

**BHK MINING CORP.**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2015**

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*This Management's Discussion and Analysis (the "MD&A"), dated as of April 27, 2016, is for the year ended December 31, 2015 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 of BHK Mining Corp.(formerly BHK Resources Inc.) (also referred to as "BHK", or the "Company), and the related notes thereto (together, the "Annual Financial Statements") which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts, unless otherwise indicated, are in Canadian Dollars.*

*The Company is a reporting issuer in the Province of British Columbia in Canada and is listed on the TSX-V in Canada under the symbol BHK. Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

*The Company's website is [www.bhkminingcorp.com](http://www.bhkminingcorp.com).*

## **OVERVIEW**

BHK, through its subsidiary Dome International Global Inc., is a mineral resource company engaged in the exploration for manganese and gold on its Ndjole property located in Gabon, in West Central Africa.

The Company was incorporated on December 12, 2012 under the *Business Corporations Act* of British Columbia. It was listed on the TSX Venture Exchange ("TSX-V") as a Capital Pool Company ("CPC") on September 27, 2013 and on January 23, 2015 the Company acquired Dome International Global Inc. which indirectly holds the license to explore the Ndjolé manganese/gold property. This acquisition constituted the Company's Qualifying Transaction ("QT") and by completing the QT the Company became a Venture Issuer on the TSX-V under the trading symbol BHK.V.

## **COMPANY HIGHLIGHTS**

- Closed brokered private placement of \$3,227,000 in January 2015 and upon closing:
  - Acquired Ndjolé Property in Gabon for \$1,931,554 (USD\$1,572,559).
  - Changed the name of the Company to BHK Mining Corp. and became a Venture Issuer on the TSX-V.
- Announced board and management changes. At the date of this MD&A the board is comprised of Candrawijaya Katorahardjo, George Read, Davide Salvatore, and Soebali Sudjie who is the Chairman, and Interim President and Chief Executive Officer. Michael O'Brien is the Chief Financial Officer and Corporate Secretary.
- Advanced the gold and manganese exploration program on Ndjole property through the following results and activities:

### **Manganese**

- A core drilling program confirmed two primary manganese carbonate horizons and their oxidized and supergene equivalents.
- Soil sampling returned excellent results with the Mimbanya and Ndjole North grids both returning very large, high tenor manganese anomalies with individual soil values up to 40,000 ppm Mn.
- A single trench was excavated at the North East Target to evaluate the supergene enriched portion of the primary mineralization intersected in drill holes NDDD0028, 35 and 40. The

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manganese assay results from Trench NDTR001 are exceptional - 11m @ 36.1% Mn (incl. 4m @ 50.2% Mn).

**Gold**

- An auger drill program confirmed previous results and current structural interpretation.
  - A 3 hole core drill program yielded inconclusive results due to structural displacement of the target zone and drilling operational issues.
- 
- Secured loans totaling US\$400,000 in August and September 2015 that were repaid prior to year-end.
  - Closed a private placement for \$1,750,000 in November 2015.

**CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS**

**Financings and options**

On January 23, 2015, the Company raised gross cash proceeds of \$3,227,000 by the issuance of 16,135,000 common shares at a price of \$0.20 per share (the "Financing"). The Company issued 325,000 shares as a corporate finance fee, 777,150 warrants exercisable at \$0.20 per share for a period of 24 months as commission and paid commissions and other expenses of \$284,585 related to the Financing, of which \$120,000 was included in deferred financing costs at December 31, 2014.

In relation to the transaction of acquiring Ndjolé Property in Gabon, the Company issued 209,063 shares as transaction cost.

At the completion of the January 23, 2015 Financing, the Company issued 1,600,000 common share purchase options to officers and directors of the Company. These options have an exercise price of \$0.20 per share, expire on January 23, 2020 and have been recorded as share based payments of \$121,641 during the year.

On August 14, 2015, the Company secured short term debt financing in the form of an unsecured US\$200,000 loan from Vantage Corporation Limited. The loan, which could be prepaid by the Company at any time, accrued interest at a rate of Libor + 0.50% per annum and matured on October 30, 2015.

On November 11, 2015 the Company completed a non-brokered private placement with First Resources Corporation Limited by issuing 35,000,000 common shares of the Company at \$0.05 per share, for gross proceeds received of \$1,750,000. These shares were subject to a four-month hold until March 11, 2016. The Company incurred \$45,010 share issuance expense.

**Acquisition of Ndjolé Property**

On January 23, 2015, BHK acquired all of the outstanding shares of Dome International Global Inc. ("Dome"), a private British Virgin Islands company, in cash (the "Transaction"). The primary asset of Dome is the 100% owned Ndjolé manganese gold project in Gabon (the "Property").

As consideration for the Transaction, the Company paid an aggregate of \$1,931,554 in cash (US\$1,500,000 plus US\$72,559 for expenses) of which \$26,590 (US\$25,000) was paid as a non-refundable deposit in December 2013. The Company paid finders fees upon completion of the Transaction in the amount of \$56,180 (US\$48,750) and of \$30,000. These fees were paid 50% in cash and 50% by way of issuing 209,063 Company common shares. In addition, the Company incurred \$112,451 for other expenses payable related to the Transaction.

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The purchase consideration has been assigned based on the relative fair value of the assets acquired and liabilities assumed as follows:

Fair value of consideration paid:

|                     |                     |
|---------------------|---------------------|
| Cash                | \$ 1,931,554        |
| Transaction costs   | 198,631             |
| Total consideration | <u>\$ 2,130,185</u> |

Net assets acquired:

|                     |                     |
|---------------------|---------------------|
| Cash                | \$ 4,450            |
| Equipment           | 11,739              |
| Other assets        | 11,127              |
| Ndjole property     | 2,121,533           |
| Accounts payable    | <u>(18,664)</u>     |
| Net assets acquired | <u>\$ 2,130,185</u> |

### **Discussion of Operations - Ndjolé Property**

#### **Licence**

Dome Ventures SARL Gabon was originally granted a prospecting permit for 10,910 km<sup>2</sup> on September 14, 2006 that was valid for 2 years. [This permit was valid under the previous Mining Law]. On July 14, 2008 the prospecting permit was reduced and converted to a 2,000 km<sup>2</sup> Exploration Permit. When the Exploration Permit was renewed for the first time on 21 June, 2012 the Minister de L'Industrie et Des Mines reduced the area that could be explored for manganese to 1500km<sup>2</sup>. According to the Minister, the area being excluded for manganese was held by the adjacent Bembélé Manganese Mine and had been granted to Dome Ventures in error.

In June 2015, the Ndjole licence was renewed for a second time and reduced to 1496km<sup>2</sup> for all substances (Mn, Fe, Pb, Cu, Zn,Au and Ag). The second renewal is valid for 3 years and includes work commitments totalling USD4.92m for the period June 2015 to June 2018 using an exchange rate of CFA595/USD. Application for a mining concession must be made before the expiry of the Prospecting Licence and must be accompanied by a feasibility study and an environmental impact study. A Mining Licence is granted for 25 years and is renewable once or several times for a further 10 years.

#### **Location**

The Ndjolé Property is situated in the Moyen Ogooue province, located in the western half of central Gabon. The property is centred at latitude 0°14'14"S and longitude 10°44'35"E. The equator delineates the northern limit of the license. The project is located four hours on tarmac roads from the capital city Libreville. The project's field office is based in the town of Ndjolé which is the district capital and provides all basic necessities to run field operations. A basic medical facility exists in Ndjolé but more serious cases have to be evacuated to Lambarene (two hour car drive) or Libreville.

The trans-Gabonese railway line that connects the coast to the manganese deposits of Franceville in the south west of Gabon, passes through Ndjolé.

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A large portion of the Ndjole licence is located south of the town on the far side of the Ogooue River. There are no bridges across the river at Ndjole so a company barge and boat are used to ferry equipment and personnel to the south. Disused logging roads are present within the project area and are used to gain access for exploration.

### **Summary of Historical Work**

Limited exploration campaigns were undertaken by several parties on the Ndjole licence prior to the current phase as follows:

- Artisanal gold mining south of Ndjole (1938 – 1956).
- BRGM project (1973-1984) (Bureau de Recherches Géologiques et Minières). Sampling on 100km buffer along Trans Gabonese railway line – gold and base metals assay.
- UNDP and Gabonese State (1987 -1993). Stream sampling follow-up of gold anomalies south of Ndjole
- DGMG (Gabonese Ministry of Mines) (1993). Core drilling of UNDP gold anomalies – 7 holes.
- Randgold (1993 – 1997). Stream, soil and auger sampling to follow-up UNDP gold anomalies south of Ndjole.
- Sysmin Geophysical Survey – BRGM (2004 – 2010). Airborne magnetic survey and interpretive geological mapping.
- Dome Ventures Gabon (2006 – 2009). Follow-up of UNDP and Randgold gold anomalies to the south and east of Ndjole .
- Dome Ventures Gabon + AngloGold Ashanti Joint Venture (2009 – 2012). Large scale soil sampling exercise on grids analysed for gold and multi-element. Airborne electromagnetic and magnetic survey. Detailed geological mapping. Core drilling program of 32 holes to test gold soil anomalies.
- Dome Ventures Gabon (BHK Mining Corp) (2014 – 2016). Follow-up of manganese mineralisation and anomalies south of Ndjole. Soil sampling, auger drilling, core drilling and trenching. Limited follow-up of previous gold mineralisation.

### **Dome Ventures Gabon - Previous Manganese Exploration**

#### ***Soil Sampling 2006 – 2011***

In excess of 30,000 soil samples were collected by Dome Ventures between 2006 and 2011. The samples were all analyzed for gold and also screened using a portable XRF machine located at the Ndjole office. In addition, many of the samples were also analyzed by multi-element ICPMS including manganese.

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Several large manganese soil anomalies were located during the campaign as follows:

- North East anomaly - Two lobes: 1.5 km by 600m and 1.5km by 500m;
- Central East anomaly: 3.5 km by 700m;
- South East anomaly: 2.8 km by 1.5km and open to the south;
- North West anomaly: 1.8 km by 300m and open to the south;
- Central West anomaly: 2.5 km by 1 km (diffuse);
- South West anomaly: Horseshoe shaped and 6 km by 400m (looks like a drainage/alluvial anomaly);
- Far South anomaly: 1.7 km by 500m

***Core Drilling 2010 – 2011***

During the 2010 – 2011 core drilling campaign for gold in the North East target area, there were eight holes which intersected significant manganese mineralisation. A total of 34 samples which were originally sent for ICP analysis had above-detection limits for manganese (>110,000 ppm Mn or 11%). These mineralised intersections were re-submitted for XRF at ALS Chemex in early 2015 to get accurate manganese assay values.

Significant intersections (>15% Mn) include:

- Hole NDDD0001 1.5m @ 27.40% Mn  
and 3.5m @ 28.72% Mn
- Hole NDDD0002 **22.5m @ 26.74% Mn including 3m @ 50.87% Mn**  
and 9m @ 19.34% Mn including 1.5m @ 39.83% Mn
- Hole NDDD0008 1.5m @ 32.95% Mn
- Hole NDDD0012 No significant results
- Hole NDDD0018 No significant results
- Hole NDDD0027 3m @ 16.19% Mn
- Hole NDDD0028 3.75 @ 28.14% Mn

**Phase 1 Manganese Exploration 2015**

***Aims***

The Phase 1 program had the following aims:

- To conduct auger drill testing of manganese geochemical anomalies identified at North East, Central East and South East and identify targets for core drilling. The auger drilling locates *in situ* manganese mineralization below transported material on surface (scree, colluvium, eroded ferricrete and laterite).
- To get an initial understanding (not resource) of the manganese mineralization at the North East prospect including geological setting, thickness and grade.
- To obtain bulk samples of manganese mineralization from the North East target for initial metallurgy and mineralogy test work
- Using the understanding of the manganese geology and setting, to identify other prospective areas within the license and test these by soil sampling
- From knowledge gained in 2015 program, to develop an evaluation campaign

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***Auger Drilling***

Auger drilling started at the North East prospect in Q3 2014 and continued through Central East and South East until Q3 2015.

**Table 1. Summary of Auger Drilling**

| <b>Year</b>     | <b>2014</b> | <b>2015</b> | <b>Cumulative Totals</b> |
|-----------------|-------------|-------------|--------------------------|
| Holes completed | 116         | 784         | 900                      |
| Meters drilled  | 433         | 2166        | 2599                     |
| Samples taken   | 531         | 2289        | 2820                     |

The auger drilling at the North East target defined three parallel north east striking manganese horizons. The two northern manganese horizons appear to be parallel limbs of a tight fold. This northern zone is approximately 1300m in strike length and 300m wide at the north end i.e. the nose of the fold. The southern zone is 1400m in strike length and is open to the south. The wide spaced auger program conducted over the South East target clearly defines a north – south striking manganese horizon which is gently folded around an east – west axis. The anomaly varies in width from 100 to 400m and is over 2000m in strike length.

The manganese mineralisation at the Central East target appears to be fairly narrow and non-continuous. The auger program was therefore cut short at this target due to the comparatively poor results.

***Core Drilling***

A core drill program using a man-portable rig was started on 14<sup>th</sup> August 2015 with a contractor called Hallcore who had a rig situated at Libreville. The drilling was focused on the North East manganese target and was terminated at the end of February 2016 after a total of 926m had been drilled (730m in 15 holes for manganese and 196m in 3 holes for gold). The core program was successful in confirming two primary sedimentary manganese bearing horizons and their oxidized and supergene equivalents.

However, the core drill program was relatively expensive and the sample recovery not as good as expected, particularly in the near-surface environment. Alternative drilling techniques are under investigation for Phase 2.

All drill core was logged and scanned for manganese with the Niton portable XRF analyzer. The manganese bearing horizons were split using a core saw and sent for XRF analysis for the following suite of oxides: Al<sub>2</sub>O<sub>3</sub>, BaO, CaO, Cr<sub>2</sub>O<sub>3</sub>, Fe<sub>2</sub>O<sub>3</sub>, K<sub>2</sub>O, MgO, MnO, Na<sub>2</sub>O, P<sub>2</sub>O<sub>5</sub>, SO<sub>3</sub>, SiO<sub>2</sub>, TiO<sub>2</sub> as well as LOI (Loss on Ignition). MnO has been converted to Mn in the tables below.

The significant manganese intersections from the Phase 1 core program are summarized in Table 2.

**Table 2. Significant Manganese Intersections from Phase 1 Core Drill Program**

| <b>Hole_ID</b> | <b>From (m)</b> | <b>To (m)</b> | <b>Width (m)</b> | <b>Grade Mn %</b> |
|----------------|-----------------|---------------|------------------|-------------------|
| NDDD0035       | 2               | 6.93          | 4.93             | 19                |
| NDDD0036       | 0.49            | 7             | 6.51             | 21.3              |
| NDDD0039       | 0               | 18.14         | 18.14            | 20.6              |
| Incl.          | 12.44           | 17.66         | 5.16             | 31.4              |

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| <b>Hole_ID</b> | <b>From (m)</b> | <b>To (m)</b> | <b>Width (m)</b> | <b>Grade Mn %</b> |
|----------------|-----------------|---------------|------------------|-------------------|
| NDDD0040       | 20.64           | 39            | 18.36            | 11.9              |
| Incl.          | 20.64           | 26            | 5.36             | 16.2              |
| NDDD0041       | 0.2             | 6.01          | 5.81             | 19.4              |
| NDDD0044       | 19              | 21.2          | 2.2              | 20.9              |

Manganese mineralization was also confirmed with the Niton XRF in holes NDDD0046 and NDDD0047 but the core was not submitted for assay. The Niton spot readings indicated as follows:

NDDD0046 - Mn > 15% between 40 and 46m

NDDD0047 - Mn > 15% starting at 49m – open at bottom of hole.

***Soil Sampling***

During the last quarter of 2015, a soil sampling campaign was carried out for manganese over prospective geology in areas not previously sampled. A total of 1096 samples were collected on the four grids – Mimbanya, Ndjole North, Far West and East Road. All the samples were dried, crushed and analysed with the Niton portable XRF at the Ndjole office during November and December 2015. Sampling was carried out by 2 x 4 man sampling teams working out of temporary fly camps with a quad bike acting as sample and equipment transporter and as well as functioning as an emergency vehicle.

The soil sampling program returned excellent results with the Mimbanya and Ndjole North grids both returning robust, high tenor manganese anomalies with individual soil values up to 40,000 ppm Mn.

The **Mimbanya** anomaly is draped over a north east striking ridge and is 6 km long and up to 800 metres wide, although the soil anomaly is probably made wider by the topography. The high lying ridge is formed by the resistant quartzite marker unit which is adjacent to the manganese bearing schist. The anomaly is open and appears to get wider to the north east. It is important to note that the geological unit containing the manganese continues for a further 14 km to the north east of Mimbanya and this anomaly (mineralization) has the potential to be 20 km long.

The **Ndjole North** anomaly is 13 km long and open for a further 2 km to the western licence boundary. The anomaly is orientated west southwest and follows the same geological unit as the Mimbanya anomaly. In the Ndjole North area the anomaly is narrower and is also draped over a prominent ridge.

***Trenching***

A single trench was excavated at the North East Target to evaluate the supergene enriched portion of the primary mineralization intersected in drill holes NDDD0028, 35 and 40. The trench was approximately 2 m wide and 11m in length although the mineralization is open both to the southeast and the northwest. The trench was excavated into the weathered rock which is visible at a depth varying between 1.5 and 3 m.

A continuous channel sample was collected using a geological hammer along the side wall and floor depending on exposure. The rock chips from the channel were collected from 1m intervals in a plastic bag, washed (to get rid of soil) and submitted to ALS Chemex for XRF analysis.

The manganese assay results from Trench NDTR001 are exceptional:

11m @ 36.1% Mn

Including 4m @ 50.2% Mn in the central portion of the trench.

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Similarly, the bulk sample collected for metallurgy was taken from outcrop over the entire length of the trench and had an average grade of 48.6% Mn.

The high grade mineralization also contains very low Fe (<7%).

***Mineralogy***

Five samples were submitted for mineralogical testing using XRD at Microanalysis in Perth – see Table 3. The purpose of this test work is to determine the nature of manganese minerals present in the ore as well as the other gangue minerals.

**Table 3, Samples Submitted for Mineralogy**

| <b>Sample No</b> | <b>Origin</b>     | <b>Comments</b>                               |
|------------------|-------------------|---|
| NDMin01          | NDDD0040: 20 -48m | Head Feed - Bulk sample sent to Nagrom        |
| NDMin02          | NDDD0040: 20 -48m | +1mm 3.8SG Bulk sample sent to Nagrom         |
| NDMin03          | NDTR001           | From Trench NDTR01 Bulk Sample sent to Nagrom |
| NDMin04          | NDDD0028: 30m     | Mn from oxide zone at redox boundary          |
| NDMin05          | NDDD0046: 42m     | Carbonate zone - check sample                 |

**NDMin01, 02 and 05:** This is low grade primary manganese mineralization which was intersected in NDDD0040 and NDDD0028. The primary manganese mineral present is manganese carbonate – rhodocrocite (MnCO<sub>3</sub>). The other mineral species in this sample are dominantly quartz, siderite Fe(CO<sub>3</sub>) and muscovite. This zone has about 24% Mn minerals with iron as siderite and will therefore not upgrade through mechanical means like DMS or jig. However, if slightly higher grade zones running at 25-30% Mn are located, then this material can be sold as direct feed manganese carbonate ore.

**NDMin04:** This is the oxidized form of the primary manganese mineralization. When the primary manganese carbonate is oxidized (near surface -30m) the manganese is taken up by oxides and the manganese mineral content increased to 36%. In this sample the dominant manganese oxides are cryptomelane K(Mn<sub>8</sub>O<sub>16</sub>), and pyrolusite MnO<sub>2</sub>. The gangue minerals in this sample are dominantly illite, quartz and muscovite. It should be possible to upgrade this mineralization as the illite (clay) can be floated/washed/screened off and the silica removed by DMS. This oxide material will be further tested during Phase 2.

**NDMin03:** This is a sample of the high grade supergene manganese in Trench NDTR01. The main manganese bearing mineral is nsutite Mn(O,OH)<sub>2</sub>, with lesser cryptomelane K(Mn<sub>8</sub>O<sub>16</sub>) and other manganese oxides and hydroxides. Gangue minerals present are gibbsite, goethite, muscovite and quartz. Manganese minerals make up 74% of the rock. Nsutite is a highly sought after ore and cryptomelane is sold as direct shipping ore for smelter or battery grade feed.

***Metallurgy***

Two 25kg bulk samples were sent for testing to Nagrom in Perth, a laboratory specializing in metallurgical test work for the iron and manganese industry. The samples were:

- Supergene manganese oxide from trench NDTR001
- Low Grade manganese carbonate from NDDD0040 and NDDD0028.

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Bulk Sample Analysis

| Sample  | Mn % | Fe % | SiO <sub>2</sub> | Al <sub>2</sub> O <sub>3</sub> | CaO | MgO | K <sub>2</sub> O | S % | P % |
|---------|------|------|------------------|--------------------------------|-----|-----|------------------|-----|-----|
| NDTR01  | 48.6 | 6.5  | 4.6              | 3.8                            | 0   | 0   | 0.6              | 0   | 0.1 |
| NDDD040 | 12.4 | 13.2 | 32.4             | 1.9                            | 3.2 | 2.2 | 0.5              | 3.9 | 0.2 |

Wet Screening

| Sample  | Size  | Wt kg | Wt % | Mn % | Fe % | SiO <sub>2</sub> | Al <sub>2</sub> O <sub>3</sub> | K <sub>2</sub> O | S % | P % |
|---------|-------|-------|------|------|------|------------------|--------------------------------|------------------|-----|-----|
| NDTR01  | Total | 21.7  | 100  | 49   | 6.3  | 4.4              | 3.8                            | 0.6              | 0   | 0.1 |
|         | +1mm  | 14.3  | 66   | 52.4 | 5    | 2.4              | 3                              | 0.5              | 0   | 0.1 |
|         | -1mm  | 7.4   | 34   | 42.3 | 8.8  | 8.4              | 5.5                            | 0.7              | 0   | 0.1 |
| NDDD040 | Total | 26.6  | 100  | 12.4 | 12.9 | 33               | 2                              | 0.5              | 3.7 | 0.2 |
|         | +1mm  | 21.2  | 80   | 12.7 | 12.8 | 32.8             | 1.7                            | 0.4              | 3.6 | 0.2 |
|         | -1mm  | 5.4   | 20   | 11.5 | 13.1 | 33.8             | 3.3                            | 0.7              | 4.1 | 0.2 |

DMS results were pending at time of reporting.

The high grade supergene bulk sample from Trench NDTR01 has an average grade of 48.6% Mn. This material is upgraded in the +1mm portion (66%) to 52.4% Mn.

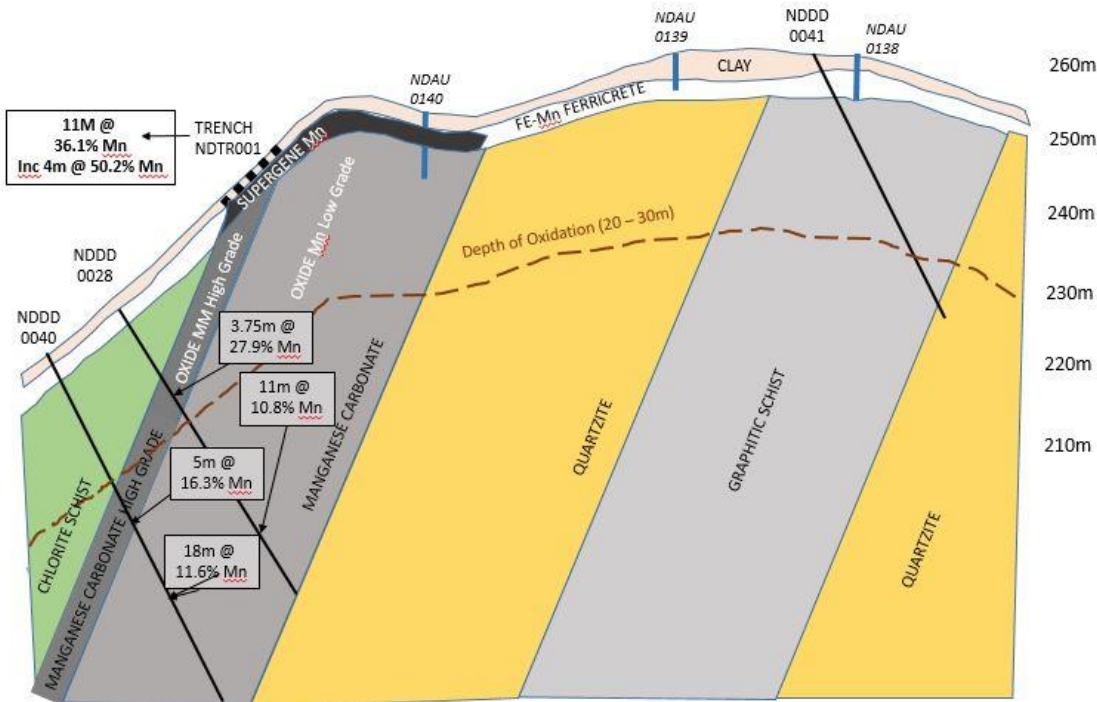
The low-grade manganese carbonate cannot be upgraded by screening or dense media separation as it is fine grained and has a relatively low specific gravity (SG). Rhodocrosite [MnCO<sub>3</sub>] has an SG of 3.5 and kutnohorite [CaMn(CO<sub>3</sub>)<sub>2</sub>] has an SG of 3.1.

**Discussion**

The exploration program at the North East Target has led to an understanding of the geology, stratigraphy and mineralogy of the manganese mineralization. Four types of manganese mineralization have been identified (see Figure 1):

- **Type 1** - Primary bedded manganese – within carbonate/black shale formation – XRD analysis has identified the primary manganese mineral as rhodocrosite (MnCO<sub>3</sub>). The manganese carbonate package is up to 30 m thick and varies in grade between 10 – 25% Mn. The upper 4m of the package is generally the highest grade although discrete higher grade intervals of 2 – 4 m are also present lower down in the package. Manganese carbonate ore is unique in that a grade of 30% Mn is a highly valued direct feed ore which needs no upgrading c.f. Nsuta Mine in Ghana.
- **Type 2** - Hydrothermal enriched ore – ore associated with fault/shear zones, probably silicious manganese mineral species e.g. Braunite. Maximum 10m thick zone, can be brecciated. Generally high grade at 35 – 50% Mn.
- **Type 3** - Supergene enriched ore – the surface expression of the primary carbonate ore - typical tabular and consisting of manganese oxide (nsutite, cryptomelane, pyrolusite), 1-4m deep from surface and high grade 45 – 50% Mn.
- **Type 4** – Oxidized primary carbonate ore – below supergene layer. At Ndjole the base of oxidation level is between 20 or 30m below surface. The manganese carbonate minerals are altered to manganese oxides and the grade is increased to +30% Mn.

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**Figure 1. Schematic Section through Manganese Bearing Zone**

The immediate target for exploration and resource definition is the high grade supergene material (Type 3) and underlying oxidized primary ore (Type 4). In the North East target the beds are steeply dipping and the combined supergene and oxide target would have a depth of 20 – 30m (base of oxidation). This level of oxidation is likely to be the same throughout the license. The two oxide ore zones could be treated separately as high grade and medium grade or combined.

In other areas, where the dip of the beds is shallower, the oxidized mineralization could be mined further down dip at a low strip ratio. For example, the Mimbanya target is much wider than the North East (up to 1000m) and may represent a shallower dipping supergene layer. The ideal scenario is a supergene layer which is sub-parallel to surface or shallow dipping down a slope. This allows a shallow open cut along strike and down dip/slope.

The mineralization at Ndjole appears to be very similar to the world class Moanda ore body in Franceville, Gabon – one of the world's largest and most productive manganese mines. At Moanda, the parent rock is an organic-rich, black shale made up of illite, manganese carbonate, quartz and pyrite. The supergene and oxide portion of Moanda is mined on hill slopes where it is exposed under the manganese poor (iron-rich) laterite.

The recent assay results for Trench NDTR01 illustrate that high grade supergene manganese ore is present at Ndjole and has low iron content (<7%). The initial North East target is somewhat limited by its strike length and steep dip. However, if the same size and grade parameters are applied to the much bigger targets at Mimbanya, Ndjole North and South East, the exploration potential becomes very substantial indeed.

The primary bedded (Type 1) manganese has large scale economic potential if slightly higher grade manganese carbonate material can be located (>25% Mn). Manganese carbonate can be utilized as direct feed at much lower grades than traditional manganese oxide or silicate ore. A current example of this is the highly sought after manganese carbonate ore from Nsuta in Ghana. This carbonate ore has a grade of 30% Mn and has the properties of low iron, low phosphates and low contained water. Type 1 resources are large scale and relatively easy to

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find and explore. The exploration targets at Mimbanya and Ndjole North will be tested for higher grade primary carbonate ore as part of the evaluation process.

It would also appear that the region also has the potential to host numerous small, high grade, siliceous ore bodies (Type 2) as intersected in drill hole NDDD0002. These siliceous ore bodies are probably thin and steeply dipping and will likely not be economic to mine in the current project location and at the current manganese price. However – these targets will become more attractive as manganese price increases and larger Type 2 resources are discovered on other parts of the license.

***Proposed Work Program for Further Exploration and Evaluation of Manganese Targets***

The continued exploration of manganese targets at Ndjole will be prioritised around the **follow up of the large scale Mimbanya and Ndjole North targets** by a) auger drilling to locate the sub-surface manganese bearing rock, b) manual trenching for quick access to supergene mineralisation and c) Aircore/RC drilling for resource definition.

High grade mineralization has been drilled and trenched at the North East Target but this target is only a fraction of the size of the anomalies at Mimbanya and Ndjole North and the North East target will therefore not be the first priority for locating a high quality, long life orebody.

***Mimbanya***

The highest priority is the delineation and evaluation of the Mimbanya (and Mimbanya extension) target. This target has a very large (12km x 1km) manganese anomaly and is accessible from the East road. Mimbanya has the potential to produce a large standalone resource.

***Ndjole North***

The second priority is the delineation and evaluation of the Ndjole North mineralization. This manganese anomaly is 13km in strike length but it appears narrower and of lower tenor than Mimbanya (although this may just be a topographical artifact). This follow-up work will be started after completion of the auger drilling at Mimbanya. Alternatively, if the initial work at Mimbanya does not meet expectations, the exploration effort will be transferred to Ndjole North. The exploration process will be as detailed above for Mimbanya.

***North East and South East Targets***

The third priority will be the completion of the evaluation work at North East target using track mounted drill equipment and the drilling and trenching of the South East target.

**Phase 1 Gold Exploration 2015**

The 2010/2011 core drill program tested the large scale North East gold anomaly with 23 holes and returned mixed results. Although there were several gold intercepts, most were low grade or narrow. Only one hole returned an intercept of real economic interest – Hole NDDD0017 with 4.85m @ 13.2g/t Au. This gold mineralisation appears to be largely structurally controlled and is hosted at a sheared contact between chlorite schist and graphitic schist. The highest grade portion is within the graphitic schist associated with intense pyrite alteration (20-40%), sericitisation and minor silicification.

The original gold-in-soil anomaly defined at the North East prospect in 2010/2011 was very broad due to the influence of the gold bearing ferricrete at surface. This was proven by the 2010/2011 gold drilling campaign.

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***Auger Drilling for Gold***

The bottom-of-hole auger samples from the 2015 campaign at the North East prospect were submitted for gold fire assay. The purpose of submitting the bottom-of-hole auger samples was to try and 'see through' the ferricrete cover and define gold trends in the underlying rock.

This exercise was partially successful and the gold auger anomalies appear to coincide spatially with the 2010-2011 gold drilling and the detailed structural interpretation carried out by David Underwood.

In addition to the submission of samples from the auger program, an additional closely spaced auger sampling grid (100 x 10m) was drilled over the interpreted surface projection of the high grade mineralisation for hole NDDD0017, drilled in 2010. These auger samples were also submitted for gold fire assay. This auger sampling produced a linear anomaly indicating the strike continuation of the NDDD0017 gold mineralisation.

Analysis of auger samples for gold reinforced the structural interpretation of linear gold trends. The mineralised contact/structure targeted in NDDD0017 and the step-out drilling appears to continue southward for at least 1000m where it was intersected by Hole NDDD0019 (15m wide zone with values up to 2g/t Au). Hole NDDD0028 – 700m to the north of NDDD0017 – also intersected mineralisation during the 2011 campaign with a 30m wide zone of mineralisation up to 4.5g/t Au and 100g/t Ag (high cut). This structure (faulted contact between chlorite schist to the west and graphitic schist to the east) therefore looks like a robust target.

Three short step-out gold core holes were drilled along strike from NDDD0017 during the 2015 campaign. However, the results from these holes were inconclusive due to drilling problems experienced including poor recovery and one deflected drill hole. In addition, there appears to be an oblique structure which displaces the target contact zone between Hole NDDD0049 and NDDD0050 to the north. Three zones of low grade gold were intersected in Hole 51 but these are associated with small quartz veins in the hanging wall chlorite schist. Hole 51 never reached the target contact zone but stayed in the hanging wall till the end of the hole

**Significant Gold Intersections (>.5g/t Au) Phase 1 Core Drilling**

| <b>Hole No</b> | <b>From</b> | <b>To</b> | <b>Interval</b> | <b>Grade (g/t)</b> |
|----------------|-------------|-----------|-----------------|--------------------|
| NDDD0051       | 39.4        | 40.5      | 1.1             | 1.98               |
| NDDD0051       | 42.7        | 45.2      | 2.4             | 1.14               |
| NDDD0051       | 53.6        | 56.7      | 3.1             | 0.71               |

***Proposed Work Program for Further Exploration and Evaluation of Gold Targets***

It is clear that the North East Gold Target is highly prospective and that the mineralisation is associated with a set of complex structures only partially delineated by geophysics and mapping. A focussed drill campaign comprising a series a close spaced fence lines will be required to test the mineralisation along the chlorite schist – graphitic schist structural contact properly.

**The proposed work programmes for both Manganese and Gold are currently before the board. Execution of these programmes are contingent on board approval, and the Company being able to raise sufficient funds to complete them.**

**QUALIFIED PERSON**

The technical information within this MD&A was prepared under the supervision of David Underwood, the Company's Vice President Exploration, who is a Qualified Person under National Instrument 43-101 (NI 43-101) Standards of Disclosures for Mineral Properties

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**SELECTED ANNUAL FINANCIAL INFORMATION**

**Results of Operations**

BHK is in the exploration phase and the Ndjole Property is not currently in production. Exploration and evaluation expenses are expensed when incurred except for significant acquisition costs with respect to a given property. Administrative expenses relating to the operation of the Company's business are also expensed. Consequently, the Company's net income is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring properties of superior technical merit, the Company increases its chances of finding and developing an economic deposit.

Additional financing will be required for new exploration and/or production decisions on its principal mineral property and other business initiatives. Due to the inherent nature of the mineral exploration industry, the Company will have a continuous need to secure additional funds through the issuance of equity or debt in order to support its corporate and exploration and development activities, as well as its share of obligations relating to mineral properties.

|  | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2013 |
|--|----------------------|----------------------|----------------------|
| Net sales                              | \$ Nil               | \$ Nil               | \$ Nil               |
| Exploration Expenses                   | \$ 1,192,132         | \$ Nil               | \$ Nil               |
| Net Loss                               | \$2,278,238          | \$ 471,706           | \$157,855            |
| Comprehensive loss                     | \$2,310,118          | \$ 471,706           | \$157,855            |
| Net loss per share (basic and diluted) | \$ 0.06              | \$ 0.03              | \$0.02               |

**Results of Operations for the year ended December 31, 2015 compared to the year ending December 31, 2014**

The net loss for the year increased by \$1,806,532 to \$2,278,238 (2014 – \$471,706).

In January 23, 2015 the Company completed the acquisition of Dome International Global Inc. and its subsidiary ("Dome") and Dome's operating results have been consolidated with BHK's since that date. The Company is actively exploring the Ndjole property in Gabon and as a result there is significant exploration expense in 2015 (2014 nil). In addition, the Company is now actively managing its business, whereas in 2014 it was still in the status of being a CPC, and as a result had limited operations. This has resulted in significant increases in personnel costs, as well as in almost all other categories. Travel expense was higher in 2014 due to the Company's due diligence activities related to the acquisition of Dome.

**Cash flows for the year ended December 31, 2015 compared to the year ended December 31, 2014**

Cash outflows from operating activities increased by \$1,751,326 to \$2,109,190 (2014 – \$357,864) primarily as a result of the inclusion of Dome's activities since acquisition.

Cash outflows from investing activities increased by \$2,345,816 to \$2,345,816 (2014 - \$Nil) as a result of the acquisition of Dome in the period and its purchase of equipment.

Cash inflows from financing activities increased by \$4,929,220 to \$4,809,220 (2014 – negative \$120,000). The current year inflow is due to proceeds from a private placement in support of the Qualifying transaction and ongoing exploration activities. The prior year amount comprised of deferred share issuance costs.

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**Financial Position**

|                                 | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2013 |
|---------------------------------|----------------------|----------------------|----------------------|
| Exploration Property            | \$ 2,121,533         | \$ Nil               | \$ Nil               |
| Total assets                    | \$ 3,166,199         | \$ 632,387           | \$ 1,000,917         |
| Long term liabilities           | \$ Nil               | \$ Nil               | \$ Nil               |
| Cash dividends per common share | \$ Nil               | \$ Nil               | \$ Nil               |

The main components of the movements in total assets were:

The increase in cash of \$354,214 to \$837,272 (2014 - \$483,058) is due to private placements in the year not fully offset by exploration and operating expenses.

Equipment increased by \$179,383 to \$179,951 (2014 - \$568) mainly due to equipment purchases in support of exploration activity at Ndjole.

Deferred financing cost amounted to \$Nil (2014 - \$120,000), due to the deferred costs being allocated to a private placement in the current year.

Exploration property amounted to \$2,121,533 (2014 - \$Nil) as a result of the acquisition of Ndjole in the year.

**SUMMARY OF QUARTERLY RESULTS**

|   | Quarter ended<br>December<br>31, 2015 | Quarter ended<br>September<br>30, 2015 | Quarter ended June<br>30, 2015 | Quarter ended<br>March 31,<br>2015 | Quarter ended<br>December 31,<br>2014 | Quarter ended<br>September<br>30-, 2015 | Quarter ended June<br>30, 2014 | Quarter ended<br>March 31,<br>2014 |
|---|---------------------------------------|--|--------------------------------|------------------------------------|---------------------------------------|---|--------------------------------|------------------------------------|
| Revenue   | \$ Nil                                | \$ Nil                                 | \$ Nil                         | \$ Nil                             | \$ Nil                                | \$ Nil                                  | \$ Nil                         | \$ Nil                             |
| Net Loss (Income)                               | \$605,483                             | \$ 557,998                             | \$ 452,113                     | \$ 662,644                         | \$ (49,146)                           | \$ 187,746                              | \$ 230,472                     | \$ 102,634                         |
| Comprehensive Loss (Income)                     | \$612,719                             | \$ 539,182                             | \$ 503,445                     | \$ 654,772                         | \$ (49,146)                           | \$ 187,746                              | \$ 230,472                     | \$ 102,634                         |
| Net (Income) Loss per Share (Basic and diluted) | \$ 0.02                               | \$ 0.02                                | \$ 0.01                        | \$ 0.02                            | \$ 0.00                               | \$ 0.01                                 | \$ 0.01                        | \$ 0.01                            |

The Company had no revenue, paid no dividends and had no long-term liabilities during the periods from incorporation to December 31, 2015.

**Results of Operations for the three-month period ended December 31, 2015 compared to the three-month period ending December 31, 2014**

The net loss for the period increased by \$556,337 to \$605,483 (2014 – profit \$49,146).

The Company is actively exploring the Ndjole property in Gabon and as a result there is significant exploration expense in 2015 (2014 \$nil). In addition, the Company is now actively managing its business, whereas in 2014 it was still in the status of being a CPC, and as a result had limited operations. This has resulted in significant increases in personnel costs, as well as in almost all other categories.

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**CURRENT SHARE DATA**

As at the date of this MD&A the Company has 67,169,063 common shares issued and outstanding and 2,750,000 share options. 1,050,000 of the options are exercisable at \$0.10 per share until September 27, 2018. 1,700,000 of the options are exercisable at \$0.20 per share, with 1,600,000 exercisable until January 23, 2020 and 100,000 exercisable until April 9, 2020. The Company has agent's warrants outstanding consisting of 300,000 exercisable at \$0.10 per share until September 27, 2015 (expired unexercised) and 777,150 exercisable at \$0.20 per share until January 23, 2017.

As at December 31, 2015, 9,269,673 of the Company's common shares were held in escrow in accordance with the TSX Venture Exchange CPC policy guidelines to be released pro-rata to the shareholders in six equal tranches every six months starting July 23, 2015. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

**LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2015, the Company had cash and cash equivalents of \$837,272 and working capital of \$697,529. Management believes that it will require additional financial resources to meet all current and expected expenditures required to complete the exploration program at Ndjole.

As at the date of this MD&A, the Company had working capital of approximately \$120,000.

**SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

**Estimates and assumptions**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

i) Decommissioning and rehabilitation liabilities

Decommissioning and rehabilitation costs have been estimated based on the Company's interpretation of current regulatory requirements and have been measured at the net present value of expected future cash expenditure upon reclamation and closure. Such costs are capitalized as exploration and evaluation assets. Because the fair value measurement requires the input of subjective assumptions, including reclamation and closure costs, changes in subjective input assumptions can materially affect the fair value estimate. Based on the assessment, the Company did not have any significant decommissioning and rehabilitation liabilities at the reporting dates.

ii) Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax

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deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

iii) Share-based payments

Share-based payments are valued using the Black-Scholes option pricing model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

**Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements:

i) The determination of the Company and its subsidiaries' functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

ii) Impairment of exploration and evaluation assets

Exploration and evaluation assets are considered for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assessment of impairment indicators involves the application of a number of significant judgment over the internal and external factors. External factors include future commodity prices, investors' sentiment and changes in environmental and mineral tenure regulations. Internal factors include technical data interpretation of the mineral resources estimates and the Company's exploration plans for the properties. As new data comes up and economy and market continually change, the recoverable amounts of the assets and the impairment loss might be different from these judgments and estimates. Management has determined that there is no impairment as of December 31, 2015.

iii) The assessment of the acquisition of Dome as an asset acquisition or business combination

Management has had to apply judgments relating to its acquisition during the year with respect to whether the acquisition of Dome was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the acquisition in order to reach a conclusion.

**FINANCIAL INSTRUMENTS AND RISK**

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

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At December 31, 2015, the Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The fair values of cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy. The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

***Credit risk***

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at December 31, 2015, the Company had cash and cash equivalents of \$837,772 and had current liabilities of \$167,186.

***Interest rate risk***

The Company has cash balances and is not exposed to any significant interest rate risk.

***Foreign currency exchange risk***

Certain purchases of labor, operating supplies and capital assets are determined in \$CFA. As a result, currency exchange transactions may impact the costs of the Company's operation.

A significant change in the currency exchange rates between the \$CFA relative to the Canadian dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations. A 1% strengthening in the Canadian dollar against \$CFA would have a before-tax effect of \$2,110 decrease in accumulated other comprehensive income, based on amounts held at the year end.

**SIGNIFICANT ACCOUNTING POLICIES**

For information on the Company's accounting policies, please refer to the disclosure in Note 3 of our Annual Financial Statements.

**NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS**

The Company has adopted the following revised standards, effective January 1, 2015. There was no consequential impact upon adoption.

***IAS 24 – Related Party Transactions***

The amendments to IAS 24, issued in December 2013, 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 arrangement personnel compensation.

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***IFRS 13 Fair value measurement***

On July 1, 2014, the Company adopted the amendments to IFRS 13, which clarify that the portfolio exception applies to all contracts within the scope of IFRS 9 Financial instruments or IAS 39 Financial instruments: Recognition and measurement, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial instruments: Presentation.

***IFRIC 21 Levies***

IFRIC 21 Levies, issued in May 2013, provides guidance on the accounting for levies within the scope of IAS 37 Provisions, contingent liabilities and contingent assets. The main features of IFRIC 21 are as follows:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation; and
- The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

***IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation***

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

**Future IFRS Pronouncements**

The following standards have been published and are mandatory for the Company's annual accounting periods beginning on or after January 1, 2018:

***IFRS 9 – Financial Instruments***

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

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**COMMITMENTS**

Dome Gabon entered into office lease agreement for its premises in Ndjol on July 1, 2015. The lease expires on June 30, 2017. The remaining minimum lease payments are as follow:

|       |                  |
|-------|------------------|
| 2016  | \$ 25,853        |
| 2017  | 12,927           |
| Total | <u>\$ 38,780</u> |

Dome Gabon entered into office lease agreement for its premises in Libreville on July 1, 2015. The lease expires on June 30, 2016. The remaining minimum lease payments as of December 31, 2015 is \$12,233.

The Company entered into a consulting agreement dated Jan 23, 2015 to pay Claus Andrup a fee of \$5,500 per month plus GST for a one year term. As of December 31, 2015, the remaining minimum payments is \$5,500.

The Company entered into a consulting agreement dated Jan 23, 2015 to pay Brian A. Richardson a fee of \$4,500 per month plus GST for a one year term. As of December 31, 2015, the remaining minimum payments is \$4,500.

The Company entered into a consulting agreement dated Jan 23, 2015 to pay Jennifer Hanson a fee of \$2,800 per month plus GST for a one year term. As of December 31, 2015, the remaining minimum payments is \$2,800.

In June 2015, the Ndjole licence was renewed for a second time, with a prospecting permit for 1,496km<sup>2</sup> for all substances (Mn, Fe, Pb, Cu, Zn,Au and Ag). The second renewal is valid for 3 years and includes work commitments totaling USD4.92 million for the period June 2015 to June 2018 using an exchange rate of CFA595/USD. As of December 31, 2015, the remaining minimum payments is \$5.18 million.

**RISKS AND UNCERTAINTIES**

***Operations in Gabon***

The Company is a junior exploration company operating in Gabon, Africa, a developing nation that uses the Central African Franc as its currency. The Company believes that the Government of Gabon strongly supports the development of its natural resources by foreign operators. However, there is no assurance that future political and economic conditions in Gabon will not result in the government adopting different policies respecting foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the ability of the Company to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore and develop the Property.

***Dependence on the Property***

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Resulting Issuer's mineral exploration and development programs at the Property will result in the definition of bodies of commercial mineralization.

The Company is an exploration stage company and does not anticipate receiving revenue from its mineral properties for some time. The Company is solely focused on the exploration and development of the Property, which does not have any identified mineral resources or reserves. Unless the Company acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon

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the Company and would materially and adversely affect any profitability, financial performance and results of operations.

***Mineral Resources and Reserves***

There is no NI 43-101 compliant mineral resource or mineral reserve on the Property. There can be no assurances that an NI 43-101 compliant resource or reserve will ever be estimated on the Property

***Obtaining and Renewing Licenses and Permits***

In the ordinary course of business, the Company will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at the Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time consuming process involving numerous jurisdictions, public hearings and costly undertakings on the part of the Company. The duration and success of the Company's efforts to obtain and renew licenses or permits are contingent upon many variables not within the Company's control, including the interpretation of applicable requirements implemented by the licensing authority. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what the Resulting Issuer believes they can recover from the Property. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

***Title Matters, Surface Rights and Access Rights***

While the Company has performed its own due diligence with respect to the validity of the exploration permit comprising the Property, this should not be construed as a guarantee of title. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of the applicable exploration permit that forms the Property or that such permit will not be challenged or impugned by third parties.

***Additional Funding Requirements***

The exploration and development of the Property will require substantial additional capital. For the Company to continue to explore and develop its Ndjole property in Gabon beyond 2015, additional capital will be required. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders.

***Environmental Risks***

All phases of the Resulting Issuer's operations with respect to the Property will be subject to environmental regulation in Gabon. Environmental legislation involves strict standards and may entail increased scrutiny, fines and penalties for non-compliance, stringent environmental assessments of proposed projects and a high degree of responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact the Resulting Issuer's operations and future potential profitability. In addition, environmental hazards may exist on the Property which are currently unknown.

***Volatility of Mineral Prices***

If the Property is developed to production, the majority of the Company's revenue will be derived from the sale of manganese and or gold. Therefore, fluctuations in the prices of these commodities represent a significant factor that the Company expects will affect its future prospects, operations and potential profitability. The price of manganese, gold and other metals are affected by numerous factors beyond the Company's control.

**CONTROLS AND DISCLOSURE PROCEDURES**

As required by Multilateral Instrument 52-109, the Company's evaluated the effectiveness of its disclosure controls and procedures and the internal control over financial reporting as of December 31, 2015 under the

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supervision and with the participation of the CEO and the CFO. Based on the results of this evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were generally effective.

The only issue identified during the process was related to internal control over financial reporting. The issued identified, the concentration of some duties, is one that affects small companies. As a small organization, the Company's management is composed of a small number of key individuals, resulting in a situation where limitations in segregation of duties have to be compensated by more effective supervision and monitoring by the CEO and the CFO. Company's officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased funding costs of such hiring could threaten the Company's financial viability, the Company's management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when budgets will enable that action.

**FORWARD LOOKING STATEMENTS**

This MD&A contains forward-looking information and statements. These forward-looking statements are based on current expectations and estimates, factors and assumptions as at the date of this MD&A. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. There are a number of risks and uncertainties that could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, but not limited to, change in general economic and political conditions, regulation and competitor change, industry related risks, regulatory approvals, continued availability of capital and financing, uncertainty in the future financial conditions and the impact of currency exchange rates and interest rates.

Given these risks and uncertainties, potential investors and readers are urged to consider these factors carefully in evaluating these forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Except as required by applicable securities laws, the Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.