GENERAL

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial results of QMC Quantum Minerals Corp. (the "Company" or "QMC") for the year ended August 31, 2016.

Except for historical information, this MD&A includes forward-looking statements which are subject to risks and uncertainties. Actual results may differ materially from those in such forward-looking statements. The Company assumes no obligation to update its forward-looking statements to reflect results, changes in assumptions or changes in other factors affecting such statements.

The following information should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2016 and related notes thereto. The August 31, 2016 audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Standards Boards. These documents can be found on SEDAR at www.sedar.com.

All amounts are in Canadian dollars unless otherwise indicated.

The Company's management is responsible for the preparation of the financial statements and the notes thereto and this MD&A.

The effective date of this MD&A is December 29, 2016.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet work commitments and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for

minerals, that costs related to development of the mineral properties will remain consistent with historical experiences, anticipated results of exploration activities and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth previously in this MD&A: volatility in the market prices for metals, uncertainties associated with estimating resources, geological problems, technical problems, drilling problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in mining operations, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel and unpredictable weather conditions.

Overview

During the year ended August 31, 2016, the Company closed on a financing (1st tranche) by issuing 2.15-million units for gross proceeds of $107,500. Each unit comprised of one common share and one-half of a common share purchase warrant, each whole warrant will entitle the holder to acquire one additional common share at an exercise price of 10 cents for a period of 12 month from closing of the financing.

The Company signed an option agreement to acquire an undivided 100-per-cent right, title and interest in the Irgon (Cat Lake) Lithium Mine Property in Manitoba on August 31, 2016. The terms of the option agreement require the Company to pay a total of $46,500 and issue $46,500 in shares over a three-year period. The Irgon Lithium Mine, formerly held by the Lithium Corp. of Canada Ltd. (“LCC”), is situated on the Company property. A historical resource estimate of 1.2 million tons grading 1.51 per cent Li_2O (lithium oxide) over a strike length of 365 metres and to a depth of 213 metres. A total of 25 holes were drilled between 1953 and 1954 by LLC. The historic resource is documented in a 1956 assessment report by Bruce Bannatyne for LCC (see comments below on historical resource estimate). QMC’s objective is to compile all historical data then subsequently initiate a plan for exploration of the property with the goal to ultimately determine the economics of possible near term lithium production from the Irgon pegmatite dike.

The Company continues to pursue financing options and/or opportunities to joint venture its properties in the coming year, to continue with plans for the comprehensive work programs at the Irgon property and on the Namew-Lake Volcanogenic Massive Sulphide (VMS) Project on which it has filed a National Instrument 43-101 report. The Namew Lake VMS Project which comprises the contiguous Rocky Lake and Rocky-Namew, and Namew properties totaling 22,945 hectares in the Flin Flon Mining District, northwestern Manitoba.

The NI 43-101 technical report was completed by Garth Kirkham, PGeo, providing an independent geophysical and geological evaluation, an updated review of the recent work conducted in 2010 to 2012, and the recommendation to further investigate the potential of the Namew Lake VMS project as an economic mineral resource.

A two-phase work program has been recommended by Mr. Kirkham, including 2,500 metres of diamond drilling in phase one and 3,500 metres in phase two, a program with specific focus on the high-grade massive sulphide bed on the Rocky Lake property in addition to drilling on select targets from the 41 geophysics targets identified.

The NI 43-101 technical report - Rocky Lake volcanogenic massive sulphide (VMS) project can be found under the company's profile on SEDAR website at www.sedar.com.

Our Business

The Company is in the business of acquisition, exploration and development of resource properties. QMC holds interests in certain resource exploration properties located in Canada, with its Namew Lake Volcanogenic Massive Sulphide (VMS) Project comprising the Rocky Lake Property, the Rocky-Namew Property, the Namew Lake Property, the Carrot River Property, and as well as the Irgon Lithium Mine Property, all in Manitoba.

Exploration business is risky and most exploration projects will not become mines. The Company currently has no producing properties, and consequently no operating income or cash flow. The Company has been entirely dependent on equity markets to finance all of its activities and it is anticipated that it will continue to rely on this.

Irgon (Cat Lake) Lithium Mine Property

On August 31, 2016, the Company enter into an option agreement to acquire an undivided 100% right, title and interst in the Irgon (also known as Cat Lake) Lithium Property hosts several rare-element granitic pegmatite occurrences, one of which hosts and is locally known as the former Irgon Mine. The Irgon occurrence and several other known pegmatite dikes are situated on 4 adjoining mineral claims which comprise the Cat Lake Property. The total area covered by the 4 claims is 700 hectares. Access to the property is excellent as Provincial Highway 314 in southeast Manitoba transects the claims, approximately 150km northeast of Winnipeg.

The property lies within the east-trending Mayville-Cat-Eculid Greenstone Belt ("MCEGB") located along the northern contact of the Maskwa Lake Batholith. This northern greenstone belt has a similar structural geological setting as the Bird River Greenstone Belt ("BRGB") which is located along the southern contact of the same batholith, and is parallel to and approximately18km to the south of the MCEGB. The property is located 20km north of the Tanco Mine Property. The BRGB hosts the world-class Tanco rare element-bearing pegmatite dike. The Tanco Mine went into production in 1969 and produced tantalum, cesium and lithium concentrate. It was previously North America's largest and sole producer of spodumene (Li), tantalite (Ta) and pollucite (Cs).

The property covers the former Irgon Mine and several known pegmatite dikes of which currently the largest and best exposed is the spodumene-bearing Irgon Dike. This dike is well exposed on a glaciated surface and strikes N80°W with a dip of 87°S. It currently has a total exposed strike length of 442 meters and displays widths varying between 3 to 18 meters, with an average width of approximately 7 meters. Near the centre of its widest section, the dike is composed of large microcline crystals, from 39 to 61 centimeters along their crystal faces, which lie in a finer-grained groundmass of quartz and spodumene. The eastern portion of the deposit was sampled over a length of about 229 meters (circa 1934) with samples sent for analyses at the Department of Mines, Ottawa. The results, although considered by QMC to be historic, indicated contents of 40-53% spodumene for samples, and 7.44% Li_20 contained within the spodumene mineralization.

Between 1953-1954 the Lithium Corporation of Canada Limited drilled 25 holes into the Irgon Dike and reported a historical resource estimate of 1.2 million tons grading 1.51% Li_20 over a

strike length of 365 meters and to a depth of 213 meters. This historical resource is documented in a 1956 Assessment Report by Bruce Bannatyne for the Lithium Corporation of Canada Ltd. (Manitoba Assessment Report No. 94932). This historical estimate is believed to be based on reasonable assumptions and the company/QP has no reason to contest the document's relevance and reliability. A detailed drill program will be required to update this historical resource to current NI 43-101 standards. Historic metallurgical tests reported an 87% recovery from which a concentrate averaging 5.9% Li_2o was obtained. A complete mining plant was installed on site designed to process 500 tons of ore per day and in addition, a three compartment shaft sunk to a depth of 74 meters. On the 61 metre level, lateral development was extended off the shaft for a total of 366 meters of drifting; from which six crosscuts transected the dike. The work was suspended in 1957, awaiting a more favourable market for lithium oxides and at this point the mine buildings were removed.

The mineral reserve cited above is presented as a historical estimate and uses historical terminology which does not conform to current NI43-101 standards. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. Although the historical estimates are believed to be based on reasonable assumptions, they were calculated prior to the implementation of National Instrument 43-101. These historical estimates do not meet current standards as defined under sections 1.2 and 1.3 of NI 43-101; consequently, the issuer is not treating the historical estimate as current mineral resources or mineral reserves.

Rocky Lake Property

On October 16, 2008, the Company entered into an amended and restated property option agreement with 4920776 Manitoba Ltd. pursuant to which the Company acquired an option to acquire a 100% interest in certain mining claims known as the Rocky Lake property located in Manitoba.

The Rocky Lake property consists of the Rock claims 1 to 13, 3,190 hectares and Jaln claim 256 hectares for a total of 3,446 hectares. The Rocky Lake Copper prospect was discovered in June of 1987, when airborne geophysical surveys detected a 5 km. long conductor and further ground EM surveys outlined a 1500 meter long conductor associated with a magnetic high. Hudson Bay diamond drilled 10 NQ and BQ holes totaling 2,292 meters in three programs; five in 1987, three in 1990 and two in 1991. The Company cut a new grid over the Hudson Bay anomaly and completed the Crone Pulse Domain Electromagnetic (PEM) survey. The PEM survey delineated a very prominent conductor anomaly.

The PEM survey anomaly suggests that some of the strongest portions of the original Hudson Bay electromagnetic anomaly were not adequately tested. The drilling appears to have been carried out on the apparent footwall side of the potential mineralized body, thereby missing the main target. Copper mineralization intersected in the Hudson Bay drilling is present as stringers and could represent stringer mineralization adding credence that the main massive sulphide mineralized body may well have been missed. In addition to this the Company has completed an helicopter airborne VTEM survey on the property. In December 2011, QMC commenced drilling on the property which was completed in the spring of 2012 for 1,025 metres and results confirmed massive sulphide mineralization with visible chalcopyrite on the main target.

Detailed re-interpretation of VTEM data by Maxwell Modelling on the main Rocky Lake massive sulphide target showed the presence of a deep seated conductor. This conductor appears to be at least 1,000 metres long and seated at a depth of minimum 200 metres. The top of the conductor was confirmed by drill holes RL11-2 and RL12-5. Massive sulphide mineralization was intersected at the bottom of RL11-2 at a vertical depth of 193 metres. Mineralization consists of semi-massive sulphides, mostly pyrrhotite and pyrite with visible chalcopyrite, and is hosted near the contact of the hanging wall felsic rocks with the footwall mafic rocks. The drill hole was stopped in mineralization because of drilling problems. Assays from the mineralized core at the bottom of the drill hole returned 30 cm grading 0.26% copper within a semi-massive sulphide section of approximate 20% total iron sulphides. Drill Hole RL12-5 also intersected semi-massive sulphides at a vertical depth of 171 metres. The intersection returned highly significant values of copper within a zone averaging 18% to 20% iron sulphides over 9 metres.

These results are highly encouraging and indicate that a more extensive drilling program to fully test the mineralized VMS system is warranted. Seven (7) drill holes at a spacing of 100 metres are recommended to test this conductor along strike and depth. The other holes drilled in this zone (RL11-1 and RL11-3) were much shallower and did not intersect the deep conductor; however, they returned significant values in copper. RL11-1 also returned anomalous copper with values up to 400 ppm from 147 metres to the end of the hole at 222.50 metres.

The two semi-massive sulphide intersections (drill holes RL11-2 and RL11-5) also confirms the geological re-interpretation of the Hudson Bay's historical diamond drilling program and suggests that Hudson Bay missed the deep-seated massive sulphide mineralization.
As at August 31, 2015, $1,180,468 (2014: $1,180,468) has been incurred in acquisition costs and exploration expenditures.

The Company is in the process of renewing its permits to continue work on the property and plans to complete a two phase work program to further investigate the Namew Lake VMS Project as an economic mineral resource, recommended by Garth Kirkham (P.Geoph. P.Geo.) in the 43-101 report completed and filed in May 2013. This extensive exploration program includes 2,500 metres of diamond drilling in phase one and 3,500 metres in phase two; a program with specific focus on the potential high grade massive sulphide formation in addition to drilling on select conductors from the 41 geophysics targets and will include the detailing and refining of current drill targets.

Rocky-Namew and Namew Lake Properties

The Company entered into two property option agreements dated October 31, 2008 and amended October 13, 2010, with Balraj Mann, President, Chief Executive Officer, and director of the Company pursuant to which the Company was granted an option to acquire a 100% interest in certain mining claims known as the Rocky- Namew property located in Manitoba and an option to acquire a 100% interest in certain mining claims known as the Namew Lake property located in Manitoba (the “Namew Lake Property”).

These properties are located in the Flin-Flon Greenstone belt and are adjacent to the Rocky Lake Property. The Rocky-Namew Lake Property area is comprised of the area subject to Mineral Exploration Licenses 358A and 359A and the Namew Lake property area is comprised of the area subject to Mineral Exploration Licenses 360A and 361A, with the total property size of 24,691 hectares. The Company evaluated the Manitoba government geological mapping data and the

airborne geophysical electromagnetic data and found these areas to have potential to host several volcanogenic massive sulphide bodies.

The Company, by staking, added Mineral Exploration License 981A for 11,123 hectares, increased the Property total to 35,814 hectares. The license was issued on November 8, 2011 and expired on February 28, 2014. On June 25, 2013, license MEL359A expired and the Company re-staked it as license MEL 1020A to continue to be part of the option agreement. The license expired on August 15, 2014. There is no write down associated with the expiry of these licenses. In March 2014 MEL's 358A, 360A and 361A expired the Company re-staked them as by MEL's 1028A, 1042A and 1043A 201 which continue to be part of the option agreement.

In the spring of 2011, the Company carried out an helicopter-borne VTEM *plus* Time Domain EM survey (Geotech) covering all the project licenses and claims (Rocky Lake property) for a total of 2,142 line kilometers with 160 metre line spacing over an area of 316 square kilometers. Geotech's VTEM system has been shown to locate discrete conductive anomalies as well as mapping lateral and vertical variations in resistivity. These conductors could represent hidden volcanogenic massive sulphide mineralized bodies at depth.

Based on the analysis of EM anomaly picking, EM time-constant (TAU) and resistivity depth imaging, twenty one (21) deep targets were selected for Maxwell 2.5D plate modeling, as shown in the attached figure. Maxwell 2.5D plate modeling provides quantitative interpretations of conductors, using conductive plate(s) in a non-conductive medium. It gives target location geometry and conductivity parameters. Out of twenty one (21) targets selected for modeling, fifteen (15) are classified as first priority targets.

The Company selected five of these priority targets recommended in the Geotech report for test drilling the conductors. In December 2011, QMC commenced drilling on the property which was completed in the spring of 2012 for 1,425 metres.

Three drill holes, RL12-6, RL12-8 and RL12-9 intersected mineralization on three separate targets outside the Rocky Lake area (T11A, T12Aand T12B) and a fourth hole, RL12-4, intersected the hanging wall altered felsic wall rock rocks (Target T14). This drill hole was short of the deep target. All three holes returned anomalous values in copper up to 100 to 500 ppm with iron sulphides up to 30%. RL12-9 also returned anomalous values in zinc (shown below). Hole RL12-7 (Target 11B) appeared to miss the target. Results indicate that further work is required on these targets and the additional VTEM targets identified.

As at August 31, 2016, $1,263,472 (2015 - $1,249,372) has been incurred in acquisition costs and exploration expenditures. The Company is negotiating an extension of the option payments which were due on February 28, 2013.

The Company plans to complete a two phase work program to further investigate the Namew Lake VMS Project as an economic mineral resource, recommended by Garth Kirkham (P.Geoph. P.Geo.) in the 43-101 report completed and filed in May 2013. This extensive exploration program includes 2,500 metres of diamond drilling in phase one and 3,500 metres in phase two; a program with specific focus on the potential high grade massive sulphide formation in addition to drilling on select conductors from the 41 geophysics targets and will include the detailing and refining of current drill targets.

Carrot River Property

On October 16, 2008, the Company entered into an amended and restated property option agreement with Mr. James Dawson pursuant to which the Company acquired an option to acquire a 100% interest in certain mineral claims known as the Carrot River property located in Manitoba. The Carrot River property consists of 15 contiguous claims totaling 3,073 hectares, located in the Carrot river belt 140km southeast from the mining centre of Thompson Manitoba. Primary targets are gold and base metals 1,337 metres of scout drilling were completed in the spring of this year. This program of scout drilling on the various gold and massive sulphide geophysical TEM targets indicated that the property needs to be followed up with more systematic diamond drilling. On the gold targets, shear zones with anomalous values were intersected. More systematic drilling on strike and down-dip is warranted for a potential discovery. Same is the case with massive sulphide base metal targets. Values up to 0.8% copper and 1.4% zinc were obtained.

QMC purchased the Carrot River property on November 25, 2011 for a final payment of $5,000 having made option payments of $114,500. The Company is seeking joint venture partners for the property.

At August 31, 2016, because of uneconomical prospects, the Company has written off an impairment amount of $716,795.

Mugaha Property

On February 27, 2012, the Company entered into a property option agreement with MacKenzie Minerals Ltd. (the "Mugaha Agreement") pursuant to which the Company acquired an option to acquire a 100% interest in certain mineral claims known as the Mugaha Property located in MacKenzie British Columbia. Pursuant to the Mugaha Agreement, the Company holds an option to acquire a 100% interest in the Mugaha Property subject to a net smelter return. To exercise the option under the Mugaha Agreement, the Company agreed to pay an aggregate of $619,000 and issue an aggregate of 1,000,000 Common Shares of the Company payable over a four year period.

The Mugaha property consists of 12 MTO claims aggregating 5,502 hectares and is located 15 km. north of the town of Mackenzie and roughly 160 km. by road north of the city of Prince George, B.C. Access and infrastructure are good with the western part of the property being road accessible. The town of Mackenzie has most services including an airport and contract helicopter services. The property is heavily forested except for a few logged areas. Topography is moderate and exploration work can be carried out between May and October.

Gold mineralization was discovered on the property in 2006 after several years of extensive exploration. Outcrop is sparse and mineralization was exposed in outcrop only by hand trenching of gold-in-soil anomalies.

During the years 2003 to 2006, extensive geochemical surveys outlined a number of gold-in-soil anomalies southeast of Mugaha Creek in an area of extensive vegetation and overburden cover. One of these anomalies was investigated by hand trenching and outlined a number of narrow, mineralized quartz veins in sheared and faulted slate and siltstone. At least 3 to 5 veins were outlined and could be traced intermittently for about 120 meters along strike and remain open in both directions. Gold values are highly erratic and metallic screening analyses indicate that a significant amount of the values occur as free gold. Mineralized veins are generally sheared and

highly fractured and contain sporadic pyrite and base metal sulfides. Eight of 13 trenches cut mineralized quartz veins and values ranged from less that 1 g/t gold over 1.0 meter to a maximum of 139.1 g/t gold over 1.0 meter. Thirteen separate sample intervals contained values of greater than one g/t over one meter. Trench 5 contained a total of 5 separate mineralized veins averaging 1 meter wide over a total width of 15 meters.
The characteristics of the Mugaha property mineralization are interpreted to be consistent with the sediment hosted vein gold deposit model. Mineral deposits of this type contain some of the largest concentrations of gold worldwide; e.g. Muruntau, Uzbekistan - 80 million oz; Sukhoy Log, Russia – 20 million oz.; Bendigo-Ballarat district, Australia – 20 million oz; Macraes Flat, Otago Schist Belt, New Zealand – 5.2 million oz.

At the Mugaha property, only one of approximately 25 gold-in-soil anomalies within an area measuring 5 km by 3 km has been partially explored by trenching. There is therefore excellent potential for the discovery of similar gold mineralization. During 2012, a small work program of systematic was completed and did not test the full potential of the property.

At August 31, 2016, because of uneconomical prospects, the Company has written off the property costs of $238,090.

Other Properties

The Company has evaluated various properties relating to rare-earth minerals which are used in existing and emerging energy technologies, and the Company will further access these properties and work towards acquiring one or more.

Further details on all the Company's mineral properties can be found in Note 5 in the audited financial statements for the year ended in August 31, 2016. These financial statements can be found on SEDAR at www.sedar.com.

Qualified Person

All disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be based upon information prepared by or under the supervision of a qualified person.

Mr. Douglas Fogwill, P.Geo. a consultant to the Company is the Qualified Person.

Selected Annual Information

The following financial data is derived from the Company's audited financial statements for the years ended August 31, 2016, 2015 and 2014:

	August 31, 2016	August 31, 2015	August 31, 2014
Total revenues	$ -	$ -	$ -
Net loss	(1,069,157)	(159,031)	(198,326)
Total assets	2,659,183	3,429,669	3,523,203
Total liabilities	1,831,298	1,640,202	1,574,630

Results of Operations for the Year Ended August 31, 2016 and 2015

The net loss for the year ended August 31, 2016 was $1,069,157 compared to $159,031 for 2015. Major expenditures and their respective changes are as follows:

- Office and miscellaneous costs $12,155 (2015 - $13,942);
- Rent $12,000 (2015 - $20,983);
- Consulting $52,500 (2015 - $84,000);
- Listing and filing fees $11,672 (2015 - $10,362);
- Accounting and audit fees $13,297 (2015 - $11,613);
- Impairment of exploration and evaluation assets $954,885 (2015 – nil)

Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters and is in accordance with IFRS:

	Aug.31, 2016	May 31, 2016	Feb. 29, 2016	Nov. 30, 2015	Aug. 31, 2015	May 31, 2015	Feb. 28, 2015	Nov. 30, 2015
Revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net income (loss)	(984,946)	(22,314)	(32,230)	(29,667)	(30,774)	(36,954)	(54,861)	(36,242)
Net income (loss) per share	(0.04)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Due to the difficult exploration/mining market for the last three years, the Company began reducing its costs in fiscal 2013. The Company has maintained minimal expenses for the past 8 quarters. In the quarter ended August 31, 2016, the Company recorded, a non-cash, impairment of its Carrot River and Mugaha projects.

Liquidity

The Company's ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, the exercise of stock options, and short term or long term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms. While in the past the Company has been successful in obtaining additional funding from equity financings, option agreements, loans or through other arrangements, there is no assurance that these initiatives will be successful in the future.

As at August 31, 2016, the Company has a working capital deficit of $1,744,514 (2015 – working capital deficit $1,595,259). The Company plans to continue to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Contractual Obligations - The Company has no material contractual obligations.

Outstanding Share Data

Authorized:

Unlimited common shares without par value

Common Shares:

As at August 31, 2016, the Company had 27,955,869 common shares, 475,000 stock options and 1,075,000 share purchase warrants outstanding.

At the effective date of this MD&A, the Company has 30,155,869 common shares, 475,000 stock options and 2,175,000 share purchase warrants outstanding. If all stock options and warrants are exercised, the Company would have 32,805,869 shares issued and outstanding.

Related Party Transactions and Balances

The Company incurred the following key management fees and expenses charged by directors of the Company or by entities controlled by them for the period ended August 31, 2016 and 2015.

	2016	2015
Consulting fees	**$ 52,500**	**$ 84,000**
Project management	**31,500**	**-**
Rent	**12,000**	**12,000**
Office	**12,000**	**12,000**
Accounting	**6,000**	**6,000**

These transactions are measured at the exchange amount which was the amount established and agreed to by the related parties. As at August 31, 2016, accounts payable and accrued liabilities included $791,811 (August 31, 2015 - $719,100) owing to a company with a common director and officer of the Company for consulting services, office and rent. As well, at August 31, 2016, accounts payable and accrued liabilities included $12,000 (August 31, 2015 - $6,000) owing to an officer of the Company for accounting services.

As at August 31, 2016, loans payable in the amount of $145,908 (August 31, 2015 - $92,089) were due to a director and to a company with a common director and officer of the Company for monies advanced for mineral properties expenditures. As at August 31, 2016, loans payable also included $7,000 (August 31, 2015 - $7,000) due to an officer of the Company. The amounts are unsecured, non-interest bearing and are due on demand.

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include executive and non-executive directors.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are accounts receivable, exploration and evaluation assets, equipment, and amortization, asset retirement obligations, future income taxes, stock-option compensation and other accrued liabilities and contingent liabilities.

RISK AND UNCERTAINTIES

The Company's success depends upon a number of factors, many of which are beyond the Company's control. Typical risk factors and uncertainties include the current world economic recovery, world conflict, natural disasters which affects the ability to raise financing, title matters, metal prices, currency rate fluctuations, operating hazards encountered in the mining business, and changing legislation, regulations or the administration thereof. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Environmental and Other Regulatory Requirements

Mineral exploration activities require permits from various governmental authorities and are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, 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 mineral exploration and development activities 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 and, in particular, environmental laws.

The Company believes it is in compliance with all laws and regulations that currently apply to its activities. However, there can be no assurance that all permits which the Company may require for mineral exploration and development can be obtained or maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any such mineral exploration or development which the Company might undertake.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Metal Prices

The principal activity of the Company is the exploration of resource metal properties. The feasible development of such properties is highly dependent upon metal prices. A sustained and substantial decline in commodity prices could result in the write-down, termination of exploration and development work or loss of the Company's interests in identified resource properties. Although such prices cannot be forecast with certainty, the Company carefully monitors factors that could affect metal prices in order to assess the feasibility of its resource properties.

Industry and Economic Factors Affecting Performance

As a mineral exploration and development company, The Company's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These include metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in providing high-risk equity capital to exploration companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Share-based payments

The Company uses the Black-Scholes pricing model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility and if applicable, the forfeiture rate of options granted and warrants issued.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumption made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information become available.

Accounting Standards Issued But Not Yet Effective

The Company has not applied the following new, revised and amended standards that have been issued but are not yet effective for the August 31, 2016 reporting period:

- IFRS 9 Financial Statements, this new standard is a partial replacement of International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

- The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018

- IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

  The Company has not early adopted these revised standards and are currently assessing the impact that these standards will have on the financial statements.

  Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Management Responsibility

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and Management Discussion and Analysis (MD&A), is complete and reliable.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they are operating effectively.
It is important to recognize that the Company has very limited administrative staffing. As a result, internal controls which rely on segregation of duties in many cases are not appropriate or possible. The Company relies heavily on senior management review and approval to ensure that the controls are as effective as possible.

Off-Balance-Sheet Arrangements

The Company has not entered into any off-balance-sheet arrangements.

ADDITIONAL INFORMATION

Additional information related to the Company can be found on SEDAR at www.sedar.com.

List of Directors and Officers

Balraj Mann CEO and Director
Edward Low, CFO
Alicia Milne, Director
Anthony Zelen, Director