CAVAN VENTURES INC.
MANAGEMENT DISCUSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MAY 31, 2016

INTRODUCTION

This discussion and analysis of the financial position and results of operations are prepared as at January 23, 2017 and should be read in conjunction with the unaudited condensed interim financial statements for the period ended May 31, 2016 and audited annual financial statements for the year ended February 29, 2016 for Cavan Ventures Inc. (the "Company"). The unaudited condensed interim financial statements for the three month period ended May 31, 2016, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimization of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Risks and Uncertainties") and the Company's annual information form contain information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

COMPANY OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on February 28, 2006 and is in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development and upon future profitable production. These financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business. On November 2, 2007, the Company received final receipts for a prospectus and became a reporting issuer in the Provinces of Alberta and British Columbia. The Company's shares were listed for trading on TSX Venture Exchange on November 26, 2007 and under the symbol "CVN.V".

Subsequent to May 31, 2016, the Company proposed a consolidation of its common shares on the basis of one new share for up to every five existing shares. Currently, a total of 73,940,826 Shares are issued and outstanding. Accordingly, a total of 14,788,165 Shares would be issued and outstanding following the Consolidation, assuming no other change in the issued capital.

The Consolidation was approved at the Company's Annual General and Special Meeting of the shareholders on December 29, 2016.

HEMP

On November 24, 2014*,* the Company put out a news release on www.sedar.com providing the following corporate update regarding its ongoing examination of potential opportunities in the hemp/cannabinoid industry.

Since its initial announcement in March 2014, the Company has participated in discussions for multiple potential projects in the medical marijuana sector. These discussions included potential partnership and joint venture opportunities that the Company did not feel were appropriate to its plans at present. The Company also conducted early stage discussions with the Kwantlen First Nation regarding a potential opportunity to build a facility on their land for the growing and cultivation of medical marihuana, should the Company become a licensed producer under the Marihuana for Medical Purposes Regulation ("MMPR"). While the Company plans to continue discussions with the Kwantlen First Nation, these discussions remain in early stage. To assist the Company in its discussions and in its analysis of potential opportunities in the hemp/cannabinoid industry, the Company has created an advisory board consisting of Dix Lawson, Matthew Harvey, Jeff Beckwith, and Eric Hughes (see the Company's previous news releases on April 22, May 27, August 19, and October 16, 2014). To date, the Company has not entered into any letters of intent or definitive agreements with respect to the hemp/cannabinoid industry, nor has it applied to be a licensed producer under the MMPR. The Company will provide further updates as they are available.

The Company advises that this clarifying news release is being issued at the request of the British Columbia Securities Commission following a continuous disclosure review.

The Company cautions investors that: (i) the Company continues to be in the early stages of evaluating potential opportunities only, and has not entered into any preliminary or definitive form of agreement that would result in the Company entering into the hemp/cannabinoid industry, nor can there be any assurance that such an agreement will be reached in the future; (ii) the Company clarifies and confirms that it is not a licensed producer and has no present intention of filing an application with Health Canada to become a licensed producer under the MMPR; (iii) any transaction resulting in the Company's entry in the hemp/cannabinoid industry will require various approvals, including that of the Company's board of directors, shareholders and the TSX Venture Exchange, and none of these approvals have been sought at present; (iv) the licensing requirements of Health Canada under the MMPR are stringent and must be complied with before any license is granted by Health Canada under the MMPR, which requirements include the construction of facilities meeting specified MMPR criteria and the Company successfully

passing a site inspection by Health Canada of such facilities. These requirements can be found on Health Canada's website at http://www.hc-sc.gc.ca/dhp-mps/marihuana/index-eng.php.
For more information visit the website at www.cavanventuresinc.com

On November 27, 2014, the Company put out a news release on www.sedar.com that it has entered preliminary discussions with a private arm's length vendor regarding 150 hectares of agricultural land in the Philippines. The agricultural land is located approximately 3.5 hours from Manila, the Philippines' largest port and capital city.

The Company intends to begin its due diligence analysis of the agricultural land immediately, particularly as to its suitability for the construction of a hemp cultivation and manufacturing plant for hemp and cannabinoid products. As previously announced (see the Company's news release on March 25, 2014, and the clarifying news release on November 24, 2014), the Company intends to diversify its operations into the hemp and cannabinoid industry.
The Company and the private vendor have entered into a non-disclosure and standstill agreement with respect to these discussions. At this time, no further deal terms have been reached, nor has the Company entered into any letters of intent or definitive agreements with respect to the agricultural lands. As the Company's discussions remain at a preliminary stage only, there can be no assurance or guarantee that the Company will enter into a binding agreement with respect to the acquisition of such agricultural lands. The Company will provide further updates as they are available.

As such, the Company further cautions investors that: (i) the Company does not presently have regulatory approvals to become a producer of hemp or cannabinoid products in the Philippines; and (ii) any transaction resulting in the Company's entry into the hemp/cannabinoid industry, or a "spin out" plan of arrangement of the Company's assets, will require various approvals, including that of the Company's board of directors, shareholders the TSX Venture Exchange, and, with respect to a plan of arrangement, court approval, and none of these approvals have been sought at present.

The Hemp Industry in the Philippines
The Philippines have optimal growing conditions for industrial hemp, which would allow for up to three hemp crop cycles a year, as opposed to only one or two cycles within Canada and other similar environments. Additionally, the proximity of the Philippines to Asian markets is attractive to the Company and its growth plans. Though the Company will conduct further analysis, there does not appear at present to be restrictions on processing hemp in the Philippines, nor clear regulation standards or restrictions on industrial hemp farming in the Philippines. If the Company proceeds with a hemp project in the Philippines, it will be required to comply with all local regulations, and there can be no assurance or guarantee that the Company will be able to do so.

The Global Hemp Market
Hemp is one of the earliest domesticated plants known. It has been cultivated by many civilizations for over 12,000 years and currently over 30 countries are producing industrial hemp. Global hemp production increased from 250 million pounds in 1999 to more than 380 million pounds in 2011. In 2013 alone the U.S. retail hemp market was valued at 581 million with sales in US conventional retailers growing by 26.5%. There are currently over 50,000 different applications that hemp is used for on the market today including Industrial textiles, consumer textiles, paper, building materials, foods, industrial products and personal hygiene to name a few. Even various car manufacturers are integrating hemp into their vehicles including Audi, BMW, FORD, GM, Chrysler, Honda, Mercedes, Mitsubishi and Porsche and Volkswagen. For example, Mercedes C-Class contains up to 20kg in each car. With increased social acceptance of industrial hemp these numbers will only continue to grow.

For more information visit the website at www.cavanventuresinc.com.

On August 20, 2014, the Company announced that it will retain Germain Favel Specialized Services Incorporated ("GFSS") to act on its behalf to identify and negotiate potential mineral interest acquisitions with First Nations in the provinces of British Columbia, Alberta and Saskatchewan.

The Company decided not to continue with the arrangement and cancelled all services. The Company did not make any of the proposed payments.

February 5, 2015, the Company has entered preliminary discussions with a private corporation to supply and manage 12,000 acres or approximately 18,000,000 lbs. annually of conventional hemp grain production. The hemp grain production will be contracted with farmers located in Alberta, Saskatchewan and Manitoba.

As previously announced (see the Company's news release on March 25, 2014, and the clarifying news release on November 24, 2014), the Company intends to diversify its operations into the hemp and cannabinoid industry.

The Company and the private corporation have entered into a non-disclosure and standstill agreement with respect to these discussions. At this time, no further deal terms have been reached, nor has the Company entered into any letters of intent or definitive agreements with the private corporation. As the Company's discussions remain at a preliminary stage only, there can be no assurance or guarantee that the Company will enter into a binding agreement with respect to the acquisition of such agricultural lands. The Company will provide further updates as they are available.

As such, the Company further cautions investors that: (i) any transaction resulting in the Company's entry into the hemp/cannabinoid industry, or a "spin out" plan of arrangement of the Company's assets, will require various approvals, including that of the Company's board of directors, shareholders the TSX Venture Exchange, and, with respect to a plan of arrangement, court approval, and none of these approvals have been sought at present. As previously announced (see the Company’s news release on November 27, 2014), after completing its due diligence analysis regarding Agricultural lands in the Philippines, the Company has concluded it is not in the best interest of the company and its shareholders.

The Canadian Hemp Market

Canadian farmers have been legally allowed to grow industrial hemp since 1998. The Canadian Hemp Trade Alliance says production in this country is forecast to almost double by 2015. This would equate to roughly 100,000 acres of grain production and about $100 million to the Canadian economy. The Canadian Hemp Trade Alliance says industrial hemp is one of the most profitable crops farmers can grow generating gross returns of about 700 dollars per acre. With China and Europe being the largest producers and consumers of industrial hemp this industry will only continue to expand especially into our southern counterparts.

MINERAL PROPERTIES

Graphite Properties, Quebec

Buckingham Property

During the year ended February 28, 2013, the Company entered into an agreement, which was subsequently amended, to acquire a 100% interest in certain claims located in Buckingham township, Quebec. The Company earned a 100% interest in the property by paying $75,000 and issuing 1,350,000 common shares valued at $51,750. Finders fees of $8,100 were paid.

During the year ended February 29, 2016, entered into an option agreement to sell 60% of its interest in the Buckingham property for:

i) $25,000 cash (received subsequently);

ii) $400,000 of exploration work on the property (occurred subsequently);

iii) 3,000,000 shares in Ashburton Ventures Inc., a TSX-V listed company (1,500,000 shares received during the year ended February 29, 2016; 1,500,000 shares received subsequently).

During the year ended February 29, 2016, the Company also signed an agreement to option out an additional 20% interest of its remaining 40% interest in the Buckingham property for:

i) $5,000 cash (received subsequently)

ii) $200,000 in exploration expenditures in, or on, the property on or before September 7, 2018.

The Buckingham property consists of three colonial lots located in Range IX, Buckingham Township, covering an area of 900 hectares (2,224 acres). The property is adjacent to the old Walker Mine which is located in the south half of lot 20 in Range VIII. Historical reports mention that the graphite deposit was worked between the 1860’s to 1910. Disseminated graphite flakes, up to 25% were mined. At the time, the Company’s property was part of the Walker mine. In the 1980’s the Quebec Ministry of Energy and Resources conducted an airborne electromagnetic/magnetic survey over the region. Two linear conductors were picked up on the present the Company’s property. Those conductors are at 200 m spacing and measure 200 m and 1,000 m in length respectively.

On June 18, 2013, the Company put out a news release stating that several days were spent on the Buckingham property which consists of three colonial lots located in Range IX, Buckingham Township and covering an area of 900 hectares (2,224acres). The property is adjacent to the old Walker Mine which is located in the south half of lot 20.

Those conductors are at 200 m spacing and measure 200 m and 1,000 m in length respectively. With the help of a Bipmat, the prospecting team found the main linear INPUT conductor on surface and followed it over several 1000 m. A total of 14 grab and channel samples were taken on this long conductor. Carbon values of grab samples range from 0.46% C to 11% C. This last value was found in a 4m wide banded paragneiss. Numerous angular blocks were discovered, scattered along the electromagnetic conductor.

A second parallel conductor was found at about 400 m north of the major one. Sample 264186 corresponding to a large schistozed paragneiss band with large flakes of graphite, returned 21.70% organic C. About 250m NW, a third short conductor coinciding with a 2m wide outcrop returned a value of 8.67% C. Finally, a second long INPUT conductor was verified at 500m north of conductor #3. Four grab samples were taken at regular intervals along this axis. They returned values lower than 1% C (0.46% to 0.96% C).

Prospecting was also conducted along trails and gravel roads in the east part of the property, at about 7 km of the main NESW oriented conductor. A total of 12 grab and channel samples were taken in that area. Results range from 0.5% to 9.31% C.

On July 8, 2013, the Company put out a news release announcing that it has started a second-phase ground exploration program on its 100%-owned Buckingham graphite property, covering an area of 900 hectares (2,224 acres) in the Buckingham Valley area of southwestern Quebec.

The Buckingham property is adjacent to, and historically a part of the old Walker Mine that was worked from the 1860’s to 1910. Disseminated graphite flake grab samples, reported to be up to 25% by volume were recovered at the Walker Mine. A geophysical survey by the Quebec Government in the 1960’s identified two linear conductors identified on the Company property, measuring 200m and 1,000m in length, respectively. As reported previously (see news release, June 19th, 2013), the larger anomaly was located with a Beepmat (EM) and followed over several 1000m. Fourteen grab and channel samples collected from this long conductor returned carbon values from 0.46% C to 11% C, with the greater value in a 4m wide banded paragneiss. Numerous angular blocks of float of simila lithology are scattered along this conductor.

A grab sample from the second parallel conductor, located roughly 400m north of the larger conductor, returned 21.70% organic C from schistose paragneiss containing large flakes of graphite. About 250m northwest of this conductor, a grab sample from a third shorter conductor coinciding with a two-meter wide outcrop returned a value of 8.67% C. Twelve grab and channel samples were also collected along trails and gravel roads in the eastern part of the property, about seven kilometers from the main conductor, and returned assays from 0.5% to 9.31% C.

Grab samples are selective by nature and are unlikely to represent average grades of mineralization.

Based on these excellent results, an exploration program is now proposed and will be executed soon The program will consist of line cutting in anticipation of geophysical surveys, stripping and channel sampling, followed by drilling the best anomalies and geological targets. The budget for this second phase of exploration is estimated to be $365,000 and includes 1,000m of diamond drilling. This program will begin in July 2013 and should be completed before the end of summer.

The technical contents of this release were approved by Dr. Christian Derosier, P.Geo. a qualified person as defined by National Instrument 43-101.

On September 24, 2013, the Company put out a news release announcing that airborne geophysics has identified a 1,300 meter-long conductor on its 100%-owned Buckingham graphite property in Quebec. The anomaly is oriented roughly north-south, and is divided by an east-wend trending dyke into a 700-meter long southern segment and 600 meter long northern segment. This conductor coincides very well with a conductor identified in a 1982 government survey, and with graphite mineralization previously reported as having up to 11% C in grab samples. A second significant conductor was also identified that extends to about 300m in length, and corresponds to an area where prospecting by the Company included a grab sample returned 21.70% C from a schistose paragneiss (see news release, July 8, 2013). West of this smaller conductor, five significant conductive anomalies or groups of anomalies were detected of lesser length extents, but with a response that is characteristic of strong conductors such as graphite or sulfide mineralization.

These excellent results support the potential of the Buckingham property to host significant graphite deposits. The Company will shortly undertake a second phase of exploration that will comprise a surface geophysical survey to resolve the airborne anomalies, followed by a phase of stripping and trenching and later the investigation at depth by diamond drilling of what is discovered on surface.

The helicopter-borne survey covered about 50% of the area of the property. Prospectair (Gatineau, QC) carried out the survey, with Magnor Exploration Inc. (La Baie, QC) engaged to manage the project. Both high-resolution magnetic and time-domain electromagnetic (‘TDEM’) data were collected, for a total of 135 line-kilometers. This cost effective geophysical configuration is particularly well-adapted for reconnaissance surveys, with the objective of delineating graphitic conductors to a depth of about 125 meters while maintaining good spatial resolution.

The technical contents of this release were prepared and approved by Dr. C. Derosier, P. Geo. a qualified person as defined by National Instrument 43-101.

On June 3, 2014, the Company put out a news release announcing that it has exposed graphite-rich zones as a result of trenching on its 100%-owned Buckingham graphite property, located adjacent to the historic Walker Graphite Mine in Buckingham Township, Quebec. Graphite-rich zones were exposed in six trenches, and channel samples were collected from two trenches over a combined distance of 59.5 meters. Graphite-rich outcrops at the same location as one of the trenches assayed at 21.7% C (see news release, July 8, 2013).

Peter Swistak, President of the Company states, “We are extremely pleased that many of our airborne EM anomalies identified last year are now confirmed as graphite mineralization. Our ground geophysics was able to confirm the anomalies in real-time, which allowed us to quickly expose the mineralization and collect samples for assay. We anticipate highly positive results and intend to return for further exploration in the coming weeks.”

In May the Company engaged Magnor Exploration Inc. (La Baie, QC) to conduct a short exploration work program. Ground-based geophysics was used to ground-truth airborne EM anomalies identified last year (see news release, September 24, 2013) using the PhiSpy portable TDEM system. PhiSpy generates real-time EM profiles of the area being surveyed, and can detect buried conductors to approximately 10m depth. Dube & Desaulniers Geoscience (Ottawa, ON) was engaged to collect 3.3 line-km of survey data over priority airborne EM anomalies using the PhiSpy system. The real-time interpretation of TDEM data allowed the Company to execute trenching on several high priority targets.

A total of six trenches ranging from four to 48 meters in length and two meters in width were completed. Trench 22C was cut for 24 meters in a northwest direction, with a second perpendicular trench cut at its southeast end for 20.5 meters. Graphite-rich zones were exposed in both directions, and channel samples were collected over most of both trench lengths for a total of 33.9 meters. Mineralization at Trench 22C is still open to the north, with some visible flakes in the trench up to one centimeter in diameter. A rock grab sample assayed previously from this location returned 21.7% C (see news release, July 8, 2013). Trench #1 was cut in a west-northwest direction, with visible graphite channel-sampled over 25.6 meters. Because of the rich nature of the mineralization, these samples and those from Trench 22C were immediately shipped for assay. A new graphite zone was also discovered roughly 150 meters east of Trench 22C, where graphite-rich veinlets in granitic-pegmatitic rocks contain graphite flakes over 5 mm in diameter. Additionally, an airborne anomaly approximately 400 meters north of the main set of conductors was confirmed by PhiSpy, but the program ended before this new target could be tested through trenching.

All channel samples were collected over widths of 11.4 cm. Details of the channel sampling and geology will be provided when assays are received, which are expected in the next few weeks. Images of the graphite-rich zones can be seen on the Company website at www.cavanventuresinc.com.

The technical contents of the June 3, 2014 release were reviewed by Roger Ouellet, P. Geo. a qualified person as defined by National Instrument 43-101.

On July 17, 2014, the Company announced that it has received from its geological team a new calculation of the average grades obtained from the assay results of a stripping and channel sampling program executed at the end of May 2014 on its prospective Buckingham graphite property.

Trench 22C was dug over an outcrop which previously returned 22% organic Carbon (“organic C”). Overburden was removed over 24 metres in a northwest direction, with a second trench cut at its southeast end for 20.5 metres. Graphite-rich bands were exposed in both excavations and sampled with a rock saw.

Trench 22C returned 21.6 % organic C over 14.5 metres in its NW part and 16.8% org C over 3.9 metres in its SE part. The mineralization is open to the NW and extends under a small creek and for few additional meters to the SE. Based on all assays obtained on the NW branch, the geologists’ calculation gives a grade of 20.5 org C over 21 metres. The mineralized zone is still open on the NW and SE sides.

The SW branch returned 17.8 % org C over 5.5 metres and two additional channel samples on the southwest extension returned respectively 1.21 % org C and 1.57% org C over 1.25 metres each. The calculation of composite samples for this branch now gives 15.55 % org C over 19.50 metres, including one short channel sample (0.50 metre long) which retuned 19.5% org C, two other samples which gave respectively 17.9 % and 4.53% org C over 1.25 metres each and the third channel returned 22.8% org C over 5.4 metres

These excellent results confirm the economic potential of the Buckingham property and encourage the Company to undertake the second phase of its exploration program which will comprise the investigation at depth by diamond drilling of what was found on surface.

The technical contents of the July release were prepared and approved by Dr. C. Derosier, P. Geo. a qualified person as defined by National Instrument 43-101.

Graphite assays were obtained at ALS Minerals (North Vancouver, B.C.) using protocol C-IR06 (Leco method).

On August 26, 2014, the Company announced that it has completed an agreement with Lauzon-Foresterie Inc. (Thurso, QC), authorizing the Company to drill on forested portions of its 100% owned Buckingham graphite property, located adjacent to the historic Walker Graphite Mine in Buckingham Township, Quebec.

In May, Magnor Exploration Inc. (La Baie, QC) was engaged to conduct an exploration work program that included trenching and ground-based geophysics. The trenching was highly successful with composite samples from two trenches returning 20.5% organic carbon („Corg") over 21 meters, and 15.55% Corg over 19.5 meters, respectively (see news release, July 17, 2014). The trenching program confirmed that a number of airborne geophysical anomalies identified in 2013 were graphite mineralization. Ground geophysics that was used to highlight areas for trenching also identified a number of new anomalies that are yet to be tested. The focus of the drilling program will be to test several of these anomalies, as well as to test the down-dip of mineralization exposed through trenching. Under the terms of the agreement, the Company will reimburse Lauzon-Foresterie for any trees of commercial value that are removed as a consequence of drilling, including placement of the felled trees near roads for later recovery.

On April 1, 2015, the Company announced that it has signed a letter of intent with Caribou King Resources Ltd. to joint venture its 100% owned Buckingham property. The Buckingham property consists of 24 claims and is attached to the northern boundary of Caribou's Buckingham property. Grab samples on the Company's Buckingham property have returned values as high as 86.5% Corg with flakes over 5mm in diameter (see CVN press release dated July 8, 2014).

The Company's Buckingham property consists of 24 claims located in Ranges VIII and IX, Buckingham Township, Quebec and covers an area of 1,682.8 hectares (4,157 acres). The Company's Buckingham property is 1.7 kilometers north of the historic producing Walker graphite mine and covers the northern extension of a graphite zone on Caribou's Buckingham property. A helicopter-borne magnetic and time-domain electromagnetic survey confirmed a historic conductor, and further resolved a second parallel conductor to a length of 300 meters (see news release September 24, 2013). Two airborne geophysics programs were performed showing massive anomalies plus six graphite-rich zones in trenches on the claims followed up on these airborne anomalies. Assays from the channel sample and trenching program returned 15.55 % org C over 19.50 metres and as high as 22.8% org C over 5.4 metres respectively.

Terms of the definitive agreement will be released pending assay results from a mini-bulk sample between 2-5 kg.

On April 8, 2015, the Company announced the completion of a sampling program consisting of two 20kg mini-bulk samples from its high grade Buckingham Graphite property in Southern Quebec at the request of Caribou King Resources Ltd.

The first sample was taken from T-1 trench which previously returned 11% org.c from Channel sampling results. The second sample was taken from 22c trench which previously returned 25% org.c from channel sampling results.

On May 28, 2015, the Company announce preliminary results of up to 95.3% total carbon (Ct) from an initial beneficiation test on its 100% owned Buckingham Graphite Property.
These purity results will be used by Caribou King Resources to evaluate the Company's Buckingham Graphite Property, which is contiguous with the northern boundary of Caribou's Buckingham Property, for a potential joint venture, as per the letter of intent announced by the Company on April 1, 2015.

The 20.7 kilogram surface sample, taken from Trench 22C with a head grade of 20.7% Cg (graphitic carbon), was concentrated by grinding and flotation and divided into three size fractions: +48, +100, and -100 mesh. All three concentrates returned high total carbon (Ct) content with low losses in the tailings and middling streams.

The +48 mesh size (jumbo size) fraction represented 21.1% of the flotation concentrate and assayed 94.1% Ct. The +100 mesh size (medium to large size) fraction represented 16.4% of the flotation concentrate and assayed 94.2% Ct. The -100 mesh size (fine to amorphous) fraction represented 48.3% of the flotation concentrate and assayed 95.3% Ct. These results are summarized in the following table:

Initial Flotation Test Results for 22C Trench:

Concentrate Fraction	Distribution (%)	Assay (% Ct)
+48 mesh	21.1	94.1
+100 mesh	16.4	94.2
-100 mesh	48.3	95.3
Total recovery (%)	85.8	

Results were obtained in a single flotation test without process optimization. A full process development study including grinding and flotation optimization is anticipated to return higher flotation concentrate recoveries and grades, thus reducing the operating cost of a downstream purification process.

On June 11, 2015, the Company announce purity results of up to 96.1% total carbon (Ct) in large flake fractions from an initial beneficiation test carried out on its 100% owned Buckingham Graphite Property.

The following results were returned from detailed size fraction assays of the combined flotation concentrate recovered from a 20.7 kilogram sample taken from Trench 22C on the Company's Buckingham Graphite Property. The results were obtained from the first flotation test on the property, without any chemical treatment such as alkaline roast or acid leach.

The sample returned an overall combined flotation concentrate purity of 94.8% Ct (total carbon), a high value exceeding the 94% threshold generally considered to be high carbon content. The four largest-flake size fractions, representing 32.0% (by weight) of the combined graphite concentrate, assayed equivalent to or above the overall average and are shown in the following table:

Selected Assay Results – First Flotation Test:

Particle Size (Mesh)	Yield (% of concentrate mass)	Assay (% Ct)
+28 mesh	2.3	96.1
+35 mesh	3.0	95.9
+48 mesh	7.6	95.3
+65 mesh	19.1	94.8

Results were obtained in a single flotation test without process optimization. A full process development study including grinding and flotation optimization is anticipated to return higher flotation concentrate recoveries and grades, thus reducing the operating cost of a downstream purification process.

On July 8, 2015, the Company announced that it will not be proceeding with the proposed joint venture with Caribou King Resources.

On October 15, 2015, the Company announced it has signed an option agreement with Ashburton Ventures Inc. whereby Ashburton can acquire a 60% interest in the Buckingham graphite project located in the Buckingham Township, Quebec.

Terms of the deal call for Ashburton to issue 1.5 million shares and incur $200,000 expenditures year one and the further issuance of 1.5 million shares, incur $250,000 expenditures and pay $25,000 cash year two. This transaction is subject to TSX Venture approval.

On November 6, 2015, the Company announce that it has received TSX Venture approval to proceed with its option agreement with Ashburton Ventures Inc., which will earn a 60% interest in the Company's Buckingham Graphite Project. Ashburton plans to commence a 2,000 metre drilling program at Buckingham in the coming weeks.

A drilling permit has been acquired and Ashburton's team plans to commence an initial phase of drilling at the project in the coming weeks. The drilling program will consist of up to 2,000 metres and will be aimed at testing high priority targets in the southern area of the claims.

On November 27, 2015, the Company announce that Ashburton Ventures Inc. has commenced the first phase drilling at the Buckingham Graphite Project located in Buckingham Township, Quebec. Ashburton has entered into an option agreement with Cavan and can acquire a 60% interest in Cavan's Buckingham Graphite Property. The drill program will consist of up to 2,000 metres of diamond drill core and will be aimed at testing high priority targets in the southern area of the claims.

On December 14, 2015, the Company announce a final total of 148 metres of graphite mineralization was encountered in the third drill hole (BH15-03) at Buckingham.

The third drill hole reached its target depth of 224 metres over the weekend, yielding a final total of 148 metres of graphite mineralization across the entire drill hole. The drill hole terminated in mineralization at 224 metres depth.

BH15-03 was collared 100 metres southwest of the original discovery hole, BH15-01. Disseminated flake graphite was intersected from 30 to 80 metres, and within the interval of 95 to 220 metres, a total of 98 metres carried disseminated flake graphite. Occasional narrow vein graphite was noted in the lower 100 metres of the hole.

The fourth drill hole at Buckingham, BH15-04, is now underway.

On December 22, 2015, the Company announced the latest outcrop sampling assay results and the discovery of a new lumpvein graphite-bearing zone at its Buckingham Graphite Project in Southern Quebec.

A total of 18 outcrop samples were taken from two areas: (1) a newly-discovered lump-vein bearing graphitic zone located approximately 300 metres northeast along strike from the current drilling area and; (2) in and around the zone of current drilling.

New Lump-Vein Bearing Graphitic Zone Sampling

Nine outcrop samples were taken from the newly discovered location 300 metres north of the current drilling area and consist of a mixture of disseminated and lump-vein samples. Graphitic showings were sampled over approximately 80 metres in this area, including an exposure consisting of fractured pegmatite measuring at least 30 metres across and containing crystalline lump-vein graphite in fractures. Lump vein samples from this area assayed up to 68.0% Cg and sampling highlights from this area are shown in Table 1.

Drilling Area Sampling

9 outcrop samples were taken in and around the area of current drilling and consist entirely of disseminated graphite. The positive assay results in this area provide further evidence of continuity of mineralization between drilling locations and projection of mineralization identified in drill intervals towards the surface. Highlights from sampling in this area are shown in Table 2.

Table 1. Lump-Vein Bearing Graphitic Zone Sampling Highlights:

Sample ID	Mineralization Type	Northing	Easting	Cg %
36566	Disseminated	5055065	460612	14.3
36568	Disseminated	5055041	460605	12.2
36569	Lump vein	5055017	460603	36.0
36570	Lump vein	5055014	460602	68.0
36571	Lump vein + wall rock	5054988	460597	8.82

Table 2. Drilling Area Outcrop Sampling Highlights:

Sample ID	Mineralization Type	Northing	Easting	Cg %
01501	Disseminated	5054897	460586	13.3
01502	Disseminated	5054641	460483	17.1
01505	Disseminated	5054516	460474	20.1
01506	Disseminated	5054528	460461	21.7
01507	Disseminated	5054533	460463	28.6
01508	Disseminated	5054540	460541	18.5
01509	Disseminated	5054554	460446	22.6
01510	Disseminated	5054556	460454	26.4

Samples were treated at SGS Lakefield, Ontario, using method number GE/GO/GC_CS and code A05V. Graphitic carbon was determined by multistage furnace treatment and infrared detection on LECO instrumentation.

On January 11, 2016, the Company announced JV partner Ashburton Ventures Inc. has completed the first phase of drilling at the Company's Buckingham Graphite Project in southern Quebec which consists of five (5) holes totaling approximately 1,033 metres.

The five completed drill holes were aimed at testing targets generated by a combination of electromagnetic anomalies revealed by a TDEM (time-domain electromagnetic) survey and high-grade graphitic showings identified in trenches, which returned grades as high as 21.6% Cg (graphitic carbon) over 14.5 metres in channel samples (see Cavan Ventures Inc. release, July 17, 2014).

Holes BH15-04 and BH15-05, which were completed in late December, exhibit similar visual graphite mineralization as observed in the first three completed holes (BH15-01, -02, and -03).
Core samples have been shipped to SGS Canada Inc. in Lakefield, Ontario. The Company expects the first round of assays to be completed shortly and will release results as they are received.

On January 11, 2016, the Company announced assay results from the first hole, BH15-01, from the recent drill program at its Buckingham Graphite Project in southern Quebec.
Hole BH15-01, which targeted a broad, 1,500-metre long, northeast-trending geophysical anomaly encountered a total of 76.1 metres of disseminated graphite mineralization, hosted primarily within marble units, and reached a total depth of 209 metres. Hole information and assay results are summarized in Tables 1 & 2 and the Drilling Summary section below.

Table 1. Drill Hole Location Data

Hole ID	Easting	Northing	Azimuth	Dip	Total Depth (m)
BH15-01	460539	5054590	310	-50.0	209.0

Coordinate system: NAD83 UTM Zone 18N

Table 2. Summary of Significant Assay Data

Hole ID	From (m)	To (m)	Interval Length (m)	Graphitic Carbon (Cg) %
BH15-01	3.7	15.0	11.3	1.81
BH15-01	70.0	106.0	36.0	2.51
including	73.0	85.7	12.7	4.16
BH15-01	175.0	203.8	28.8	8.36
including	185.0	193.0	8.0	17.7

Drilling Summary: BH15-01

Lithologies encountered in BH15-01 consist dominantly of intercalated quartzofeldspathic paragneiss and generally graphite-bearing coarse-textured marble units. Minor pegmatite intrusions were encountered, notably in the lowermost 5 metres of the hole.

Graphite mineralization within BH15-01 is hosted dominantly within coarse, pebbly-textured marble units and occurs as disseminated, millimetre-scale flakes. The hole also encountered a small amount of vein-hosted graphite within a narrow pegmatite interval at the bottom of the hole, indicating the presence of vein graphite in the area.

Based on structural measurements taken from the drill core and from trenches directly above the drill hole, it is inferred that the foliation (and therefore, the mineralized layers) displays a general northeast strike and a roughly sub-vertical dip. This correlates very closely with the anomalous trend identified by the TDEM (time-domain electromagnetic) survey conducted on the property, which trends roughly northeast (~035°).

The structural picture of the mineralized zone will be expanded upon further as the Company analyzes the logging data in conjunction with assay results from the remaining four holes. The Company will release updates on this development in upcoming releases.

Samples were treated at SGS Lakefield, Ontario, using method number GE/GO/GC_CS and code A05V. Graphitic carbon was determined by multistage furnace treatment and infrared detection on LECO instrumentation. Duplicates, standards and blanks were inserted at regular intervals for QA/QC purposes.

RESULTS OF OPERATIONS

The following discussion explains the variations in the key components of the Company's operating results but, as with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of far greater significance are the exploration and evaluation assets in which the Company has, or may earn, an interest, its working capital and how many shares it has outstanding. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options. For details on the results of work on, and other activities in connection with, the Company's exploration and evaluation assets, see "Mineral Properties".

Results for the three months ended May 31, 2016:

During the three months ended May 31, 2016, the Company incurred:

i) An income of $38,401 (2015 – loss of $80,607). The increase in income compared to the prior period is primarily a result of realized gain on marketable securities in the current period.
ii) Consulting fees of $Nil (2015 – $2,300) decreased due to a decrease in number of consultants during the period.
iii) Management fees of $Nil (2015 – $37,500) decreased as a result of the lower activities in the current period.
iv) Professional fees of $12,336 (2015 – $21,702) decreased as a result of the lower activities in the current period.
v) Realized gain on marketable securities of $40,000 (2015 - $ Nil) increased as a result of the sale of marketable securities in the current period.

Summary of Quarterly Results

	May 31, 2016	**February 29, 2016**	**November 30, 2015**	**August 31, 2015**
Total revenue	$ Nil	$ Nil	$ Nil	$ Nil
Net income (loss)	38,401	(195,477)	(76,036)	(77,008)
Net income (loss) per share	0.00	(0.00)	(0.00)	(0.00)
Exploration and evaluation assets	163,092	163,092	1,028,249	1,028,249
Total assets	212,653	199,362	1,039,043	1,036,052
Long term liabilities	Nil	Nil	Nil	Nil
Total liabilities	1,228,035	1,253,145	888,692	823,916
Shareholders' equity (deficiency)	(1,015,382)	(1,053,783)	150,351	212,137

	May 31, 2015	**February 28, 2015**	**November 30, 2014**	**August 31, 2014**
Total revenue	$ Nil	$ Nil	$ Nil	$ Nil
Net loss	(80,607)	(1,716,719)	(94,092)	(147,515)
Net loss per share	(0.00)	(0.01)	(0.00)	(0.00)
Exploration and evaluation assets	1,019,576	175,252	1,645,784	1,645,784
Total assets	1,036,027	179,786	1,650,268	1,684,417
Long term liabilities	Nil	Nil	Nil	Nil
Total liabilities	755,633	804,441	602,867	522,855
Shareholders' equity (deficiency)	280,395	(624,655)	1,047,401	1,161,562

CAPITAL RESOURCES AND LIQUIDITY

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the unknown economic recovery. The current financial equity market conditions have improved since two years ago the global financial crisis and therefore making the funding market easier to raise capital through the private placements of shares. The junior resource industry is still affected by the world economic situation as it is considered speculative and high-risk in nature, making it somewhat difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with the financing ventures.

As of May 31, 2016, the Company had a working capital deficit of $1,178,474, compared to a working capital deficit of $1,216,875 at February 29, 2016.

LOANS PAYABLE

On April 10, 2013, the Company entered into a loan agreement with an arm's length lender to borrow an aggregate of $100,000. The loan bore an interest rate of 10% per annum, calculated semi-monthly and was due and payable on or before April 10, 2014, subsequently extended to July 14, 2014. The term has lapsed and interest continues to accrue after the end of the term.

Pursuant to the agreement, and as additional consideration for the Loan, the Company issued 400,000 common shares to the lender (issued and valued at $10,000) as a finance fee recorded in bank charges and interest.

As at May 31, 2016, the loan has accrued interest of $2,500 (2015 - $2,500) recorded in bank charges and interest.

During the year ended February 29, 2016, the Company received $10,000 with no fixed terms of repayment. The Company repaid the loan during the period ended May 31, 2016.

During the year ended February 29, 2016, the Company received $50 with no fixed terms of repayment. The Company received an additional $390 loan during the period ended May 31, 2016.

During the year ended February 29, 2016, the Company received $10,500 with no fixed terms of repayment.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties and key management consist of executive officers, directors, former officers, former directors, companies owned by executive officers, companies owned by former officers, companies owned by directors companies owned by spouses of directors, and companies owned by former directors of the company.

The Company incurred the following expenses in connection with key management, including companies owned by key management and directors, present and former.

Key Management	For the three months ended May 31, 2016	May 31, 2015
Management fees		
Paid or accrued to officers, directors, former officers, former directors and companies owned by officers, directors, former officers and former directors	**$ -**	$ 33,675
Professional fees		
Paid or accrued to an officer	**$ 3,000**	$ 10,500

These transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the respective related parties.

The Company had the following balance due to key management included in accounts payable and accrued liabilities:

Key management	May 31, 2016	February 29, 2016
Due to key management	$ **2,520**	$ 52,558

OUTSTANDING SHARE DATA

The Company's authorized share capital is unlimited common shares without par value. As at January 23, 2017, there were 73,940,826 issued and outstanding common shares, 3,250,000 stock options outstanding, with option exercise prices of $0.10 per share and no warrants outstanding. Please refer to the May 31, 2016 condensed interim financial statements (Note 5).

Subsequent to May 31, 2016, the Company proposed a consolidation of its common shares on the basis of one new share for up to every five existing shares. Currently, a total of 73,940,826 Shares are issued and outstanding. Accordingly, a total of 14,788,165 Shares would be issued and outstanding following the consolidation, assuming no other change in the issued capital.

The consolidation was approved at the Company's Annual General and Special Meeting of the shareholders on December 29, 2016.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions approved by the Board of Directors as of the date of this Management Discussion and Analysis.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and short term loans. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations. Each of these could have an impact on the economic viability of a mineral deposit. Management attempts to mitigate its exploration risk by maintaining a diversified portfolio and a strategy of possible joint ventures with other companies which balances risk while at the same time allowing properties to be advanced.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves. The properties that the Company has an option to earn an interest in are in the exploration stage only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few exploration properties are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

NEW ACCOUNTING POLICIES AND PRONOUNCEMENTS

Please refer the May 31, 2016 condensed interim consolidated financial statements on www.sedar.com for new accounting policies as well as future accounting pronouncements.