AZINCOURT URANIUM INC.
Management Discussion and Analysis ("MD&A")
for the six months ended March 31, 2016

The following discussion and analysis of the operations, results, and financial position of Azincourt Uranium Inc. ("the Company") for the six months ended March 31, 2016 and should be read in conjunction with the Company's unaudited financial statements and related notes for the six months ended March 31, 2016 and the audited financial statements for the year ended September 30, 2015. The effective date of this report is May 26, 2016. All figures are presented in Canadian dollars, unless otherwise indicated.

COMPANY OVERVIEW

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on April 7, 2011. The Company is in the business of exploration, development and exploitation of mineral resources in Canada. The Company's primary objective is to explore mineral properties to a stage where they can be developed profitably or sold to a third party.

On April 30, 2012, the Company completed an initial public offering ("IPO") of 6,000,000 common shares at a price of $0.15 per common share for gross proceeds for $900,000. On May 1, 2012, the Company was listed on the TSX Venture Exchange ("TSX-V") and commenced trading under the symbol "AAZ".

On April 29, 2013, the Company entered into a Property Option and Joint Venture Agreement with Fission 3.0 Corp. ("Fission"), a spin out of Fission Uranium Corp., whereby the Company can earn up to a 50% interest in the Patterson Lake North uranium exploration project (the "PLN Project" or "PLN") located in the Athabasca Basin, Saskatchewan, Canada (refer to Mineral Properties below for details).

HIGHLIGHTS FOR THE SIX MONTHS ENDED MARCH 31, 2016 AND SUBSEQUENT PERIOD UP TO MAY 26, 2016

On October 1, 2015, the Company further consolidated its issued and outstanding common shares, stock options and share purchase warrants on the basis of one new share for every two existing shares. Unless otherwise indicated, all references to share capital, stock options and share purchase warrants presented in these financial statements and notes thereto are on a post-consolidation basis.

On November 5, 2015, the Company completed a non-brokered private placement of 3,550,000 shares at $0.05 per share for total proceeds of $177,500.

MINERAL PROPERTY EXPLORATION

PATTERSON LAKE NORTH – Athabasca Basin, Canada

The Company and Fission entered into a Property Option and Joint Venture Agreement dated April 29, 2013, whereby the Company can earn up to a 50% interest in PLN. The acquisition of the property option and joint venture closed on June 19, 2013.

PLN comprises 10 contiguous claims totaling 27,408 hectares in the southwest area of the Athabasca basin in northern Saskatchewan, Canada immediately north of and adjacent to Fission's Patterson Lake South project.

The Company has the option to earn up to earn a 50% interest in PLN (the "Option"). In order to exercise the Option, the Company must incur a total of $12,000,000 of staged exploration expenditures and pay a total of $4,750,000 in staged cash or common shares payments, at the election of the Company, on or before June 19, 2017 as follows:

Date	Interest Earned	Consideration	Work Obligation
On or before June 19, 2014	10%	$500,000 (paid*)	$1,500,000 (incurred)
On or before June 19, 2015	10%	$750,000	$3,000,000
On or before June 19, 2016	15%	$1,000,000	$3,000,000
On or before June 19, 2017	15%	$2,500,000	$4,500,000
TOTAL	**50%**	**$4,750,000**	**$12,000,000**

** The initial cash payment of $500,000 was settled through the payment of $100,000 in cash and the issuance of 2,666,666 common shares. The number of shares to settle the $400,000 of option payment was determined based on the market price as at the date of the Property Option and Joint Venture Agreement of $0.15 per common share. These common shares were issued on June 24, 2013 at which time the Company's common shares had a market value of $0.22 per common share. Therefore, the fair value of these common shares, being $586,667 as at the time of their issuance, was capitalized to mineral properties.*

In addition, the Company will grant to Fission a 2% net smelter royalty on the Company's interest in PLN on exercise of the Option. Within 90 calendar days following each 12 month term, the Company can elect to either continue earning its interest in PLN in accordance with the table set out above or convert the Option into a joint venture agreement with Fission ("JV"). Should the Company elect not to earn more than the initial 10% interest in PLN,, Fission has the right to buy out the Company's 10% interest for $500,000. The Company has the right to cancel its Option at any time.

While the Option is in effect, the Company and Fission will jointly plan, manage, direct and control all exploration operations and budgeted expenditures on the Property. Fission will act as the operator and undertake all work programs on PLN.

In connection with the agreement with Fission, the Company issued 300,000 common shares to

Pure Capital Holdings Inc. as finder's fee at a market value of $0.22 per common share on June 24, 2013. The total of $66,000 associated with the issuance of these shares has been capitalized by the Company to mineral property.

The Company previously made the initial consideration payment of $500,000 and incurred the initial work obligations of $1,500,000 by the June 19, 2014 due date thereby earning a 10% interest in the PLN Project. During the current year, the Company elected not pay the consideration payment of $750,000 and did not incur the required work expenditures of $3,000,000 that were due by June 19, 2015. As a result, the Company will not be proceeding with the earn-in of the remaining 40% interest as per the Property Option and Joint Venture Agreement (the "Agreement"). As a result of the Company failing to make the required consideration payment and incurring the work obligation, the Agreement provided Fission with the option of re-purchasing the Company's 10% interest for $500,000 exercisable within 90 days of the Company's election not to proceed. Fission did not exercise its option within the required period, therefore the Company retained its 10% interest.

Summary of the PLN and exploration update

The Athabasca Basin is a premier geologic district notable for hosting the world's richest uranium deposits, with a well-established and politically stable uranium exploration and mining sector. Recent discoveries of high-grade uranium in the southwestern region of the Athabasca Basin are considered by the Company to indicate the prospective merit of this underexplored area.

PLN lies adjacent to the north end of Fission Uranium's Patterson Lake South (PLS) property, where uranium mineralization has been traced by drilling over 2.24 kilometres strike length. Fission Uranium has defined significant high grade U3O8 mineral resources at PLS.

PLN is prospective for hosting structurally controlled high-grade uranium mineralization that is often associated with basement graphitic shear zones within clay-altered metasedimentary basement lithologies. These features have unique characteristics that can be identified by various geophysical surveys.

PLN lies within a large-basin-scale northeast-trending gravity low structural corridor that also incorporates the adjacent PLS property. The former Cluff Lake mine (greater than 60 million pounds U_3O_8 produced) and the UEX-Areva Shea Creek deposits (42 km and 27 km to the north respectively) lie along the western margin of this structural feature. The recently discovered high-grade uranium mineralization found at PLS located 5.7 km to the south also lies within this structural corridor. Coincidentally, PLN also lies within a complex magnetic corridor showing magnetic highs and lows, and breaks in regional major features. Several electromagnetic anomalies are evident within PLN, including what may be interpreted to be the southern extension of the Saskatoon Lake EM conductor, which itself is associated with the Shea Creek deposit to the north.

Prior to initiating the joint venture (JV) Fission spent approximately $4.7million on exploration on PLN, ranging from airborne to ground geophysics to a first-pass drilling of a few select targets. Portions of PLN are currently drill ready, and other areas require further ground geophysical surveys and interpretation to bring them up to drill-ready stage. Work to date on PLN since the JV was initiated, has consisted of the following:

Airborne VTEM Max Geophysical Survey & Ground MT Survey Follow up

An airborne VTEM Max (versatile time-domain electromagnetic) airborne geophysics survey completed in August 2013 - The outcome of this survey resulted in the discovery of an 8.5 km long north-south trending package of conductive basement rocks in the northern PLN project area. A 5-km follow-up Internal Field Gradient Magneto-Tellurics (MT) ground geophysics survey test line over the northern portion of this package has been completed by EMPulse Geophysics Inc. at 100m stations. The preliminary interpretation suggests that the conductive basement package is comprised of a series of 3, parallel west dipping basement EM conductors referred to as the N Conductor system. Conductive basement rocks (EM conductors) are important criteria in targeting Athabasca-type unconformity uranium deposits.

Outcrop, historical drill core and soil sampling work:

Outcrop, historical drill core and soil sampling work was completed by Athabasca Basin expert, Dr. Paul Ramaekers, to enhance knowledge of local and regional Athabasca sandstone stratigraphy. A total of 56 soil and 16 outcrop samples were collected from throughout the project area and available historical diamond drill core was re-logged from the central project area. This work will also assist in standardizing sandstone logging procedures and interpretation for the project team.

As a result of the work described above, a number of high-priority drill targets were selected for the 2014 winter drill program. Geophysics followed up results from October's MT survey to further refine drill targets.

Year 1 Winter 2014 Exploration Program – highlights:

- Approximately 2000m of drilling was completed in seven holes testing 3 separate basement electromagnetic (EM) conductors: four holes were completed to target depth, one hole was partially completed before being lost due to technical difficulties and 2 attempts were abandoned in thick overburden.

- Drilling encountered a lithological setting with structural complexity similarly analogous to that of the PL-3B conductor and its association with uranium mineralization at Fission Uranium's PLS project. Although only limited radioactivity was encountered, encouraging basement lithology, alteration and structural features confirm the high prospectivity of the target areas. Further drilling is required to evaluate these target areas.

- Drilling of the shallow southern lake targets was not undertaken as a result of unsuitable winter ice conditions. However anomalous radon in water survey results confirms the high prospectivity of these targets and additional Squid EM surveys were completed in the Broach Lake area.

- Azincourt and its JV partner, Fission 3.0, are encouraged with the winter results. The plan will be to continue follow up drilling those targets identified, and confirmed on land through the remainder of this year, and refine the lake targets for testing next winter.

Year 2 Spring/Summer Exploration Program Plan - highlights:

- Linecutting and a pole-pole DC Resistivity survey was completed on a 76.5 line km grid over the N Conductor system in northern PLN.

- Linecutting and a pole-dipole DC resistivity survey were completed on a 34 line km grid located over the Broach Lake conductor system in southern PLN.

- 6 Diamond Drill holes (2100 m) were planned for Summer 2014 testing along the A1 conductor and the A4 Conductor as follow-up to the encouraging previous winter drilling using geochemistry and alteration as a vector. These targets are not dependant on ice conditions and proved accessible year-round. The summer drill program commenced, and was completed in July 2014. Results were extremely encouraging with prospective basement lithologies, structure, alteration, anomalous radioactivity and weak uranium mineralization intersected.

- The Year 2 spring/summer geophysical and diamond drill program was budgeted at $1.5 million and was completed on budget. This represents 50% of the Year 2 earn-in commitment.

Year 2 Proposed Winter Exploration Plan - highlights:

- Seven additional diamond drill holes totalling approximately 3,250 m were planned for Winter 2015 testing as follow-up on the anomalous uranium found along the A1 conductor and on new resistivity targets generated during the summer program on the N and Broach Lake conductor systems. Additional 35.2 line-km of SMLTEM ground geophysics was planned on two prospective EM conductors identified from previously-flown VTEM airborne survey located in the northern region of the property.

- The Year 2 winter drill and geophysical program was designed to test all 3 prospective conductor systems. The budget for this program was approximately $1.5 million, which represented the final 50% of the Year 2 earn-in commitment at PLN.

- The winter exploration program did not commence, as financing by the Company was unsuccessful.

- Azincourt has earned, and will maintain its 10% interest in PLN and a joint venture agreement is expected to be formalized.

QUALIFIED PERSON

The technical information in this MD&A has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed on behalf of the company by Ted O’Connor, P.Geo., director of Azincourt Uranium Inc., a qualified person.

ACCUMULATED ACQUISITION COSTS

Accumulated acquisition costs as of September 30 and March 31, 2016 for the PLN Project are as follows:

Balance, as at September 30, 2014	$	775,894
Acquisition		-
Balance, as at September 30, 2015 and March 31, 2016	$	775,894

EXPLORATION AND EVALUTION COSTS

Details of exploration and evaluation costs incurred for the year ended September 30, 2015 and six months ended March 31, 2016 for the PLN Project are as follows:

		Six months ended March 31, 2016		**Year ended September 30, 2015**
Exploration and evaluation costs:				
Geology mapping/sampling	$	-	$	375
Geophysics airborne		-		625
Geophysics ground		-		26,753
Drilling		-		122,046
Land retention and permitting		-		47,612
Management fee		40,000		65,984
Technical reporting and database management		-		6,987
General		-		2,223
Total exploration and evaluation costs		40,000		272,605
Balance – beginning of period		3,837,939		3,565,334
Balance – end of period	$	3,877,939	$	3,837,939

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly results for the previous eight quarters:

	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014
Expenses (Recovery)	$21,697	$68,444	($8,503)	$89,763	$174,441	$321,898	$870,987	$1,546,216
Loss (income) for the period	$21,697	$62,160	($55,349)	$89,565	$149,403	$298,826	($1,454,372)	$1,471,971
Weighted average shares outstanding	10,005,007	8,615,877	6,386,732	6,455,010	6,455,010	6,184,136	5,306,276	6,163,470
Loss (earnings) per share	($0.00)	($0.01)	($0.01)	$0.01	$0.02	$0.05	($0.27)	$0.24
Mineral property acquisition costs	-	-	-	-	-	-	-	-
Write-off of mineral property	-	-	-	-	-	-	-	-
Mineral property exploration costs	-	$4,000	$41,000	$397	$49,589	$181,619	$690,117	$1,048,615

The Company's operating losses are due to ongoing mineral exploration and general and administrative costs, such as management, consulting, legal, accounting and audit incurred during the process of managing the Company's operations and to ensure regulatory compliance and can vary from quarter to quarter based on planned exploration activities, resource constraints, and share-based compensation. During the quarter ended September 30, 2015, the Company earned a net income of $55,349 mainly due to recovery of consulting and director fees and recovery of accounts payable. During the quarter ended September 30, 2014, the Company earned a net income of $1,454,372 due to a gain on sale of Minergia S.A.C. The net loss for the quarter ended June 30, 2014 was higher because there were more exploration and evaluation activities during that quarter.

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 10,005,007 shares outstanding. The following table summarizes maximum number of common shares outstanding as at March 31, 2016 and as of the date of this MD&A if all outstanding options and warrants were converted to shares:

	March 31, 2016	As of the date of this MD&A
Common shares	10,005,007	10,005,007
Warrants to purchase common shares	730,597	730,597
Options to purchase common shares	245,625	245,625
	10,981,229	10,981,229

Escrow Shares

Pursuant to an Escrow Agreement dated December 5, 2011, 3,675,000 common shares and 1,675,000 common share purchase warrants were placed in escrow. Pursuant to the Escrow Agreement, 10% of the escrowed shares (367,500 common shares) and 10% of the escrowed warrants (167,500 common share purchase warrants) were released from escrow upon completion of the IPO on April 30, 2012, and 15% of the common shares and 15% of the common share purchase warrants are released from escrow every 6 months thereafter. As of March 31, 2016 and the date of this report, all of the common shares and common share purchase warrants were released from escrow.

RESULTS OF OPERATIONS

Three months ended March 31, 2016 ("Q2 2016") compared with the three months ended March 31, 2015 ("Q2 2015").

The loss for the quarter ended March 31, 2016 was $21,697, compared with $149,403 for the quarter ended March 31, 2015. The decrease in the loss from Q2 2015 to Q2 2016 was mainly due to a decrease in consulting and directors' fees, exploration and evaluation costs, legal expense, offset by a decrease in other income. Major differences are explained as follows:

- Consulting and directors' fees decreased from $76,000 in Q2 2015 to $2,250 in Q2 2016. The decrease is due the Company's effort to conserve cash by reducing monthly fees paid to management and directors;

- Exploration and evaluation costs for Q2 2016 were $49,589 compared with $Nil in Q2 2015. The decrease relates to the decrease in exploration activity on the PLN property during Q2 2015 compared to Q2 2016;

- Legal expenses for Q2 2016 were $2,210 compared with $11,967 for Q2 2015. There were higher legal fees in Q2 2015 pertaining to the share consolidation in Q2 2015 and drafting legal documents; and

- Other income decreased from $24,795 in Q2 2015 to $Nil in Q2 2016. During Q2 2015, the Company spent $49,589 of the $130,020 flow-through funds received on the December 31, 2014 private placement. Therefore $24,795 of the $65,010 flow-through share liability was recognized to other income in Q2 2015.

Six months ended March 31, 2016 (the "2016 period") compared with the three months ended March 31, 2015 (the "2015 period").

The loss for the six months ended March 31, 2016 was $83,857, compared with $448,229 for the six months ended March 31, 2015. The decrease in the loss from the 2015 period to the 2016 period was mainly due to a decrease in consulting and directors' fees, exploration and evaluation costs, share-based compensation expense, offset by a decrease in other income. Major differences are explained as follows:

- Consulting and directors' fees decreased from $140,678 in the 2015 period to $15,000 in the 2016 period. The decrease is due the Company's effort to conserve cash by reducing monthly fees paid to management and directors;

- Exploration and evaluation costs for the 2016 period were $40,000 compared with $231,208 in the 2015 period. The decrease relates to the decrease in exploration activity on the PLN property during the 2015 period compared to the 2016 period;

- Share-based compensation expense decrease from $22,225 in the 2015 period to $Nil the 2016 period. Share-based compensation incurred during the 2015 period was pertaining to the vesting of 1,750,000 stock options issued on June 24, 2013, 50,000 stock options issued on December 6, 2013, 250,000 stock options issued on January 15, 2014 and 100,000 stock options issued on February 5, 2014; and

- Other income decreased from $47,867 in the 2015 period to $6,284 in the 2016 period. During the 2015 period, the Company spent $49,589 of the $130,020 flow-through funds received on the December 31, 2014 private placement and spent $230,725 of the $2,332,900 of flow through funds received on the December 20, 2013 and April 1, 2014 private placements. Therefore $24,795 of the $65,010 flow-through share liability from the December 31, 2014 private placement and $23,072 of the $198,556 flow-through share liability from the December 20, 2013 and April 1, 2014 private placements were recognized to other income in the 2015 period. During the 2016 period, the Company spent $39,034 of the flow-through funds received on the $130,020 flow-through funds received on the December 31, 2014 private placement, therefore the remaining $6,284 of flow-through share liability was recognized to other income in the 2016 period.

LIQUIDITY AND CAPITAL RESOURCES

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 warrants and stock options or through the issuance of debt. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities.

Working Capital

As of March 31, 2016, the Company's working capital was $13,596, compared with $78,284 of working capital deficiency as of September 30, 2015. The increase in working capital was a result a decrease in accounts payable and accrued liabilities of $133,111 and raising $175,737 of net proceeds from a private placement.

Cash

On March 31, 2016, the Company had $60,158 of cash, compared with $108,503 of cash on September 30, 2015. Cash was mostly spent on exploration and evaluation costs, consulting and directors' fees, audit and accounting fees, and office and administration expenses. The Company also received net proceeds of $175,737 from issuance of shares during the current period.

Cash Used in Operating Activities

Cash used in operating activities during the six months ended March 31, 2016 was $224,082. Cash was mostly spent on exploration and evaluation costs, consulting and directors' fees, audit and accounting fees, and office and administration expenses. Cash used in operating activities during the six months ended March 31, 2015 was $128,196. Cash was mostly spent on audit and accounting fees, exploration and evaluation costs, consulting and directors' fees and office and administration expenses.

Cash Used in Investing Activities

There were no investing activities during the six months ended March 31, 2016 or 2015.

Cash Generated by Financing Activities

During the six months ended March 31, 2016, the Company received gross cash proceeds of $177,500 from a private placement and spent $1,763 of costs associated with the private placement. During the six months ended March 31, 2015, the Company received gross cash proceeds of $130,020 from a private placement and spent $10,402 of costs associated with the private placement.

Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs more funds to finance its ongoing operating costs. On November 5, 2015, the Company completed a financing and raised $177,500. Until the Company starts generating profitable operations from extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities.

PROPOSED TRANSACTIONS

The Company continues to evaluate new opportunities to expand its exploration project portfolio, however, there are no proposed transactions as at the date of this report.

GOING CONCERN

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying value and the recoverability of the mineral property interests is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, and the generation of future profitable production or proceeds from the disposition of the mineral property interests.

The Company's financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions discussed below create a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern.

At March 31, 2016, the Company had not achieved profitable operations, had an accumulated deficit of $4,308,108 since inception and expects to incur further losses in the development of its business. Management recognizes that the Company will need to generate additional financial resources in order to meet its planned business objectives. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ significantly from the going concern basis.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Compensation of Key Management Personnel

Key management personnel consist of current and former directors and senior management including the former President and Chief Executive Officer and Chief Financial Officer. Key management personnel compensation for the six months ended March 31, 2016 and 2015 includes:

	2016	2015
Consulting and directors' fees	$ 1,500	$ 119,678
Exploration and evaluation costs	40,000	4,322
Share-based compensation	-	19,289
	$ 41,500	$ 143,289

The accounts payable and accrued liabilities of the Company include amounts due to related parties. The amounts owing are interest free, unsecured, current and without fixed terms and are as follows:

	March 31, 2016	September 30, 2015
Key management personnel	$ 12,788	$ 84,000

PLAN OF OPERATIONS AND FUNDING

The Company's plan of significant operations for the next twelve months is as follows:

- to maintain its 10% interest in the PLN project; and if PLN remains highly prospective, continue to fund its pro rata share of expenditures, or alternatively, seek to monetize the PLN interest.
- to investigate other prospective uranium projects.

To finance the above plans, the Company completed a private placement in December 2014 for proceeds of $130,020 and in November 2015 for proceeds of $177,500.

FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

Cash and amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables consist of cash and amounts receivable on the statement of financial position.

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not classified any financial assets at fair value through profit or loss.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consists of accounts payable and accrued liabilities on the statement of financial position.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

The classification of the financial instruments as well as their carrying values as at March 31, 2016 is shown in the table below:

Loans and receivables	$	3,903
Financial liabilities measured at amortized cost	$	50,465

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity.

The Company is exposed to potential loss from various risks including commodity price risk, credit risk, liquidity risk and interest rate risk. These risks are described in more details in Risk and Uncertainties section of this MD&A.

RISK AND UNCERTAINTIES

The exploration and development of mineral properties are highly speculative activities and are subject to significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors: management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically-recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfil the Company's obligations under any applicable agreements. Other risks and uncertainties include:

Competitive industry

The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Exploration risks

Mineral exploration is highly speculative in nature. The Company's exploration projects involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of mineral resources or mineral reserves.

Fluctuating metal and share prices

Factors beyond the control of the Company may affect the marketability of precious any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

In recent years, the securities markets in the United States and Canada have experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploratory and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Ability to continue as a going concern

The unaudited consolidated interim financial statements of the Company for the six months ended March 31, 2016 were prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. As noted in the "Liquidity and Capital Resources" section, there are number of conditions that raise substantive doubt about the Company's ability to continue as a going concern in the longer term.

The ability of the Company to continue as a going concern is dependent upon the existence of economically recoverable mineral reserves and the ability to raise adequate financing from lenders, shareholders and other investors to support such business activities. It is anticipated that the Company will rely on the equity markets in the upcoming fiscal year to meet its financing needs, including funding future exploration activity.

Given the current economic environment, there can be no assurance that such financing will be available to the Company on acceptable terms, or at all. Failure to continue as a going concern would require the Company's assets and liabilities to be presented on a liquidation basis, which would differ materially from the going concern basis.

The following are risks related to the Company's financial instruments:

(i) **Credit Risk** – Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash and amounts receivable. The credit risk is minimized by placing cash with major Canadian financial institutions. The Company does not invest in asset–backed commercial papers.

(ii) **Liquidity Risk** – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants. The Company's cash is held in business accounts which are available on demand for the Company's programs and are not invested in any asset backed deposits or investments.

(iii) Interest Rate Risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently, the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments as the Company has no interest-bearing debt and due to the short-term nature of cash investments.

(iv) Commodity Price Risk - The Company's future success is linked to the price of minerals, because the value of mineral resources is tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its resource properties to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being resource properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash, which is held with a major financial institution.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements not yet applied:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for future accounting periods. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 Financial Instruments ("IFRS 9") partially replaces 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 new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective on or after January 1, 2018.

IFRS 7 Financial Instruments - Disclosure ("IFRS 7") has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on or after January 1, 2015.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations ("IFRS 11") has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. IFRS is effective on or after January 1, 2016.

IFRS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization ("IFRS 16 and IAS 38") have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets. IFRS 16 and IAS 38 are effective on or after January 1, 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 certain 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 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 in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, 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, political risks and unpredictable weather conditions.

ADDITIONAL INFORMATION

For further detail, see the Company's unaudited consolidated interim financial statements for the six months ended March 31, 2016. Additional information about the Company can also be found on www.sedar.com.

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