003 |
| Global Link Capital | Greg Pearson is a shareholder | Investor relations services | | 90,000 | | 90,000 | | 109,725 | | 61,225 |
| Avanti Management & Consulting Ltd. | Michael Dehn is a shareholder | Management services | | 7,500 | | 39,210 | | 27,825 | | 27,825 |
| KnowHowe Media | Brian Leeners is a shareholder | Advertising and promotion | | 12,000 | | 5,000 | | 8,400 | | - |
| Primrose Drilling Ventures Ltd. ("Primrose") | Alice D. Gardner, former director, is a 25% shareholder of 1280417 Alberta Ltd., which is 100% shareholder of Primrose. Primrose owns 34% of the Company | Management services | | - | | - | | 686,123 | | 592,671 |
| | | | $ | 409,500 | $ | 364,210 | $ | 1,143,161 | $ | 805,762 |

The related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Payable to related party is non-interest bearing and due on demand.

In November 2014, the Company entered into a binding letter of intent with Phoenix Metals Inc., a company with directors and officers in common, to option a 60% interest in four metallic and industrial mineral permits in northwestern Alberta, collectively known as the Peace River Frac Sand Project. The agreement requires a one-time cash payment of $50,000 ($25,000 paid) and cumulative work expenditures of $500,000 over 24 months. Subsequent to the year ended December 31, 2014, the Company decided to abandon this project.

In October 2013, the Company entered into an agreement with Nexvu Capital Corp. ("Nexvu"), a company which was a non-related party on signing of the agreement but now shares a common director and officer. The terms of the agreement, as subsequently amended on April 30, 2014, are as follows:

a) Primrose, previously a 70.9% shareholder in the Company, will transfer 10,000,000 pre-consolidated (2,500,000 post-consolidated) common shares of the Company to Nexvu (completed);
b) Nexvu will endeavour to sell these common shares, with proceeds to be used for working capital;
c) The share capital of the Company will be consolidated on a four-for-one basis (completed);
d) Primrose will assign to Nexvu $500,000 of the amount payable to Primrose and will write off the remaining $83,084 (completed);
e) The Company will pay Primrose the $555,978 of residual debt, with a minimum annual payment of US$50,000 commencing October 31, 2014, with the payments accelerated to US$100,000 per annum if the Company has sufficient surplus funds;
f) Nexvu will have an option to purchase 12,686,296 pre-consolidated (3,171,574 post-consolidated) common shares held by Primrose at an exercise price of $0.025 per pre-consolidated share ($0.10 per share post consolidation), and 6,343,148 shares at an exercise price of $0.0375 per pre-consolidated share ($0.15 per share post consolidation) for a period of 36 months; and
g) Alice Gardner will submit her resignation from the board of directors (completed in 2014).

In August 2014, as noted in d) above, the Company assigned $500,000 to Nexvu Capital Corp, which further assigned a portion of the note to officers and directors. The amounts were subsequently repaid by the Company.

Related parties purchased 2,000,000 units and 3,000,000 common shares of the private placement.

## SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

- Determination of functional currency;
- Asset carrying values and impairment charges;
- Impairment of exploration and evaluation assets;
- Capitalization of exploration and evaluation assets;
- Mineral reserve estimates;
- Estimation of decommissioning and restoration costs and the timing of expenditure;
- Income taxes and recoverability of potential deferred tax assets; and
- Share based payments.

## NEW ACCOUNTING STANDARDS

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our Consolidated Financial Statements for the year ended December 31, 2015.

## CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of precious metal properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

The properties to which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund on-going activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties where sufficient geologic or economic potential are noted and if financial resources exist to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

Details of the Company's financial instruments, management's assessment of their related risks and details of management of those risks are as follows:

**Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, marketable securities, GST/HST receivable, reclamation bond, accounts payable and accrued liabilities, and payable to related parties.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

**Financial instrument risk exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The Company does not have any asset backed commercial paper.

**Credit risk**

The Company's main exposure to credit risk relates to its cash. Cash balances are held in Canadian and US chartered banks. The Company determined that is has limited exposure to credit risk related to receivables since these amounts are not material.

**Liquidity risk**

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at December 31, 2015, the Company had cash of $8 to settle current liabilities of $1,214,023 which fall due for payment within twelve months of the statement of financial position date. The Company's cash is invested in business accounts which are available on demand. Management has determined that the Company will require additional financing to meet its obligations during fiscal 2016.

**Market risk**

The market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The Company's future interest income is exposed to short-term rate fluctuations. This is not a significant risk to the Company.

**Foreign exchange risk**

The Company's exposure to fluctuations in foreign exchange rates is limited.

**OTHER RISK FACTORS**

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and properties, 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. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity. The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

The Company's exploration and development activities require permits and approvals from various government authorities, and are subject to extensive federal, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

The Company's activities are subject to extensive federal, state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims and concessions. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

The market price of securities of many companies, particularly exploration and development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

A number of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of The Company may have a conflict of interest in negotiating and concluding terms respecting such participation. Further, certain of the directors and officers are involved in other copper exploration companies and other companies that are developing mines. As a result, conflicts of interest may arise and officers and directors cannot devote 100% of their time to the Company.

The Company has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

## LEGAL MATTERS

The Company is not currently, and has not at any time during our most recently completed fiscal year, been party to, nor has any of its properties been the subject of, any material legal proceedings or regulatory actions.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of the Company's internal controls over financial reporting ("ICFR") as required by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). ICFR is intended to provide reasonable assurance regarding the preparation and presentation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations.

Based on a review of its internal control procedures at the end of the period covered by this MD&A, management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the period that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

However, even those systems determine to be effective can provide only reasonable assurance with respect to financial statement and preparation. A control system, no matter how well conceived or operated can provide only reasonable, not absolute, assurance and are not expected to prevent all errors and fraud.

## ADDITIONAL INFORMATION

Additional information about the Company is available at the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

## APPROVAL

The board of directors has approved the disclosure contained in this MD&A.

## CAUTIONARY NOTES FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. Nevada Clean Magnesium Inc. does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

## MANAGEMENT CHANGES

During the year ended December 31, 2015, Alice Gardner resigned from the board of directors. Chantal Schutz was appointment to the board of directors and audit committee, and Michael Dehn was appointed as president, to the board of directors and to the audit committee. During the year ended December 31, 2015, Chantal Schutz, Annie Storey and Michael Dehn resigned as directors and officers of the Company. Gregory Pearson and Ed Low were appointed as directors, and Ed Low was appointed Chief Financial Officer.

### Officers and directors at April 29, 2016:

The following comprise key management:

Brian Leeners – Chief Executive Officer and Director
Gregory Pearson – Director
Michael Dehn – Director
Ed Low – Chief Financial Officer

### Contact

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