MAGNUM GOLDCORP INC.

Management's Discussion and Analysis

For the year ended May 31, 2016

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DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's discussion and analysis ("MD&A"), prepared as of July 26, 2016. This MD&A should be read in conjunction with the audited Financial Statements for the years ended May 31, 2016 and 2015, and the accompanying notes thereto, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

Forward looking statements

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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

Description of Business

Magnum Goldcorp Inc. (the "Company") was incorporated under the Alberta Business Corporations Act on April 4, 2011. The Company is primarily engaged in the acquisition and exploration of mineral resource properties and currently trades on the TSX Venture Exchange under the symbol "MGI". On July 25, 2014, the Company continued into the Province of British Columbia under the provisions of the Business Corporations Act (British Columbia).

EXPLORATION AND EVALUATION ASSETS

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of the exploration and the development of a mineral property, the potential for production on the property may be diminished or negated.

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

The Company has entered into agreements to acquire, explore and develop certain mineral properties located in various regions of Canada. Numerous aboriginal groups are claiming inextinguishable aboriginal title to the lands and resources in these regions, which may include one or more of the mineral claims beneficially owned by the Company. The extent to which any successful aboriginal claim would materially affect the ability of the Company to exploit its mineral properties is not determinable at this time.

Exploration Programs

A summary of the Company's current exploration programs is set out below, however, for additional information and details regarding such matters, reference is made to the Company's news releases and related filings that can be viewed on www.sedar.com.

The technical information regarding the Company's currently active projects referred to herein has been reviewed and approved by Rick Walker, P. Geo., who was acting as the Company's Qualified Person, in accordance with regulations under NI 43-101. With respect to the technical information disclosed prior to Rick Walker becoming the Company's Qualified Person, such technical information was reviewed and approved by John Kowalchuk, Bsc., P. Geo, and/or Gordon Gibson, P. Geo.

The Company's expenditures on exploration and evaluation assets are as follows:

	LH & Willa
Balance, May 31, 2014	$ 133,303
Deferred costs:	
Additions during the year:	
Accommodations	4,868
Assays	21,443
Drilling	124,989
Environmental	5,393
Equipment rental	8,615
Field office expenses	2,993
Geological and labour	93,680
Option payments	40,000
Permits	1,140
Storage	2,932
Surveying	38,963
Transportation	564
Travel	4,138
Option payment and expense recovery	(300,000)
Net additions for the year	49,718
Balance, May 31, 2015	183,021
Deferred costs:	
Additions during the year:	
Acquisitions and staking	2,251,196
Accommodations	4,898
Assays	10,638
Drilling	116,880
Equipment rental	2,750
Field office expenses	8,902
Geological and labour	29,476
Permitting	500
Reports	20,281
Storage	2,751
Transportation	372
Travel	603
Option payment	50,000
Net additions for the year	2,499,247
Balance, May 31, 2016	$ 2,682,268

LH Property

By way of background, International Bethlehem Mining Corp. ("IBC") acquired 19 crown-granted mineral claims in the Slocan Mining Division, British Columbia (the "LH Property"). The vendors retained a 1% net smelter return ("NSR") royalty. Once royalties of $350,000 have been paid, the NSR royalty will reduce to 0.5%. IBC also acquired 4 mineral claims near Silverton in the Slocan Mining Division, British Columbia (the "Willa Property"). The vendors retained a 1% NSR. Once royalties of $500,000 have been paid, the NSR royalty will reduce to 0.5%. The Company subsequently staked 3 additional mineral claims in the area surrounding the Willa Property. The LH Property and the Willa Property are adjacent properties ("collectively the "LH Property").

The Company entered into an Option Agreement, dated September 6, 2012 (the "Option Agreement") with IBC, pursuant to which the Company was granted an option to acquire a 51% interest in IBC's LH Property. Under the Option Agreement, the Company agreed to pay IBC $100,000 (paid) following the date (November 12, 2013) when the Exchange accepted the Option Agreement (the "Effective Date"). Additionally, the Company was required to incur expenditures on the Property totalling $500,000 ($250,000 by the first anniversary of the Effective Date (completed)) and an additional $250,000 by the second anniversary of the Effective Date (completed). As well, the Company will be required to issue 3,000,000 shares to IBC (1,000,000 shares by the first anniversary of the Effective Date (issued December 1, 2014); an additional 1,000,000 shares by the second anniversary of the Effective Date (issued November 9, 2015); and an additional 1,000,000 shares upon the LH Property receiving a bankable feasibility report on or before 10 years after the Option has been earned in). As a condition to the Company performing its obligations under the Option Agreement, IBC was required to incur between $100,000 to $150,000 in exploration expenditures on the LH Property (completed). The Company and IBC have certain directors in common.

The Company entered into a purchase agreement (the "Purchase Agreement") dated February 24, 2015, with IBC and Cobra Venture Corporation ("Cobra"), pursuant to which the Company agreed to sell and Cobra agreed to purchase one half (25.5%) of the Company's 51% option interest in the LH Property owned by IBC in exchange for a $300,000 payment (received). The Company was required to spend $200,000 to complete certain expenditures on the LH Property (completed) and was required to use reasonable commercial efforts to fulfil its obligations under the Option Agreement such that the Option becomes exercised. As of November 13, 2015, the Company advised Cobra that the Option with IBC had been exercised and accordingly, Cobra has acquired a 25.5% interest in the LH Property and a joint venture has been formed between the Company, IBC and Cobra. The Company and Cobra have certain directors in common.

On December 17, 2015, Cobra, IBC, and together with the Company (the "Parties") entered into a non-binding letter of intent (the "LOI") pursuant to which the Company has indicated its intention to acquire (the "Proposed Acquisition") all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction"). The Parties anticipate that the consolidation of interest in the LH Property by the Company will enhance the Company's ability to secure financing to further develop the LH Property, while allowing Cobra and IBC to focus on their other respective assets. On March 1, 2016, the Parties entered into an asset purchase agreement (the "LH Property Agreement"), with respect to the acquisition by the Company of all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction"), which was subject to shareholder and TSX Venture Exchange approvals. On April 27, 2016, the Parties announced that all conditions and approvals for the LH Property Transaction had been met, and therefore, the Parties had closed the transaction (with the Company issuing 17,120,000 common shares in its capital to Cobra and 32,897,255 common shares in its capital to IBC (collectively, the "Magnum Shares") for their respective interests in the LH Property). As a result, the Company owns 100% of the LH Property. IBC distributed 17,026,427 of the Magnum Shares it received under the terms of the LH Property Agreement to its shareholders on a *pro rata* basis, which resulted in IBC shareholders receiving approximately 1.5 Magnum Shares for each share of IBC held. IBC retained the remaining 15,870,828 Magnum Shares to assist IBC in meeting its ongoing commitments and obligations and to enable IBC to participate, as a shareholder of Magnum, in the potential future value of the LH Property project. Cobra distributed all of the 17,120,000 Magnum Shares it received under the terms of the LH Property Agreement to its shareholders on a *pro rata* basis, which resulted in Cobra shareholders receiving approximately 1.08 Magnum Shares for each share of Cobra held. The return of capital of each of IBC and Cobra was approved by their respective shareholders.

Current status:

On January 12, 2015, the Company announced assay results from its 2014 helicopter-supported drill program completed on the LH Property. The exploration drill program successfully tested magnetic anomalies identified from a ground geophysical survey completed in June/July 2014. Coincident Self-Potential ("SP") and Induced Potential ("IP") anomalies are associated with the magnetic trend. The objective of the drill program was to test for anomalous to elevated gold associated with the prominent magnetic trend, at locations associated with anomalous SP and IP responses. The first pad, from which drill holes LH14-26 and 27 were drilled, is located at the southern end of a linear trend of magnetic anomalies, coincident with both SP and IP anomalies identified previously. The pad is located on the western margin of the magnetic trend, with the two holes drilled to the east-southeast and east, respectively. The second pad is located approximately 280 m southeast and 80 m higher than pad 1, on the southeast margin of the magnetic trend. Drill holes LH14-28 and 29 were drilled to the west and northwest, respectively. For analytical results on the 2014 drill holes and additional information and details regarding the 2014 exploration drill program, see the Company's news release dated January 12, 2015. The objective of the 2014 drill program was to test the interpretation of an association between magnetic anomalies and the presence of pyrrhotite and, more importantly, associated gold. The program is considered to have been successful, with approximately 37.6% of the core returning gold values in excess of 0.1 gm/tonne and a further 5.5% returned gold values in excess of 0.5 gm/tonne. The results are interpreted to indicate a strong gold-bearing system associated with widespread silicification and calc-silicate alteration. Furthermore, increased pyrrhotite content, qualitatively based on visual estimates at this time, is associated with increased gold content. In addition, narrow intercepts of relatively high-grade gold (greater than 1 gm/tonne) may be indicative of high grade veins similar to those reported from the underground workings of the LH Mine. Therefore, there may be two gold-bearing targets requiring further evaluation: (1) gold associated with pyrrhotite and skarn-style alteration, and (2) gold-bearing quartz veins. The successful 2014 program utilized the existing road system to minimize reliance on helicopter-use and reduce the cost of the program. Subsequent drilling to test the stronger, more prominent magnetic anomaly associated with the Ridge Zone, will necessitate helicopter-supported drilling above the existing road network. Based on drilling and analytical results to date, the Company believes the results continue to confirm a potentially significant gold-bearing skarn target associated with the Ridge Zone.

On June 19, 2015, the Company provided an update on its "LH" gold exploration property (the "LH Property"). Specifically, the Company had announced that it had received an approved Mines Act Permit for its proposed 2015 field program. For 2015, the Company had proposed a two phase drill program in the upper Fingland Creek basin. The Phase I drill program will target high grade gold mineralization previously identified in the LH underground workings. Phase II will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone. The current drill program will consist of approximately 800 metres of helicopter-supported diamond drilling to make an initial test of an interpreted steeply dipping mineralized zone. Oriented approximately east-west, the high grade, gold-bearing mineralized zone was interpreted based on work, including underground chip sampling and diamond drilling, completed in 1985 on behalf of Noranda Exploration Co. Ltd. The first hole to be drilled will be an inclined hole drilled north from surface, from a pad located above and south of the LH workings. Additional holes are proposed from a second pad north of the underground workings, drilled to the south as either a vertical and/or horizontal fan to further develop and test the mineralized zone.

On July 6, 2015, the Company announced that it had completed Phase 1 of its helicopter-supported drill program on the LH gold exploration property (the "LH Property"). As part of its 2015 exploration program, the Company completed 11 drill holes at one setup location for a total of approximately 675 metres of BTW core. The program was initiated to target high grade gold mineralization previously identified in the LH underground workings. A Phase II program (planned for the Fall of 2015) will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone. Core from drill hole LH-15-30 was split in its entirety, with sampling in subsequent holes limited to mineralized intervals having approximately 2% pyrrhotite over greater than 1 metre. Sampling of the remainder of the holes has been postponed to a later date. Drill core has been split at approximately 1 metre intervals. Samples will be submitted to AGAT Laboratories in Burnaby, BC for analysis. Assay results will be reported by the Company when received and reviewed. By news release dated May 29, 2015, the Company announced its intention to proceed with a non-brokered "flow through" private placement. As Magnum has now completed Phase 1 of its exploration program from funds previously raised, the Company has elected to defer raising any flow through funds until such funding is needed for exploration expenditures that would qualify as such in accordance with the requirements of the Income Tax Act of Canada.

On August 18, 2015, the Company announced impressive analytical results from the Company's helicopter-supported drill program recently completed on its gold exploration property (the "LH Property"). As part of its 2015 exploration program, the Company initiated a helicopter supported drill program to target high grade gold mineralization previously identified in the LH underground workings. A total of 11 drill holes were completed from a single pad for a total of 693 metres. The objective of the Phase I program was to confirm high grade gold mineralization reported from both previous drilling and underground chip sampling by previous operators. Previous work was interpreted to suggest gold-bearing mineralized zones are associated with intervals having elevated sulphide content. At least two mineralized intervals are interpreted to be present (on the basis of the results tabulated below) which are moderately north dipping. Several of the holes intersected the -2-underground workings and were terminated at depths less than the target depth. Despite this fact, all the holes (except LH15-33) intersected anomalous, high grade, gold mineralization, with the holes intersecting underground workings documenting shortened mineralized intervals. Furthermore, with an interpreted moderate dip to the north, many of the holes were drilled at a shallow angle to the mineralized zone(s), resulting in thickened mineralized intervals (i.e. greater than the true width). The true widths of the mineralized zones are not known at this time, however, are interpreted to be approximately 6-8 m in thickness. Further work is proposed by the Company to ascertain probable true width(s) (Refer to the August 18, 2015 news release for collar information and the analytical results for the 2015 exploration program drill holes). The Company views the results of its Phase I program to be very significant and noteworthy. Phase II of the Company's planned program will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone.

On March 1, 2016, Cobra, IBC, and together with the Company (the "Parties") entered into an asset purchase agreement (the "LH Property Agreement"), with respect to the acquisition by the Company of all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction"), which was subject to shareholder and TSX Venture Exchange approval. On April 27, 2016, the Parties announced that all conditions and approvals had been met, and therefore, the Parties closed the transaction (with the Company issuing 17,120,000 common shares in its capital to Cobra and 32,897,255 common shares in its capital to IBC) As a result, the Company owns 100% of the LH Property.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the year ended May 31, 2016 and for the subsequent period to the report date:

a) On June 30, 2016, the Company announced the resignation of Bruce Morley as a director of the Company, effective June 1, 2016. Mr. Morley will still continue to provide the Company with legal services through his law corporation.

b) On June 22, 2016, the Company announced that it has extended the closing of its non-brokered private placement offerings announced on May 11, 2016. As a result and subject to regulatory approval, the Company intends to proceed with a flow through and a non-flow through non-brokered private placement.

c) On May 11, 2016, the Company announced that, subject to regulatory approval, it intends to proceed with a flow through and a non-flow through non-brokered private placement. Under the flow through private placement (the "FT Private Placement"), the Company intends to raise up to $400,000 by the issuance of 5,000,000 flow through shares (the "FT Shares") at $0.08 per FT Share. Under the non-flow through private placement (the "NFT Private Placement"), the Company intends to raise up to $325,000 by the issuance of 5,000,000 non-flow through units (the "NFT Units") at $0.065 per NFT Unit. Each NFT Unit will consist of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of 2 years at an exercise price of $0.10. With respect to these private placements, the Company may pay finders' fees in the amount of 10% (payable in non-flow through shares or cash), based on the sale of the FT Shares and NFT Units purchased by subscribers introduced to the Company by such finders. The proceeds from these private placements will be used for the Company's 2016 exploration drill program on its "LH Property" and for general working capital. The LH Property is a gold exploration property consisting of 19 contiguous crown granted claims and 7 mineral claims, located approximately 7 km south of Silverton, British Columbia, on the east side of Slocan Lake. As announced April 27, 2016, the Company now owns 100% of the LH Property. The Company's 2016 exploration drill program is expected to commence early this summer. The planned program proposes additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone. The proposed drill program will be comprised of a series of fanned holes drilled along multiple azimuths from two locations approximately 25 - 30 m north of the surface projection of the underground workings. The proposed series of relatively shallow holes is expected to provide: (a) further evaluation of an interpreted series of high grade, gold-bearing zones, (b) extension of the mineralized zone(s), east and west along strike and to depth, and (c) provide sufficient high grade, gold-bearing intercepts sufficiently spaced in three dimensions to calculate an initial NI 43-101 compliant Resource Estimate.

d) On May 4, 2016, the Company announced that it entered into a Loan Agreement, pursuant to which it received $87,500 for working capital purposes. $75,000 of the loan amount has been provided by certain directors and/or officers of the Company and the loan is or a term of 1 year with interest at a rate of 1% per month (12% per annum). The Company agreed to issue an aggregate of 269,231 shares (issued on May 25, 2016) to the lenders as a loan bonus in accordance with TSX Venture Exchange policy.

e) On April 27, 2016, The Company, International Bethlehem Mining Corp. ("IBC" - TSX-V: IBC) and Cobra Venture Corporation ("Cobra" - TSX-V: CBV) (the Company, and together with IBC and Cobra, the "Parties") announced that all conditions to closing of the acquisition by the Company of all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction") were met and that the Parties closed the LH Property Transaction on April 26, 2016 (the "Closing Date"). The Company now owns 100% of the LH Property.

Distribution of Magnum Shares

On the Closing Date, the Company issued 17,120,000 common shares in its capital to Cobra and 32,897,255 common shares in its capital to IBC (collectively, the "Magnum Shares") as consideration for their respective interests in the LH Property. A portion of the Magnum Shares received by the IBC and all of the Magnum Shares received by Cobra will be distributed to their respective shareholders on a pro rata basis as a return of capital (together, the "Return of Capital") on the IBC Distribution Date (defined below) and the Cobra Distribution Date (defined below) pursuant to the TSX Venture Exchange's due bill trading policy (the "Due Bill Policy").

Pursuant to the Due Bill Policy, IBC announced that:

- the record date (the "IBC Record Date") to determine shareholders of the Company entitled to receive Magnum Shares was May 4, 2016;
- the due bill trading date was May 2, 2016 (two days prior to the IBC Record Date);
- the payment or distribution date (the "IBC Distribution Date") was May 10, 2016;
- the ex-distribution date was May 11, 2016 (the trading day immediately following the IBC Distribution Date); and
- the due bill redemption date was May 13, 2016 (the second trading day following the ex-distribution date)

Pursuant to the Due Bill Policy, Cobra announced that:

- the record date (the "Cobra Record Date") to determine shareholders of Cobra entitled to receive Magnum Shares was May 4, 2016;
- the due bill trading date was May 2, 2016 (two days prior to the Cobra Record Date);
- the payment or distribution date (the "Cobra Distribution Date") was May 10, 2016;
- the ex-distribution date was May 11, 2016 (the trading day immediately following the Cobra Distribution Date); and
- the due bill redemption date was May 13, 2016 (the second trading day following the ex-distribution date)

"Due bills" will represent the Magnum Shares that the IBC and Cobra shareholders will be entitled to receive pursuant to the applicable Return of Capital. The due bills will be deemed to attach to the IBC and Cobra's common shares two trading days prior to the IBC Record Date or the Cobra Record Date, as applicable, and will continue to attach to the common shares of the IBC or Cobra, as applicable, until the end of the IBC Distribution Date or the Cobra Distribution Date, as applicable. Accordingly, the IBC shares and Cobra shares will trade on a "due bill" basis from May 2, 2016 until close of trading on May 10, 2016 (the "Due Bill Period"). This means that persons who sell their shares in the IBC or their Cobra shares, as applicable, during the Due Bill Period shall also sell their entitlement to the distribution of the Magnum Shares to the purchasers of such shares. Shares of the IBC and Cobra will each begin trading on an ex-distribution basis (i.e. without an attached "due bill" entitlement to the distribution of the Magnum Shares) from the opening of trading on May 11, 2016 (i.e. the next trading day after the IBC Distribution Date or after the Cobra Distribution Date, as applicable). The due bills will be redeemed on May 13, 2016 once all trades with attached due bills entered during the Due Bill Period have settled.

IBC is expected to have 11,350,948 common shares outstanding as of the IBC Record Date and will distribute 17,026,427 of the Magnum Shares it receives to its shareholders of record as of the IBC Record Date such that for each common share of IBC held, a shareholder of IBC can expect to receive approximately 1.5 Magnum Shares. Cobra is expected to have 15,903,748 common shares outstanding as of the Cobra Record Date and will distribute all of the 17,120,000 Magnum Shares it receives to its shareholders of record as of the Cobra Record Date such that for each common share of Cobra held, a shareholder of Cobra can expect to receive approximately 1.0765 Magnum Shares. No fractional Magnum Shares will be issued, and accordingly, Magnum Shares issued to IBC and Cobra shareholders will be rounded down to the nearest whole number. Notwithstanding each Return of Capital, the Magnum Shares will remain subject to a statutory hold period expiring September 10, 2016.

f) As announced on March 10, 2016, the Company, Cobra and IBC (the "Parties") entered into an asset purchase agreement dated March 1, 2016 (the "LH Property Agreement"), with respect to the LH Property Transaction and have tentatively set April 11, 2016 as the closing date. The Company will issue 17,120,000 common shares in its capital to Cobra and 32,897,255 common shares in its capital to IBC (collectively, the "Magnum Shares") at closing as consideration for their respective interests in the LH Property. The LH Property Transaction is considered to be a reviewable transaction with respect to each of the Company and IBC for the purposes of the policies of the TSX Venture Exchange (the "Exchange"), and accordingly, is subject to approval by the shareholders of each of Magnum and IBC and approval by the Exchange. The Company has certain directors in common with each of IBC and Cobra, which directors are considered to be non-arm's length parties within the policies of the Exchange for the purposes of the LH Property Transaction, and accordingly, those directors have abstained from voting on board resolutions passed by the respective Parties approving the LH Property Transaction. IBC intends to distribute 17,026,427 of the Magnum Shares it receives under the terms of the LH Property Agreement to its shareholders on a *pro rata* basis, which will result in IBC shareholders receiving approximately 1.5 Magnum Shares for each share of IBC held. IBC intends to retain the remaining 15,870,828 Magnum Shares to assist IBC in meeting its ongoing commitments and obligations and to enable IBC to participate, as a shareholder of Magnum, in the potential future value of the LH Property project. Cobra intends to distribute all of the 17,120,000 Magnum Shares it receives under the terms of the LH Property Agreement to its shareholders on a *pro rata* basis, which will result in Cobra shareholders receiving approximately 1.08 Magnum Shares for each share of Cobra held. The return of capital of each of IBC and Cobra is subject to approval by their respective shareholders.

g) On December 21, 2015, Cobra, IBC, and together with the Company (the "Parties") entered into a non-binding letter of intent (the "LOI") pursuant to which the Company has indicated its intention to acquire (the "Proposed Acquisition") all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction"). The Parties anticipate that the consolidation of interest in the LH Property by the Company will enhance the Company's ability to secure financing to further develop the LH Property, while allowing Cobra and IBC to focus on their other respective assets. Upon closing of the LH Property Transaction, the Company will own 100% of the LH Property.

h) On December 10, 2015, the Company announced that it had closed its non-brokered private placement and raised $200,000 by the issuance of 4 million non-flow-through units at a price of $0.05 per unit. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of one year at an exercise price of $0.10. In connection with this offering, no finder's fees was paid. All securities issued in the offering are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation, expiring on April 11, 2016.

i) On November 24, 2015, the Company announced that Mr. Benjamin Ainsworth had been appointed to the Company's Board of Directors. Mr. Ainsworth graduated from Oxford University with an Honours Degree in Geology in 1962 and has been active in international mineral exploration since then. A Senior Geologist with Placer Development Ltd (the former owner operator of Sultan's Salmo mineral projects), he held assignments as Chief Geochemist, Exploration Manager - Eastern Canada, Exploration Manager during more than 20 years with that company. He carried out extensive exploration work in Canada and Yukon, which lead to the discovery, in 1972, of the world class Howards Pass lead - zinc deposit, and the re-discovery of the Clea tungsten deposit. In 1986, he formed an international mineral exploration consultancy and serves as "Qualified Person" on the board of several junior mining companies, working with a wide range of commodities.

j) On November 17, 2015, the Company announced that, subjective to regulatory approval, the Company intends to proceed with a non-brokered private placement to raise up to $200,000 by the issuance of up to 4,000,000 units (the "Units") at 0.05 per Unit. Each Unit will consist of one common share and one share purchase warrant, with each exercise price of $0.10. With respect to this private placement, the Company may pay finders' fess in the amount of 10% (payable in cash or Units), based on the sale of the Units purchased by subscribers introduced to the Company by such finders. The Company intends to use the proceeds for general working capital purposes.

k) On August 18, 2015, the Company announced impressive analytical results from the Company's helicopter-supported drill program recently completed on its gold exploration property (the "LH Property"). As part of its 2015 exploration program, the Company initiated a helicopter supported drill program to target high grade gold mineralization previously identified in the LH underground workings. A total of 11 drill holes were completed from a single pad for a total of 693 metres. The objective of the Phase I program was to confirm high grade gold mineralization reported from both previous drilling and underground chip sampling by previous operators. Previous work was interpreted to suggest gold-bearing mineralized zones are associated with intervals having elevated sulphide content. At least two mineralized intervals are interpreted to be present (on the basis of the results tabulated below) which are moderately north dipping. Several of the holes intersected the -2- underground workings and were terminated at depths less than the target depth. Despite this fact, all the holes (except LH15-33) intersected anomalous, high grade, gold mineralization, with the holes intersecting underground workings documenting shortened mineralized intervals. Furthermore, with an interpreted moderate dip to the north, many of the holes were drilled at a shallow angle to the mineralized zone(s), resulting in thickened mineralized intervals (i.e. greater than the true width). The true widths of the mineralized zones are not known at this time, however, are interpreted to be approximately 6-8 m in thickness. Further work is proposed by the Company to ascertain probable true width(s) (Refer to the August 18, 2015 news release for collar information and the analytical results for the 2015 exploration program drill holes). The Company views the results of its Phase I program to be very significant and noteworthy. Phase II of the Company's planned program will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone.

l) On July 6, 2015, the Company announced that it had completed Phase 1 of its helicopter-supported drill program on the LH gold exploration property (the "LH Property"). As part of its 2015 exploration program, the Company completed 11 drill holes at one setup location for a total of approximately 675 metres of BTW core. The program was initiated to target high grade gold mineralization previously identified in the LH underground workings. A Phase II program (planned for the Fall of 2015) will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone. Core from drill hole LH-15-30 was split in its entirety, with sampling in subsequent holes limited to mineralized intervals having approximately 2% pyrrhotite over greater than 1 metre. Sampling of the remainder of the holes has been postponed to a later date. Drill core has been split at approximately 1 metre intervals. Samples will be submitted to AGAT Laboratories in Burnaby, BC for analysis. Assay results will be reported by the Company when received and reviewed. By news release dated May 29, 2015, the Company announced its intention to proceed with a non-brokered "flow through" private placement. As Magnum has now completed Phase 1 of its exploration program from funds previously raised, the Company has elected to defer raising any flow through funds until such funding is needed for exploration expenditures that would qualify as such in accordance with the requirements of the Income Tax Act of Canada.

m) On June 19, 2015, the Company provided an update on its "LH" gold exploration property (the "LH Property"). Specifically, the Company had announced that it had received an approved Mines Act Permit for its proposed 2015 field program. For 2015, the Company had proposed a two phase drill program in the upper Fingland Creek basin. The Phase I drill program will target high grade gold mineralization previously identified in the LH underground workings. Phase II will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone. The current drill program will consist of approximately 800 metres of helicopter-supported diamond drilling to make an initial test of an interpreted steeply dipping mineralized zone. Oriented approximately east-west, the high grade, gold-bearing mineralized zone was interpreted based on work, including underground chip sampling and diamond drilling, completed in 1985 on behalf of Noranda Exploration Co. Ltd. The first hole to be drilled will be an inclined hole drilled north from surface, from a pad located above and south of the LH workings. Additional holes are proposed from a second pad north of the underground workings, drilled to the south as either a vertical and/or horizontal fan to further develop and test the mineralized zone.

SELECTED ANNUAL INFORMATION

	Year Ended May 31, 2016	Year Ended May 31, 2015	Year Ended May 31, 2014
Total assets	$ 2,720,540	$ 462,040	$ 592,838
Total liabilities	167,107	117,491	174,005
Total shareholders' equity	2,553,433	344,549	418,833
Other items	110	153,369	-
Expenses	306,810	287,165	203,393
Total comprehensive loss	306,700	133,796	203,393
Weighted average number of shares outstanding	19,506,628	11,618,630	8,641,041
Basic and diluted loss per share	0.02	0.01	0.02

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three and twelve month periods ended May 31, 2016. The Management Discussion and Analysis should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended May 31, 2016.

For the three month period ended May 31, 2016:

Operating expenses and net loss (income)

The Company had net loss for the three months ended May 31, 2016 of $103,578 (2015 - net income of $74,121). The change in the net loss of $177,699 from the three months ended May 31, 2016 compared to the same period in 2015 was primarily due to an increase in general and administration expenses of $24,442 as detailed below and a change in other items of $153,257 resulting from income from meeting the flow through commitment of $nil (2015 - $153,250) and interest income of $27 (2015 - $34).

General and administration expenses of $103,605 (2015 - $79,163) are primarily comprised of office expenses, professional fees, rent, consulting fees, regulatory and transfer agent fees, and wages and benefits. The increase of $24,442 from the same period in 2015 was due largely to the following:

In comparison to the three month ended May 31, 2015:

- Consulting fees of $28,500 (2015 - $23,250) increased by $5,250 mainly due to the additional consulting services the Company required.
- Flow-through interest costs of $nil (2015 - $1,844) decreased by $1,844 mainly due to the spending of flow-through funds during the penalty period in the prior year.
- Interest of $16,168 (2015 - $nil) increased by $16,168 mainly due to loan bonus paid in shares of $14,808 and loan interest paid in cash on the loans provided for working capital at an interest rate of 1% per month (12% per annum) during the current period.
- Office and miscellaneous expenses of $4,494 (2015 - $4,319) remained fairly consistent.
- Professional fees of $27,962 (2015 - $12,811) increased by $15,151 mainly due to the external legal service required for the LH Property Transaction during the current period.
- Regulatory and transfer agent fees of $14,597 (2015 - $4,722) increased by $9,875 mainly due to the filing fees related to the LH Property Transaction during the current period.
- Rent of $5,707 (2015 - $5,707) remained fairly consistent.
- Share-based payments of $nil (2015 - $19,512) decreased by $19,512 mainly due to the timing of the option issuances in each period when and if such options are available.
- Travel of $145 (2015 - $42) remained fairly consistent.
- Wages and benefits of $6,032 (2015 - $6,956) remained fairly consistent.

For the twelve month period ended May 31, 2016:

Operating Expenses and Net Loss

The Company had net loss for the twelve months ended May 31, 2016 of $306,700 (2015 - $133,796). The increase in the net loss of $172,904 from the twelve months ended May 31, 2016 compared to the same period in 2015 was primarily due to an increase in general and administration expenses of $19,645 as detailed below and a change in other items of $153,259 resulting from income from meeting the flow through commitment of $nil (2015 - $153,250) and interest income of $110 (2015 - $119).

General and administration expenses of $306,810 (2015 - $287,165) are primarily comprised of office expenses, professional fees, rent, consulting fees, regulatory and transfer agent fees, and wages and benefits. The increase of $19,645 in general and administrative expenses from the same period in 2015 was due largely to the following:

In comparison to the twelve month ended May 31, 2015:

- Consulting fees of $112,250 (2015 - $98,366) increased by $13,884 mainly due to the additional consulting services the Company required.
- Flow-through interest costs of $nil (2015 - $1,844) decreased by $1,844 mainly due to the spending of flow-through funds during the penalty period in the prior year.
- Interest of $16,168 (2015 - $nil) increased by $16,168 mainly due to loan bonus paid in shares of $14,808 and loan interest paid in cash on the loans provided for working capital at an interest rate of 1% per month (12% per annum) during the current year.
- Office and miscellaneous expenses of $22,098 (2015 - $20,221) increased by $1,877 mainly due to the increased media service used for coverage of the LH Property during the current year.
- Professional fees of $76,324 (2015 - $55,447) increased by $20,877 mainly due to the external legal service required for the LH Property Transaction during the current period.
- Regulatory and transfer agent fees of $28,649 (2015 - $26,546) increased by $2,103 mainly due to the filing fees related to the LH Property Transaction during the current year.
- Rent of $22,888 (2015 - $33,806) decreased by $10,918 due to a lease agreement entered on January 1, 2014 and subsequently renegotiated in March 2015 with less space.
- Share-based payments of $nil (2015 - $19,512) decreased by $19,512 mainly due to the timing of the option issuances in each period when and if such options are available.
- Travel of $145 (2015 - $42) remained fairly consistent.
- Wages and benefits of $28,288 (2015 - $31,381) decreased by $3,093 mainly due to a reduction in geological labour incurred during the current period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's mineral exploration activities are been funded primarily through the issuance of common shares, and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from its mining operations. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future.

Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs on its properties, as well as its continued ability to raise capital.

The Company completed its initial spending of approximately $315,000 of its capital resources on exploration in December 2014, and an additional $180,000 during the year ended May 31, 2016, on its LH and Willa Property and approximately $20,000 per month in general and administrative expenses which includes; 1) consulting agreements totaling $10,000 per month, and 2) an estimated current lease of office space commitment with a base rent of $1,202 per month and shared operating costs of $700 per month.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's investors; and financial market conditions. On March 5, 2015, the Company announced that it has entered into a purchase agreement (the "Purchase Agreement") dated February 24, 2015, with International Bethlehem Mining Corp. ("IBC") and Cobra Venture Corporation ("Cobra"), pursuant to which the Company has agreed to sell and Cobra has agreed to purchase one half (25.5%) of the Company's 51% option interest in the LH Property and the Willa Property owned by IBC in exchange and in exchange the Company received a $300,000 payment. On December 10, 2015, the Company closed its private placement and raised $200,000 to cover the Company's working capital requirements. On March 1, 2016, Cobra, IBC, and together with the Company (the "Parties") entered into a definitive asset purchase agreement (the "LH Property Agreement"), with respect to the acquisition by the Company of all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction") and closed the transaction on April 26, 2016. The Company currently owns 100% of the LH Property. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at May 31, 2016, the Company had working capital deficit of $143,835 compared to working capital of $146,528 as at May 31, 2015. As at May 31, 2016, the Company had cash of $5,286 compared to cash of $242,551 as at May 31, 2015.

The net decrease of $237,265 in cash during the year was primarily related to the change in non-cash items and cash used in investing activities offset by cash provided by financing activities.

Net cash used in operating activities for the year ended May 31, 2016 was $346,168 compared to $155,343 during the year ended May 31, 2015.

Net cash used in investing activities for the year ended May 31, 2016 was $178,597 compared to $12,582 for the year ended May 31, 2015, consisting of exploration and evaluation expenses of $178,597 (2015 - $297,582) and reclamation deposit of $nil (2015 - $15,000) offset by exploration and evaluation recoveries of $nil (2015 - $300,000).

Net cash provided by financing activities for the year ended May 31, 2016 was $287,500 compared to $nil for the year ended May 31, 2015, consisting of loan proceeds of $87,500 (2015 - $nil) and shares issued for cash of $200,000 (2015 - $nil).

The Company's deficit as of May 31, 2016 was $830,906 as compared to a deficit of $524,206 as at May 31, 2015.

At present, the Company's operations generate little cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. Management believes the Company will be successful at securing additional funding so that its capital resources will be sufficient to carry its operations through the next twelve months and intends to continue the exploration of its mineral properties.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of convertible securities. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

PROPOSED TRANSACTIONS

The Company does not have any current proposed asset or business acquisition of dispositions; however, the Company continues to seek new business opportunities to raise capital.

SUMMARY OF QUARTERLY RESULTS

The following information has been prepared using accounting principles consistent with IFRS and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and is expressed in Canadian dollars.

	May 31, 2016	February 29, 2016	November 30, 2015	August 31, 2015
Total assets	$ 2,720,540	$ 470,086	$ 489,967	$ 410,700
Total liabilities	167,107	78,659	194,815	125,114
Total shareholders' equity	2,553,433	391,427	295,152	285,586
Other items	27	26	26	31
Expenses	103,605	78,751	65,460	58,994
Total comprehensive income (loss)	(103,578)	(78,725)	(65,434)	(58,963)
Weighted average number of shares outstanding	36,712,454	16,724,396	12,361,758	12,120,000
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)

	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014
Total assets	$ 462,040	$ 515,858	$ 466,116	$ 532,413
Total liabilities	117,491	264,942	190,810	182,850
Total shareholders' equity	344,549	250,916	275,306	349,563
Other items	153,403	38	40	7
Expenses	79,163	64,428	74,297	69,277
Total comprehensive income (loss)	74,121	(64,390)	(74,257)	(69,270)
Weighted average number of shares outstanding	12,120,000	12,120,000	11,120,000	11,120,000
Basic and diluted income (loss) per share	0.01	(0.01)	(0.01)	(0.01)

TRANSACTIONS WITH RELATED PARTIES

During the year ended May 31, 2016, the Company entered into the following transactions with companies controlled by directors, or companies having common directors:

Name of Company or Director	Directors/Officers	2016	2015
Expenses:			
Beachfront Enterprises LP (Rent)	A limited partnership, a majority interest of which is owned by a director, namely, Douglas L. Mason	$ 22,888	$ 35,868
Bruce E. Morley Law Corp. (Legal fees)	A company controlled by a former director, namely, Bruce E. Morley	$ 30,000	$ 30,000
Criterion Capital Corporation (Consulting fees)	A company controlled by a director, namely, Douglas L. Mason	$ 30,000	$ 30,000
The Kennedy Hill Financial Group Inc. (Consulting fees)	A company controlled by a director, namely, Daniel B. Evans	$ 30,000	$ 30,000
Sead Hamzagic, Inc. (Consulting fees)	A company controlled by a director, namely, Sead Hamzagic	$ 30,000	$ 30,000

The Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative and geological payroll costs in the amount of $30,121 (2015 - $60,180) and shared expenses in the amount of $14,981 (2015 - $18,303). The Company also received $Nil (2015 - $2,062) as a credit against rent.

Included in accounts payable and accrued liabilities as at May 31, 2016 is $42,103 (2015 - $95,177) owing to companies controlled by directors, or companies having directors in common:

Name of Company or Director	Directors/Officers		2016		2015
Beachfront Enterprises LP	A limited partnership, a majority interest of which is owned by a director, namely, Douglas L. Mason	$	-	$	17,169
Bruce E. Morley Law Corp.	A company controlled by a former director, namely, Bruce E. Morley	$	2,800	$	19,600
Cobra Venture Corporation	A company with director in common, namely, Daniel B. Evans and David H. Evans	$	28,505	$	-
Criterion Capital Corporation	A company controlled by a director, namely, Douglas L. Mason	$	2,625	$	18,375
The Kennedy Hill Financial Group Inc.	A company controlled by a director, namely, Daniel B. Evans	$	2,625	$	18,375
Sead Hamzagic, Inc.	A company controlled by a director, namely, Sead Hamzagic	$	2,625	$	18,375
Waterfront Communications Inc.	A company with directors in common, namely, Douglas L. Mason, and Sead Hamzagic	$	2,923	$	3,283
		$	42,103	$	95,177

Included in prepaid expenses at May 31, 2016 is $10,000 (2015 - $10,000) as a security deposit paid to Waterfront Communications Inc. (a company with certain directors in common), to cover shared payroll and expense recoveries.

During the year ended May 31, 2016, the company entered into loan agreements with certain directors or companies controlled by directors in the amount of $75,000. The loan advances are for a term of one year with interest at a rate of 1% per month (12% per annum). In connection to the loans, 230,769 loan bonus shares were issued.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties. Amounts due to (from) related parties are unsecured and have no stated terms of repayment and/or interest unless otherwise stated.

COMMITMENTS

The Company entered into four 5-year term renewable agreements with companies controlled by four current or former directors of the Company for the provision of consulting and/or legal services at a cost of $2,500 per month ($30,000 per annum) for each of the four agreements. If any of such agreements are terminated without cause or if there is a change in control of the Company, the Company is required to pay an amount equal to three times the annual fee payable under the agreements.

CAPITAL MANAGEMENT

The Company's shareholders' equity comprise its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to maximize on-going development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

There have been no changes to the Company's approach to capital management during the year ended May 31, 2016. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash, accounts receivables and reclamation deposits as loans and receivables; and accounts payable and accrued liabilities and loans payable as other financial liabilities.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and loans payable approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and accounts receivable.

The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly-rated financial institutions.

The Company is exposed to credit risk on its receivables. Credit risk with respect to accounts receivable has been assessed as low from management. Accounts receivable are due primarily from Goods and Services Sales Tax.

The credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with a major financial institution with strong investment-grade ratings by a primary ratings agency.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	May 31, 2016	May 31, 2015
Cash	$ 5,286	$ 242,551
Accounts receivable	4,207	7,649
	$ 9,493	$ 250,200

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At May 31, 2016, the Company had accounts payable and accrued liabilities of $79,607 (2015 - $117,491) and loans payable of $87,500 (2015 - $nil).

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

	Accounts Payable, Accrued Liabilities and Loans Payable	Due to Related Parties	Total
May 31, 2016			
Due date: 0 to 90 days	$ 37,504	$ 42,103	$ 79,607
Due date: 90 to 365 days	$ 12,500	$ 75,000	$ 87,500
May 31, 2015			
Due date: 0 to 90 days	$ 22,314	$ 95,177	$ 117,491

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash consists of cash held in bank accounts and a security deposit of $15,000 (2015 - $15,000) at the prime rate minus 2.00% (2015 - 1.95%) held as per instructions on the Safekeeping Agreement from the Ministry of Energy and Mines. Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Future cash flows from interest income on cash will not be affected by interest rate fluctuations. Given the balance of the cash, any fluctuations in the interest rate would lead to an immaterial change in the profit or loss.

Interest rate risk from the Company's loans payable is not significant because the loans payable are at fixed interest rates.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is not exposed to significant other price risk.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

New and amended standards adopted by the Company during the year ended May 31, 2016

The following new and amended standards adopted by the Company did not result in a significant impact on the Company's financial statements:

(i) IFRS 2 Share-based Payment
The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

(ii) IAS 24 Related Party Disclosures
The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

OUTSTANDING SHARE DATA as at July 26, 2016:

a) Authorized:

Unlimited number of common shares, without par value

b) Issued and outstanding:

67,406,486 common shares with a stated value of $3,193,998

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
450,000	$ 0.10	October 26, 2021
750,000	$ 0.05	April 1, 2020
1,200,000		

d) Outstanding warrants:

Number of Warrants	Exercise Price	Expiry Date
2,555,000	$ 0.10	November 8, 2016
4,000,000	$ 0.10	December 10, 2016
6,555,000		

e) Shares in escrow or pooling agreements:

375,000 shares presently subject to escrow restrictions. Originally 2,500,000 shares were subject to escrow restrictions, however, in accordance with TSX Venture Exchange Policy 2.4, 10% of the escrow shares (250,000 shares) were released as of November 12, 2013, immediately following the issuance of the Final Exchange Bulletin announcing final acceptance of the Qualifying Transaction, with 15% releases (375,000 shares) every six months thereafter.

OFFICERS AND DIRECTORS

Douglas L. Mason, CEO, President and Director, (Chairman)
Sead Hamzagic, CFO and Director
Daniel B. Evans, Director
David H. Evans, Director
Benjamin Ainsworth, Director