BALMORAL RESOURCES LTD.

Management Discussion and Analysis

For the nine months ended September 30, 2015

INTRODUCTION

This Management Discussion & Analysis ("MD&A") for Balmoral Resources Ltd. (the "Company" or "Balmoral") for the nine months ended September 30, 2015 has been prepared by management in accordance with the requirements of National Instrument 51-102 as of November 16, 2015, and compares its financial results for the nine months ended September 30, 2015 to the comparative period of the previous year. This MD&A provides a detailed analysis of the business of Balmoral and should be read in conjunction with the Company's unaudited condensed interim financial statements and the accompanying notes for the nine months ended September 30, 2015 and 2014 and audited financial statements and the accompanying notes for the years ended December 31, 2014 and 2013 as filed on the SEDAR website at (www.sedar.com). The Company's reporting currency is the Canadian dollar, and all monetary amounts in this MD&A are expressed in Canadian dollars unless otherwise stated. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards.

Caution Regarding Forward Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the timing and cost of planned exploration programs of the Company and the timing of the receipt of results there from;
- the proposed use of the proceeds from the Company's equity financings;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the Company's expectation that its joint venture partners will contribute the required expenditures, in accordance with existing joint venture agreements;

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs and those of its joint venture partners (where applicable);
- conditions in the financial markets generally, and with respect to the prospects for junior exploration and development companies specifically;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favorable terms;
- the Company's ability to attract and retain key staff;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs and the Company's ability to comply with such terms on a cost-effective basis;
- the ongoing relations of the Company with the regulators responsible for overseeing the Company's operations in Ontario and Quebec;
- the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole; and
- the ability of the Company's joint venture partners to raise the funding required for them to advance the properties in which the Company has interests, as applicable.

These forward looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current highly volatile state of the global securities markets may cause significant reductions in the price of the Company's securities

and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

Caution Regarding Adjacent or Similar Mineral Properties

This MD&A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the "SEC") set forth in the SEC's Industry Guide 7 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. **Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's mineral properties**.

All of the Company's public disclosure filings, including its most recent material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

DATE

This MD&A reflects information available as at November 16, 2015.

OVERALL PERFORMANCE

Financings

On October 28, 2015, the Company closed a non-brokered flow-through private placement raising gross proceeds of $4,535,734 through the issuance of 6,047,646 flow-through shares of the Company priced at $0.75 per flow-through share. The Company paid certain finders cash commissions totaling $268,544.

Mineral Properties

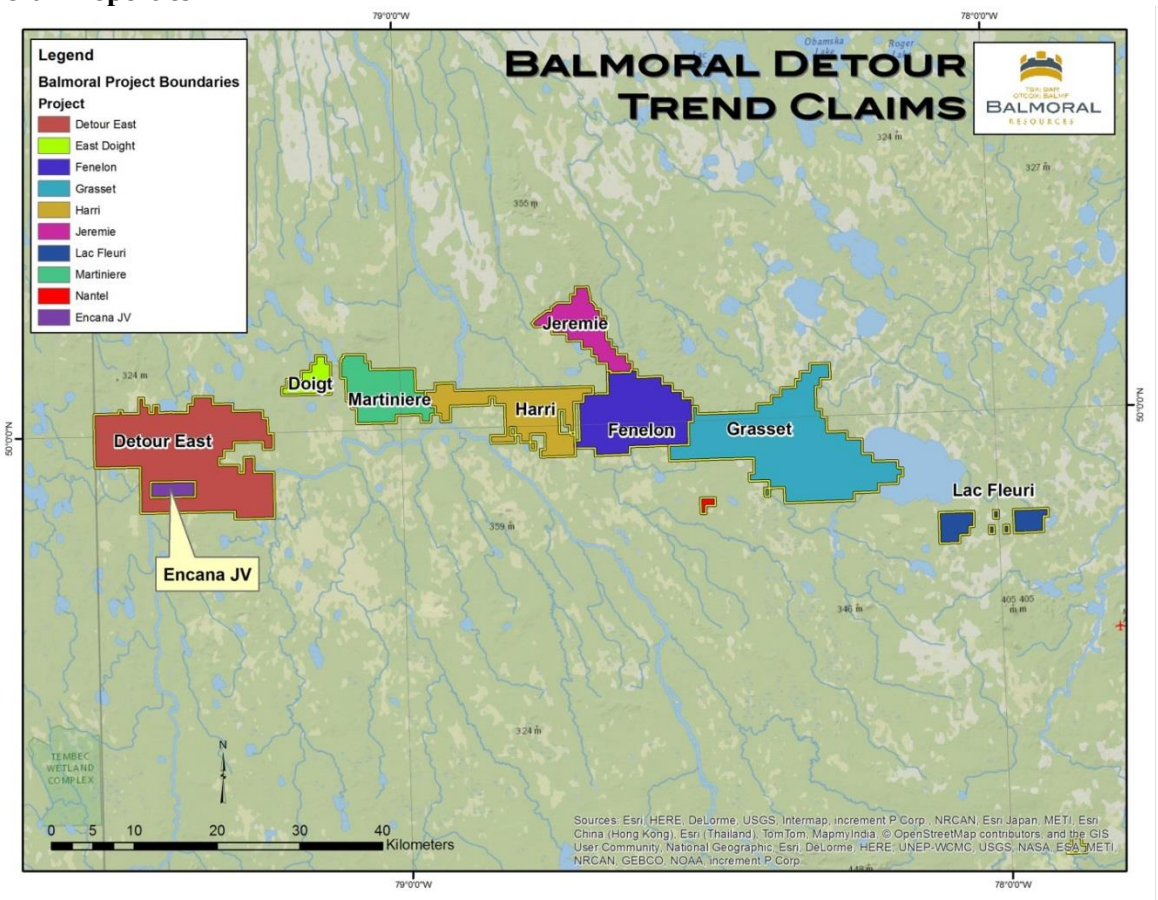


Figure 1: Map of the Detour Trend Properties

Detour Trend Project, Quebec

The principal focus of the Company's exploration activities is its Detour Trend Project which is comprised of a number of properties (see Figure 1, above) consisting of over 700 square kilometres of mineral claims located along and adjacent to the gold-bearing Sunday Lake (Detour) Deformation Zone. The Sunday Lake Deformation Zone hosts the Detour Gold deposit on adjacent ground in Ontario and is the northern most of several regional scale gold-bearing fault systems or "breaks" in the Abitibi greenstone belt. The Company acquired its initial interest in the properties in 2010, has from time to time added to, or adjusted, its property holdings and has been systematically exploring them since that time. At present, the Company's principal focus is on the delineation of a number of high-grade gold discoveries on its Martiniere Property, centrally located within the Detour Trend Project, and on the delineation of the Grasset ("Horizon 3" or "H3") nickel-copper-PGE ("Ni-Cu-PGE") discovery which was announced in early 2014 on the Company's Grasset Property, located at the eastern end of the Detour Trend Project.

Martiniere Property, Quebec

The Martiniere Property is centered approximately 50 kilometres east of the Detour Gold Mine in Ontario and central to the Detour Trend Project. The property consists of 314 mining claims (approximately 8,281.4 hectares) situated in the Townships of La Martiniere, Martigny, and Lanouiller, Quebec. In January of 2013, the Company completed the purchase of a 100% interest in the Martiniere Property from Cyprus Canada Inc. and granted a 2% NSR on a portion of the property to Cyprus Canada Inc. as required by the acquisition agreement.

The Martiniere Property hosts a number of near surface occurrences of gold mineralization, including the West, Central and Bug Lake zones. At the current time the Company is principally focused on delineation of a number of zones of gold mineralization along the Bug Lake Trend which was discovered in 2014. Gold mineralization along the Bug Lake Trend (Upper and Lower Bug Lake, Bug Lake Footwall ("BL Footwall"), Bug Lake Hanging Wall Zones) is localized along an early stage fault system which has been reactivated multiple times and which locally features high gold grades. Drilling has now intersected significant gold mineralization for over 1,800 metres along strike and to depths of 400 vertical metres along the Bug Lake Trend.

The summer and winter 2015 drill programs focused on infill drilling of the northern half of the Bug Lake Trend at shallow depths between surface and 250 metres vertical depth. Results were highlighted by a number of high-grade intercepts including an intercept of 19.55 g/t gold over 44.45 metres from the BL Footwall Zone (see the Company's new release NR15-05 dated April 20, 2015). On May 13, 2015 the Company released additional results from the winter program including a follow-up intercept of 9.30 metres grading 15.75 g/t gold from the BL Footwall Zone and a series of broad gold mineralized intercepts from the Upper and Lower Bug Lake Zones. Summer drill results included the intersecting of Bug Lake style gold mineralization 600 metres beyond the previous southern limit of Bug Lake Trend.

Drilling has also begun to delineate a new gold bearing structural zone on the Martiniere Property. Two holes, one drilled in late 2014 and a second completed this summer located approximately 185 metres further east have intersected three sub-parallel zones of gold mineralization in an 200 metre+ wide corridor of moderate deformation and dyking. These new discoveries are located approximately 2.3 kilometres west of the northern end of the Bug Lake Trend.

The Company has retained a consultant to assist it with metallurgical testing of a bulk sample from the Bug Lake Zone. Testing is currently underway with results anticipated during the fourth quarter of 2015. There are no current resources calculated for the Martiniere Property.

Grasset Property, Quebec

The Grasset Property, whose western margin is located approximately 40 kilometres east of the Martiniere gold discoveries, was initially acquired by staking in November of 2010. Drilling on the Grasset Property in April of 2011 led to the discovery of a new zone of gold mineralization which returned 33.00 metres grading 1.66 g/t gold, including two higher grade intervals of 4.04 metres grading 6.15 g/t gold and 5.00 metres grading 4.18 g/t gold. The gold mineralization is located along the Sunday Lake Deformation Zone. Following the drill intercept, the Company expanded the size of the Grasset Property and completed additional testing in 2011 and 2012. Drilling in 2012 led to the discovery of a new zone of nickel-copper-platinum-palladium mineralization associated with the Grasset ultramafic complex which is interpreted to extend for several kilometres through the Company's Grasset and Fenelon Properties.

Geophysical work completed in 2013 outlined a > 1 kilometre long IP anomaly associated with the 2012 nickel discovery. Follow-up drilling of this new discovery, now understood to be part of the Horizon 1 ("H1") Zone during the winter of 2014 outlined an extensive Ni-Cu-PGE mineralized system on the Grasset Property. Initial drill testing intersected the H1 mineralized sequence to over 840 metres along strike. Subsequent work has extended the H1 zone to over 1,000 metres along strike and to vertical depths of approximately 400 metres. These intercepts include the discovery of massive sulphide mineralization which returned a high-grade Ni-Cu-PGE intercept of 1.46 metres grading 3.69% Ni, 0.23% Cu, 0.53 g/t Pt and 1.23 g/t Pd.

A second round of testing, during the winter of 2014, identified two additional mineralized horizons within the same host sequence, with the upper-most horizon (H3) returning Ni-Cu-PGE mineralization over widths in excess of 100 metres, including a high-grade intercept of 45.28 metres grading 1.79% Ni,

0.19% Cu, 0.42 g/t Pt and 1.04 g/t Pd. Drilling has now extended the higher grade mineralization located along Horizon 3 to over 500 metres along strike and to vertical depths of over 500 metres.

The Company moved into delineation drilling of the H3 discovery in 2015 and has recently completed the summer 2015 infill and expansion drilling program. Final results from this program remain pending and upon receipt, an independent third party will commence an initial resource estimate for the H3 Zone. It is anticipated that further testing of H1 and H3 will recommence in early 2016.

The Company released the results from metallurgical work on the H3 Zone during the quarter. The metallurgical studies show the sulphide mineralization comprising the H3 Zone exhibits excellent recovery characteristics and that a very simple mill flow-sheet is capable of producing a good quality bulk nickel concentrate with each of nickel, copper, cobalt, platinum and palladium reporting to the concentrate in potentially payable quantities.

In addition to testing of the Grasset nickel discoveries the company completed several holes in the Grasset Hinge area and in the Lac Grasset area. These holes intersected a number of geologically interesting environments including a 4+kilometres long trend in the Lac Grasset area which is considered highly prospective for Cu-Zn-Ag-Au mineralization.

On November 16, 2015, the Company announced that it intersected a very high-grade sulphide vein-breccia system in the immediate footwall to the H3 Nickel Zone, at the 425 metre vertical level, which returned 10.50% Ni, 0.74% Cu, 1.87% Pt and 4.87 g/t Pd over 7.50 metres. This interval, in hole GR-15-97 when combined with the more typical, overlying, disseminated style H3 Zone mineralization produced a mineralized intercept of 63.02 metres grading 1.89% Ni, 0.15% Cu, 0.33 g/t Pt and 0.85 g/t Pd.

Fenelon Property, Quebec

The Fenelon Property is located 73 kilometres WNW (292°) from the town of Matagami, 155 kilometres north of the town of Amos (Québec) and adjoins the Grasset Property. The Fenelon Property hosts the high grade Discovery Gold Zone. Gold mineralization on the Fenelon Property is associated with a series of silicified shear veins and small-scale silica-albite shear zones within a coarse-grained mafic intrusion which may be related to the broader GUC. Visible gold found underground is associated with pyrrhotite and pyrite rich sections within the silicified zones. Sulphide content of the gold mineralized zone is typically around 5% to 10%.

A ramp to the 35 metre vertical level, to access the Discovery Zone underground, was completed in 2004 by previous operators. Upon completion of the ramp, a bulk sample was collected and test milled in Val d'Or, Quebec and reportedly displayed excellent recovery characteristics. The ramp and underground workings are currently flooded.

In 2011 the Company renewed the Fenelon Mining Lease for an additional 5 year term. In late January of 2011, the Company launched a 36 hole diamond drill program targeting the Fenelon gold zone and its extensions as part of the Phase I program. Results have indicated near surface continuity to the Fenelon vein system for 180 metres along strike and to a maximum depth of 250 vertical metres. The Discovery Zone remains open to depth. It has demonstrated significant variation in grade and thickness, from 0.35 metres to 25.00 metres, with grades ranging from 0.22 g/t gold over 3.0 metres to a 6.19 metre interval which graded 97.33 g/t gold. No work has been conducted in the Discovery Zone area since 2011, while the Company focused on the larger Martiniere gold system. In January 2013, the Company completed the acquisition of a 100% interest in the Fenelon Property from Cyprus Canada and granted a 1% NSR on the property in favour of Cyprus Canada as required by the acquisition agreement. The Company continues to examine options to move the Discovery Gold Zone forward.

During the first quarter of 2015, the Company commenced drill testing of several geophysical anomalies located along the projected north-western continuation of the GUC through the Fenelon Property

targeting Ni-Cu-PGE mineralization similar to that recently discovered on its adjacent Grasset Property. Four new Ni-Cu-PGE occurrences were identified highlighted by an intercept grading 0.37% Ni, 0.05% Cu, 0.06 g/t Pt and 0.13 g/t Pd in hole FAB-14-46 located 6.5 kilometres NW of the H3 discovery. In addition high-grade gold mineralization grading 216 g/t gold over 0.76 metres was discovered in hole FAB-15-50 along the northeastern contact of the GUC, proximal to nickel sulphide mineralization. Follow-up drilling of these discoveries and additional testing of targets on the Fenelon Property is tentatively slated for winter 2016.

Detour East (Massicotte) Property, Quebec

The Detour East Property covers over 20 kilometres of the Sunday/Detour Lake and Lower Detour Lake Deformation Zones stretching east from the Quebec-Ontario border. The property consists of 539 mining claims (approximately 21,172.71 hectares) held 100% by the Company and an additional 18 mining claims (approximately 997.54 hectares) in which the Company holds a 63% joint venture interest and is the project operator. The Detour East Property is located immediately east of the Detour Gold Mine.

Geochemical surveying was completed on the property during the fourth quarter of 2014 and highlighted several areas/trends for further follow-up. The Company also located drill core from a number of historic drill holes completed on the Detour East Property, has taken control of them and transported them to the Fenelon camp. Detailed re-logging of these holes remains pending. The Company completed a single drill hole on the southwestern portion of the Property during the quarter intersected two intercept of weakly anomalous gold mineralization within a large gabbro complex.

Jeremie Properties

Following the discovery of Ni-Cu-PGE mineralization at Grasset, the Company acquired by staking a 100% undivided interest in a new property, Jeremie, located north of the Fenelon Property. This property covers projected extensions of ultramafic rock sequence which hosts the Grasset Ni-Cu-PGE discovery. Limited historic drilling on the property has identified low-grade nickel mineralization and suggests potential for VMS and gold discoveries. During the first quarter of 2015, the Company completed a winter exploration trail into the Jeremie Property to facilitate initial drill testing of several geophysical targets along the projected extension of the GUC during the second quarter of 2015. Two targets were tested but failed to intersect ultramafic lithologies. Anomalous zinc mineralization was intersected over narrow intercepts in both holes. Two holes completed on the property during the quarter intersected mafic volcanic and intrusive rocks and minor iron formation. No significant mineralization was returned from either hole.

Other Projects

Northshore Property, Ontario

The Northshore Property is located 4 kilometres south of the town of Schreiber in Ontario and approximately 70 kilometres west along the Trans-Canada Highway from the Hemlo gold deposit in the Schreiber-Hemlo greenstone belt. The property consists of two unpatented and 5 patented mineral claims (approximately 322.26 hectares) situated in the Township of Priske, Thunder Bay Mining Division, Ontario. Certain of the mineral claims on the Northshore Property have attached patented surface rights which form part of the Northshore Property.

Gold mineralization at Northshore is located in a highly fractured series of felsic intrusive rocks. High grade gold mineralization has been identified along several vein systems on the property, which include the Audney, Caly, Gino and former producing Northshore vein systems. The Audney and Caly veins are part of a broader zone of gold mineralization referred to as the Afric Zone which encompasses several high-grade veins and broad zones of strongly anomalous gold values located between them. The Afric

Zone is the current focus of exploration on the Northshore Property with expansion of the high-grade vein systems a secondary priority.

On July 24, 2011, the Company entered into an Option Agreement with GTA Resources and Mining Inc. ("GTA"), pursuant to which GTA had the exclusive right to acquire up to a 70% interest in the Northshore Property. Under ther First Option, GTA can earn an initial 51% interest in the Northshore Property by making cash payments to the Company of $50,000 (received), issuing in favour of the Company 2,500,000 (received) common shares and incurring a minimum of $2,500,000 in eligible exploration expenditures (incurred) on the property over a three-year period. Upon exercise of the First Option, GTA will have the right to elect to proceed with a Second Option, under which GTA would have the ability to earn an additional 19% interest in the Northshore Property by making an additional cash payment of $100,000, issuing an additional 1,000,000 shares in favour of the Company and incurring additional exploration expenditures totaling $3,000,000 over an additional 24-month time frame.

On July 14, 2014, GTA delivered a First Option vesting notice to the Company and subsequently advised the Company that it would not be proceeding with a Second Option which had been granted under the terms of the Option Agreement. As a consequence, a 51/49% participatory joint venture was formed between GTA and the Company, with GTA as the majority holder and project operator.

During 2014, GTA incurred $108,920 in exploration expenditures on the Northshore Property. The Company incurred minimal exploration expenditures of $915 on the Northshore Property during the quarter and $5,361 for the period ended June 30, 2015. The Company has not received a work program plan for Northshore for the balance of 2015 and little work is expected.

The Company currently holds 3,055,555 common shares or 9.8% of the issued and outstanding common shares of GTA. As a result of shares issued by GTA during its most recent financing, the Company is no longer considered to be an insider of GTA. Balmoral will review its holdings in GTA from time to time, and may increase or decrease its position as future circumstances dictate.

N1 and N2 Properties

The N1 and N2 Properties are located approximately 100 kilometres south of the Company's flagship Detour Trend Project, and approximately 25 kilometres south of Mattagami, Quebec. Both N1 and N2 Properties occur along the regional scale Casa-Berardi fault corridor which is known to host significant gold mineralization on a number of nearby properties, including the Vezza gold deposit which the N1 and N2 Properties flank to the west and east respectively.

Historic work, mainly by Cyprus Canada in the 1990's, identified a number of zones of gold mineralization on the N2 Property and tested them to shallow (less than 300 vertical metres) depths. In 2011, the Company completed an airborne geophysical survey of the N2 Property which helped to trace out the geology in this heavily overburden covered area.

On February 2, 2015, the Company agreed to option its N1 and N2 Properties to a Vancouver based and TSXV-listed company, Wealth Minerals Ltd. ("Wealth"). Under the terms of the Option/Joint Venture Agreement, Wealth has a series of two options to earn up to a 70% interest in the properties. The terms of the Option/Joint Venture Agreement are summarized in the table and notes below.

Initially, Wealth can earn a 51% interest for total consideration of 3.0 million common shares and work commitments of $2.2 million over three years (the "First Option") (Table 1). On completion of the First Option, Wealth can elect to participate in a Second Option to earn an additional 24% (total 75%). Under the terms of the Second Option, Wealth must meet work commitments of $2.8 million and pay a cash consideration of $600,000, both over three years. Cash payments of $0.6 million can be made in either stock or cash at Wealth's option. Interest earned is subject to certain existing royalties with third parties.

Table 1: Summary of Options Terms

	Date	Wealth Minerals Shares	Cash Payment CAD$	Expenditure Commitments CAD$	Ownership Vested
First Option	Exchange Approval	1,000,000			
	First Anniversary	1,000,000		$400,000*	-
	Second Anniversary	1,000,000		$600,000*	-
	Third Anniversary			$1,200,000*	51%
Second Option	Election to Participate		$300,000		
	Fourth Anniversary		$100,000	$2,800,000^	-
	Fifth Anniversary		$100,000		-
	Sixth Anniversary		$100,000		24%
TOTALS		**3,000,000**	**$600,000**	**$5,000,000**	**75%**

* During the First Option, $1.2 million of the $2.2 million total expenditure in years 1, 2 and 3 must be expended on drilling.
This is further defined as $200,000 in Year 1, $400,000 in Year 2 and $700,000 in Year 3.
^ During the Second Option, total expenditure of $2.8 million in years 4, 5 and 6 (or earlier) is subject to minimums of $500,000 per annum.

Following the completion of either the First or Second Option, a joint venture will be formed to further advance the project. Wealth will be the operator of the N1 and N2 Properties through the First and Second Options and initial phase of any subsequent joint venture.

On February 26, 2015, the Company received the intended 1,000,000 common shares of Wealth in accordance with the terms of the Option/Joint Venture Agreement. These shares were restricted from trading until June 27, 2015. On July 9, 2015, the Company sold 100,000 shares of Wealth for an average price of $0.2406 per share for gross proceeds of $24,060. The Company will review its holdings in Wealth from time to time, and may increase or decrease its position as future circumstances dictate. To date Wealth has not completed any work on the N1 or N2 properties.

Qualified Person and QA/QC

Mr. Darin Wagner, M.Sc., P.Geo. (Ontario, Quebec), a qualified person as defined by NI 43-101, has reviewed the scientific and technical information that forms the basis for the disclosure regarding the Company's properties in this MD&A and has approved the disclosure herein. Mr. Wagner is not independent of the Company, as he is the CEO and President and holds common shares and incentive stock options.

RISK FACTORS

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, in the Provinces of Ontario and Quebec, Canada. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are all early stage exploration properties), the following risk factors, among others, will apply:

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, 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 or grade to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be

affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. **There are currently no current mineral resources, and there are no known mineral reserves, on any of the Company's properties. The vast majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.** Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body which can be legally and economically exploited.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. All of the Company's properties are in the exploration stage and the Company has not defined or

delineated any proven or probable reserves on any of its properties. None of the Company's properties are currently under development. Continued exploration of its existing properties and the future development of any properties found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity shares, short-term, high-cost borrowing or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect the ability of the Company to continue its planned business within any such jurisdictions.

Recent Market Events and Conditions: Since 2008, the U.S. credit markets experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general global economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

While these conditions appeared to improve slightly in 2013/14, the effect of high sovereign debt levels in Europe and in other countries globally, slowing economic growth in the BRIC countries in 2012-2015 and the continued proliferation of market activities designed to favour traders over longer term investors, has continued to cause unprecedented disruptions and volatility in the credit and financial markets which have had a significant material adverse impact on a number of financial institutions and has limited access

to capital and credit for many companies. These conditions have had a significant negative impact on the market valuations for the vast majority of exploration and development companies in the resource sector and on the availability of risk capital necessary for these companies to continue to finance their activities. Should these disruptions/issues continue they could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

General Economic Conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, have been and continue to be adversely impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending/confidence, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, sovereign debt issues, interest rates, global trade and currency imbalances and tax rates may adversely affect the Company's growth and potential profitability. Specifically:

- The continuing global credit crisis and a number of measures designed to mitigate have and could continue to impact the cost and availability of financing and the Company's overall liquidity;
- the volatility of gold and other base metal prices may impact the Company's future revenues, profits and cash flow and perception of same;
- volatile energy prices, commodity and consumables prices and currency exchange rates impact exploration and potential production costs; or
- the devaluation of the resource sector and volatility of global stock markets impacts the valuation of the Company's common shares, which may impact the Company's ability to raise funds through the issuance of equity securities

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the future exploration/ development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public/private financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Dilution to the Company's Existing Shareholders: The Company will require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity

securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Increased Costs: Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could cause the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration program could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain current or additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely, upon consultants and others for operating expertise.

Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced an increasingly high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Exploration and Mining Risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation

generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Limited Experience with Development-Stage Mining Operations: The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves have not demonstrated economic viability.

***Mining Industry is Intensely Competitive*:** The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Title Matters: The Company cannot guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. The process of acquiring exploration concessions involves an application process and, until title to an exploration concession is actually granted, there can be no assurance that an exploration concession which has been applied for will be granted (especially as it is not always possible to determine if there are prior applications over the same ground).

***The Company may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in the Company's common shares that are U.S. taxpayers*:** Investors in the Company's common shares that are U.S. taxpayers should be aware that the Company believes that it has been in prior years, and expects it will be in the current year a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If the Company is or becomes a PFIC, generally any gain recognized on the sale of the Common Shares and any "excess distributions" (as specifically defined) paid on the Common Shares must be rateably allocated to each day in a U.S. taxpayer's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Common Shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to the Company generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of the Company's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware, however, that there can be no assurance that the Company will satisfy record keeping requirements under the QEF rules or that the Company will supply U.S. taxpayers with required information under the QEF rules, in event that the Company is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if the Company is a PFIC and its common shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the common shares.

Due to the extreme complexity of the PFIC rules and the potentially materially adverse consequence to a shareholder that is a U.S. taxpayer of the Company being a PFIC, it is critical that each shareholder that is a U.S. taxpayer consult with that shareholder's U.S. tax adviser before undertaking any transactions in the Company's common shares.

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is a summary of quarterly results taken from the Company's unaudited quarterly financial statements.

Description	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Total assets	$ 55,884,905	$ 56,303,843	$ 57,495,860	$ 57,004,317
Working capital*	$ 5,848,699	$ 10,312,782	$ 12,150,286	$ 15,834,042
Net income(loss) for the period	$ 1,062,076	$ 267,129	$ 619,368	$ (1,924,621)
Income (Loss) per share	$ 0.01	$ 0.01	$ 0.01	$ (0.01)

Description	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Total assets	$ 47,667,746	$ 46,976,892	$ 42,538,398	$ 42,752,503
Working capital*	$ 7,380,330	$ 11,620,938	$ 7,766,450	$ 10,898,235
Net income (loss) for the period	$ 439,650	$ (322,547)	$ (2,513,011)	$ (2,100,127)
Income (Loss) per share	$ 0.00	$ (0.00)	$ (0.03)	$ (0.02)

* Includes short term tax recoveries and publicly traded shares and excludes other liabilities related to flow-through share obligations

The following section discusses the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variation seen over and between individual quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties, none of which are possible to predict with any accuracy. There are no general trends regarding the Company's quarterly results, and the Company's business of mineral exploration is not seasonal.

Quarterly results can vary significantly depending on the activity level of the Company, whether the Company has abandoned any properties, granted stock options or hired new employees/contractors or paid employee bonuses. These are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. Another factor which can cause a material variation in net loss on a quarterly basis is the grant of stock options due to the resulting share-based payment charges which can be significant when they arise. General operating costs other than the specific items noted above tend to be quite similar from period to period. The variation in profit or loss is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

RESULTS OF OPERATIONS

Nine months ended September 30, 2015 compared to nine months ended September 30, 2014

During the nine months ended September 30, 2015, the Company had a net income of $1,948,573 (2014 - a loss of $2,395,908). The income is comprised of an interest income of $105,727 (2014 - $69,560), foreign exchange gain of $15,554 (2014 - $5,303), gain on marketable securities of $2,745 (2014 - $nil), and deferred income tax recovery of $3,426,002 (2014 – $1,422,380), offset by $1,586,177 (2014 - $3,170,427) in general administrative expenses and $ 15,278 impairment loss on marketable securities (2014 - $722,724).

Share-based payments decreased to $74,453 (2014 - $1,787,329). In the current period, 360,000 stock options were granted on June 18, 2015 with 25% vesting on each of August 23, 2015, February 23, 2016, August 23, 2016 and February 23, 2017 whereas 4,700,000 stock options were granted at a weighted average exercise price of $0.60 all vesting on the grant date in the comparative period of the prior year.

Filing and transfer agent's fees decreased from $111,710 to $95,619 due to a combination of decrease in Part XII tax and the number of news releases during the period offset by an increase in the TSX listing fee.

Office and miscellaneous expenses increased from $98,835 to $138,359, rent expenses increased from $64,676 to $84,195 and salaries and benefits increased from $386,500 to $422,769 mainly due to the increase in the number of personnel as well as the expansion of the office space during the current fiscal period.

Professional fees increased from $101,925 to $121,803 due to higher legal fees paid for the review of materials related to the annual general meeting and disclosure policy. As a result of increase in activities during the current year, the year-end audit fee accrual also increased.

Shareholder communication expenses increased from $462,694 to $540,984 while travel and related costs decreased from $106,008 to $61,932 as the Company focused its efforts on investor awareness and market penetration.

Other expense categories that reflected only moderate change, period over period, were consulting fees of $45,080 (2014 - $49,750) and depreciation expense of $983 (2014 - $1,000).

The Company earned $105,727 (2014 - $69,560) interest income from its GICs in the current fiscal period.

During the nine months ended September 30, 2015, the Company incurred $8,440,873 of qualified flow-through funded exploration expenditures, which partially fulfilled its commitments pursuant to the flow-through share financing closed on November 6, 2014. As at September 30, 2015, $843,250 remains to be incurred.

Three months ended September 30, 2015 compared to three months ended September 30, 2014

During the three months ended September 30, 2015, the Company had an income of $1,062,076 (2014 – $439,650). The income is comprised of an interest income of $32,388 (2014 - $27,683), foreign exchange gain of $14,442 (2014 - $1,895), gain on marketable securities of $2,745 (2014 - $nil), and deferred income tax recovery of $1,550,277 (2014 - $890,888), offset by $522,498 (2014 - $465,538) in general administrative expenses and $15,278 impairment loss on marketable securities (2014 - $15,278).

Share-based payments increased to $63,153 (2014 - $Nil). In the current period, 25% of the 360,000 stock options granted on June 18, 2015 vested on August 23, 2015 whereas Nil stock options were granted or vested in the comparative period of the prior year.

Office and miscellaneous expenses increased from $32,791 to $34,394, rent expenses increased from $21,325 to $28,459 and salaries and benefits increased from $129,285 to $141,450 mainly due to the increase in the number of personnel as well as the expansion of the office space during the current fiscal period.

Shareholder communication expenses increased from $149,366 to $174,009 during the three months ended September 30, 2015 while travel and related costs decreased from $43,520 to $14,282 as a result of the Company focusing its efforts on investor awareness and market penetration.

Consulting fees decreased from $27,000 to $12,360 mainly due to a one time consulting agreement engaged in the comparative fiscal period of the prior year.

Other expense categories that reflected only moderate change, period over period, were depreciation expense of $358 (2014 - $333), filing and transfer agent’s fees of $17,391 (2014 - $20,706), office expenses of $34,395 (2014 - $32,791), and professional fees of $36,642 (2014 - $41,212).

The Company earned $32,388 (2014 - $27,683) interest income from its GICs in the current fiscal period.

During the three months ended September 30, 2015, the Company incurred 3,819,522 of qualified flow-through funded exploration expenditures, which partially fulfilled its commitments pursuant to the flow-through share financing closed on November 6, 2014.

LIQUIDITY AND CAPITAL RESOURCES

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed by the sale of its equity securities by way of private placements and the exercise of incentive stock options and share purchase warrants. In addition, the Company can raise funds through the sale of interests in its mineral properties. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects. When acquiring an interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

The Company had working capital of $5,848,699, which includes cash and cash equivalents on hand at September 30, 2015 of $5,607,790, short term tax recoveries and publicly traded shares but excludes other liabilities related to flow-through share obligations. This compares to working capital of $15,834,042 and cash and cash equivalents on hand of $15,587,381 at December 31, 2014. On October 28, 2015, the Company closed a non-brokered flow-through private placement by issuing 6,047,646 flow-through common shares at a price of $0.75 per flow-through share for gross proceeds of $4,535,734. The funds provide sufficient funding for operations for the ensuing year.

The Company expects that it will operate at a loss for the foreseeable future and believes that its current cash and cash equivalents will be sufficient for it to maintain it's currently held properties, and fund its currently anticipated general and administrative costs, for the balance of the fiscal year ending December 31, 2015 and through December 31, 2016. The Company's current planned operating needs are $0.8 million until December 31, 2015. Budgets for 2016 had not been approved by the Board of Directors of the Company as at the date of this document. It is anticipated that the Company would require a budget of $8.0 million through December of 2016 dependent largely on the level of activity during 2016. Thus, with the financing completed following completion of the period the Company would be in a position to maintain its currently held properties, and fund its currently anticipated general and administrative costs and planned exploration expenditures for the fiscal year ending December 31, 2016.

The Company has no exposure to any asset-backed commercial paper. All of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

RELATED PARTY TRANSACTIONS

During the period ended September 30, 2015, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment expenses, in connection therewith:

Name	Relationship	Purpose of Transaction	Nine Months Ended	Three Months Ended
Darin Wagner	President and CEO	Salaries and benefits	$ 101,250	$ 33,750
68B Resource Consultants Ltd.	Company controlled by the President and CEO	Technical Services	$ 90,000	$ 30,000
Blue Pegasus Consulting Inc.	Company controlled by the CFO	Financial Consulting Services (included in Consulting Fees)	$ 37,080	$ 12,360
Richard Mann	Vice President, Exploration	Salaries and benefits	$ 150,000	$ 50,000
John Foulkes	Vice President, Corporate Development	Salaries and benefits	$ 81,346	$ 33,750
Lawrence W. Talbot	Director	Directors Fees (included in Salaries and benefits)	$ 16,686	$ 5,562
Graeme Currie	Director	Directors Fees (included in Salaries and benefits)	$ 16,686	$ 5,562
Daniel Maclnnis	Director	Directors Fees (included in Salaries and benefits)	$ 16,686	$ 5,562

A short-term advance of $4,570 to Darin Wagner for travel is included in prepaid expenses, which is repaid during the normal course of business.

During the nine months ended September 30, 2015, the following stock options were granted to insiders.

Name	Relationship	Grant Date	Number Granted	Exercise Price
John Foulkes	Vice President, Corporate Development	June 18, 2015	360,000	$ 0.77

The foregoing incentive stock options have a term of 5 years and are subject to vesting provisions whereby 25% vest on August 23, 2015 and an additional 25% on each of February 23, 2016 and August 23, 2016 and the balance on February 23, 2017.

During the three months ended September 30, 2015, no stock options were granted to insiders.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off Balance Sheet arrangements.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to provide reasonable assurance that all relevant information required to be disclosed in the Company's reports filed or submitted as part of the Company's continuous disclosure requirements is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure and such information can be recorded, processed, summarized and reported within the time periods specified by applicable regulatory authorities.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2015 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, the disclosure controls and procedures were effective as of September 30, 2015. However, Management and the Board recognize that no matter how well designed the Company's control systems are, such controls can only provide reasonable assurance, not absolute assurance, of detecting, preventing and deterring errors.

EVALUATION OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting means a process designed by, or under the supervision of, the Company's certifying officers, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and include those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of assets of the Company;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and
- are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the annual financial statements or interim financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the effectiveness of the Company's internal controls over financial reporting as of September 30, 2015. This evaluation was based on the framework in Internal Control – Integrated Framework issued by the Committee of the Sponsoring Organizations of the Treadway Commission.

Based on the assessment, management concluded that the Company's internal control over financial reporting was effective as of September 30, 2015.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the period beginning on January 1, 2015 and ended on September 30, 2015.

PROPOSED TRANSACTION

As at the date of this MD&A there are no proposed transactions, not otherwise reported herein, where the Board of Directors or senior management believes that confirmation of the decision by the board is probable or with which the board and senior management have decided to proceed.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. The Financial Statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following significant areas:

i. assumptions used in the calculation of the fair value assigned to share-based payments;
ii. income taxes; and
iii. valuation of marketable securities
iv. provisions for environmental rehabilitation

Assumptions used in the calculation of the fair value assigned to share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

Valuation of marketable securities

Management assesses at the end of each reporting period whether there had been any other-than-temporary impairment on its investments, using objective evidence to determine if the marketable securities are impaired. Listed prices on public stock exchanges are used to determine if the fair value is at a significant and prolonged decline below the historical cost of the marketable securities. Management assessed other-than-temporary impairment on its marketable securities for the year ended December 31, 2014. Management has determined that there were no indicators of other-than temporary impairment on its marketable securities for the period ended September 30, 2015.

Provisions for environmental rehabilitation

The Company assesses its provisions for environmental rehabilitation on an annual basis or when new material information becomes available. Provisions for environmental rehabilitation require management to make estimates of the future costs of the work required to comply with legal or constructive obligations. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of work required to be performed, which could materially impact the amounts charged to operations for provisions for environmental rehabilitation.

Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management. The following are accounting items which involve judgment:

Refundable tax credits and flow-through expenditures

The Company is entitled to refundable input tax credits and tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether expenditures are eligible for claiming such credits.

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualified expenditures have been incurred. Differences in judgment between management and regulatory authorities can materially increase the flow-through premium liability and outstanding commitments.

Valuation of exploration and evaluation assets

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted or planned and results of exploration and evaluation activities on the exploration and evaluation assets. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is

increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. Management has determined that there were no indicators of impairment during the nine months ended September 30, 2015 and 2014.

Evaluation of the nature of interests in undivided assets

Management has determined that the contractual arrangement in Note 5(b) does not meet the definition of a joint operation under IFRS 11 Joint Arrangements as the Company and GTA Resources and Mining Inc. ("GTA") do not share joint control. However, as the Company retains a 49% undivided interest on the Northshore Property, the Company has accounted for this interest by recognizing its share of the assets, liabilities and expenditures under the arrangement.

NEW ACCOUNTING PRONOUNCEMENTS

The following standard and interpretation has been issued, but is not yet effective, has not been early-adopted by the Company and the Company has yet to assess the full impact.

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in a similar manner to under IAS 39, however, there are differences in the requirements applying to the measurement of an entity's own credit risk. IFRS 9 also introduces a "fair value through other comprehensive income" category for certain debt instruments. The finalized version of IFRS 9 is applicable to the Company's annual periods beginning on January 1, 2018.

RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business.

The Company currently has no source of revenues, and therefore is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2015. The Company is not subject to externally imposed capital requirements.

The Company classified its cash and cash equivalents as financial assets at fair value through profit or loss; accounts receivable as loans and receivables; marketable securities as available for sale; share purchase warrants as held-for-trading; and accounts payable and accrued liabilities as other financial liabilities. The carrying values of accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these financial instruments.

DISCLOSURE OF OUTSTANDING SHARE DATA

(a) Authorized and Issued capital stock:

As at September 30, 2015:

Authorized	Issued	Amount
An unlimited number of common shares without par value	110,381,521	$ 64,253,566

As at November 16, 2015:

Authorized	Issued	Amount
An unlimited number of common shares without par value	116,429,167	$ 666,990,846

(b) Options Outstanding:

As at September 30 and November 16, 2015:

Number	Exercise Price	Expiry Date
695,000	$ 1.25	June 6, 2016
2,397,700	$ 1.05	February 6, 2018
3,520,000	$ 0.60	January 23, 2019
300,000	$ 0.61	February 5, 2019
150,000	$ 0.90	December 23, 2019
360,000	$ 0.77	June 18, 2020
7,422,700		

(c) Warrants/Agent's warrants Outstanding:

As at September 30, 2015:

Number	Exercise Price	Expiry Date
236,000*	$ 1.45	November 6, 2015
154,800*	$ 1.25	June 20, 2016
390,800*		

*Agent's warrants

As at November 16, 2015:

Number	Exercise Price	Expiry Date
154,800*	$ 1.25	June 20, 2016

*Agent's warrants

ADDITIONAL SOURCES OF INFORMATION

Additional disclosures pertaining to the Company, including its most recent interim unaudited and audited financial statements, management information circular, material change reports, press releases and other information, are available on the SEDAR website at www.sedar.com or on the Company's website at www.balmoralresources.com.