

Arian Resources Corp.
Management Discussion and Analysis
For the year ended May 31, 2015

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the Arian Resources Corp. ("the Company") consolidated financial statements for the year ended May 31, 2015. The discussion should be read in conjunction with accompanying audited financial statements of the Company and the notes thereto for the year ended May 31, 2015. The effective date of this report is September 28, 2015. The audited financial statements are prepared in accordance to the International Financial Reporting Standards ("IFRS") unless otherwise stated, and include the operating results of the Company and its subsidiaries. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Operations

The common shares of the Company are trading on the TSX Venture Exchange using the trading symbol ARC.

Corporate

On March 21, 2011, the Company acquired, through schemes of arrangement under Australian law (the "Arrangement"), all of the outstanding securities of Jab Resources Limited ("JAB"). JAB's principal asset (held through its wholly owned subsidiary JAB Resources SH PK, an Albanian registered company) is the 100-per-cent-owned Albanian Exploration Projects, a portfolio currently consisting of four Prospecting and Exploration Licences (PELs) totalling approximately 32 sq km and two PEL application areas totalling 134 sq km, located in Northern Albania. JAB has already spent in excess of US\$5 million on exploration within the granted licence areas, which has resulted in the outlining of significant gold, platinum group elements (PGE) and chromite mineralization. Arian filed an updated National Instrument 43-101 ("NI 43-101") compliant technical report on the Albanian Exploration Projects with the TSXV with an effective date of May 25, 2011.

Option and investment agreement with Sinomine International Exploration (Hong Kong) Holding Co. Ltd.

On April 11, 2013, the Company entered into an option and investment agreement with Sinomine International Exploration (Hong Kong) Holding Co. Ltd. ("Sinomine"), whereby Sinomine has the option to acquire 10-60% interest in the Company's subsidiary, JAB SHPK.

To earn the first 10% interest ("First Option"), Sinomine must complete the following:

- a) Complete the securities purchase as described above on the Completion Date; and
- b) Incur not less than \$1 million in expenditures on or before the first anniversary of the Completion Date.

To earn an additional 20% interest ("Second Option"), Sinomine must complete the following:

- a) Exercise the First Option; and
- b) Incur not less than an additional \$2 million in expenditures on or before the second anniversary of the Completion Date.

To earn an additional 30% interest ("Third Option"), Sinomine must complete the following:

- a) Exercise the Second Option; and
- b) Incur not less than an additional \$3 million in expenditures on or before the third anniversary of the Completion Date.

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Pursuant to the agreement with Sinomine, the Company applied for a gold exploration permit in Albania ("Kacinar Gold Project"), which includes the area covered by the previous permit held PEL 1124. In April 2013, the Company won the tender process for a gold exploration permit in Albania. The Company applied to the Albanian National Licensing Centre ("NLC") for the final issuance of the permit and was granted the permit in June 2013. In July 2013, the Company deposited a cash guarantee in the amount of US \$357,914 with the NLC in connection with this permit.

On September 19, 2013, Sinomine subscribed for 4,375,981 units of the Company, equal to 9.9% of the issued and outstanding common shares at that date, at \$0.15 per share for gross proceeds of \$656,397, all of which are to be spent on the property. Each unit consists of one common share and one share purchase warrant, which is exercisable at \$0.25 per share for 5 years.

As of the date of this report, Sinomine has given notice that they will not proceed with the option agreement; therefore impairment of \$2,190,932 was recognized during the year ended May 31, 2014 to write off the Kacinar Gold Project to zero.

Pursuant to the gold exploration permit for the Kacinar Gold Project, the Company must make the following expenditures on the property:

- a) 33,176,000 Albanian Lek (CAD \$321,807) during the first year by June 21, 2014 (incurred);
- b) 22,067,000 Albanian Lek (CAD \$214,050) during the second year by June 21, 2015; and
- c) 109,439,000 Albanian Lek (CAD \$1,061,558) during the third year by June 21, 2016.

During the year ended May 31, 2015, the Company incurred expenditures of \$278,555 and received a recovery of \$340,700 relating to the Kacinar Gold Project; therefore the net recovery of \$62,145 was recognized as recovery of impairment.

Kacinar Gold Project

Based on the geological, geochemical and geophysical results obtained to date, the company has unearthed what appears to be a new gold-bearing greenstone belt. Where suitable tectonic and intrusive activity has occurred greenstone belts can contain substantial gold deposits.

Greenstone-hosted gold deposits currently provide over 13 per cent of global gold production, with examples such as the Kirkland Lake, Malartic and Detour Lake mines within the Abitibi belt in Canada, the Tasiast mine in Mauritania, and the Fimiston mine in Kalgoorlie, Australia.

Within the Kacinar licence, there appears to be potential for two styles of mineralization. The first is quartz carbonate-sulphide shear-hosted veins as discovered in the company's drill testing program. The second is porphyry copper-gold mineralization associated with emergent core complexes as interpreted from the company's geophysical survey.

Within the outlined greenstone belt, historic Albanian Geological Survey work defined six areas that contain stream sediments anomalous in gold. Drill testing of a small area (400 metres by 200 metres) associated with one of these geochemical anomalies by the company outlined nine steeply dipping quartz carbonate-sulphide shear-hosted veins, averaging four metres in width and averaging 2.7 grams per tonne gold. These veins are open along strike and at depth, and are consistent with the type of mineralization found in established greenstone-hosted gold deposits and collectively offer significant potential.

Analysis of drill core and surface trench samples from this area has resulted in 61 samples with grades greater than one gram per ton gold. Of these, 8 samples have between five and ten grams per tonne gold and 12 samples have greater than ten grams per tonne gold. The highest assay was 39.4 grams per tonne gold over one metre on drill hole GZJ1017. Significant intersections include 1.51 grams per tonne gold over 14 metres thickness on drill hole GZJ1012 and 7.01 grams per tonne gold over six metres on drill hole GZJ1011. Note that these thicknesses are not necessarily true widths.

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Preliminary metallurgical test work indicates that 94 per cent of the gold can be separated into a sulphide concentrate using standard floatation processes. The gold occurs as separate grains associated with the sulphides.

Following the completion of the drilling program an induced polarization geophysical survey was undertaken in the Gjazuj area. This survey reveals the presence of numerous high-priority resistivity and chargeability anomalies. These are interpreted to represent both the shear-zone-hosted sulphide mineralization identified in the drilling and large sulphide-bearing intrusives lying immediately adjacent to and below the shear zones. The intrusives are further interpreted to represent porphyry copper-gold mineralization associated with the emergent core complexes. A number of high-priority targets have been identified for drill testing (target depths ranging from 50 metres to 250 metres).

The potential presence of a zone of emergent core complexes that runs north-south through the Gjazuj area is significant. Such zones can be associated with porphyry copper-gold intrusive systems that contain both considerable gold (multimillion ounce) and copper resources. Mineralization of this type has been identified in two sub-parallel belts located to the east of Albania (within Serbia-Macadonia-Greece and within Serbia-Bulgaria). As virtually no modern-day exploration has been undertaken on the identified Albanian zone, it is considered to offer considerable potential.

Chad Ulansky, PGeo, is the qualified person under National Instrument 43-101 who has reviewed the technical disclosure in this MD&A and is responsible for the technical information contained in this release.

Kacinar Drill Program

In February 2014, the Company has reported that the drill and drill crews are now in Albania. The support facilities are now operational and the crews are currently preparing the drill pads for the first two holes. The drill program is designed to test five priority targets from the 2011 Induced Polarization ground geophysical survey with a total of two thousand meters of drilling. The first hole is targeting co-incident induced polarization resistivity and chargeability anomalies defined for 550 metres along the survey line. The modelled coincident anomalies commence at a depth of around 100 metres and extend to a depth of at least 250 metres. The drill hole is planned to be 400 metres in length. It is anticipated that this drilling program will require up to four months to complete and is budgeted to cost \$1,000,000.

On February 10, 2014 the Company reported to date four priority targets have been selected for drill testing from the 2011 Induced Polarization ground geophysical survey. Drill pads have already been constructed for two of these. In total the two thousand meters of drilling is planned for the Kacinar project. The first hole is targeting co-incident induced polarization resistivity and chargeability anomalies defined for 550 metres along the survey line. The modelled coincident anomalies commence at a depth of around 100 metres and extend to a depth of at least 250 metres. The drill hole is planned to be 400 metres in length.

On March 14, 2014, the Company has completed the first hole at the Kacinar gold project. The end depth of the hole was 351.22m. The project geologist reports that multiple zones of basalt containing quartz-carbonate veining, chlorite alteration and variable epidote and silicification were intersected. Core samples will be sent to ALS Minerals' facility in Bor, Serbia for sample preparation prior to being forwarded to ALS Minerals' facility in Rosia Montana, Romania for analysis. The second hole at the Kacinar gold project has been completed as of April 10, 2014. This hole was collared 207 metres to the northwest from the first hole and was being drilled at a dip of 75 degrees due south with a targeted end depth of 300 metres. It was designed to test coincident resistivity and chargeability anomalies. The end depth of the hole was 407.12m. Samples from the first two diamond drill holes have been shipped from Albania to Serbia for processing.

On June 2, 2014, the Company reported that the third hole at the Kacinar gold project is now complete. The hole extended to a depth of 280.97 metres. Core from this hole will be sampled and readied for shipment to the ALS Minerals facility in Bor, Serbia, for sample preparation.

During the period the company has received results from the first two holes drilled from the current round of drilling at the Kacinar project. These holes unfortunately did not intersect the expected large sulphide-bearing

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intrusive interpreted from the induced polarization geophysical survey. As such, elevated gold values were not returned.

Copper Mining Permit

In April 2013, the Company submitted a bid for a copper mining permit in Albania. In June 2013, the Company was notified that it won the bid for the copper mining exploitation permit.

Acquisition of Balkan Resources Shpk.

In March 2014, the Company entered into an option agreement whereby the Company has an option to acquire the issued and outstanding shares of Balkan Resources Shpk (“BRS”), which owns the past producing, high-grade Perlat copper-gold-silver-cobalt mine in Albania. The 290 hectare Perlat exploitation permit contains a significant, high grade historic resource. The project is permitted for mining for 25 years, with a 10 year renewal option. Based on the results of geophysics conducted by Arian as part of its due diligence, the Company has significantly expanded the footprint of the project by acquiring an adjacent 2,300 hectare exploration license. Perlat Copper-Gold-Silver-Cobalt Project. The Perlat exploitation permit lies within the productive Mirditë and Pukë Districts in northern Albania and is located 80 kilometres north of the capital Tirana. The Perlat permit is easily accessed by an 18 kilometre road from the town of Rreshen. Power and water are readily available throughout the property.

In consideration for the option, the Company must:

- a) Issue 5,000,000 common shares of the Company on closing (issued with a fair value of \$900,000);
- b) Pay \$2,000,000 on June 30, 2015;
- c) Pay \$2,000,000 on December 30, 2016;
- d) On the date that concentrate emanating from the property covered by the exploitation permit is accepted by a smelter, pay \$3,000,000, plus
 - i) Pay \$3,000,000; or
 - ii) Issue 3,000,000 common shares; and
- e) Grant the optionor a 2.5% net smelter royalty interests in the property.

The Company issued 435,000 finders’ shares with a fair value of \$78,300 in connection with the acquisition.

As of the date of this report, the Company has not paid the \$2,000,000, which was due June 30, 2015. The Company is currently negotiating to extend the payment deadline.

As part of the agreement, the Company paid \$150,000 to settle a debt payable by the optionor. The agreement stipulates that the optionor must reimburse the Company for this debt settlement; however the Company has no plans to demand payment and the \$150,000 has been recognized as an acquisition cost.

Pursuant to the exploration permit for the Perlat property, the Company must make the following expenditures on the property:

- a) 4,819,745 Albanian Lek (CAD \$75,852) during the first year by May 27, 2015;
- b) 45,410,000 Albanian Lek (CAD \$440,477) during the second year by May 27, 2016; and
- c) 4,728,255 Albanian Lek (CAD \$45,864) during the third year by May 27, 2017.

On August 18, 2014, the Company entered into an option agreement whereby Sinomine has the option to earn a majority interest in the Perlat property pursuant to the following terms:

- a) The Company must fund a \$3,000,000 work program to be carried out by Sinomine by December 31, 2014, to be paid as follows:
 - i) \$300,000 within 30 days of closing (paid);
 - ii) \$500,000 before September 30, 2014;
 - iii) \$1,000,000 when 5,000 metres of drilling is complete, anticipated to be by December 15, 2014; and
 - iv) \$1,200,000 when Sinomine has completed all geological work, by March 31, 2015;
- b) Sinomine must produce a prefeasibility report and a valuation report on the Perlat property by March 31, 2015;

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- c) Upon conclusion of the work program, Sinomine must decide whether to partner for production by April 30, 2015;
 - i) If Sinomine decides to proceed, it must inform the Company in writing and a partnership agreement will be drawn up by May 30, 2015;
 - ii) If Sinomine decides to proceed, the Company shall receive credit for the \$3,000,000 investment in the joint venture; and
 - iii) If Sinomine decides not to proceed, the Company shall receive a 10% discount on the \$3,000,000 investment, which will be refunded to the Company.

As of May 31, 2015, the Company and Sinomine have completed the work program described in (a) above; therefore \$2,275,760 is payable to Sinomine at May 31, 2015.

Perlat-Shebe Project

The company's wholly owned subsidiary, Balkan Resources SHPK, has received the Perlat-Shebe exploration permit from the National Licensing Center of the Republic of Albania.

The 2,305-hectare exploration permit (area No. 145/1) is valid for three years with a possible one-year extension. Arian is excited to acquire this licence as it contains the extension of the rocks that hosts the copper and gold mineralization within the company's 290-hectare Perlat deposit. This new claim surrounds the existing Perlat mining licence area and has the potential to add additional mineralization to the existing Perlat high-grade copper-gold historic resource.

About the property

The exploration permit covers the well-documented Merdite trend of ophiolite rocks, with associated Cyprus-type VMS (volcanogenic massive sulphide) deposits, which trends north to northwesterly through Albania. The Perlat deposit is one of these VMS deposits currently undergoing assessment by Arian. The Merdite Ophiolite sequence of rocks trend through the Perlat exploitation licence and continues to the northeast and southwest from Arian's exploitation licence onto the recently acquired exploration licence. The Perlat deposit is open to the northeast and southwest, as well as to depth, along this corridor.

On the Perlat property, massive sulphide lenses and disseminated sulphides in altered volcanic rocks comprise a number of zones varying from four metres to 20 metres in thickness. The sulphide zones have been traced for more than two kilometres. The deposits host significant concentrations of copper and gold, with subsidiary silver, cobalt and zinc.

The exploration license also surrounds the Shebe and Tuturiqi prospects. Records kept by the Albanian-state Rubik Geological Enterprise have indicated that these deposits contain significant gold in outcrops that were historically sampled, with values of one gram per tonne to 27 grams per tonne gold reported (verbal communication, Rubik geologist). Infrastructure such as roads, water and power allow easy access for exploration within the newly acquired licence area.

National Instrument 43-101

Arian Resources Corp. has completed an initial mineral resource estimate for the Perlat copper-gold-silver-zinc-cobalt project. A National Instrument 43-101 technical report has been filed on the SEDAR website.

At a cut-off of 1.1 per cent, the estimate provides a total inferred mineral resource of 4.66 million tonnes averaging 2.12 per cent copper. This is consistent with the historic resource defined by Rubik Geological Enterprise, pursuant to 165,000 metres of drilling (see news release dated Jan. 30, 2014). This confirmation of the resource at Perlat, to Canadian reporting standards, affirms Arian's decision to seek to take Perlat into production.

A 5,000-metre drill program has been planned, which would lead to a prefeasibility study by Sinomine Resource Exploration Co. Ltd. The Perlat property comprises 290 hectares of exploitation permit with a

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further 2,305 hectares of exploration permit within a district-scale, multielement volcanogenic massive sulphide belt. Eighty-eight 3-D wireframes were created to represent the massive sulphide lenses. The assay results from 242 drill holes that passed through the solids were used to estimate the mineral resource. The copper results within the solids were capped at 13.5 per cent, and composites with a length of 2.5 metres were produced. A block model with blocks 10 m by 10 m by five m in dimension was interpolated for copper using ordinary kriging. Specific gravities were assigned to the mineralized portions of blocks based on estimated copper grades. Using a cut-off of 1.1 per cent Cu, a total inferred mineral resource of 4.66 million tonnes averaging 2.12 per cent Cu was interpolated.

The mineral resource estimate and NI 43-101 report were prepared by Gary Giroux, PEng, MASc; Perry Grunenberg, PGeo; and Vivian Park, PGeo, all of whom are independent of the company. The mineral resource was estimated using Canadian Institute of Mining, Metallurgy and Petroleum best practice guidelines, and the results are disclosed according to National Instrument 43-101.

The exploration licence covers the well-documented Merdite ophiolite sequence of rocks that trend north to northwesterly through Albania. The trend is known to host volcanogenic massive sulphide (VMS) deposits such as Perlat, many of which were historically mined. On the Perlat property, massive sulphide lenses and disseminated sulphides in altered volcanic rocks comprise a number of zones varying from four to 20 metres in thickness. The sulphide zones have been traced for more than two kilometres. The mineralized zones host significant concentrations of copper and gold, with subsidiary silver, cobalt and zinc. The exploration licence includes the Shebe and Tuturiq prospects. Historic records indicated that these prospects contain significant gold in outcrops with reported values of up to 27 grams per tonne.

Chad Ulansky, PGeo, is the qualified person under National Instrument 43-101 who has reviewed the technical disclosure in this MD&A and is responsible for the technical information contained in this release.

Perlat Drill Program

On September 10, 2014, the Company and Sinomine Resource Exploration Co. Ltd the announced completion of the first drill hole of a 5,000-metre drill program related specifically to the development of the Perlat high-grade copper-gold project in Albania. The first drill hole went to a depth of 350 metres.

On September 10, 2014, the Company and Sinomine Resource Exploration Co. Ltd. announced the completion of the second drill hole of the 5,000-metre drill program related to the development of the Perlat high-grade copper-gold project in Albania. The second drill has depth of 352.02 metres.

On October 9, 2014, the Company and Sinomine Resource Exploration Co. Ltd. have received results from the first two drill holes of the 5,000-metre drill program. The first two drill holes were designed to confirm historic drilling conducted on the project.

On January 15, 2015, the Company and Sinomine Resource Exploration Co. Ltd. (“Sinomine”) completed the 12-hole drill program of 5,000 metres for evaluation of development potential of the Perlat high-grade copper-gold-silver-zinc project in Albania. Sinomine successfully completed raised \$37 million USD from its initial public offering on the Shenzhen Stock Exchange on December 30, 2014.

Results for nine holes related to the drill-program have been received:

Hole ID	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)	Zn (%)	CuEq (%)
14BRP001	191.60	194.40	2.80	6.33	5.26	80.81	2.77	11.28
14BRP002	234.35	242.17	7.82	6.30	1.10	11.49	0.63	7.32
14BRP003	333.45	338.45	5.00	2.18	0.78	4.50	0.26	2.80
14BRP004	219.22	222.22	3.00	1.08	0.49	3.03	2.25	2.22
14BRP004	279.79	305.79	26.00	2.83	1.44	5.99	0.06	3.80
14BRP006	279.60	300.30	20.70	1.39	1.19	8.18	0.44	2.35
14BRP009	242.30	273.74	31.44	2.03	0.32	13.76	0.66	2.58

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Selected Annual Information

The following table sets forth selected audited financial information of the Company for the last three completed financial years:

	May 31, 2015	May 31, 2014	May 31, 2013
Revenue	\$Nil	\$Nil	\$Nil
Net Loss	(\$2,198,557)	(\$8,097,221)	(\$2,281,990)
Loss per share – basic and diluted	(\$0.02)	(\$0.15)	(\$0.14)
Total assets	\$5,142,144	\$2,813,012	\$1,838,614

Summary of Quarterly Results

The following table sets forth selected (unaudited) quarterly financial information for each of the last eight most recently completed quarters.

	<u>IFRS</u> <u>May 31,</u> <u>2015</u>	<u>IFRS</u> <u>February 28,</u> <u>2015</u>	<u>IFRS</u> <u>November 30,</u> <u>2014</u>	<u>IFRS</u> <u>August 31,</u> <u>2014</u>
	\$	\$	\$	\$
Total revenues	-	-	-	-
Loss before other items and taxes	(872,851)	(426,853)	(613,113)	(575,014)
Loss per-share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Net loss for the period	(613,174)	(405,656)	(613,113)	(566,614)
Loss per-share (basic and diluted)	(0.00)	(0.01)	(0.01)	(0.01)
	<u>IFRS</u> <u>May 31,</u> <u>2014</u>	<u>IFRS</u> <u>February 28,</u> <u>2014</u>	<u>IFRS</u> <u>November 30,</u> <u>2013</u>	<u>IFRS</u> <u>August 31,</u> <u>2013</u>
	\$	\$	\$	\$
Total revenues	-	-	-	-
Loss before other items and taxes	(2,786,680)	(2,720,991)	(128,192)	(272,952)
Loss per-share (basic and diluted)	(0.03)	(0.04)	(0.00)	(0.01)
Net loss for the period	(4,977,612)	(2,720,991)	(127,433)	(271,185)
Loss per-share (basic and diluted)	(0.05)	(0.04)	(0.00)	(0.01)

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Operating Results, Financials Condition and Liquidity

Financial Conditions

At May 31, 2015, the Company had Current Assets of \$127,220 (2014 - \$1,512,518). Current Liabilities were \$3,259,215 (2014 - \$774,949).

In June and July 2014, the Company completed a non-brokered private placement of 6,194,833 units at \$0.15 per unit for gross proceeds of \$929,225. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of \$0.25 per share for a period of two years. The fair value of the attached warrants was \$260,714. In connection to the private placement the Company paid a finder's fee of 469,334 units with a total fair value of \$70,400, of which \$50,647 was allocated to share issue costs and \$19,752 to warrant reserve. These finder's units have the same terms as the private placement units. Cash share issuance costs of \$24,300 were incurred for this private placement. The private placement and finder's warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.12-1.10%, an expected life of 2 years, annualized volatility of 197-199%, and a dividend rate of 0%.

On November 24, 2014, the Company completed the first tranche of a non-brokered private placement of 4,700,000 units at \$0.15 per unit for gross proceeds of \$705,000. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of \$0.25 per share for a period of five years. The fair value of the attached warrants was \$204,765. In connection to the private placement the Company paid a finder's fee of 70,000 units with a total fair value of \$10,500, of which \$7,450 was allocated to share issue costs and \$3,050 to warrant reserve. These finder's units have the same terms as the private placement units. The private placement and finder's warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.03%, an expected life of 5 years, annualized volatility of 162-163%, and a dividend rate of 0%.

On December 5, 2014, the Company closed the second and final tranche of a non-brokered private placement. The second tranche consisted of 300,000 units at a price of \$0.15 per unit for gross proceeds of \$45,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.25 per share for a period of five years. The fair value of the attached warrants was \$10,771.

On February 6, 2015, the Company completed the shares-for-debt settlement by issuing 10,192,400 common shares with a fair value of \$305,772 for settlement of \$509,620 of debt, resulting in a gain of \$203,848.

On March 12, 2015, the Company closed the first and second tranches of a non-brokered private placement. The Company issued 12,400,000 units at \$0.05 per unit for gross proceeds of \$620,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 for a period of five years. The fair value of the attached warrants was \$278,292. Of the total units issued, 5,400,000 units were issued with a fair value of \$270,000 to settle loans totaling \$270,000. In connection with the private placement, the Company paid a finder's fee of 100,000 units with a fair value of \$5,000, of which \$1,800 was allocated to share issue costs and \$3,200 to warrant reserve. These finder's units consist of one common share and one share purchase warrant, which is exercisable at \$0.10 for a period of two years. The private placement and finder's warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.03-1.48%, an expected life of 2-5 years, annualized volatility of 164%, and a dividend rate of 0%.

On August 12, 2014, the Company entered into a consulting agreement with Pada Investments LLC and Jim Belushi, whereby Mr. Belushi was to provide services to the Company in exchange for the following consideration:

- a) 133,337 units on the first work day in 2014 and 133,333 units for each work day in 2014 thereafter, subject to a minimum of 320,000 units per month and a maximum of 1,600,000 units in 2014 in aggregate;

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b) 94,112 units on the first work day in 2015 and 94,118 units for each work day in 2015 thereafter, subject to a minimum of 133,333 units per month and a maximum of 1,600,000 units in 2015 in aggregate.

Each unit consists of one common share and one share purchase warrant exercisable for a period of five years at an exercise price equal to the current market price of the shares plus \$0.01 on the date of payment, subject to a minimum exercise price of \$0.05. Mr. Belushi worked 12 days in 2014 and 12 days in 2015 during the year ended May 31, 2015; therefore the Company is obligated to issue 2,729,410 units to him, which have a fair value of \$54,588 at May 31, 2015.

During the year ended May 31, 2014, the Company completed a non-brokered private placement of 27,449,326 units at \$0.15 per unit for gross proceeds of \$4,117,399. Included in the private placement were 4,375,981 units issued to Sinomine pursuant to the option and investment agreement (Note 8). Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of \$0.25 per share for a period of two to five years. The fair value of the attached warrants was \$1,968,036. In connection to the private placement the Company paid a finder's fee of 1,011,401 units with a total fair value of \$151,710, of which \$83,240 was allocated to share issue costs and \$68,470 to warrant reserve. These finder's units have the same terms as the private placement units. An additional 24,000 finder's warrants were issued with a fair value of \$3,600, which are exercisable at \$0.25 per share for a period of five years. Cash share issue costs of \$16,357 were incurred for this private placement. The private placement and finder's warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.05-2.02%, an expected life of 2-5 years, annualized volatility of 162-176%, and a dividend rate of 0%.

During the year ended May 31, 2014, the Company issued 18,123,001 common shares upon exercise of 18,123,001 warrants. Of the total, 17,515,334 warrants were exercised at \$0.10 per share for proceeds of \$1,751,533 and 607,667 warrants were exercised at \$0.25 per share for proceeds of \$151,917 for total proceeds of \$1,903,450. Upon exercise, the previously recorded fair value of these warrants of \$806,573 was reclassified from warrant reserve to share capital.

During the year ended May 31, 2015, the Company's net loss was \$2,198,557 compared to \$8,097,221 in 2014. Professional fees increased from \$75,160 in 2014 to \$81,553, management fees decreased from \$802,823 in 2014 to \$100,536, shareholder communications decreased from \$176,745 in 2014 to \$76,126, advertising and promotion decreased from \$96,561 in 2014 to \$75,608, consultant expenses decreased from \$1,538,675 in 2014 to \$1,446,634, and transfer agent and filing decreased from \$141,503 in 2014 to \$65,050.

During the quarter ended May 31, 2015, the Company's net loss was \$613,174 compared to \$4,977,612 in 2015. Professional fees decreased from \$51,151 in 2014 to \$(49,116), management fees decreased from \$122,786 in 2014 to \$7,500, shareholder communications decreased from \$115,238 in 2014 to \$68,376, advertising and promotion increased from \$24,181 in 2014 to \$43,773, consultant expenses increased from \$569,695 in 2014 to \$859,507, and trust and filing decreased from \$55,719 in 2014 to \$(1,343).

The Company has spent \$1,056,853 (2014 - \$1,228,220) in mineral property costs during the year.

Capital Resource and Liability

At May 31, 2015 cash and cash equivalents was \$42,540 compared to \$1,205,002 at May 31, 2014. Working capital deficit was \$3,131,995 compared to working capital of \$737,569 in 2014. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company has sufficient working capital at this time to meet its ongoing financial obligations.

Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. The following transactions occurred in the periods presented:

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Related party balances

Related party balances

The following balances are due from related parties:

	May 31, 2015	May 31, 2014
Due from a director of the Company (Note 5)	\$ -	\$ 45,542

The following amounts due to related parties:

	May 31, 2015	May 31, 2014
Companies controlled by directors of the Company	\$ 2,500	\$ 19,300
Directors of the Company	63,508	15,075
	\$ 66,008	\$ 34,375

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management personnel compensation

	For the year ended	
	May 31, 2015	May 31, 2014
Consulting fees	\$ 562,181	\$ 788,538
Management fees	30,000	-
Salaries and wages capitalized to exploration and evaluation assets	6,501	-
Stock-base compensation	104,177	1,250,389
	\$ 702,799	\$ 2,038,927

Outstanding Share Data

As May 31, 2015, the following securities were outstanding:

Common shares – 122,763,474
 Stock options – 10,500,000
 Warrants – 67,735,893

As at September 28, 2015, the following securities were outstanding:

Common shares – 133,543,474
 Stock options – 10,500,000
 Warrants – 78,515,893

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Please refer to Note 2 of the accompanying audited financial statements for the year ended May 31, 2015.

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Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's subsidiaries are exposed to currency risk as they incur expenditures that are denominated in Australian dollar and the Euro while their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Australian dollars:

	May 31, 2015	May 31, 2014
Cash and cash equivalents	\$ 322	\$ 341
Accounts receivable	184	194
Accounts payable	(16,348)	(17,297)
	\$ (15,842)	\$ (16,759)

As at May 31, 2015, with other variables unchanged, a +/- 10% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$1,584.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Euro:

	May 31, 2015	May 31, 2014
Cash and cash equivalents	\$ 1,204	\$ 20,815
Receivables	308	(7,230)
Accounts payable	(54,696)	(22,561)
	\$ (53,184)	\$ (8,976)

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As at May 31, 2015, with other variables unchanged, a +/- 10% change in the Euro to Canadian dollar exchange rate would impact the Company's net loss by \$5,318.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share capital and working capital.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	May 31, 2015	May 31, 2014
Fair value through profit and loss:		
Cash	\$ 42,540	\$ 1,205,002
Receivables	\$ -	\$ 45,542
	\$ 42,540	\$ 1,250,544

Financial liabilities included in the statement of financial position are as follows:

	May 31, 2015	May 31, 2014
Non-derivative financial liabilities:		
Bank indebtedness	\$ 106,112	\$ -
Accounts payable	3,067,095	715,974
Due to related parties	66,008	34,375
	\$ 3,329,215	\$ 750,349

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and cash equivalents are classified as level 1.

Segmented Information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

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Geographic segments

The Company's non-current assets are located in the following countries:

	As at May 31, 2015		
	Canada	Albania	Total
Equipment	\$ 44,240	\$ 388,652	\$ 432,892
Exploration and evaluation assets	-	4,582,032	4,582,032
	\$ 44,240	\$ 4,970,684	\$ 5,014,924

	As at May 31, 2014		
	Canada	Albania	Total
Equipment	\$ 55,300	\$ 57,921	\$ 113,221
Exploration and evaluation assets	-	1,187,273	1,187,273
	\$ 55,300	\$ 1,245,194	\$ 1,300,494

Subsequent Events

a) Private placement

Subsequent to May 31, 2015, the Company closed the first tranche of a private placement by issuing 9,800,000 units at a price of \$0.05 per unit for gross proceeds of \$490,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.07 for a period of five years. In connection with the private placement, the Company paid finder's fees of 980,000 units. Each finder's unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.07 for a period of two years.

Business Risk and Uncertainties

The Company, like all companies in the mining sector, is exposed to a variety of risks which include title to mining interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The mining industry is intensely competitive and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The mining industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations. Please also refer to Forward Looking Statements.

Management's Responsibility for Financial Information

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

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The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

Additional Information

Additional information relating to the Company is available on www.sedar.com.