Form 51-102F1

BAROYECA GOLD & SILVER INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended May 31, 2016

Background

The following discussion and analysis, prepared as of September 28, 2016, should be read together with the audited consolidated financial statements the year ended May 31, 2016 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

These audited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Boroyeca Gold & Silver de Mexico S.A. de C.V., Tombstone Gold & Silver Inc. and Tombstone Resources Inc. Tombstone Gold & Silver Inc. and Tombstone Resources Inc. are both Arizona, USA companies. All inter-company transactions and balances have been eliminated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Overview

Baroyeca Gold & Silver Inc. (the "Company") was incorporated on February 17, 2006 and commenced business at that time. The Company is a mineral exploration and evaluation company with no revenue generating operations, other than some incidental revenue from the sale of gravel from its Tombstone Properties which is reported as a recovery of costs incurred on those properties. Accordingly, any funds raised for the Company's operations are through the sale of shares in its capital stock or from debt financing. The Company's fiscal year end is May 31.

The Company completed its initial prospectus offering ("IPO") on December 15, 2010 and was listed on the TSX Venture Exchange under the symbol **BGS**. The Company raised net proceeds $2,564,484 through its prospectus offering and then in the first part of 2011 carried out the work program on its Mexican properties that was recommended in the technical report (the "Technical Report") described in its prospectus. Following that program the Company's consulting geologist recommended a further work program, including drilling, on the Mexican property that was undertaken during the 2012 fiscal year (for further information on its properties and the work carried out, see "Results of Operations - *Description of Properties*" below).

Copies of the Technical Report and the Company's prospectus for its IPO are both available for review under the Company's disclosure documents at www.sedar.com.

During the 2012 fiscal year, the Company reviewed and acquired additional mineral property interests, consisting of certain patented mineral claims and unpatented lode claims situated near Tombstone, Arizona, U.S.A. (the "Tombstone Property").

Results of Operations

Description of Properties

The Mexican Properties

The Company holds an interest in one mineral property situated in the Municipality of Quiriego, Sonora State, Mexico having forfeited its interest in a second property, referred to as the Option Property, at the end of its last fiscal year. The remaining property, referred to herein as the Baroyeca 4 Property was acquired by the Company through staking.

The Company incorporated its own Mexican subsidiary, Boroyeca Gold & Silver de Mexico S.A. de C.V., through which it carries out its exploration activities in Mexico.

Baroyeca 4 Property

During June 2007, the Company engaged the services of Francisco Garcia Garcia, a resident Mexican citizen, to stake and make application for the Baroyeca 4 concession, comprising 7,697 hectares, contiguous with and to the north and east of the Option Property. Subsequently, the concession was granted to Francisco Garcia Garcia by the Mexican Ministry of Mines and assigned to Boroyeca Gold & Silver de Mexico S.A. de C.V., the Company's subsidiary.

As the Baroyeca 4 concession was situated within the area of interest as defined for the Option Property, the Company issued a notice to the Syndicate as provided in the Option Agreement. The Syndicate did not elect within the 30 day time frame provided in the Option Agreement to have the Baroyeca 4 Property become part of the property subject to the Option Agreement. Accordingly, it remains wholly-owned by the Company.

As at May 31, 2010, the Company had only completed preliminary surface geology including mapping and sampling over the Baroyeca 4 Property all at a cost of $247,554. In the fall of 2009, the Company conducted a program of line-cutting and mapping to establish a grid over the property in preparation for carrying-out the programs of airborne and ground geophysics recommended as part of the Phase I work program in the Technical Report. Results of the sampling conducted on the Baroyeca 4 Property are set out under Section 10.0 Exploration of the Technical Report (available at www.sedar.com). The preliminary prospecting and sampling on the Baroyeca 4 Property were encouraging and, accordingly, the Technical Report recommended a Phase I program including trenching, sampling, prospecting, mapping and airborne and ground geophysics at an estimated cost of $700,000 focused on the Baroyeca 4 Property. Based on results of the Phase I program, the Technical Report recommended a Phase II drilling program on the Baroyeca 4 Property at an estimated cost of $500,000. This recommended work was carried out during the second half of 2011 fiscal year - see "Expenditures" below for further particulars.

In the six month period ended November 30, 2011 the Company wrapped-up the Phase I and Phase II programs undertaken in the winter and spring of 2011. The Company's independent consulting geologist, Linda Caron, M.Sc., P. Eng., provided a summary of the results of the work programs which the Company reported in its news release dated June 15, 2011 which is available for review under the Company's disclosure on SEDAR at www.sedar.com. The company's geologist also continued to review and obtain interpretations of the results received, including submitting a number of samples for re-assaying to assist in the interpretation. As a result of this analysis it was decided that the 2012 work program would commence with additional geophysical surveys with an expanded grid to increase the area of the Property surveyed to be followed by a drill program of in the order of 5,000 metres.

During the six months ended May 31, 2012, the Company incurred an additional $893,841 in expenditures on its Mexican properties in preparing for and carrying out its 2012 work program. This program included geophysical programs of ground gravity and IP surveys to extend the area of the Property surveyed in the previous year, which was followed by a drilling program of combined reverse circulation and diamond that was targeted for 5,000 metres of drilling. The preparatory work was carried in January and February and the drilling commenced in early March. The Company completed in the order of ten drill holes, however, due to the difficult financial markets for junior venture companies, the Company was not able to raise all the funds it had planned in its private placement carried out during this period. Accordingly, the Company has not been able to receive all of the assay results from drill program and its consultants have not been able to analyze and interpret the results of the drilling program. Should the Company be able to raise sufficient funds, the assay results for the last part of the drill program will be acquired and the results compiled, analysed, modelled and interpreted by the Company's geological consultants. The results will be published on receiving a report from the geological consultant. Given the uncertain financial markets, there is no certainty as to when the Company may have the funds to carry this out.

Also due to the shortage of available funds, the Company is delinquent in the payment of property taxes due on the concessions in Mexico. Should the Company continue to be unable to pay the Mexican property taxes, the Company is at risk of having the concessions cancelled by the Mexican government.

Write-down of Book Values

Due to a shortage of funds, the Company has been unable to carry out any work programs on the Mexican Property over the past three years, has no formal plan to carry out work during the ensuing year, nor the funds with which to do so. In these circumstances, with the Optioned Property having been forfeited and no identified mineral resource on the Baroyeca 4 Property, at May 31, 2014, the Company wrote-off $3,300,761 in exploration and evaluation costs that had been capitalized in the Company's financial statements with respect to the Mexican Property. During the year ended May 31, 2015, the Company wrote off further exploration and evaluation costs of $2,175 to operations.

<u>The Tombstone Properties</u>

Pursuant to the terms of a purchase and sale and option agreement dated as of May 16, 2011, (the "Tombstone Option Agreement") entered into with Tombstone Development Company, of Tucson, Arizona, Dale Turner, its principal, and several affiliated companies (collectively, the "Vendor"), the Company, through its wholly-owned Arizona subsidiary, Tombstone Gold & Silver Inc, acquired a parcel of historic patented mining claims comprising in the order of 200 acres, and was granted options to acquire two additional parcels of claims contiguous to the group acquired comprising respectively an additional 135 and 150 acres. The three parcels contain the bulk of the historic patented claims on the hill just south of the town of Tombstone, Arizona. The price for the first parcel of claims was US$250,000 in cash and the price for the two optioned parcels, also all cash, is US$180,000 and US$250,000 respectively. The Company and its subsidiaries had until September 17, 2011 to exercise the first option, which was exercised by Tombstone Gold & Silver Inc. ("TGSI") and Tombstone Resources Inc. ("TRI") with closing occurring on September 30, 2011. Accordingly, the Company and its subsidiaries had until November 29, 2011 to exercise the second option. On November 29, 2011, the Company and the Vendor amended the Tombstone Option Agreement to extend the exercise date for the second option to February 29, 2012. In consideration of this amendment, the Company paid US$40,000 of the exercise price to the Vendor which the Company will forfeit if the second option is not exercised. By further amendments to the Tombstone Option Agreement agreed to with the Vendor, the closing date for the second option was extended to June 30, 2012 in consideration of which the Company paid the Vendor an additional US$50,000 and agreed to issue the Vendor 100,000 shares in the capital of the Company at closing. The Company was unable to pay the remaining balance due of US$160,000 by June 30, 2012 and has since received a notice of default pursuant to which the Company was to make the payment by October 19,

2012. Due to the very difficult market conditions for junior resource companies, at October 19, 2012, the Company was still without sufficient funds to complete the purchase and spoke with the Vendor who verbally agreed, due to the market conditions, to extend the deadline generally for the payment of the balance of the exercise price.

The first parcel of claims acquired by Tombstone Gold & Silver Inc. comprise, amongst others, the former Tombstone Contention Mine and the Grand Central Mine, previously operated principally as silver mines. The Company is exploring the potential for re-opening mining on these properties.

In addition to the patented claims that were acquired or optioned to be acquired, the Company staked approximately 900 acres of claims in several packages, some contiguous and some adjacent, to the purchased and optioned properties, increasing the Company's holdings on completing the two option purchases to approximately 1,400 acres. During the year ended May 31, 2016, due to a shortage of funds, certain of these staked claims were allowed to lapse, accordingly reducing the property so held.

In conjunction with the purchase of the group of claims, the Company agreed to purchase a number of pieces of equipment and an office facility located on the properties that had been used in operations carried out by the vendor for a total of US$176,000 which has been fully paid.

The Company engaged an independent geological consultant to conduct a site visit to the property and to carry out a review of the geology and history of the property. Following the review, the consultant has recommended a two phase program of work to evaluate the potential of the property at an estimated cost of $2,100,000.

Phase I would include detailed geological mapping of the property and in particular the Contention pit; representative rock chip sampling in the pit to improve the understanding of grade distribution and control; and a program of twinned reverse circulation ("RC") and core ("DD") drilling in three fences (at the north end, middle and south end of the Contention pit) with each fence being comprised of a fan of three holes each of RC and DD drill holes. This drilling will compare the merits of each method of drilling and test the mineralization along the Contention dyke trend below the existing pit floor. Phase I is estimated to cost $600,000.

Based on the results of the Phase I program, Phase II is budgeted for $1,500,000 to consist principally of drilling to better define the Contention pit area and provide information for a preliminary resource estimate, subject to Phase I identifying a resource in the pit area.

In addition to the mineral potential of the purchased claims, the property contains a quantity of stockpiled construction aggregate material created as a by-product of previous mining operations. The previous owner was able to negotiate sales of the construction aggregate from the property to purchasers such as Cochise County for road work and other uses. In the current economic circumstances, the Company does not anticipate having funds to undertake the recommended programs for the Tombstone Property but will be concentrating on extracting, and building the sales of, aggregate from the property as a source of cash flow for the Company.

In June 2013, the Company acquired a crushing machine to allow it to offer a broader range of aggregate products to the market. The Company was also successful in submitting a bid to Cochise County for the supply of aggregate for County projects. The crushing machine was acquired with the proceeds of a debt financing that the Company was able to arrange. The financing is secured against the assets of the Tombstone subsidiaries.

The former owners of the claims acquired had made an application to the Arizona Department of Environmental Quality ("ADEQ") for closure of the Tombstone Contention Mine on the properties based on their decision that, at that time, the best use of the property was real estate development. Tombstone Gold & Silver Inc. ("TGSI") has agreed with the vendor to carry out the requirements of the ADEQ with respect to that closure application, or otherwise resolve the matter. The Company has met with the ADEQ to discuss the conditions on the property and to develop a process to satisfy the requirements of an Aquifer Protection Plan. Such discussions are ongoing.

Expenditures

Mexican Properties

Due to the shortage of working capital available to the Company for exploration programs in Mexico, during the year ended May 31, 2016 no work was carried out on the Mexican Properties.

Tombstone Properties

During the year ended May 31, 2013, the Company engaged a party to monitor the property and to negotiate and supervise, as needed from time to time, the sale and loading and weighing of aggregate from the property for use in roads and playgrounds. The Company received $190,385 in sales of aggregate during the year, which was offset in the financial statements against the expenses incurred on the property.

In June 2013, the Company acquired a crushing plant for use in its aggregate operations in order to be able to provide a broader variety of product to the market. In the same month, the Company successfully bid to be accepted as a supplier of aggregate to Cochise County, Arizona. Unfortunately, the County activities were slower than anticipated during the year ended May 31, 2104 with sales amounting to a total of only $214,124 during that year. Sales were a little stronger during the year ended May 31, 2015, amounting to a total of $278,993, but were very soft in the year ended May 31, 2016, amounting to sales of only $129,309, and no significant orders have yet been received, up to the date of this management discussion, from the County. The sales of aggregate for the period ended May 31, 2016 have been offset in the financial statements as a recovery of expenses incurred on the property.

Details of the expenditures for the period ended May 31, 2016 can be seen in Note 5 to the Company's audited consolidated financial statements for the year ended May 31, 2016.

SELECTED FINANCIAL DATA

The following table presents audited selected financial information for the years indicated.

	Years Ended May 31		
	2016 $	2015 $	2014 $
OPERATIONS:			
Revenue	Nil	Nil	Nil
Net Loss for the Period	318,604	302,592	3,633,664
Comprehensive Loss for the Period	334,425	327,396	3,600,821
Basic and diluted loss per share	(0.01)	(0.01)	(0.08)
BALANCE SHEET:			
Working capital (deficit)	(1,976,375)	(1,607,928)	(1,208,667)
Total assets	1,363,408	1,289,510	1,252,511
Total exploration and evaluation assets	1,154,012	1,035,829	887,511

The financial information presented in the table above is from the Company's financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency for all periods is Canadian dollars.

General and Administrative

Discussion of Operating Results –year ended May 31, 2016

During the year ended May 31, 2016, the Company incurred a net loss of $318,604 as compared to a net loss of $302,592 for the year ended May 31, 2105. The increased loss of $16,012 in 2016 as compared with 2015 is primarily due to: an increase of $19,915 in office and miscellaneous expense primarily due to the penalty assessed against the Company by the U.S. Department of Labour, Mine Safety and Health Administration for alleged contravention of workplace safety requirements: a decrease of $18,401 in the gain on foreign exchange from operations during the period due to fluctuations in the exchange rate between the Canadian and U.S. dollars; an increase of $9,389 in depreciation expense resulting from the depreciation claimed on the crushing equipment acquired at the beginning of fiscal 2014; an increase of $11,850 in insurance expense as result of coverage acquired with respect to the Company's operations; and an increase of $1,031 in interest and bank charges during the 2016 year; as offset by: a decrease of $14,990 in professional fees as a result of reduced legal and audit fees in the year; a recovery of $10,736 in expenses from the prior year as a result of the settlement of an outstanding account with the Company's former auditors on changing auditors during the year; a decrease of $4,080 in transfer agent and filing fees due to reduced activity in the period; a reduction of $4,242 in finance costs as a result of reduced participation costs to lenders with lower sales of aggregate in the period; a decrease of $6,580 in travel and promotion costs due to reduced activity in the period; a decrease of $2,175 in impairment loss in the period as the loss in 2014 was a one-time write-down; and other miscellaneous decreases in: telephone ($1,162) and rent ($609) due to closing the Vancouver office and reduced activity in the Company.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters ended May 31, 2016.

	May 31 2016 $	**Feb. 29 2016 $**	**Nov. 30 2015 $**	**Aug. 31 2015 $**	**May 31 2015 $**	**Feb. 28 2015 $**	**Nov. 30 2014 $**	**Aug. 31 2014 $**
Total Revenues	-	-	-	-	-	-	-	-
Net Loss	95,401	79,088	90,718	53,397	96,769	53,002	78,140	74,682
Basic and Diluted (Income)Loss/Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The financial information presented in the table above is from the Company's financial statements prepared in accordance with International Financial Reporting Standards.

Discussion of Operating Results- three months ended May 31, 2016

During the three months ended May 31, 2016, the Company incurred a net loss of $95,401 as compared to a net loss of $96,769 for the three months ended May 31, 2015. The decreased loss of $1,368 in 2016 as compared with 2015 is primarily due to: a decrease in office and miscellaneous expense in the 2016 period as a result of the Vancouver office having been closed and reduced activity in the Company; a decrease of $7,125 in professional fees due to a reduction in the use of these services in the 2016 quarter; a decrease of $2,803 in travel and promotion expenses due to reduced travel occurring in 2016; as offset by: an increase of $5,196 in transfer agent and filing fees in the 2016 quarter likely due to a timing difference in incurring these expenses in 2016 as year over year these expenses have decreased; a reduction of $5,135 in foreign exchange gains from operations in the 2016 period due to fluctuations in the exchange rate between the Canadian and U.S. dollars during the period; an increase of $3,246 in insurance expense as result of coverage acquired with respect to the Company's operations; an increase of $2,519 in finance costs reflecting the increased interest expenses incurred on the loan as a result of the increase in the outstanding balance; and an increase of $1,241 in interest and bank charges due to the increase in borrowing through the line of credit and advances in the 2016 period.

Discussion of Operating Results- three months ended February 29, 2016

During the three months ended February 29, 2016, the Company incurred a net loss of $79,088 as compared to a net loss of $53,022 for the three months ended February 28, 2015. The increased loss of $26,086 in 2016 as compared with 2015 is primarily due to: a reduction of $17,689 in foreign exchange gains from operations in the 2016 period due to fluctuations in the exchange rate between the Canadian and U.S. dollars during the period; an increase of $5,711 in professional fees due to an increase in the use of accounting and legal services in the period; an increase of $3,687 in finance costs as a result of higher participation costs to lenders with an increase in sales of aggregate in the period; an increase of $2,996 in insurance expense as result of coverage acquired with respect to the Company's operations; an increase of $2,722 in depreciation expense resulting from the depreciation claimed on the crushing equipment acquired at the beginning of fiscal 2014; an increase of $2,170 in office and miscellaneous expense in connection with operations in Arizona; and a minor increase of $227 in bank charges; as offset by: a decrease of $5,405 in transfer agent and filing fees and $3,481 in travel and promotion due to reduced activity in the period and a decrease in telephone expense of $230 due to the closing of the Company's Vancouver office.

Discussion of Operating Results- three months ended November 30, 2015

During the three months ended November 30, 2015, the Company incurred a net loss of $90,718 as compared to a net loss of $78,140 for the three months ended November 30, 2014. The increased loss of $12,578 in 2015 as compared with 2014 is primarily due to: an increase of $26,984 in office and miscellaneous expense primarily due to the penalty assessed against the Company by the U.S. Department of Labour, Mine Safety and Health Administration for alleged contravention of workplace safety requirements, which assessment is being contested; a reduction of $11,364 in foreign exchange gains from operations in the 2015 period due to fluctuations in the exchange rate between the Canadian and U.S. dollars during the period; an increase of $2,951 in depreciation expense resulting from the depreciation claimed on the crushing equipment acquired at the beginning of fiscal 2014; and an increase of $2,849 in insurance expense as result of coverage acquired with respect to the Company's operations; as offset by: a decrease of $16,065 in professional fees as a result of reduced legal and audit fees in the period; a recovery of $10,736 in expenses from the prior year as a result of the settlement of an outstanding account with the Company's former auditors on changing auditors in the period; a decrease of $2,739 in transfer agent and filing fees due to reduced activity in the period; a reduction of $1,287 in finance costs as a result of reduced participation costs to lenders with lower sales of aggregate in the period; and other miscellaneous decreases in bank charges ($296), telephone ($293), and travel and promotion ($154) primarily due to reduced activity in the Company in the 2015 period.

Discussion of Operating Results –three months ended August 31, 2015

During the three months ended August 31, 2015, the Company incurred a net loss of $53,397 as compared to a net loss of $74,682 for the three months ended August 31, 2014. The decreased loss of $30,311 in 2015 as compared with 2014 is primarily due to: an increase of $15,787 in foreign exchange gain from operations in the 2015 period due to fluctuations in the exchange rate between the Canadian and U.S. dollars during the period; a decrease of $9,161 in finance costs in the period; a decrease of $2,175 in impairment loss in the period as the loss in 2014 was a one-time write-down; a decrease of $1,132 in transfer agent and filing fees due to reduced activity in the period; and other miscellaneous decreases in rent ($609), telephone ($625), travel and promotion ($142) and bank charges ($142) primarily due to reduced activity in the Company; as offset by: an increase of $2,852 in principally due to the depreciation claimed on the crushing equipment acquired at the beginning of fiscal 2014; an increase of $2,759 in insurance expense as result of coverage acquired with respect to the Company's operations; an increase of $2,489 in professional fees in part due to representation in negotiations with the regulatory officials regarding assessments levied against the Company; and a minor increase of $388 in office and miscellaneous expense.

Investor Relations

No investor relations activities were undertaken by or on behalf of the Company during the period and no investor relations arrangements or contracts were entered into by the Company during the period.

Liquidity and Capital Resources

The Company has no ongoing operating revenues and finances its operations principally through the sale of shares in its capital and more recently through loans secured against its equipment and other assets. In the short-term, directors of the Company have, in the past, provided cash advances to meet urgent operating needs. At June 1, 2015, the Company had a working capital deficit of $1,607,928.

During the year ended May 31, 2016, the Company expended: $256,175 in working capital on its operating activities and incurred a net of $118,183 in exploration and evaluation asset expenditures after realizing $129,309 from the sale of aggregate from its properties and raised $20,000 by way of an advanced received during the year.

As a result of the foregoing activities, amongst other things, at May 31, 2016, the Company had a working capital deficit of $1,976,375.

The Company has an option payment due with respect to the Tombstone Properties of US$160,000 which will complete the purchase of the third parcel of claims under the Tombstone Option Agreement discussed under the heading Tombstone Properties above. This payment is optional, however, if not paid, the Company would forfeit US$90,000 paid toward the purchase price. Although the Vendor gave notice of default requiring the exercise of the second option to be completed by October 19, 2012, the Company had insufficient funds at that date to complete the payment as the difficult market conditions precluded the Company from carrying out an equity financing. In consideration of the difficult market conditions facing the Company, the Vendor has verbally extended the deadline generally.

The Company estimates that with contraction of its activities that have occurred due to the current shortage of operating funds, operating expenses for the ensuing fiscal year will be in the order of $250,000 before charges for depreciation.

The Company will require funds to satisfy its working capital deficit, make payments to the regulatory authorities with respect to assessments levied on its operations and make the payment on the third parcel of claims at the Tombstone Property.

Should the cash flow from the aggregate business not provide sufficient funds to meet the working capital needs of the Company, with the current market conditions for the Company's shares, it may be necessary for the Company to re-consider consolidating its share capital in order to be able to undertake a private placement of its securities to raise funds for its operations. There can be no assurance that the Company will be able to sell any or sufficient securities by way of private placement to raise the required working capital.

Off Balance Sheet Arrangements

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

Transactions with Related Parties

The Company had the following related party transactions during the year ended May 31, 2016:

a) management fees of $60,000 were accrued to Mercap Investments Inc., a private company owned 50% by Richard Wilson, President, CEO and a director of the Company;

b) professional fees of $7,750 were accrued to a law firm of which Douglas Eacrett, a director of the Company, is principal;

c) $198,543 of the loan payable of $363,995 (US$275,000) was made to the Company through a partnership of individuals including William Carr, a director of the Company, who is also the manager of the partnership. $34,399 of the finance costs incurred during the period (2015 - $36,502) were incurred with respect to the portion of the loan advanced by the partnership. Refer to Notes 12 and 13 of the audited consolidated financial statements for the year ended May 31, 2016 for further particulars; and

d) a company controlled by William Carr, a director of the Company advanced $67,644 (2015 – $11,145) to the Company in the form of a line of credit which has been used for exploration and evaluation assets. The outstanding balance bears interest at 18% per annum and is repayable on demand.

Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, due to related parties, loan payable and advance payable. The fair value of the Company's accounts payable and accrued liabilities, due to related parties, line of credit and loan payable, are estimated by management to approximate their carrying values based on the immediate or short-term maturity of these instruments. Cash is recorded at fair value using Level 1 quoted prices in active markets for identical assets or liabilities and, in management's opinion, the Company is not exposed to significant interest or credit risk from these financial instruments. Please refer to Note 9 of the consolidated financial statements for detailed discussion of the financial risk factors.

Future Accounting Pronouncements

The following new standards, amendments to standards and interpretations have been issued but as at May 31, 2016 have not yet been adopted by the Company:

- IFRS 9 — New standard that replaces IAS 39 for classification and measurement of financial instruments. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

Particulars of Outstanding Securities of the Issuer

As at the dates noted below, the Company had the following securities outstanding:

Common Shares

Date	Number Outstanding
May 31, 2016	46,169,938
September 28, 2016	46,169,938

Share Purchase Warrants

The Company had no share purchase warrants outstanding as of May 31, 2016 or September 28, 2016, the date of this Management Discussion.

Incentive Stock Options

The following Incentive Stock Options, each entitling the holder to acquire one previously unissued common share of the Company at the prices and for the periods of time set out in the table below are outstanding at May 31, 2016 and September 28, 2016:

Number of Options Outstanding	Exercise Price	Expiry Date
At May 31, 2016:		
1,400,000	$0.15 per share	February 22, 2017
At September 28, 2016:		
1,400,000	$0.15 per share	February 22, 2017