HALIO ENERGY INC.

(formerly TAD Mineral Exploration Inc.)
For the year ended July 31, 2016

Management's Discussion and Analysis

Date of Report: November 28, 2016

The following discussion and analysis of our financial condition and results of operations for the year ended July 31, 2016 should be read in conjunction with our financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to our company's activities can be found on SEDAR at www.sedar.com

Disclaimer for Forward-Looking Information

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance, business prospects and opportunities such as our intended work programs on our existing property interests, our ability to meet financial commitments and our ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price for mineral commodities, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mineral exploration and mining, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

Nature of Business

The Company has changed its business direction from acquiring and exploring mineral properties to investing in both conventional and unconventional oil and gas upstream and producing properties with strong upside, as well as the exploration and development of to-be-acquired properties. We will procure direct working interests on a non-operated basis as well as limited partnership, joint venture, and MLP interests. Our acquire-and-exploit strategy is focused on properties that show significant opportunities for future scalability, growth and consolidation, targeting assets that provide long-life, high-quality production with relatively predictable decline curves, as well as low-risk development opportunities.

On January 19, 2016, the Company consolidated its share capital, stock options and share purchase warrants on a one-new-for-ten-old basis, changed its name to Everest Ventures Inc., and changed its trading symbol to "EET".

On May 4, 2016, the Company consolidated its share capital, stock options and share purchase warrants on a one-new-for-three-old basis. On June 28, 2016, the Company changed its name to Halio Energy Inc., and changed its trading symbol to "HOL".

On November 9, 2016, the Company changed its trading symbol to "HOIL". The Company has changed its business direction from acquiring and exploring mineral properties to investing in North and South American-based oil and gas upstream and producing properties, and intends to procure direct working interests on a non-operated basis as well as limited partnership, joint venture, and MLP interests.

This management discussion and analysis reflects the share consolidations.

Mineral Properties

Hazelton Property, BC

By an agreement dated March 16, 2009 and approved August 26, 2009, the Company acquired 94% of all right, title and interest in certain mineral claims located in the Omenica Mining District of British Columbia subject to a 1.5% net smelter return.

During the year ended July 31, 2015, the Company decided to drop one mineral claim and reduced the size of the remaining claim. Prior exploration costs of $106,292 associated with these claims were written off.

During the year ended July 31, 2016, the Company decided to drop the remaining claim. The $27,733 balance of the exploration expenditures associated with this claim were written off.

Constance Lake Hydrothermal Graphite Prospect, ON

During the year ended July 31, 2013, the Company acquired a 100% interest in certain mineral claims in Ontario for staking costs of $2,500.

During the year ended July 31, 2016, the Company decided to drop the claims. The Company recorded a write-down of exploration and evaluation assets of $16,502.

Athabasca North Uranium Property, SK

During the year ended July 31, 2014, the Company acquired a 100% interest in certain mineral claims in the Athabasca Basin in Saskatchewan for staking costs of $2,702.

During the year ended July 31, 2016, the Company decided to drop these claims. The Company recorded a write-down of exploration and evaluation assets of $2,702.

North Patterson Lake Uranium Prospect, SK

During the year ended July 31, 2013, the Company acquired a 100% interest in certain mineral claims in the Athabasca Basin in Northern Saskatchewan for staking costs of $2,461.

During the year ended July 31, 2015, the Company decided not to continue with this property and allowed the mineral claims to lapse when they became due. Prior acquisition costs of $2,461 and exploration costs of $7,000 were written off.

Drowning River Hydrothermal Graphite Prospect, ON

During the year ended July 31, 2014, the Company acquired a 100% interest in certain mineral claims in Ontario for staking costs of $8,507.

During the year ended July 31, 2016, the Company decided to write down the value of this property. The related staking costs of $8,507 were written off as of July 31, 2016.

Wollaston Lake Uranium Property, SK

On November 3, 2015, the Company entered into an asset purchase agreement with an arm's length party (the "Vendor") to acquire a 100% interest in certain mineral claims in Saskatchewan. In consideration, the Company issued 166,667 common shares valued at $25,000 to the Vendor upon Exchange approval. As of July 31, 2016, the Company has written off the property as management does not intend to pursue the claims. The Company recorded a write-down of exploration and evaluation assets of $26,750.

Overall Performance

The Company has changed its business direction from acquiring and exploring mineral properties to investing in both conventional and unconventional oil and gas upstream and producing properties with strong upside, as well as the exploration and development of to-be-acquired properties. Our Company's future performance is largely tied the ability of our Company to acquire profitable oil and gas working interests, to generate revenues therefrom and to raise financing to support acquisitions. Our results will be affected by changes in the energy markets and the overall financial markets.

Our Company has conducted limited exploration on some of our exploration and evaluation properties, and no work on the rest of our properties to date, due to, among other things, the availability of sufficient funds for the purposes of mineral exploration and development, access to the property due to climate conditions, the uncertainties associated with the prices of precious and base metals and other minerals, and the global economic climate. Our Company has not yet determined whether the properties contain reserves that are economically recoverable.

The recoverability of minerals from our Company's properties is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of our Company to obtain necessary financing to continue to explore and develop our properties, and upon future profitable production.

Uncertainty in credit markets, fluctuation in commodity prices and general economic downturns have led to increased difficulties in raising and borrowing funds. Thus, our Company may have difficulty raising equity financing without diluting the interests of current shareholders of our Company. See "Liquidity and Capital Resources" and "Risk Factors" for a discussion of risk factors that may impact our Company's ability to raise funds.

Information about our Company's commitments relating to our mineral properties is discussed above under "Nature of Business – Mineral Properties".

Our Company has not generated revenues to date. Our Company's net comprehensive loss increased from $558,541 for the year ended July 31, 2015 to $637,549 for the year ended July 31, 2016. There was an increase in operating expenses from $404,531 at July 31, 2015 to $594,288 at July 31, 2016, offset by decrease in write down of mineral property from $124,260 to $73,687.

Our Company's cash increased from $4,124 as at July 31, 2015 to $93,549 as at July 31, 2016, and our working capital increased to $38,652 as at July 31, 2016 versus a deficiency of $1,126,008 as at July 31, 2015.

Our Company's current assets increased from $25,892 as at July 31, 2015 to $120,952 as at July 31, 2016. Our Company's current liabilities decreased from $1,151,900 as at July 31, 2015 to $82,300 as at July 31, 2016, due to a decrease in accounts payable and accrued liabilities.

Additional information about the risks and uncertainties relating to our Company's business and financial performance is discussed below under "Risks and Uncertainties".

Summary of Quarterly Results

The following table sets out selected quarterly financial data for the eight most recently completed interim quarters:

	2016 Fourth	**2016 Third**	**2016 Second**	**2016 First**	**2015 Fourth**	**2015 Third**	**2015 Second**	**2015 First**
Revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Operating expenses	$(153,818)	$(198,380)	$(151,265)	$(90,825)	$(111,693)	$(95,556)	$(97,362)	$(99,920)
Loss before other items	$(153,818)	$(198,380)	$(151,265)	$(90,825)	$(111,693)	$(95,556)	$(97,362)	$(99,920)
Loss per share (Basic and diluted)	$(0.04)	$(0.03)	$(0.03)	$(0.02)	$(0.06)	$(0.05)	$(0.05)	$(0.06)
Other items:								
Interest income	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Interest expense	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Unrealized gain (loss) on marketable securities	$Nil	$Nil	$Nil	$Nil	$Nil	$(3,500)	$(8,750)	$(17,500)
Realized gain on sale of marketable securities	$Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil
Other income	$Nil	$ Nil	$ 17,130	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil
Write-down of mineral properties	$(43,251)	$ (30,436)	$ Nil	$ Nil	$(3,752)	$(120,508)	$ Nil	$ Nil
Net comprehensive loss	$(183,773)	$(228,816)	$(134,135)	$(90,825)	$(115,445)	$(219,564)	$(106,112)	$(117,420)
Basic and diluted loss per share	$(0.10)	$(0.04)	$(0.03)	$(0.02)	$(0.06)	$(0.12)	$(0.06)	$(0.07)

Summary of Results During Prior Eight Quarters

Net comprehensive loss decreased by $11,308 from the first to second quarter of 2015 mainly due to a decrease in unrealized loss on marketable securities. Net comprehensive loss increased by $113,452 from the second to third quarter of 2015 mainly due to an increase in the write-down of exploration and evaluation assets. Net comprehensive loss decreased by $104,119 from the third to fourth quarter of 2015 mainly due to a decrease in the write-down of exploration and evaluation assets. Net comprehensive loss decreased by $24,620 from the fourth quarter of 2015 to the first quarter of 2016 mainly due to a decrease in professional fees, and management and directors' fees. Net comprehensive loss increased by $43,310 from the first to second quarter of 2016 mainly due to an increase in consulting and management fees offset by an increase in other income. Net comprehensive loss increased by $94,681 from the second to third quarter of 2016 mainly due to an increase in consulting and legal fees and costs related to the Company's annual general meeting. Net comprehensive loss decreased by $45,043 from the third to fourth quarter of 2016 mainly because of a decrease in operating expenses.

Selected Annual Information

The following table sets out selected financial information for our company, which have been prepared in accordance with IFRS, except as noted in the table:

	Year ended July 31,		
	2016	**2015**	**2014**
Total revenues	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items:			
Total	$(637,549)	$(558,541)	$(1,041,305)
Per share	$(0.12)	$(0.31)	$(0.60)
Per share fully diluted	$(0.12)	$(0.31)	$(0.60)
Net loss:			
Total	$(637,549)	$(558,541)	$(1,041,305)
Per share	$(0.12)	$(0.31)	$(0.60)
Per share fully diluted	$(0.12)	$(0.31)	$(0.60)
Total assets	$120,952	$79,302	$315,528
Total long term debt	$Nil	$Nil	$Nil
Cash dividends	$Nil	$Nil	$Nil

Discussion of Operations

Fourth quarter ended July 31, 2016 compared to the fourth quarter ended July 31, 2015

Our Company did not generate any revenue for the fourth quarter ended July 31, 2016 and 2015. Net comprehensive loss increased from $115,445 for the fourth quarter ended July 31, 2015 to $183,773 for the fourth quarter ended July 31, 2016 due mainly to costs related to the reorganization of the Company's capital, and the write-down of exploration and evaluation assets.

Total operating expenses were $111,692 for the fourth quarter ended July 31, 2015 compared to $153,818 for the fourth quarter ended July 31, 2016. The increase of $42,126 from the fourth quarter ended July 31, 2015 to the fourth quarter ended July 31, 2016 was mainly due to an increase in legal fees (fourth quarter ended July 31, 2016: $56,919; fourth quarter ended July 31, 2015: $156) and an increase in transfer agent and filing costs (fourth quarter ended July 31, 2016: $13,360; fourth quarter ended July 31, 2015: $2,041). These expenses represent the costs related to reorganization of the Company's share capital.

Year ended July 31, 2016 compared to the year ended July 31, 2015

Our Company did not generate any revenue for the year ended July 31, 2016 and 2015. Net comprehensive loss increased from $558,541 for the year ended July 31, 2015 to $637,549 for the year ended July 31, 2016, operating expenses increased and were offset by a gain on debt settlement and a decrease in write-down of exploration and evaluation assets.

Total operating expenses were $404,531 for the year ended July 31, 2015 compared to $594,288 for the year ended July 31, 2016. The increase of $189,757 from the year ended July 31, 2015 to the year ended July 31, 2016 was mainly due to an increase in consulting fees (year ended July 31, 2016: $338,558; year ended July 31, 2015: $242,500) and due to an increase in professional fees (year ended July 31, 2016: $121,292; year ended July 31, 2015: $26,729). These expenses represent the costs of administering a public company and costs related to reorganization of the Company's share capital.

See "Nature of Business – Mineral Properties" for a discussion of our mineral properties on a property by property basis, including our plans for our mineral properties, the status of our plans, expenditures made and the anticipated timing and costs to take our mineral properties to the next stage of the project plan.

See "Overall Performance" for a discussion of the commitments, events, risks and uncertainties that we believe will materially affect our company's future performance and "Risks and Uncertainties" for a discussion of risk factors affecting our Company.

Liquidity and Capital Resources

As at July 31, 2016, we had $93,549 in cash and working capital of $38,652 as compared to cash of $4,124 in cash and a working capital deficiency of $1,126,008 as of July 31, 2015. Our Company's current assets as at July 31, 2016 were $120,952 as compared to $25,892 as at July 31, 2015. Our Company's current liabilities as at July 31, 2016 were $82,300 as compared to $1,151,900 as at July 31, 2015. The $1,069,600 decrease in total current liabilities from July 31, 2015 to July 31, 2016 was due to a decrease in accounts payable and accrued liabilities. The value ascribed to our Company's exploration and evaluation assets was $Nil as at July 31, 2016 as compared to $46,935 as at July 31, 2015.

Management believes that our Company's cash will not be sufficient to meet our working capital requirements, in either the short term or long term. See "Nature of Business – Mineral Properties" and "Overall Performance" for a discussion of our Company's commitments relating to our mineral properties. Our expenses are expected to increase as we explore our mineral properties further carry out development of the Company's business plan.

Our Company's ability to carry out development of the Company's business plan, meet our ongoing levels of corporate overhead and discharge our liabilities as they become due is dependent, in large part, on the ability of our management to raise additional funds as necessary. Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans or otherwise, to fund our Company's business plan and ongoing operations. Management anticipates that additional equity financings will need to be conducted to raise additional funds which, if successful, will result in dilution in the equity interests of our Company's current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Our Company has not generated revenue and our cash is limited which management believes increases the risk that our Company may not be able to meet its commitments as they become due. See "Risks and Uncertainties" for a discussion of other factors affecting our Company's liquidity.

Although we have secured financings in the past, there is no assurance that we will be able to do so in the future on terms that are favourable to our company or at all. Our Company's ability to raise additional funds in the future and its liquidity may be negatively impacted by several factors, including changes in commodity prices, market volatility and general economic downturns. See "Overall Performance" and "Risks and Uncertainties" for a discussion of risk factors that may impact our Company's ability to raise funds and that may impact our Company's liquidity.

During the year ended July 31, 2016, 58,333 common shares of Apple Capital were disposed in settlement of amounts owing to a former director. As of July 31, 2016, the loans were repaid.

During the year ended July 31, 2016, our Company arranged a loan facility from four arm's length lenders and a former director of our company for a total principal amount of $28,525, bearing no interest per annum and due upon demand.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further long-term financing, successful investing in both conventional and unconventional oil and gas upstream and producing properties as well as the exploration and development of yet to-be-acquired properties. Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report to our audited financial statements for the years ended July 31, 2016 and July 31, 2015 our independent auditors included an explanatory paragraph regarding their substantial doubt about our ability to continue as a going concern.

Our Company has no long-term debt.

Capital Resources

It is expected that funds will need to be raised through equity financings, shareholder loans or otherwise to carry out the Company's business plan. Our Company's ability to raise additional funds is subject to a number of uncertainties and risk factors. See "Liquidity and Capital Resources – Liquidity".

See "Nature of Business – Mineral Properties" for a discussion of our Company's capital expenditure commitments with respect to our mineral properties.

Operating Activities

During the year ended July 31, 2016, operating activities used cash of $1,629,418 compared to $70,665 for the year ended July 31, 2015. The use of cash for the year ended July 31, 2016 was mainly attributable to our loss for the period of $637,549 and the reduction of non-cash accounts payable and accrued liabilities of $1,027,449. The use of cash for the year ended July 31, 2015 was attributable to our loss for the year of $558,541, offset mainly by the write-down of exploration and evaluation assets and the increase of non-cash accounts payable and accrued liabilities of $340,315.

Management anticipates that operating activities will continue to require cash until our Company achieves profitable operations.

Investing Activities

During the year ended July 31, 2016, our Company used $1,753 (2015: $1,000) in cash in investing activities due to exploration and evaluations of assets.

Financing Activities

During the year ended July 31, 2016, our Company received $1,730,750 in proceeds from the issuance of share capital, and $28,525 from financing activities from proceeds of loan issuance. The proceeds from loan issuance were repaid during the year ended July 31, 2016. During the year ended July 31, 2015, our Company did not use cash for financing activities.

Changes in Accounting Policies

Accounting standards issued but not yet effective

We have reviewed new and revised accounting pronouncements that have been issued but are not yet effective. We have not early adopted any of these standards and are currently evaluating the impact, if any, that these standards might have on our financial statements.

IFRS 11 - Accounts for Acquisition of Interest in Joint Operations ("IFRS 11")

IFRS 11 has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The amended standard is effective for annual periods beginning on or after January 1, 2016.

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization ("IAS 16 and IAS 28")

IAS 16 and IAS 38 have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets. The amended standard is effective for annual periods beginning on or after January 1, 2016.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRS 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transaction involving Advertising Service. The new standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

Off-Balance Sheet Arrangements

Our Company did not have any off-balance sheet arrangements as of July 31, 2016, and as of the date of this report.

Related Parties Transactions

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Years ended, 2016	Years ended, 2015
Management and director's fees	$ 59,286	$ 88,625
Professional fees	13,527	12,674
	$ 72,813	$ 101,299

Related party balances

During the year ended July 31, 2016, the Company entered an agreement (the "Agreement") with Makena Resources Inc, a public company with certain former directors in common. Pursuant to the Agreement, the Company was forgiven a debt of $17,130 in accounting and office expenses.

At July 31, 2016, accounts payable and accrued liabilities include $1,405 (July 31, 2015: $530,517) due to related parties as follows:

	July 31, 2016	July 31, 2015
Negar Adam, Former director and private company controlled by the former director, $107,800 for management fees from April 2012 (partial) to March 2013 and from May 2013 to December 2013 and $29,035 for 2011, 2012 and 2013 directors' fees less CPP	$1,259	$136,835
Conrad Clemiss, Director, $204,150 for management fees for April 2012 (partial) to March 2013 and from May 2013 and $29,035 for 2011, 2012 and 2013 directors' fees less CPP	-	233,185
Jason Gigliotti, Former director and private company controlled by a the former director $107,800 for management fees from April 2012 (partial) to March 2013 and from May 2013 to December 2013 and $29,035 for 2011, 2012 and 2013 directors' fees less CPP	-	136,835
Makena Resources Inc, a public company with certain former directors in common, for accounting and offices expenses	-	11,198

Cruz Capital Corp., a public company with certain former directors in common, for administrative expenses	-	1,664
James Nelson, director for fiscal 2015 directors fees	-	2,500
Greg Thomson, former director for fiscal 2015 directors fees	-	2,500
Misha Andric, director for travel expenses	146	-
Sienna Resources Inc., a public company with certain former directors in common, for office expenses and office rent	-	5,800
	$ 1,405	**$ 530,517**

These amounts are unsecured, non-interest bearing and payable on demand.

During the year ended July 31, 2016, the Company received loan advances of $7,125 from Conrad Clemiss, a director of the Company. As of July 31, 2016, 2016, $Nil was outstanding.

During the year ended July 31, 2016, office and miscellaneous expenses included $3,000 (year ended July 31, 2015: $12,000), which was for reimbursement of accounting overhead to Makena Resources Inc a public company with two former common directors.

During the year ended July 31, 2016, 58,333 shares of Apple Capital were disposed in settlement of $5,250 owing to Negar Adam, a former director.

Financial Instruments and Other Instruments

Our Company's financial instruments consist of cash, accounts payable and accrued liabilities, marketable securities and receivables. Unless otherwise noted, it is management's opinion that our Company's current financial instruments will not be affected by interest rate risk, foreign exchange risk, credit risk and price risk. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

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

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

The fair value of the Company's receivables, and accounts payable and accrued liabilities approximates their carrying values due to the short-term to maturity. The Company's cash and marketable securities are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at July 31, 2016, the Company has a minimal exposure to the US$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at July 31, 2016, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest expense on loans payable and interest income on Canadian dollar cash. The Company has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at July 31, 2016, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

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 the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

Additional Disclosure for Venture Issuers without Significant Revenue

During the year ended July 31, 2016 and 2015, our Company incurred expenses including the following:

	2016	2015
Operating expenses	$ 594,288	$ 404,531
Capitalized exploration costs	$ 2	$ Nil
Capitalized acquisition costs	$ 26,750	$ Nil

Please refer to Note 6 *Exploration and Evaluation Assets* in the financial statements for the year ended July 31, 2016 for a description of the capitalized acquisition and exploration costs presented on a property-by-property basis.

Additional Disclosure of Outstanding Share Data

Common Shares

Our authorized share capital consists of an unlimited number of common shares without par value.

As at November 28, 2016, we had 24,381,492 common shares issued and outstanding.

On January 19, 2016 the Company completed a consolidation of its issued and outstanding common shares on the basis of ten pre-consolidation Shares for each post-consolidation Share.

On May 4, 2016, the Company completed a consolidation of its issued and outstanding common shares on the basis of three pre-consolidation Shares for each post-consolidation Share.

On June 8, 2016, the Company completed a private placement consisting of the issuance of 22,000,000 units (each, a "**Unit**"), at a price of $0.07 per Unit on a post-Consolidation basis, to raise aggregate gross proceeds of $1,540,000 (the "**Private Placement**"). Each Unit is comprised of one post-Consolidation Share and one warrant (each, a "**Warrant**"), each of which will be exercisable into one post-Consolidation Share at a price of $0.09 per Share for 5 years from the date of issuance. A private company acquired 20,000,000 Units of the Private Placement, resulting in a change of control of the Company. On Closing, the private company held 82.2 % of the Shares on an undiluted basis.

On June 27, 2016, the Company completed a non-brokered private placement of 381,500 Units (the "Units") at a price of $0.50 per unit for gross proceeds of $190,750. Each Unit consists of one post-Consolidation common share of the Company and one transferable common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one post-Consolidation Share at a price of $0.50 for a period expiring five years from the date of issuance.

Stock options

On November 23, 2016 50,000 stock options with an exercise price of $0.15 were exercised for gross proceeds of $7,500. As at November 28, 2016 there were no shares purchase options outstanding.

Share Purchase Warrants

As at July 31, 2016, we had 24,064,576 share purchase warrants outstanding. Each share purchase warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
401,343	$3.00	May 17, 2017
281,733	$1.50	August 20, 2018
22,000,000	$0.09	June 8, 2021
381,500	$0.50	June 27, 2021
23,064,576		

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mineral and oil and gas properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

Exploration, development and production risks

Oil and gas or mineral exploration, development and operations involve many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, appraise, develop and commercially produce oil and gas resources and reserves, which will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire additional producing properties or prospects.

The Company may not be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that commercial quantities of oil and gas will be discovered or acquired by the Company. Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. The Company may become subject to liability for such hazards, including pollution and other hazards against which we cannot insure or against which we may elect not to insure.

Regulatory: *Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on our Company.*

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Properties may also be subject to complex Aboriginal claims.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent us from conducting planned activities or may increase our costs of doing so, which would have material adverse effects on our business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages that we may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect our ability to carry on our business.

The Company's operations may require licenses and permits from various governmental authorities in the countries in which it operates. There can be no assurance that the Company will be able to obtain all necessary license and permits that may be required to carry out exploration and development of its projects.

Competition: *The petroleum industry is competitive. As we face intense competition in the petroleum exploration and exploitation industry, we will have to compete with our competitors for financing, properties and for qualified managerial and technical employees.*

Our competition includes large established oil and gas companies with substantial capabilities and with greater financial and technical resources than we have. Because of this competition, we may have to compete for financing and be unable to conduct any financing on terms we consider acceptable. We may also have to compete with the other companies for the recruitment and retention of qualified managerial and technical employees. If we are unable to successfully compete for financing or for qualified employees, exploration programs may be slowed down or suspended, which may cause us to cease operations as a company.

History of Losses: *We have a history of losses and have a deficit, which raises substantial doubt about our ability to continue as a going concern.*

We have not generated any revenues since our date of inception and we will continue to incur operating expenses without revenues if and until we engage in commercial operations. Our accumulated loss as of July 31, 2016, was $5,214,200 since inception. We had cash in the amount of $93,549 as at July 31, 2016. We estimate our average monthly operating expenses to be approximately $30,000 each month. We cannot provide assurances that we will be able to successfully explore and develop our property interests. These circumstances raise substantial doubt about our ability to continue as a going concern, which was also described in an explanatory paragraph to our independent auditors' report on our audited financial statements July 31, 2016 and July 31, 2015. If we are unable to continue as a going concern, investors will likely lose all their investments in our Company.

Dilution: *Our future is dependent upon our ability to obtain financing and if we do not obtain such financing, we may have to cease our exploration activities and investors could lose their entire investment.*

There is no assurance that we will operate profitably or will generate any positive cash flow in the future. We will require additional financing in order to proceed with the exploration and, if warranted, development of properties. We will also require additional financing for the fees we must pay to maintain our status in relation to the rights to our properties and to pay the fees and expenses necessary to operate as a public company. We will also need more funds if the costs of the exploration are greater than we have anticipated. We will require additional financing to sustain our business operations if we are not successful in earning revenues. We will also need further financing if we decide to obtain additional properties. We currently do not have any arrangements for further financing and we may not be able to obtain financing when required. Our future is dependent upon our ability to obtain financing. If we do not obtain such financing, our business could fail and investors could lose their entire investment.

Capital and Liquidity Risk: *A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our ability to continue operations.*

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because a significant portion of our operations have been and will be financed through the continued sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our operations. Such reductions may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plan and operations, including our ability to continue our current operations. If our stock price declines, we can offer no assurance that we will be able to raise additional capital or generate funds from operations sufficient to meet our obligations. If we are unable to raise sufficient capital in the future, we may not be able to have the resources to continue our normal operations or become insolvent.

The market price for our common stock may also be affected by our ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of our common stock and our operations as a result.

Dependence on Key Personal: *Our directors and officers are engaged in other business activities and accordingly may not devote sufficient time to our business affairs, which may affect our ability to conduct operations and generate revenues.*

Our directors and officers are involved in other business activities. As a result of their other business endeavours, our directors and officers will exercise their fiduciary duties and duty of care but nonetheless may not be able to devote sufficient time to our business affairs, which may negatively affect our ability to conduct our ongoing operations and our ability to generate revenues. In addition, the management of our Company may be periodically interrupted or delayed as a result of our officers' other business interests.

Litigation and arbitration

All industries, including the mining and oil and gas industry, are subject to legal claims, with and without merit. Legal proceedings and arbitration may arise from time to time in the course of the Company's business. Such litigation may be brought against the Company or a subsidiary in the future from time to time or the Company or a subsidiary may be subject to another form of litigation. Defense and settlement costs of arbitration or legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and arbitration process, the process of defending such claims (or any other claims that may be brought against the Company), could take away from management time and effort and the resolution of any particular legal proceeding to which the Company or a subsidiary may become subject could have a material effect on the Company's financial position and results of operations.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of useful lives of depreciated and amortized assets, the recoverability of the carrying value of exploration and evaluation assets, assumptions used in determination the share based payments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the evaluation of the Company's ability to continue as a going concern, the classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

Additional Information

We file annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at http://www.sedar.com.