

KESTREL GOLD INC.
AMENDED MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

Background

This amended management's discussion and analysis ("Amended MD&A") focuses on key items from the financial statements for Kestrel Gold Inc. (also referred to as "Kestrel" or the "Company") for the years ended September 30, 2015 and 2014, which is available on SEDAR (www.sedar.com) and the factors reasonably expected to impact future operations and results as prepared on November 30, 2016. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect the Company in the future. This discussion should be read in conjunction with the audited financial statements of the Company for the years ended September 30, 2015 and 2014 and the related notes ("Financial Statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Audit Committee is responsible for reviewing the contents of this document, together with the unaudited financial statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight.

This Amended MD&A was reviewed and approved by the Company's Audit Committee and Board of Directors and is effective as of January 23, 2017.

All dollar amounts are Canadian unless otherwise stated.

Business Overview

Kestrel was incorporated under the *Business Company's Act* (Alberta) on April 12, 2007 under the name "Bling Capital Corp.". On November 1, 2007, the Company commenced trading on the TSX Venture Exchange Inc. ("TSX-V") under the symbol BLI.P. The Company changed its name from Bling Capital Corp. to Kestrel Gold Inc. on June 24, 2010. Its symbol on the TSX-V is "KGC". The Company is currently suspended from trading on the TSX-V. The Company's head office address is Suite 208, 110 12th Avenue S.W., Calgary, Alberta, T2R 0G7. The registered and records office address is 1900, 520 3rd Avenue S.W., Calgary, Alberta, T2P 0R3.

The principal business activity of Kestrel is the acquisition, exploration and evaluation of mineral properties. The Company is exploring and evaluating mineral properties in Canada with the aim of bringing these properties to production, possibly with a joint venture partner. Kestrel's mineral properties at the date of this Amended MD&A include the King Solomon Dome property (the "KSD Property") in Canada's Yukon Territory.

The Company has not been able to identify a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the properties.

The Company is primarily involved in early stage exploration mining activities and as such does not at present have any cash-generating units such as operating mines and the associated common indicators of impairment. Broad market fluctuations, mineral markets, processing equipment costs, government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection are subject to change several times over any given period and cannot be readily quantified as indicators of impairment at the grassroots stage of mineral exploration. However, due to a sustained decrease in metal prices and general market conditions for mineral exploration companies, the Company concluded these factors constituted an indication of impairment.

The Company continues to work on all of its mining properties and at such point as a claim becomes uneconomic, the Company would consider the abandonment of such property and write the value of such asset off at that time.

Forward-Looking Statements

This Amended MD&A contains “forward-looking information” and “forward-looking statements” (together, the “forward looking statements”) within the meaning of applicable securities laws. All statements other than statements of historical fact may be considered forward looking statements.

Forward-looking statements in this document include, but are not limited to, estimates, forecasts and statements as to the Company’s belief with respect to, among other things, the timing of its drilling, exploration programs and exploration results and ongoing development studies and assessing potential development options, the ability to complete further acquisitions of additional mineral properties, , the ability of the Company to access capital to fund its operations and activities, the ability of the Company to mitigate or settle indebtedness by the issuance of capital and the ability of the Company to respond to market fluctuations and government regulations. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. While the Company has based these forward-looking statements on its expectations about future events as at the date that this document was prepared, the statements are not a guarantee of the Company’s future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors and assumptions include, amongst others, the effects of general economic conditions, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, misjudgments in the course of preparing forward-looking statements. In addition, there are also known and unknown risk factors which may cause actual

events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation risks related to:

- the Company's lack of revenues from operations and its continued ability to fund ongoing and planned exploration and possible future mining operations;
- the Company's history of losses, which may continue to occur in the future;
- the Company's ability to raise money in the future to fund its operations;
- the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones and the Company's ability to successfully establish mining operations or profitably produce precious or other metals;
- actual capital costs, operating costs, production and economic returns, and uncertainty that any possible future development activities will result in profitable mining operations;
- mineral resource figures being estimates based on interpretations and assumptions which may result in less mineral production under actual conditions than is currently estimated;
- changes in the market price of gold and silver, and other minerals which in the past have fluctuated widely and which could affect the profitability of possible future operations and financial condition;
- currency fluctuations;
- interpretation of drill results and the geology, continuity and grade of mineral deposits;
- the inherently dangerous activity of mining, including conditions or events beyond the Company's control;
- uncertainty in the Company's ability to obtain and maintain certain permits necessary for current and anticipated operations;
- the Company being subject to environmental laws and regulations which may increase the costs of doing business and/or restrict operations;
- land reclamation requirements which may be burdensome;
- the uncertainty in the Company's ability to attract and maintain qualified management and other personnel to meet the needs of anticipated growth and risks relating to its ability to manage growth effectively;
- the Company's held mineral properties being subject to prior unregistered agreements;
- transfers, or claims and other defects in title;
- increased competition that could adversely affect the Company's ability to attract necessary capital funding or acquire suitable properties for mineral exploration in the future;

- officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests;
- the volatility of the Company's Common Share price and volume;
- potential claims by indigenous people over the Company's mineral properties;
- the ability of the Company to obtain regulatory body, shareholder and other third party approvals related to proposed acquisitions.

The above list is not exhaustive of the factors that may affect the Company's forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in this Amended MD&A under "Risk Factors and Uncertainties" and "Financial Instruments" below and other information released by the Company and filed with the appropriate regulatory authorities. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. Although the Company has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law. Readers are cautioned against attributing undue reliance or certainty to forward-looking statements contained in this Amended MD&A.

Basis of Presentation

Basis of Measurement

The audited financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and judgments.

Critical accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Restoration, rehabilitation and environmental provisions (asset retirement obligations)

Decommissioning and restoration obligation provisions represent management's best estimate of the present value of the future costs. Significant estimates and assumptions are made in determining the amount of obligation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible disturbance; and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Accrued liabilities

Management makes estimates of obligations to the Company as a result of past transactions. The estimates are reviewed on an ongoing basis and revisions to the estimate are recognized in the period in which the estimate is revised.

The assumptions used in the calculation of the fair value assigned to share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's equity reserves.

Convertible instruments

The Company has used estimates in determining the fair value of the convertible debenture. Inputs used require subjective assumptions, including the expected price volatility and credit spread of the Company. Changes in these assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the convertible debenture.

Critical accounting judgments

Critical accounting judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Economic recoverability and profitability of future economic benefits of mineral property interests

Management has determined that exploration, evaluation and related costs incurred which were capitalized, have future economic benefits and are economically recoverable. Where future economic benefits and economic recovery are determined to be below the carrying value, management have assessed impairment. Management uses several criteria in its assessment including geologic and metallurgic information, history of conversion of mineral deposits to

proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits, life of mine plans and information from market participants.

Going Concern

For the year ended September 30, 2015, the Company incurred a net loss of \$1,123,748, had a working capital deficiency of \$830,518 as at September 30, 2015 and had an accumulated deficit to September 30, 2015 of \$12,740,902. As Kestrel is an exploration stage company, it has no sources of revenue, therefore its ability to continue to meet its obligations, conduct exploration activities and continue as a going concern is dependent upon its ability to raise additional capital to fund exploration activities and meet its obligations. There is no assurance at this time that the Company will be able to obtain the necessary financing to continue operations. If Kestrel is unable to obtain suitable financing in the near future, it will be necessary for the Company to examine other strategic alternatives to continue operations and enhance shareholder value, including, but not limited to, seeking creditor protection, seeking a joint venture partner, relinquishing its rights to properties or projects deemed uneconomical, the possible sale of some or all of the Company's assets or the merger, amalgamation or sale of the Company with or to a larger, better financed entity.

The audited financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis assumes that the Company will continue operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. If the going concern assumption was not appropriate for these audited financial statements, then material adjustments would be necessary to the carrying amounts of the assets and liabilities, the reported expenses and the balance sheet classifications used.

Report on Operations

The following overview discusses results of Kestrel's exploration related operations that were conducted during the periods prior to September 30, 2015.

Yukon, Canada

On October 31, 2010, Kestrel acquired an option to earn a 100% interest in a number of mineral exploration properties in the Dawson Mining District, collectively known as the King Solomon Dome Project, located within the heart of the Yukon Territory's world-renowned Klondike Goldfields where total placer gold production to date has been estimated to be around 20 million ounces of gold.

The KSD Property (the most significant portion of the King Solomon Dome Project) is road accessible and located approximately 30 km southeast of Dawson City within an area of extensive past and present placer mining activity.

The KSD Property has had sporadic work conducted over the years since the Klondike Gold Rush discovery of 1896 and high grade surface gold mineralization has been reported on a number of occasions, but no diamond drilling has previously occurred.

In early September 2013, a diamond drill program commenced at the King Solomon Dome Property following Kestrel entering into an agreement dated August 30, 2013, to option up to

50% of the Company's interest in the King Solomon Dome property to Rackla Metals Inc. ("Rackla") (TSX-V: RAK).

Three diamond drill holes were completed (1,191m), spaced approximately 250 to 300 metres apart, to test known quartz veins, surface rock and soil geochemical anomalies and resistivity and induced polarization (IP) geophysical anomalies. The holes were drilled on a westerly to south westerly azimuth and inclined between 50 and 55 degrees at the collars. A map of the drill locations is shown on Kestrel's website at www.kestrelgold.com.

All three drill holes intersected low grade gold mineralization with some high grade gold encountered (up to 4.89 g/t Au in drill hole DDH13-02: Kestrel news release: November 28, 2013). No visible gold was found in any of the drill core as has been historically reported at surface.

Following incurring exploration expenditures of approximately \$300,000 by Rackla, on November 28, 2013, Rackla terminated its option agreement dated August 30, 2013 and has relinquished all interest back to Kestrel in the KSD Property.

The 2013 fall drilling campaign, because of its limited scope, has only partially explained the main chargeability anomaly and large areas of the property wide soil and rock surface geochemical anomaly remain untested. Kestrel management is of the opinion that this initial and modest diamond drill program does not preclude the possibility that high grade zones of gold and silver mineralization are present proximal to the drilling as well as elsewhere on the KSD property. The structural complexity present needs to be incorporated into a modified geological model.

Untested zones at KSD include:

- Other geophysical anomalies – in particular on the western side of the KSD Property - that have different geophysical signatures to the drilled anomaly.
- The high grade gold area sampled in the vicinity of the Mitchell vein approximately 750 metres NNW of DDH13-02 with a corresponding geochemical soil anomaly (Kestrel news releases: December 16 and 14, 2011).
- The property wide extent of the large gold geochemical soil anomaly with samples of up to 4 g/t Au approximately 1.5km along strike south from DDH13-03.

On November 7, 2014, the Company completed a renegotiation of the option agreement to acquire the KSD property. Specifically, all payments and share issuances to November 7, 2014 were deemed full satisfaction of the acquisition of 100% interest in the King Solomon Mine property, concurrent with the Company surrendering all interest in the Gold Run Creek and Dominion Mountain properties in exchange for ownership. All future exploration activities will be focused on the King Solomon Mine property. Accordingly, during the year ended September 30, 2014, the property was written by \$414,529. During the year ended September 30, 2015, based on the poor public market performance for junior exploration companies and the Company's inability to raise additional financing, further indicators of impairment were deemed to exist. Accordingly, during the year ended September 30, 2015, the King Solomon Mine property was written down to \$300,000.

Further exploration is warranted at KSD and is contingent on Kestrel obtaining further financing.

Capital Expenditures

Acquisition and exploration expenditures during the year ended September 30, 2015 were \$nil (2014 - \$144,689). During the year ended September 30, 2015, the Company spent \$nil (2014 - \$155,000) on acquisition costs and recovered \$nil (2014 - \$10,311) on exploration costs.

Operating Segments

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties in Canada. Geographic information is as follows:

	Exploration and Evaluation Assets	Net Loss and Comprehensive Loss
September 30, 2015		
Canada	\$ 300,000	\$ 1,123,748
September 30, 2014		
Canada	\$ 1,117,738	\$ 732,682

Selected Annual Information

September 30	2015	2014	2013
Total revenues	\$ nil	\$ nil	\$ nil
Loss for the year	\$ 1,123,748	\$ 732,682	\$ 311,992
Loss for the year attributable to the owners of the parent	\$ 1,123,748	\$ 732,682	\$ 311,992
Basic and diluted loss per share	\$ 0.08	\$ 0.06	\$ 0.03
Total assets	\$ 317,008	\$ 1,280,604	\$ 1,392,248
Total long-term liabilities	\$ nil	\$ nil	\$ nil
Cash dividends per share	\$ nil	\$ nil	\$ nil

Results from Operations

Selected Information

The Company's audited Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following selected information is taken from the financial statements for the year ended September 30, 2015.

Review of Financial Results

For the year ended September 30, 2015, the Company reported a net loss of \$1,123,748 compared to a net loss of \$732,682 for the year ended September, 2014. A comparison of expenses for September 30, 2015 and 2014 is provided in the table below.

The increase in net loss is primarily related to impairments of exploration properties recognized in 2014 and 2015.

On November 30, 2014, the Company renegotiated its option agreement for the King Solomon Dome Project and relinquished any rights to two properties, Dominion Mountain Property and Gold Run Creek Property. The Company recognized an impairment of \$414,529 in 2014. On September 30, 2015, the Company recognized an impairment of \$817,738.

Expenses

Expenses include overheads associated with administering the Company's regulatory requirements and supporting the exploration activities.

	For the year ended September 30, 2015	For the year ended September 30, 2014	Increase (Decrease)
Expenses			
Write-down of exploration and evaluation assets	\$ 817,738	\$ 414,529	\$ 403,209
Consulting fees	149,500	160,360	(10,860)
Accretion of convertible debentures and interest	66,827	27,237	39,590
Professional fees	52,085	82,572	(30,487)
Office, rent and administration	16,910	25,667	(8,757)
Listing and filing fees	14,756	14,193	563
Loss on conversion of debt	14,000	-	14,000
Travel and promotion	9,148	64	9,084
Transfer agent fees and investor relations	7,951	20,639	(12,688)
Subcontractors	3,000	8,448	(5,448)
Finder's fees	1,000	1,050	(50)
Interest and bank charges	784	634	150
Insurance	150	7,727	(7,577)
Expense recovery	(2,212)	(40,720)	42,932
Gain on disposal of equipment	(27,889)	-	(27,889)
Share-based payments	-	10,186	(10,186)
Taxes	-	120	(120)
Foreign exchange gain	-	(24)	24
	\$ 1,123,748	\$ 732,682	\$ 391,066

An analysis of the significant changes is outlined below:

- Write-down of exploration and evaluation assets increased by \$403,209 from \$414,529 to \$817,738 for the year ended September 30, 2015 due to an assessment of the recoverability of the carrying amount to estimated fair value assessment by management.
- Consulting fees decreased by \$10,860 from \$160,360 for the year ended September 30, 2014 to \$149,500 for the year ended September 30, 2015 due to the decrease in consulting services needed.

- Accretion of convertible debentures and accrued interest increased \$39,590 for the year ended September 30, 2015 due to additional convertible debentures issued during the year.
- Professional fees decreased by \$30,487 from \$82,572 for year ended September 30, 2014 to \$52,085 for the year ended September 30, 2015, due primarily to the decrease in legal fees, as the Company's activity was significantly reduced.
- Transfer agent fees and investor relations expenses decreased by \$12,688 from \$20,639 for the year ended September 30, 2014 to \$7,951 for the year ended September 30, 2015, due to the decrease in investor activity.
- Travel and promotion increased \$9,084 from \$64 for the year ended September 30, 2014 to \$9,148 the year ended September 30, 2015, due to increased promotional activity.
- Office rent and administration decreased \$8,757 from \$25,667 for the year ended September 30, 2014 to \$16,910 for the year ended September 30, 2015, as a result of reduction of office rent and administration fees.
- Expense recovery of \$40,720 in the year ended September 30, 2014 was due to GST recovery on prior years' expenses.

Summary of Quarterly Results

The following is selected financial data from the Company's quarterly financial statements with the most recently completed 8 quarters:

	Quarter Ended September 30, 2015	Quarter Ended June 30, 2015	Quarter Ended March 31, 2015	Quarter Ended December 31, 2014
	(\$)	(\$)	(\$)	(\$)
Net income (loss)	(939,592)	(184,665)	44,960	(44,451)
Net income (loss) per share (basic and fully diluted)*	(0.06)	(0.01)	0.00	(0.01)
Total assets	317,008	1,168,836	1,204,662	1,299,348
Exploration and evaluation assets	300,000	1,117,738	1,117,738	1,117,738
Total liabilities	844,986	771,222	634,876	603,070
Shareholders' equity (deficiency)	(527,978)	397,614	569,786	626,278

*Calculation based on retroactive application of 4:1 share consolidation dated April 11, 2014.

	Quarter Ended September 30, 2014	Quarter Ended June 30, 2014	Quarter Ended March 31, 2014	Quarter Ended December 31, 2013
	(\$)	(\$)	(\$)	(\$)
Net loss	(410,247)	(124,330)	(98,573)	(99,532)
Net loss per share (basic and fully diluted)*	(0.03)	(0.01)	(0.01)	(0.01)
Total assets	1,280,604	1,472,658	1,453,047	1,465,017
Exploration and evaluation assets	1,117,738	1,446,163	1,444,781	1,443,161
Total liabilities	729,875	519,175	498,734	412,132
Shareholders' equity	550,729	953,483	954,313	1,052,885

Liquidity and Capital Resources

To date, the Company has not yet realized profitable operations and has relied on equity financing to fund the losses.

The financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

As at September 30, 2015, the Company had a working capital deficiency of \$830,518 including cash of \$2,392 and restricted cash of \$2,540. The Company does not generate cash inflows from operations.

In the short term, subject to the revocation of the cease trade orders, referred to under the section *Events After the Reporting Date*, the Company intends to undertake a private placement equity financing to fund payment of immediate operating costs, such as sustaining fees, rent, legal, accounting and audit fees. The Company also intends to settle its existing debt with creditors by issuance of common shares of the Company.

In the long term, the Company intends to undertake a series of ongoing private placement equity offerings to regularly fund ongoing operations and a program of property exploration and development, acquisitions of property interests, and planned working capital requirements. The Company's execution of this restructuring is essential to restoring and providing for future liquidity.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back, eliminate or relinquish various programs and may be unable to continue in operation. The Company will be required to seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company, or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. Management is considering various sources of financing available to the Company.

On December 10, 2014, the Company completed a non-brokered private placement of 300,000 units of the Company at a purchase price of \$0.05 per unit for gross proceeds of \$15,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a purchase price of \$0.10 for 20 months from the date of issuance.

On December 10, 2014, the Company issued 350,000 Common Shares to a debt holder to repay the \$100,000 loan.

On January 16, 2015, the Company completed a non-brokered private placement of 570,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$28,500. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a purchase price of \$0.10 for 20 months from the date of issuance.

On January 16, 2015, the Company completed a private placement debenture financing raising \$155,000 in gross proceeds of which \$100,000 was converted from loans payable. These unsecured convertible debentures bear simple interest at a rate of 20% per annum, mature January 16, 2016 and are convertible at any time at the option of the holders of the debentures, into common shares of the Company at a deemed price of \$0.05 per common share. The debentures have been classified into debenture liability and equity components in the Company's financial statements using the fair value method using an effective rate of 22% when valuing the liability first. This resulted in an initial amount of \$164,952 being allocated to the liability portion and \$2,451 being allocated to the equity portion.

During the year ended September 30, 2014, the Company closed the following private placements: 1) a private placement financing in which the Company issued 500,000 units of the Company at a purchase price of \$0.20 per unit for gross proceeds of \$100,000 (the "Private Placement" on October 24, 2013). Each unit consists of one common share ("Common Share") (pre-share consolidation) in the capital of the Company and one half of one common share purchase warrant ("Warrant") of the Company. Each full Warrant entitles the holder to purchase one Common Share at a purchase price of \$0.40 per Common Share exercisable on or before two years from October 24, 2013, subject to earlier expiry in certain circumstances. 2) The Company has issued 2,500,000 Units at a purchase price of \$0.05 per Unit for gross proceeds of \$125,000. Each Unit consists of one Common Share and one Warrant, with each full Warrant entitling the holder to purchase one Common Share at a purchase price of \$0.10 per Common Share exercisable on or before two years from June 6, 2014. The offering was conducted on a non-brokered basis.

The Company issued 30,000 Finder's Warrants to certain arm's length finders in connection with the private placement at the time of closing of the offering. Each Finder's Warrant entitles the holder to purchase one (1) Common Share at a purchase price of \$0.10 and is exercisable on or before two (2) years from the date of issuance.

In September 2014, the Company borrowed a sum of \$100,000 from an arm's length third party. The loan is non-interest-bearing and was repaid on December 10, 2014. The Company issued 350,000 common shares of the Company as a bonus payable to the lender on repayment of the loan.

Management continues to evaluate and adjust its planned level of activities to attempt to ensure that adequate levels of working capital are maintained. The future availability of funding will affect the planned activity levels at the King Solomon Dome Project and expenditures will, as much as possible, be adjusted to match available funding.

The Company's future revenues, if any, are expected to be in large part derived from the mining and sale of gold or base metals or interests related thereto. The economics of developing and producing gold properties are affected by many factors including the cost of operations, variations in the grade of ore mined and the price of gold. Depending on the price of gold, the Company may determine that it is impractical to continue commercial production. The price of gold has fluctuated widely in recent years. Gold prices are affected by many factors beyond the Company's control including anticipated changes in international investment patterns and monetary systems, economic growth rates, political developments, extent of sales of reserves by governments and shifts in the private supply of and demand for gold. The supply of gold consists of a combination of new mine production and existing stocks held by governments, producers, financial institutions and consumers. If the market price for gold falls below the Company's full production costs and remains at such levels for any sustained period of time, the Company will experience losses and may decide to discontinue operations or other development of a project or mining at one or more of its properties.

The Company has restricted cash of \$2,540 in the form of a term deposit held as collateral for the Company's credit card limits. The term deposit bears an interest rate of 0.8% per annum and matures on July 7, 2016. The Company has not issued any dividends and management does not expect this will change in the near future.

During the year ended September 30, 2015, the Company used cash in operating activities of \$83,251. The Company used cash in investing activities of \$40 representing the funds spent on the restricted cash account. The Company also generated funds from financing activities in the amount of \$83,500, representing share subscriptions and convertible debenture financing received. The Company spent no funds on mineral property acquisition costs or exploration expenditures during the year ended September 30, 2015.

Capital Expenditures

As at September 30, 2015, the Company had \$300,000 in capital expenditures for exploration work and acquisition costs. Following is a breakdown of these capital expenditures:

	Year ended September 30, 2015	Year ended September 30, 2014
Balance, beginning of year	\$ 1,117,738	\$ 1,387,578
Acquisition costs	-	155,000
Geological, geophysical geochemical, exploration trenching and road building work	-	(10,311)
Write-off during the year	(817,738)	(414,529)
Balance, end of year	\$ 300,000	\$ 1,117,738

Capital Expenditures and Commitments

King Solomon Dome Project, Canada

An Option Agreement was made as of October 31, 2010 between Bernie Kreft and J.A.E. Resources Ltd. as Optionor and Kestrel Gold Inc. as Optionee for the King Solomon's Dome, Gold Run Creek and Dominion Mountain properties, Dawson Mining District, Yukon Territory, Canada.

The Optionor agreed to grant an Option to the Optionee to acquire up to an undivided one hundred (100%) percent right, title, estate and interest in each of the Properties under the terms and conditions of the Option Agreement.

The Option shall be fully exercised by the Company in the following manner: A payment of \$15,000 (paid on execution) by the Optionee to the Optionor and the issuance by the Optionee to the Optionor of 100,000 Common Shares (pre-share consolidation) in the share capital of the Optionee upon the execution date of the Agreement, to be divided as to \$15,000 payable to JAE Resources Ltd. and 100,000 Shares to be issued to Bernie Kreft. In addition, payments by the Optionee to JAE Resources Ltd. are to be paid in four (4) installments, in the manner and on the following dates:

	King Solomon Dome Property	Gold Run Creek Property	Dominion Mountain Property	Total
On or before August 20, 2011 (paid)	\$20,000	\$20,000	\$10,000	\$50,000
On or before August 20, 2012 (paid)	\$55,000	\$55,000	\$35,000	\$145,000
On or before September 20, 2013	\$60,000	\$60,000	\$50,000	\$170,000

On or before August 20, 2014	\$100,000	\$100,000	\$100,000	\$300,000
Total	\$235,000	\$235,000	\$195,000	\$665,000

On August 14, 2013, the Company entered into an amending agreement with respect to the King Solomon Dome property, Gold Run Creek property and Dominion Mountain property, whereby payments aggregating \$170,000 originally due on August 20, 2013 were deferred until September 20, 2013. The Company and the optionor agreed to amend certain terms of the Option Agreement related to the consideration payable under the option agreement to acquire the Gold Run Creek and Dominion Mountain properties. Specifically, the optionor had agreed that in lieu of the Company paying the optionor the remaining sum of \$110,000 cash on or before September 20, 2013, as a further instalment to acquire the Gold Run Creek and the Dominion Mountain properties, such instalment payment had been restructured to allow for the payment of \$27,500 to the optionor on or before September 20, 2013, the issuance of 275,000 common shares of the Company during the year ended September 30, 2015 and a payment of \$27,500 on or before October 20, 2013. During the year ended September 30, 2015, the Company issued 275,000 common shares of the Company at a fair value of \$55,000 and made payments totalling \$100,000 to the optionor.

On November 7, 2014, the Company completed a renegotiation of the option agreement to acquire the KSD property. Specifically, all payments and share issuances to November 7, 2014 were deemed full satisfaction of the acquisition of 100% interest in the King Solomon Mine property, concurrent with the Company surrendering all interest in the Gold Run Creek and Dominion Mountain properties in exchange for ownership. All future exploration activities will be focused on the King Solomon Mine property. Accordingly, during the year ended September 30, 2014, the property was written down to the value of the security taken against the property of \$300,000 at September 30, 2015. During the year ended September 30, 2015, based on the poor public market performance for junior exploration companies and the Company's inability to raise additional financing, further indicators of impairment were deemed to exist. Accordingly, during the year ended September 30, 2015, the King Solomon Mine property was written down to \$300,000.

In early September 2013, a diamond drill program commenced at the King Solomon Dome property following Kestrel entering into an agreement dated August 30, 2013, to option up to 50% of the Company's interest in the King Solomon Dome property to Rackla Metals Inc. ("Rackla") (TSX-V: RAK).

Following incurring exploration expenditures of approximately \$300,000, on November 28, 2013, Rackla terminated the option agreement and has relinquished all interest back to the Company in the KSD property.

Contingent upon funding, Kestrel is committed to carry out further comprehensive exploration on the KSD property in the quest for potentially economic gold and silver mineralization.

Related Party Transactions

The Company entered into the following transactions with related parties during the year ended:

	For the year ended September 30, 2015	For the year ended September 30, 2014
Legal fees paid or accrued relating to general matters for legal services provided by a law firm in which a former director of the Company is a partner.	\$29,536	\$92,657
Rent and administration costs paid or accrued to a company that is controlled by a director of the Company.	\$3,000	\$15,234

Key Management Compensation

Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company, and include certain directors. Key management compensation comprises:

	September 30, 2015	September 30, 2014
Short-term benefits	\$ 133,452	\$ 126,780

Short-term benefits comprise of consulting, professional and directors' fees and salaries.

At September 30, 2015, \$326,176 (September 30, 2014 - \$221,903) is included in accounts payable and accrued liabilities payable to related parties. All advances and amounts due to related parties have repayment terms similar to the Company's other accounts receivable and payable, and are unsecured and without interest. All of the above transactions and balances are in the normal course of operations.

Outstanding Share Data

The Company began the current fiscal year with 13,595,842 Common Shares outstanding and ended the current fiscal year with 14,815,842 (September 30, 2014 – 13,595,842) Common Shares outstanding.

As at the close of business on November 29, 2016, the Company had 14,815,842 common shares outstanding.

Share based payments

Under IFRS, graded vesting awards are accounted for as though each installment is a separate award. IFRS does not provide for an election to treat the instruments as a pool and recognize expense on a straight line basis. Straight line basis is permissible under Canadian GAAP. Under

IFRS, the estimates of the number of equity-settled awards that vest are adjusted to the actual number that vests, unless forfeitures are due to market-based conditions. There is no choice to accrue compensation cost as if all instruments granted were expected to vest and recognize the effect of the forfeitures as they occur as elected by the Company under Canadian GAAP.

Investor Relations

The Company provides Investor relations through its website Kestrelgold.com. The contact information for President/CEO Mr. Kevin Nephin and/or the V.P. Exploration, Mr. William Taylor is on the Company's website.

Stock Options

The Company grants stock options as part of its long-term incentive program intended to encourage the creation and improvement of the Company's long-term success by holders of stock options. At September 30, 2015, there were 212,500 (September 30, 2014 – 406,250) stock options outstanding with a weighted average exercise price of \$0.05 (September 30, 2014 - \$0.05), reflecting the re-price on May 14, 2014. During the year ended September 30, 2015, 193,750 stock options expired.

Private Placements

On October 24, 2013, the Company completed a non-brokered private placement of units (the "Unit Private Placement"). The Company issued 500,000 units ("Units") of the Company at a purchase price of \$0.20 per Unit for gross proceeds of \$100,000. Each Unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share at a purchase price of \$0.40 exercisable on or before two years from the date of issue (the "Closing Date"), subject to earlier expiry in certain circumstances.

If at any time prior to the expiry of the warrants the trading price of the Company's common shares on the TSX-V exceeds \$0.80 for a period of 30 consecutive trading days, the Company may, in its sole discretion, within five days after such an event, provide notice to the warrant holders of early expiry of the warrants.

The Unit Private Placement was conducted on a non-brokered basis. However, the Company paid \$513 cash and issued 5,250 finder's warrants ("Finder's Warrants") at a fair value of \$1,050 to certain arm's length finders in connection with the Unit Private Placement. Each Finder's Warrant entitles the holder to purchase one common share at a purchase price of \$0.40 and is exercisable on or before one year from the Closing Date.

All of the securities issued pursuant to the Unit Private Placement are subject to a four month hold period from the Closing Date.

On June 6, 2014, the Company issued 2,500,000 Units at a purchase price of \$0.05 per Unit for gross proceeds of \$125,000. Each Unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one common share at a purchase price of \$0.10 exercisable on or before two years from June 6, 2014.

The Company issued 30,000 Finder's Warrants to certain arm's length finders in connection with the private placement at the time of closing of the offering. Each Finder's Warrant entitles

the holder to purchase one common share at a purchase price of \$0.10 and is exercisable on or before two years from the date of issuance.

On December 10, 2014, the Company completed a non-brokered private placement offering of 300,000 units of the Company at a purchase price of \$0.05 per unit for total proceeds of \$15,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a purchase price of \$0.10 for twenty months from the date of issuance.

On December 10, 2014, the Company issued 350,000 common shares in connection to the repayment of a \$100,000 loan payable.

On January 16, 2015, the Company completed a non-brokered private placement of 570,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$28,500. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a purchase price of \$0.10 for 20 months from the date of issuance.

Financial Instruments

Overview

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risks are discussed with Management and to the extent the Board determines that the risks are of such a nature that they need to be mitigated, procedures are put in place. To date, no specific risk management tools have been put in place to mitigate these risks.

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. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist of primarily of cash and cash equivalents and receivables.

The fair value of financial instruments at September 30, 2015 and September 30, 2014 is summarized as follows:

	September 30, 2015		September 30, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and restricted cash	\$ 4,932	\$ 4,932	\$ 4,683	\$ 4,683
Amounts receivable – at amortized cost	\$ 5	\$ 5	\$ 17	\$ 17
Financial Liabilities at amortized cost				
Accounts payable and accrued liabilities	\$ 363,885	\$ 363,885	\$ 368,060	\$ 368,060
Liability portion of convertible debentures	\$ 481,101	\$ 481,101	\$ 261,815	\$ 261,815
Loan payable	\$ -	\$ -	\$ 100,000	\$ 100,000

The carrying amounts of amounts receivable and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. Due to the fact that Company has no operations to generate cash flow to meet such obligations and is an exploration stage Company, the Company requires external financing to ensure all of its obligations are met on a timely basis. To date, the Company has been successful in raising the funds necessary to meet its obligations and fund its capital program.

Loans Payable

In September 2014, the Company borrowed a sum of \$100,000 from an arm's length third party. The loan is non-interest-bearing and had a term of 45 days. The loan was converted into a convertible note in the same amount on January 16, 2015. In accordance with the agreement, the Company issued 350,000 common shares of the Company with a fair value of \$14,000 as a fee payable to the lender on conversion of the loan. All proceeds from this loan were used in furtherance of the acquisition of a one hundred (100%) percent interest in the King Solomon's Dome property pursuant to the Option Agreement.

Market Risk

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

Foreign currency risk

The Company is not subject to significant foreign currency risk.

Interest rate risk

The Company is not subject to significant interest rate risk.

Other price risk

The Company is not subject to significant other price risk.

Foreign Currency Risk

The Company only operates in Canada. Therefore the Company is not exposed to foreign exchange risk arising from transactions denominated in foreign currency.

Other Price Risks

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

Risk Factors and Uncertainties

As an exploration company, Kestrel's goal is to continue to find resources and reserves that can be developed economically. In attempting to accomplish this goal, the Company faces many risks that it must minimize. In addition to financial instruments risks, the Company is subject to the following risks:

World Economic Conditions

The continuing worldwide economic conditions, reflective in stock market uncertainty and the international credit crisis could adversely impact the Company's ability to raise sufficient working capital to sustain operations. The Company can neither predict the impact the current economic conditions will have on future results, nor predict when the economy will show meaningful improvement.

Exploration Stage Company

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. All of its properties are in the early stages of exploration and are without known deposits of commercial ore. Development of the Company's properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, that it can be commercially mined.

Mineral Exploration and Development

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over time which, even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral deposit or ore body may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of

these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Mining Operations and Insurance

Mining operations generally involve a high degree of risk. The Company's operations are subject to all of the hazards and risks normally encountered in mineral exploration and development. Such risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, flowing and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, nine months interruptions due to adverse weather conditions, labour disputes and political unrest. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. The Company does not currently carry insurance against these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or acceptable terms. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may cause substantial delays and require significant capital outlays.

No Operating History and Financial Resources

The Company does not have an operating history and has no operating revenues and is unlikely to generate any in the near term. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. Continued exploration and development of the Properties, as well as the Company's ability to continue as a going concern are dependent on Kestrel's ability to obtain necessary financing. As the Company is not currently producing from its Properties, it will be necessary for the Company to seek additional equity to finance its programs. While the Company has been successful in the past in attracting equity financing required to carry out its planned exploration program, there can be no assurance that additional funding will be available in the future, particularly in light of the current state of the equity markets. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration plans, as well as the Company's ability to meet its obligations and continue as a going concern.

The Company has a history of losses and expects to incur losses for the foreseeable future.

The Company has incurred losses during each period since incorporation. As of September 30, 2015, the Company had an accumulated deficit of \$12,740,902. Kestrel expects to continue to incur losses unless and until such time as one or more of the properties enter into commercial production and generate sufficient revenues to fund the Company's continuing operations.

Exploration and Development

The mining industry in general is inherently risky in nature. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and the Company may be subject to risks from operations, mining law, environmental regulations, permits, licenses, land claims and financing.

The Company focuses exploration efforts in areas in which it has existing knowledge and expertise. Exploration activities rely on the exploration results collected at that time and on professional judgment of people involved in the exploration business. There can be no assurance that exploration programs will result in a discovery being made. In the event that a discovery is made, no assurance can be given that the discovery will result in either resources or reserves being established on the property. If reserves are established, it may take a number of years and substantial expenditures before production are achieved, during which the economic feasibility of the project may change.

The long-term profitability of the Company's operations will, in part, be directly related to the success of its exploration programs in finding additional reserves, which may be affected by a number of factors that are beyond the control of the Company.

Government Regulation

Kestrel's mining operations and exploration activities are subject to the laws and regulations of the Yukon Territory, Canada. There is no assurance that these laws will not change in the future.

The current or future operations of the Company, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various foreign federal, state and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. There can be no assurance, however, that the Company will obtain on reasonable terms, or at all, the permits and approvals, and the renewals thereof, which it may require for the conduct of its current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which the Company may undertake. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays to the Company's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable

prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

Title to Property

The Company has taken precautions to ensure that legal titles to its property interests are properly recorded. There can be no assurance that the Company will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments in the jurisdictions in which the properties are situated will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

Environmental Factors

All phases of the Company's operations will be subject to environmental regulation in the Yukon. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which the Company holds interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Although Kestrel takes the steps necessary to protect the environment around its operations, there is no assurance that future changes in environmental regulation, if any, will not adversely affect Kestrel's operations or result in substantial costs and liabilities in the future.

Kestrel has adopted a proactive approach to any potential environmental risks in the regions it is operating in.

Commodity Prices

The price of the Company's securities, its financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of precious or base minerals. Precious or base minerals prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due

to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of precious or base metals has fluctuated widely in recent years, and future serious price declines could cause continued development of the Company's properties to be impracticable.

Further, reserve calculations and life-of-mine plans using significantly lower precious or base minerals prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Price Volatility

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

Key Executives

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives. The directors and officers of the Company only devote part of their time to the affairs of the Company.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume

such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Company's securities should not constitute a major portion of an investor's portfolio.

Off Balance Sheet Arrangements

At September 30, 2015 and as of the date of this Amended MD&A, the Company had no material off balance sheet arrangements such as guarantee contracts, derivative instruments or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Critical Accounting Estimates and Policies

The Company's accounting policies are discussed in detail in their audited financial statements for year ended September 30, 2015. However, accounting policies require the application of management's judgment in respect of the following relevant matters:

- (i) use of estimates – the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates include accrued liabilities, the determination of the assumptions used in the calculation of share-based compensation expense and the valuation allowance for future income tax assets. Actual results could differ from those estimates used in the financial statements.
- (ii) mineral property costs – the Company regularly reviews the carrying value of each mineral property for conditions that suggest impairment. This review requires significant judgment where the Company does not have any proven or probable reserves that would enable an estimate of future cash flows to be compared to the carrying values. Factors considered in the assessment of impairment include, but are not limited to, whether there has been a significant decrease in market price of the property; whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future and whether the Company has funds to be able to maintain its interest in the mineral property.
- (iii) share-based compensation – the Company provides compensation benefits to its employees, directors, officers and consultants through a stock-based compensation plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of the stock. The Company utilizes historical data to estimate the expected option term for input into the valuation model. The risk-free rate for the expected term of the applicable option is based on the Government of Canada yield curve in effect at the time of the grant.

Actual results may differ materially from those estimates based on these assumptions.

International Financial Reporting Standards

During the year ended September 30, 2015, the Company applied IFRS.

These financial statements, 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 interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Significant Accounting Policies

The significant accounting policies used by the Company are disclosed in note 3 to the September 30, 2015 audited financial statements. The accounting policies presented in note 3 are a complete set of accounting policies that would normally be filed in the annual audited financial statements of the Company.

Future Accounting Changes

The following new standards have been issued by the IASB, but are not yet effective:

(i) *Accounting for Acquisitions of Interests in Joint Operations* (Amendments to IFRS 11)

Amends IFRS 11 *Joint Arrangements* to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRS, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRS for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognized for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

Effective to the Company’s annual period beginning October 1, 2016.

(ii) IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Effective to the Company's annual period beginning October 1, 2018.

The Company has assessed the impact of adopting the above future accounting standard changes on its financial statements; the impact on the Company is not significant.

The Company will be using its best commercial efforts to obtain financing in the future primarily through further equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its various mineral properties.

Events After the Reporting Date

Subsequent to September 30, 2015, the following events occurred:

On November 13, 2015, a law firm in which a former director of the Company is a partner filed claims totaling \$140,010 for legal services. The Company plans to defend itself against the claims and has not accrued any further amounts in the financial statements.

On February 3, 2016, the Alberta Securities Commission issued a cease trade order against the Company for failing to file the annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the year ended September 30, 2015.

On February 5, 2016, the British Columbia Securities Commission also issued a cease trade order against the Company for failing to file annual audited financial statements, annual management's discussion and analysis for the year ended September 30, 2015.

Corporate Governance

National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, sets out a series of guidelines for effective corporate governance. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Board of Directors

The Directors of the Company (the "Board") consists of four directors, two of whom are independent based upon the tests for independence set forth in National Instrument 52-110. Marc J. Stachiw and Scott C. Kellaway are independent. Kevin V. Nephin is not independent as he is the President and Chief Executive Officer, and Stuart W. Peterson is not independent as he is the Chief Financial Officer of the Company.

The independent directors have full access to management. The independent directors are able to meet at any time without any members of management including the non-independent directors being present. The independent directors are also on the Audit Committee and are able to meet with the Company's auditors without management or the non-independent member of the Audit Committee being in attendance.

Directorships

The following directors of the Company are directors of other reporting issuers or the equivalent:

Director	Other Reporting Issuer
Kevin V. Nephin	Family Memorials Inc. (TSXV)
Stuart W. Peterson	Family Memorials Inc. (TSXV)
Scott C. Kellaway	Family Memorials Inc. (TSXV)

Orientation and Continuing Education

The Board has not developed an official orientation or training program for new Board members. As required, new directors will have the opportunity to become familiar with the Company by meeting with the other directors and with officers and employees. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board. Board members are encouraged to communicate with management and auditors and technical consultants if required. They are expected to keep themselves current with industry trends and developments and changes in legislation with management's assistance. Board members have full access to the Company's records.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. The Board has also adopted a whistleblower protection policy with respect to the confidential and anonymous reporting of complaints and irregularities.

Nomination of Directors

The Board has not appointed a nominating committee because the Board fulfills these functions. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

Compensation of Directors and the Chief Executive Officer

The Board is responsible for approving compensation, including long-term incentives in the form of stock options, to be granted to the Chief Executive Officer, the Chief Financial Officer and the directors. The Board determines compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and officers while taking into account the financial and other resources of the Company.

Board Committees

The Company does not have any committees other than the Audit Committee.

Assessments

Based upon the Company's size, its current state of development and the number of individuals on the Board, the Board considers a formal process for assessing regularly the effectiveness and contribution of the Board, as a whole, its committees or individual directors to be unnecessary at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

AUDIT COMMITTEE

The following is the text of the Company's Audit Committee Charter:

“A. Composition and Process

1. The Audit Committee shall be composed of a minimum of three members of the Board of Directors, a majority of whom are independent. An independent director, as defined in *National Instrument 52-110 - Audit Committees* (“**NI 52-110**”) is a director who has no direct or indirect material relationship which could, in the view of the Corporation’s Board of Directors, be reasonably expected to interfere with the exercise of a members independent judgment or as otherwise determined to be independent in accordance with NI 52-110.
2. Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
3. The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
4. All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation’s financial statements.
5. The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. The Audit Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
8. The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.
9. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
10. The Audit Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
11. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

B. Authority

1. Appointed by the Board of Directors pursuant to provisions of the *Business Corporations Act* (Alberta) and the bylaws of the Corporation.
2. Primary responsibility for the Corporation’s financial reporting, accounting systems

and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

3. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
5. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
6. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

C. Relationship with External Auditors

1. An external auditor must report directly to the Audit Committee.
2. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least annually in the absence of management.

D. Accounting Systems, Internal Controls and Procedures

1. Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
3. Direct the external auditor's examinations to particular areas.
4. Review control weaknesses identified by the external auditor, together with management's response.
5. Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
6. In order to preserve the independence of the external auditor the Audit Committee will:
 - (a) recommend to the Board of Directors the external auditor to be nominated; and
 - (b) recommend to the Board of Directors the compensation of the external auditor's engagement;
7. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated

- fees, and consider the impact on the independence of the external auditor.
8. Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
 9. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.
 10. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
 11. The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

E. Statutory and Regulatory Responsibilities

1. Annual Financial Information - review the annual audited financial statements and related management's discussion and analysis ("MD&A"), including any letter to shareholders and related press releases, and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
2. Annual Report - review the management Amended MD&A section and all other relevant sections of the annual report, if prepared, to ensure consistency of all financial information included in the annual report.
3. Interim Financial Statements - review the quarterly interim financial statements and related Amended MD&A, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
4. Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.
5. Review the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information.

F. Reporting

1. Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
2. Report annually to the Board of Directors on the Audit Committee's responsibilities and how it has discharged them.
3. Review the Audit Committee's Charter annually and recommend the

approval of any proposed amendments to the Board of Directors.

G. Other Responsibilities

1. Investigating fraud, illegal acts or conflicts of interest.
2. Discussing selected issues with corporate counsel or the external auditor or management.”

Composition of Audit Committee

The Audit Committee is composed of three directors, Kevin V. Nephin, Marc J. Stachiw and Scott C. Kellaway. All of the members of the Audit Committee are “financially literate” within the meaning of National Instrument 52-110. Kevin V. Nephin is financially literate by virtue of his involvement in various public companies, including as a director, officer and consultant. Marc C. Stachiw is financially literate by virtue of having been an officer and director of various private and public companies and being a Chartered Financial Analyst. Scott C. Kellaway is financially literate by virtue of being the President and Chief Executive Officer of Family Memorials Inc., listed on the TSX Venture Exchange. Two of the members of the committee namely, Marc C. Stachiw and Scott C. Kellaway, are “independent” within the meaning of National Instrument 52-110. The Company is a “venture issuer” as defined in National Instrument 52-110 and as such is relying on the exemption from the requirement that all members of the audit committee be independent.

Compensation of Auditors

Audit Fees

The aggregate audit fees of the Auditor for the fiscal year ended September 30, 2015 were \$10,000 (2014 - \$13,000).

Audit Related Fees

The aggregate fees of the Auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit Fees” above for the fiscal year ended September 30, 2015 were \$Nil; and for the fiscal year ended September 30, 2014 were \$Nil.

Tax Fees

The aggregate fees for professional services rendered by the Auditor for tax compliance, tax advice and tax planning were \$Nil for the fiscal year ended September 30, 2015; and were \$Nil for the fiscal year ended September 30, 2014.

All Other Fees

The aggregate fees for products and services, other than the services reported in “Audit Fees”, “Audit Related Fees”, and “Tax Fees”, referred to above, provided to the Company by the Auditor were \$Nil for the fiscal year ended September 30, 2015; and were \$Nil for the fiscal year ended September 30, 2014.

Additional Information

Additional information regarding the Company is available on SEDAR at www.sedar.com.