DISCOVERY VENTURES INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Nine months ended September 30, 2015.

General

The following discussion and analysis should be read in conjunction with the unaudited financial statements for the Nine months ended September 30, 2015 and the audited financial statements and notes for fiscal years ended December 31, 2014 and 2013. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company can be found on the SEDAR website at www.sedar.com.

The Management Discussion and Analysis was approved by the Board of Directors of the Company on November 26, 2015.

The Company's head office and principal address is 900 – 570 Granville Street, Vancouver, BC, V6C 3P1.

These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Reporting Interpretations Committee (IFRIC). They do not include all of the information required for full annual financial statements.

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting except cash flow information.

All amounts are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "progressing", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors 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. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to predict or control could cause actual results to differ materially from those contained in the forward-looking statements. which include, without limitation, commodity price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the mineral exploration and development industry, the ability of the Company to receive continued financial support from related parties and to obtain public equity financing, the ability to generate profitable operations in the future, and the receipt of regulatory approvals on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements.

Overview

The Company was incorporated on October 13, 1999 under the laws of British Columbia under the name 593960 British Columbia Ltd. and was inactive during the fiscal years 1999 to 2007. Commencing in the fiscal year 2008, the Company was reactivated with the purpose of assessing exploration opportunities in western Canada. On February 28, 2008 the Company changed its name to Discovery Ventures Inc. to better reflect a change in the focus of its principal business to the exploration of mineral interests.

The Company's common shares were approved for listing on the TSX Venture Exchange and commenced trading on October 30, 2009.

The Company is a natural resource company engaged in the acquisition and exploration of mining properties. The Company's main emphasis was on the exploration for gold in the Similkameen Mining Division Province of British Columbia, where the Company has an interest in the Rabbitt Mine Property, which is located in the Similkameen Mining Division, 10 km west of Tulameen, British Columbia. The Rabbitt Mine Property is more specifically described below under the heading "Interest in Mineral Property". The Rabbitt Mine Property consists of 19 mineral claims. To September 30, 2015, the Company has spent $254,827, net of Mining Exploration Tax Credits received of $17,699 (December 31, 2014 - $254,827) on the exploration of the Rabbitt Mine Property.

During fiscal 2010 the Company acquired 30 claims located in the Lillooet Mining Division, British Columbia in consideration for $15,000 (paid) and 1,000,000 shares (issued), subject to a 2% Net Smelter Return Royalty. Additional amount were incurred in the fiscal year ended December 31, 2013 for filing assessment work to keep the claims in good standing. The Company has a further option to purchase one-half of the Net Smelter Return Royalty for $1.5 million. During the fiscal year ended December 31, 2014 management decided to abandon the Bralorne Mineral Property. Accordingly, the aggregate costs related to the abandoned exploration and evaluation assets in the amount of $333,597 were written off and charged to operations.

On November 30, 2012 the Company issued 7,108,000 units and 622,600 Agent warrants, and on December 7, 2012 issued 2,460,000 units and 188,000 Agent warrants, pursuant to brokered private placements consisting of 9,568,000 units at $0.25 per unit. Each unit consists of one common share and one share purchase warrant exercisable over 5 years, at a price of $0.35 per common share in the first year, $0.40 in the second year and $0.45 per common share from the third to the fifth year.

During the fiscal year ended December 31, 2012 the Company issued 3,442,597 common shares upon the exercise of warrants at $0.20 per share.

Pursuant to an option agreement dated November 13, 2012 (as further amended on September 24, 2013, January 13, 2014 and February 27, 2014) and an Assumption Agreement dated April 15, 2014 the Company agreed to acquire up to an 100% interest in the Willa property, consisting of 5,328 hectares located in the Slocan Mining Division, British Columbia, subject to a 2.5% NSR. See Interest in Mineral Properties - Willa Deposit, British Columbia

On January 8, 2013 the Company issued 50,000 common shares to a consultant upon the exercise of stock options exercisable at a price of $0.235 per share for net proceeds in the amount of $11,750.

On January 8, 2013 the Company issued 400,000 common shares at a fair value of $0.39 per share, and on August 14, 2014 the Company issued an additional 400,000 common shares at a fair value of $0.18 per share for contractual commitments (see Big Creek Property – "Interest in Mineral Properties").

On August 8, 2013 the Company announced it had entered into a renewable contract dated August 2, 2013 with Bircress Corporate Relations Inc. for investor relations and corporate communications services for a monthly fee of $3,000. Pursuant to the terms of the contract the Company granted 500,000 share purchase options, exercisable on or before August 8, 2018 at a price of $0.25 per share. The options shall vest over a 12 month period with 25% of the options vesting after each 3 months.

On November 4, 2013 (as further amended on January 5, 2014 and March 6, 2014), the Company entered into a binding letter agreement with Roca Mines Inc. ("Roca") and FortyTwo Metals Inc. ("FortyTwo") a wholly-owned subsidiary of Roca, whereby Roca granted an exclusive option to the Company to acquire all of the issued and outstanding common shares of FortyTwo. FortyTwo holds, among other assets, the Max Mine which includes an underground molybdenum mine, crushing, milling and concentrating facilities, tailing storage facilities, mineral claims, mining leases, licenses and other holdings located near Trout Lake in the Revelstoke Mining Division of the Province of British Columbia. See Investment in Associate – FortyTwo Metals Inc.

On November 15, 2013 the Company completed a private placement financing, pursuant to which it has issued 4,779,000 units at a price of $0.21 per unit for gross proceeds of $1,003,590. Each unit will consist of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share in the capital of the company for a period of two years from the date of issuance, at a purchase price of $0.35 per share. The Company paid a finder`s fee of $60,215 and issued 286,740 warrants.

On April 1, 2014, the Company completed a private placement of 6,024,250 units at a price of $0.15 per Unit for gross proceeds of $903,638. Each Unit consists of one share of common share and one half of one non-transferrable warrant with each full Warrant entitling the holder to purchase one additional Share at a price of $0.30 for a period of three years. The Company paid a finder's fee of $54,218 and issued warrants to purchase up to 361,455 Shares on the same terms as the Units.

The Company used a portion of the proceeds from the Financing to complete the exercise of the second stage of the option and acquired additional share capital of FortyTwo Metals Inc., a partially-owned subsidiary of Roca Mines Inc. as further described in the news release dated March 7, 2014.

The Company entered into an assignment, assumption, and framework agreement (the "Assignment Agreement") dated April 15, 2014 with 0951719 B.C. Ltd. ("Numberco") and the owners of the Willa Property (collectively, the "Optionors"). Pursuant to an option agreement dated October 5, 2012, as amended (the "Option Agreement"), the Optionors granted Numberco an option to acquire a 100% interest in the Willa Property, consisting of 5,328 hectares located in the Slocan Mining Division, British Columbia, south of the town of Silverton, B.C., subject to a 2.5% net smelter royalty.

At the Company's annual general and special meeting of shareholders held April 30, 2014, the shareholders of the Company approved the increase in the Company's authorized capital from 100,000,000 common shares to an unlimited number of common shares (the "Increase Amendment") and an amendment (the "Amendment") to its Articles to authorize the board of directors of the Company to change the Company's name or adopt or change any translation of that name. For more information on the Increase Amendment and the Amendment please refer to the Company's Information Circular filed on SEDAR on April 3, 2014.

In connection with the Amendment, the Company issued 3,600,000 common shares to 0951719 B.C. Ltd. pursuant to the assignment agreement announced on April 17, 2014. These common shares will be subject to a statutory hold period expiring four months and one day after issuance.

The Company has retained Palisade Capital Corp. ("Palisade") as an independent consultant to provide marketing services, setting up marketing teleconferences and road shows for the European, Canadian and U.S. investment community, and assisting in the distribution of news releases. In consideration for Palisade's services, the Company has agreed to pay Palisade a total fee of $70,000 for a term of 10 months commencing April 1, 2014 and ending on February 1, 2015. The Company also agreed to issue options to purchase up to 100,000 common shares of the Company at a price to be determined on the date of grant for a period of two years.

In May 2014, the Company released National Instrument 43-101 (NI 43-101) compliant Preliminary Economic Assessment (PEA) and Technical Report for the WillaMAX. The PEA reviews the economic potential of mining the Willa resource, located in the Slocan Mining Division, and milling at the MAX Mine and Mill facilities, located approximately 135 Highway - km from the Willa property in the Revelstoke Mining Division, British Columbia, Canada. For more information on the PEA please refer to the Company's Technical Report filed on SEDAR. The Company voluntarily filed an amended PEA dated June 20, 2014. The amended PEA clarifies that a mineral reserve has not been estimated for the WillaMax project and removes all references to mineral reserves in the Amended PEA. By definition, a mineral reserve is the economically mineable part of a Measured or Indicated mineral Resource demonstrated by at least a preliminary feasibility study.

On May 6, 2014, the Company announced that, further to its news release dated February 24, 2014, it has ceased negotiations with a third party for a $12 million senior secured term debt facility. On June 18, 2014 the Company announced entry into a non-binding term sheet with a third party lender for a $12.1 million (the “Principal Amount”) gold prepayment agreement with a New York based financing firm (the “Facility”). The Facility would bear interest at a rate of 9% per annum on funds advanced and would be repaid by the delivery of 14,400 ounces of gold and 900 tons of copper over a maximum 36 month period starting no later than the 19th month following the closing date. The Principal Amount will be provided in two tranches with the first tranche of $4.1 million provided at closing and the second tranche of $8.0 million to be funded no later than 12 months after closing, subject to conditions precedent to be mutually agreed upon. Proceeds from the Facility will be used to complete the acquisition of FortyTwo Metals Inc. (including the MAX Mine, existing permits, mill/concentrator and tax loss pools) and advance and develop the WillaMAX Project in British Columbia to sustainable production as outlined in Discovery’s Preliminary Economic Assessment (PEA) Report dated May 26, 2014. Subject to satisfactory legal and technical due diligence, the entry into of a definitive agreement, and the completion of conditions to be contained in the definitive agreement, the Facility is targeted to close by September 2014 and will be secured by Discovery’s assets. Discovery will enter an off-take agreement for all production from the WillaMAX Project during the repayment period. The Facility was arranged by BayFront Capital Inc. and Discovery anticipates paying a finder's fee of 5% in cash and in warrants of any amount drawn through the Facility. Any agreement and the issuance of all fees and shares shall be subject to the prior approval of the TSX Venture. Although the non-binding term sheet currently contemplates that upon entry into a binding definitive agreement Discovery will be required to deliver 400 troy ounces of gold and 25 tons of copper concentrate per month for 36 months starting on the 19th month following entry into a definitive agreement (aggregate of 14,400 troy ounces of gold and 900 tons copper concentrate), Discovery can offer no assurance that it will enter into a binding definitive agreement with the lender, that the WillaMAX property will be in production or that Discovery will be in a position to deliver such materials as and when required if such an agreement is entered into. If Discovery enters into a binding definitive agreement with the third party lender, the failure to deliver the materials when required will constitute a default under the terms of such agreement. Before a production decision can be made, additional work on the WillaMAX Project is required as further outlined in the Amended PEA, including re-activation of the underground workings, environmental permitting and approvals, First Nation engagement, re-evaluation of the mineral resources at different cut-off grades, redevelopment of the mine design and re-evaluation of the capital and operating costs.

On July 2, 2014, the Company completed a private placement of 7,971,333 units at a price of $0.15 per Unit for gross proceeds of $1,195,670. Each Unit consists of one common share and one half of one share purchase warrant with each warrant entitling the holder to purchase one additional share at a price of $0.30 for a period of three years. The Company paid a finder’s fee of $32,025 and issued agent warrants to purchase up to 213,500 shares on the same terms as the warrants attached in the Unit. As at September 30, 2014 the Company had received $590,050 in advance.

On July 21, 2014, the Company completed a private placement of 8,385,666 units at a price of $0.15 per Unit for gross proceeds of $1,257,850. Each Unit consists of one common share and one half of one share purchase warrant with each warrant entitling the holder to purchase one additional share at a price of $0.30 for a period of three years. The Company paid a finder’s fee of $29,160 and issued agent warrants to purchase up to 203,400 shares on the same terms as the warrants attached in the Unit.

On August 7, 2014, the Company retained the financial consultant firm of Baxter Capital Advisors, Inc. to help coordinate an application to be quoted on the OTC QX.

On August 12, 2014, the Company announced that it has retained Star Finance GmbH, an investor relations firm from Switzerland to provided investor relations services to the Company for a period of twelve months at $4,500 per month, paid in one annual amount of $54,000.

Effective August 15, 2014, the Company engaged a consultant to provided investor relations services, for a period of six months, at $12,500 per month.

On August 20, 2014, the Company granted options to acquire up to 5,331,999 shares to officers, directors and consultants of the Company, exercisable at a price of $0.25 per share. Of these 5,331,999 are exercisable for a period of 5 years and 100,000 options are exercisable for a period of 2 years. See “Stock Options”.

On August 25, 2015 the Company announced that it has filed a notice of work (“Now”) application with the provincial government of British Columbia to conduct underground exploration activities at the Willa Project. The proposed work is intended to focus on i) re-opening the existing adit portals (currently closed), ii) repair and maintain the existing adit drainage systems and iii) to conduct underground percussion drill sampling of some of the mineralized zones within the Willa Resource. The underground work is expected to be conducted over the course of a 30 day period and will provide an opportunity to assess ground conditions of the workings.

The Company entered into a twelve month advisory agreement dated August 28, 2014 to engage Jacob Securities Inc. to provide certain services including market intelligence and liquidity support in exchange for a monthly advisory fee of $10,000.

The Company commenced a surface exploration program at the Willa Project. The surface work includes geological mapping and sampling of bedrock exposures not previously mapped in detail. The work is being completed for Discovery by geologist David Good, B.Sc.

The Company engaged Eagle Mapping Ltd. to conduct a high-accuracy aerial LiDAR survey to deliver detailed topographic information and a digital terrain model over the Willa Property. The completed survey, and accompanying digital photography has been used to create accurate maps. As completed, that information is now to be included in the new modeling to confirm, and if necessary adjust surface drill-hole collar locations within the current drill hole database. The Company has engaged Micon International Limited, a Vancouver, BC based geology and mining consultancy firm to update and refine the geological modeling of the Willa Resource.

The Company has engaged the service of Ms. Vanessa Freberg in the role of Community Engagement manager for the WillaMAX Project.

The Company engaged the geotechnical consulting firm Klohn Crippen Berger of Vancouver, BC to complete Dam Safety Inspection of the MAX Mine Tailings Storage Facility. A site inspection was completed on September 4, 2014. SRK Consultants of Vancouver, BC has also been engaged to complete an independent third party review of the Dam Safety Inspection and recently completed a site visit to the MAX Tailing Storage Facility. Having completed the site inspection, the consultants are now reviewing design and monitoring records in conjunction with Canadian Dam Association, Dam Safety Guidelines.

The Company engaged Sundown Holdings Inc. of Kelowna, BC to commence various maintenance and upgrades to the MAX Mill.

The Company engaged Sitkum Consulting Ltd, a geosciences firm based in Nelson, BC to review the project imagery and to ground-proof various slopes for potential avalanche and terrain mapping. The Company engaged Masse Environmental Consultants Ltd. of Nelson, BC to initiate detailed baseline water quality monitoring programs and to complete a review of historical data collected at the site.

On September 26, 2014, the Company announced that its ordinary shares began trading on the OTCQX marketplace under symbol DTVMF. U.S. investors can find current financial disclosures and quotes for the Company on www.otcmarkets.com.

On November 24, 2014, the Company announced that it had received Mines Act Permit MX-5-786, approved by the Ministry of Energy and Mines, to undertake its planned underground sampling and mapping activities at the Willa Project.

On July 8, 2015 the Company entered into a definitive amended loan agreement with Dan Omeniuk (the “Investor”) whereby the Investor has agreed to provide two secured credit facilities to the Company : a $2 million convertible credit facility (the “Convertible Credit Facility”) and a $5 million credit facility (the “Credit Facility”), together with the Convertible Credit Facility, the “Credit Facilities”). See “Credit Facilities”.

In response to a review by the British Columbia Securities Commission of the Company’s Amended Preliminary Economic Assessment and Technical Report (“Amended PEA”) for the WillaMAX Project filed on June 30, 2014, the Company announced on July 3, 2015, that it is working with the Amendeded PEA’s author, Wayned M. Ash, P.Eng. to correct deficiencies and to file a new Preliminary Economic Assessment (“New PEA”). The Company and Mr. Ash have concluded that since a New PEA needs to be filed it should also update the data that was the basis of the Ameded PEA. The Amended PEA relied on the Technical Report on the Willa Deposit, Slocan Mining District, British Columbia prepared for the Company by Mr. Ash and David makepeace and dated November 23, 2013 (the “Technical Report”).

- Data from Aerial LiDAR photography conducted in September 2014 will update the several surface diamond drill hole collar elevations.
- Update the specific gravity of the current mineral resources.
- Alterations of the basic strike and dip of the West Zone for comparison with the results of the current north-striking, vertical-dipping assumptions used in the current zone configuration.
- Possible evaluation of the tonnage and grade by Kriging process regression.
- Incorporate updated geology information in the mineral resource estimate.
- Alter the grade cut-off from a gold-grade to a combined three-metal value of Cdn$115.
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Until Discovery files the New PEA, investors are cautioned that the previously disclosed Willa Property estimates and the economic analysis in the Amended PEA are not supported by a compliant technical report, contrary to NI 43-101, and should not be relied on until they are supported by a New PEA.

On July 6, 2015 the Company announced that it has made formal application with the Ministry of Mines for a 10,000 tonne bulk 1ine permit on the Willa mine project.

On July 6, 2015 the Company announced the appointment of the Investor, Dan Omeniuk, as a Director, CEO and Chairman of the Board. Mr. Omeniuk replaces Mr. Akash Patel, who remains President and a director of the Company.

Pursuant to a Release Agreement with 0951719 B.C. Ltd. dated September 4, 2015 and an Amendment to the Assignment, Assumption and Framework Agreement with the Optionors of the Willa Property dated September 14, 2015, in October 2015 the Company acquired a 100% interest in the Willa property, consisting of 5,328 hectares located in the Slocan Mining Division, British Columbia, subject to a 2.5% Net Smelter Royalty (“NSR”). See Willa Property.

Selected Annual Information

Fiscal Year	2014	2013	2012
	$	$	$
Interest Income	45	14,272	2,672
Loss before income tax	2,697,407	1,353,329	480,847
Net Loss	2,697,407	1,353,329	480,847
Total assets	6,151,982	3,887,305	3,652,014
Loss per share	(0.05)	(0.04)	(0.02)

Interest in Mineral Properties

As at	September 30, 2015	December 31, 2014
	$	$
Acquisition costs		
Rabbitt Mine Property	198,042	198,042
Willa Deposit	3,082,657	1,778,957
Balance, end of period	3,280,699	1,976,999
Exploration costs		
Rabbitt Mine Property	254,827	254,827
Willa Deposit	781,400	635,897
Balance, end of period	1,036,227	890,432
Net Smelter Royalty advance payment		
Willa Deposit	479,500	100,000
Balance, end of period	479,500	100,000
Total exploration and evaluation assets	4,796,427	3,217,431

Rabbitt Mine Property

As at April 28, 2008, the Company signed an option agreement, whereby it may acquire a 100% undivided interest in 4 mineral claims situated in the Similkameen Mining Division, British Columbia in exchange for an immediate cash payment of $15,000 (paid) and the following future consideration.

a. $20,000 (paid) and 200,000 of the Company's common shares (issued) no later than 15 days after the date the Company's shares are listed, posted and called for trading on the TSX Venture Exchange (TSX initial trading date – October 30, 2009).
b. $25,000 (paid) no later than October 30, 2010.
c. $25,000 (paid) no later than October 30, 2011.
d. $30,000 (paid) no later than October 30, 2012.

The Agreement is subject to 2% Net Smelter Return Royalty payable by the Company to the Optionor. The Company has the option to purchase the 2% Net Smelter Return Royalty at a purchase price of $1,000,000 per percentage point during the five year period commencing from that date upon which the Property is put into commercial production.

As at May 27, 2008, the Company signed an option agreement, whereby it may acquire a 100% undivided interest in 15 mineral claims situated in the Similkameen Mining Division, British Columbia in exchange for an immediate cash payment of $5,000 (paid) and the following future consideration.

a. $10,000 (paid) no later than 15 days after the date the Company's shares are listed, posted and called for trading on the TSX Venture Exchange (TSX initial trading date – October 30, 2009).
b. $10,000 (paid) no later than October 30, 2010.
c. $10,000 (paid) no later than October 30, 2011.
d. $15,000 (paid) no later than October 30, 2012.

The Agreement is subject to 2% Net Smelter Return Royalty payable by the Company to the Optionor. The Company has the option to purchase the 2% Net Smelter Return Royalty at a purchase price of $1,000,000 per percentage point during the five year period commencing from that date upon which the Property is put into commercial production.

	Nine months ended September 30, 2015	Fiscal year ended December 31, 2014
	$	$
Acquisition costs		
End of period	198,042	198,042
	$	$
Exploration costs		
End of period	254,827	254,827

Willa Deposit, British Columbia

Pursuant to an option agreement dated November 16, 2012 (as amended September 24, 2013, January 13, 2014 and further amended on February 27, 2014), an Assignment, Assumption and Framework Agreement dated April 15, 2014 (as amended June 16, 2014, September 28, 2014 and November 26, 2014), a Release Agreement dated September 4, 2015, and an Amendment to the Assignment, Assumption and Framework Agreement dated September 14, 2015 the Company has acquired a 100% interest in the Willa property, consisting of 5,328 hectares located in the Slocan Mining Division, British Columbia, subject to a 2.5% Net Smelter Royalty ("NSR").

In consideration for certain modifications to the option agreement, the Company has paid an additional $200,000 (paid August 1, 2014) to the Optionors. The Company Company has also paid an additional $20,000 (paid July 3, 2014) to the Optionors to extend the date of payment of the signing bonus.

As at September 30, 2015 the Company has made cash payments consisting of $550,000 and has issued 14,600,000 common shares of the Company as follows:

(i) Issue of shares and cash payments:

(a) $50,000 upon execution of the Option Agreement (paid);
(b) $150,000 and 1,000,000 common shares in the capital of the Company on or before five days from the date of the TSX Venture Exchange ("TSXV") approval (the "Approval Date" being February 19, 2013) (paid and shares were issued on February 19, 2013);
(c) $100,000 (paid) on January 15, 2014 and $250,000 (paid July 28, 2014) and 4,000,000 common shares in the capital of the Company on August 19, 2014 (issued on March 25, 2015);
(d) 3,600,000 common shares in the capital of the Company upon TSXV acceptance for filing of an amended agreement dated February 27, 2014; (Issued on May 9, 2014); and 6,000,000 common shares in the capital of the Company on or before April 12, 2015; (issued April 15, 2015.

Pursuant to an Amendment to the Assignment, Assumption and Framework Agreement dated September 14, 2015 the Optionors granted to the Company the exclusive option to acquire an undivided 100% interest in and to the Property, subject to a 2.5% NSR, exercisable by paying the aggregate sum of $130,000 (paid $97,500 on September 15, 2015 and $32,500 on October 1, 2015).

If Commercial Production has not commenced by September 15, 2015 and subsequent years, the aggregate annual sum of an additional $144,000 (the "Advanced Royalty Payment") will be paid in each respective anniversary year in monthly installments of $12,000 with the first payment due by September 15,2015 (paid). If upon exercise of the option either Commercial Production has not commenced before September 15, 2020 or if the Optionors have provided written notice of a default of the Advanced Royalty Payment and it has not been cured within three months of receiving such notice, the 100% interest in and to the Property will be transferred by the Company back to the Optionors. The Company has further agreed that in the event of termination,, the Company will ensure that it has applied for a minimum of three years' assessment work on the Willa Property

As at September 30, 2015 the Company had made total payments of $370,000 as prepayment of the NSR (as defined in the Option Agreement). The Optionors have agreed that the $370,000 and the $130,000 to exercise the Option are Advanced Royalty Payments. All payments will be credited against the NSR due to the Optionors after the commencement of Commercial Production.

Acquisition costs		Nine months ended September 30, 2015	Fiscal year ended December 31, 2014
		$	$
Balance, beginning of year		1,778,957	647,291
Additions during the year			
Property option payments	– for cash	-	570,000
	– for shares	1,300,000	558,000
Additional acquisition costs*		3,701*	3,666*
		1,303,701	1,131,666
Balance, end of period		3,082,658	1,778,957

* Relates to geological consulting cost, management fees and filing fees incurred as part of mineral property acquisition cost.

Exploration costs	Nine months ended September 30, 2015	Fiscal year ended December 31, 2014
	$	$
Balance, beginning of year	635,605	85,312
Additions during the year		
3 D Modeling	35,300	-
Analytical services	7 714	3,193
Assays	30,686	3,193
Assessment reports	-	41,668
Consulting	-	93,483
Dam safety inspection	-	30,000
Data compilation, 3D survey	-	21,454
Engineering	38,247	88,252
Environmental consulting	-	5,702
Equipment rental	-	2,150
Field geology	3,925	26,800
Field supplies	168	1,568
Food and lodging	500	7,900
Hazard management	-	15,733
Mapping	-	18,346
Max Mine site work	6,474	208,844
Metallurgical consulting	2,008	1,500
Metallurgical testing	-	11,331
Permitting and notice of work	4,750	4,551
Project management	7,000	136,330
Security	5,000	12,500
Site maintenance	-	16,054
Tailing pond testing	-	17,118
Transportation	1,414	1,960
Travel	2,109	9,538
Mining tax credit	-	(225,682)
	145,795	550,293
Balance, end of period	781,400	635,605

Net Smelter Royalty advance payment	Nine months ended September 30, 2015	Fiscal year ended December 31, 2014
	$	$
Balance, beginning of year	350,000	100,000
Additions during the year	129,500	250,000
Balance, end of period	479,500	350,000

Investment in FortyTwo Metals Inc.

On November 4, 2013 (and as amended January 5, 2014 and further amended on March 6, 2014), the Company entered into a binding letter agreement with Roca Mines Inc. ("Roca") and FortyTwo Metals Inc. ("FortyTwo") a wholly-owned subsidiary of Roca, whereby Roca granted an exclusive option to the Company to acquire 100% of the issued and outstanding common shares of FortyTwo. FortyTwo holds, among other assets, the Max Mine which includes an underground molybdenum mine, crushing, milling and concentrating facilities, tailing storage facilities, mineral claims, mining leases, licenses and other holdings located near Trout Lake in the Revelstoke Mining Division of the Province of British Columbia.

As at September 30, 2015 the Company had exercised the option to acquire 35% of the shares of FortyTwo for the following consideration:

- $50,000 payable (paid) to Roca as a non-refundable deposit upon entry into the Agreement;
- $750,000 payable to Roca within 10 days of receipt of conditional approval from the Exchange the ("Approval Date" (November 6, 2013), following which the first stage of the option will be deemed exercised and Roca will transfer 16% of the shares capital of FortyTwo to the Company (paid);
- $250,000 payable to Roca on or before January 8, 2014 (paid) and $50,000 to Roca on or prior to March 6, 2014 (paid) and an additional $650,000 to Roca on or prior to March 24, 2014 (paid) (together, the "Second Payment"). The Second Payment will be used to retire certain critical payables, past wages and delinquent accounts critical to maintaining Roca, FortyTwo and the Assets in good standing. Upon advance of the $250,000 Roca will transfer 5 FortyTwo Shares (equal to 5% of the FortyTwo Shares and 21% in aggregate) to the Company and will provide a copy of a share certificate and supporting documentation to evidence the completion of such share transfer. Upon advance of the $50,000, Roca will transfer 1 FortyTwo Share (equal to 1% of the FortyTwo Shares and 22% in the aggregate) to the Company and will provide a copy of a share certificate and supporting documentation to evidence the completing of such share transfer. Upon advance of the $650,000, Roca will transfer 13 FortyTwo Shares (equal to 13% of the FortyTwo Shares and 35% in the aggregate) to the Company and will provide a copy of a share certificate and supporting documentation to evidence the completing of such share transfer. Upon advance of the Second Payment in full, the second stage of the Option will be deemed exercised.

The Company completed the first stage of the acquisition upon its payment to Roca of the $50,000 non-refundable deposit on November 4, 2013, and the subsequent payment of $750,000 on November 15, 2013. During the three months ended March 31, 2014 the Company paid $300,000 towards the Second Payment (22% in the aggregate). On April 1, 2014 the Company paid an additional $650,000 and completed its Second Payment (35% in the aggregate

The Company did not complete the third and final state of the option for the remaining 65%. However, pursuant to a Share Purchase Agreement dated October 5, 2015 the Company acquired from Roca the remaining 65% of the outstanding share capital of FortyTwo Metals Inc. (100% in the aggregate). See below.

As at September 30, 2015 the Company's investment relating to its 35% interest in FortyTwo Metals Inc. is detailed as follows:

	Nine months ended September 30, 2015	Year ended December 31, 2014
	$	$
Balance, beginning of year	1,752,644	800,000
Investment in shares, at cost	-	950,000
Cash advance	10,000	150,000
	1,762,644	1,900,000
Equity loss for the year	(103,933)	(147,356)
Balance, end of period	1,658,711	1,752,644

As at September 30 2015 the Company held 35% of the common shares of FortyTwo Metals Inc.. Pursuant to a share purchase agreement dated October 5, 2015 the Company acquired the remaining 65% of the outstanding share capital of FortyTwo Metals Inc. (in aggregate 100%) for the following:

a) The payment of $200,000 (paid);
b) The issuance of 3,000,000 common shares at a price of $0.15 per share (issued);
c) The issuance of 3,000,000 share purchase warrants to purchase up to 3,000,000 additional common shares of the Company at a price of $0.15 for a period of 5 years (issued).

Convertible Credit Facilities

On June 10, 2015 (as amended July 8, 2015) the Company entered into a definitive amended loan agreement with a Company controlled by the Chief Financial Officer (the "Lender"), whereby the Lender has agreed to provide two secured credit facilities to the Company : a $2 million convertible credit facility (the "Convertible Credit Facility") and a $5 million credit facility (the "Credit Facility"), together with the Convertible Credit Facility, the "Credit Facilities".

Any funds drawn down on the Convertible Credit Facility will be convertible at the option of the Company or the Investor into units (each , a "Unit") of the Company at a price of $0.10 per Unit. Each Unit will consist of one common share of the Company and one warrant, with each warrant entitling the Investor to purchase an additional common share at a price of $0.15 per share for a period of three years. Any conversion that would result in the Investor owning more than 20% of the issued and outstanding shares of the Company would be subject to the Company obtaining shareholder approval of the Credit Facilities. The Convertible Credit Facility matures and is payable in cash on the date which is the earlier of : (a) two years from each draw down date; or (b) an event of default. The Credit Facility shall mature and shall be payable in cash on the date which is the earlier of (a) three years from each draw down date; or (b) an event of default. The Credit Facilities bear interest at a rate of 6% per annum. The Credit Facilities may be repaid by the Company at any time. The proceeds from the Credit Facilities will be used to fund the advancement of its mining properties and generate working capital. See Share Capital and Related party.

Results of Operations

During the nine months ended September 30, 2015, the Company had a net loss of $(926,561) compared to a net loss of $(2,017,825) for the nine months ended September 30, 2014.

The major expenditures recorded during the nine months ended September 30, 2015 were for consulting fees in the amount of $170,583 (2014: $203,501) which were incurred with respect to property acquisitions and business consulting services (see also "Commitments"), for filing and transfer agent fees in the amount of $32,088 (2014: $76,027) incurred as a result of activities related to the maintenance of the Company's public listing, filing fees with respect to property acquisitions, and for professional fees in the amount of $162,546 (2014:$439,005) incurred for legal, audit and accounting fees related to maintenance of the Company's TSX listing and property acquisitions. The Company also entered into various investor relations services agreements resulting in expenditures of $47,300 (2014:$61,000). Office expenses were incurred for the maintenance of the Company's office. Share based payments were incurred during the nine months ended September 30, 2015 in the amount of $315,263 (2014: $521,445).. This is a non-cash expense which records the fair value of incentive stock options granted to directors, officers and consultants. The Company did not incur travel and promotion expenditures during the nine months ended September 30, 2015, but during the nine months ended September 30, 2014 travel and related expenses in the amount of $41,663 were incurred by various directors and consultants for travel to business meetings.

Interest earned from funds placed on deposit was $Nil (2014: $45). Under the equity method, the Company rcognizes its 35% share of the profit or loss and of other comprehensive income or loss of the associate. During the nine months ended September 30, 2015 the Company recorded an equity pick up from FortyTwo Metals Inc. of $(103,933) of its losses compared to $(147,356) for the comparative fiscal period ended September 30, 2014.

During the fiscal year ended December 31, 2014 management decided to abandon the Bralorne Mineral Property. Accordingly, the aggregate costs related to the abandoned exploration and evaluation assets in the amount of $333,597 were written off and charged to operations.

Operating Expenses

Amounts by major sub-category are as follows:

	Three months ended September 30,		Nine months ended September 30,	
General and Administrative Expenses	2015	2014	2015	2014
	$	$	$	$
Amortization	173	24	519	205
Bank charges	413	31	542	201
Consulting	45,833	96,197	170,583	203,501
Filing and transfer agent fees	8,636	53,526	32,088	76,027
Interest	-	-	7,622	-
Insurance	4,136	2,437	13,497	5,688
Investor relations	8,100	43,000	47,300	61,000
Management and administration	31,300	25,650	54,500	78,800
Office and miscellaneous	1,695	3,961	4,039	14,631
Professional fees	47,762	160,164	162,546	439,005
Rent	-	7,500	-	22,500
Share based payments	8,814	490,967	315,263	521,445
Shareholder communications	70	21,617	8,730	64,585
Travel and promotion	-	29,560	-	41,663
Website maintenance	750	5,250	5,400	7,666
	157,682	939,885	822,629	1,536,917
Other				
Interest income	-	-	-	45
Write-off exploration and evaluation assets	-	(333,597)	-	(333,597)
Equity loss - investment in FortyTwo Metals Inc.	(32,428)	(130,415)	(103,933)	(147,356)
Net loss and comprehensive loss for the period	(190,110)	(1,403,897)	(926,561)	(2,017,825)

Third quarter ended September 30, 2015

During the fiscal quarter ended September 30, 2015, the Company had a net loss of $(190,110) compared to a net loss of $(1,403,897) for the fiscal quarter ended September 30, 2014.

The major expenditures recorded during the fiscal quarter ended September 30, 2015 were incurred for consulting fees of $45,833 compared to $96,197 in 2014. Filing and transfer agent fees were $8,636 compared to $53,526 in 2014. Included in professional fees was $34,012 (2014: $55,881) for legal fees, $1,750 (2014: $1,650) for audit, tax and related services, and $12,000 (2014: $12,000) for fees paid to the Company`s Chief Financial Officer for accounting, financial and administrative related services. Management and administration fees of $31,300 (2014: $25,650) were primarily paid or accrued in the fiscal quarter ended September 30, 2015 to the Company's current and former Chief Executive Officers. The Company incurred rent for office premises in the amount of $ Nil (2014: $7,500) and $1,695 (2014:$ $3,961) for office and miscellaneous expenses. Investor relations expenditures were incurred during the three months ended September 30, 2015 amounted to $8,100 (2014 : $43,000). Additional amounts were expended for shareholder communication costs of $70 (2014: $21,617). Share based payments was recorded in the amount of $8,814 (2014: $490,967). This is a non-cash expense which records the fair value of incentive stock options granted to directors, officers and consultants. Travel and related expenditures incurred by directors and consultants to attend business meetings and to promote the Company`s business activities amounted to $ Nil (2014: $29,560) in the nine months ended September 30, 2015.

Under the equity method, the Company rcognizes its 35% share of profit or loss and of other comprehensive income or loss of the associate. During the fiscal quarter ended September 30, 2015 the Company has recorded an equity pick up from FortyTwo Metals Inc. of ($32.428) of its losses compared to recovery of ($130,415) during the comparative fiscal period ended September 30, 2014.

During the fiscal quarter ended September 30, 2014 management decided to abandon the Bralorne Mineral Property. Accordingly, the aggregate costs related to the abandoned exploration and evaluation assets in the amount of $333,597 were written off and charged to operations.

Going-Concern

The Company emphasises that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The recoverability of capitalized costs is uncertain and dependent upon projects achieving commercial production or sale. The ability of the Company to carry out its business objectives dependent on the Company’s ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future.

	September 30 2015	**December 31 2014**
Deficit	$ (7,739,518)	$ (6,812,957)
Working capital (deficiency)	$ (99,973)	$ 331,648

Basis of presentation

The condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Reporting Interpretations Committee (IFRIC). They do not include all of the information required for full annual financial statements.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Equipment is depreciated to write off the cost of assets to operations using declining balance method over their estimated useful life at the following annual rates:

Computer Equipment - 30%
Mining Equipment - 30%

Cost	Computer equipment	Mining equipment	Total
December 31, 2013	$ 2,515	$ 596,077	$ 598,592
Additions	1,965	65,000	66,965
December 31, 2014	4,480	661,077	665,557
Additions	-	-	-
September 30, 2015	$ 4,480	$ 661,077	$ 665,557

Accumulated amortization	Computer equipment		Mining equipment			Total
December 31, 2013	$	1,605	$	-	$	1,605
Additions		568		-		568
December 31, 2014		2,173		-		2,173
Additions		519		-		519
September 30, 2015	$	2,692	$	-	$	2,692

Write Down	Computer equipment		Mining equipment			Total
December 31, 2013	$	-	$	-	$	-
Additions		-		95,505		95,505
December 31, 2014		-		95,505		95,505
Additions		-		-		-
September 30, 2015	$	-	$	95,505	$	95,505

Carrying amount	Computer equipment		Mining equipment			Total
December 31, 2013	$	910	$	596,077 *	$	596,987
December 31, 2014	$	2,307	$	565,572 *	$	567,879
September 30, 2015	$	1,788	$	565,572 *	$	567,360

* Mining equipment was not available for use as at September 30, 2015, December 31, 2014 and 2013 and no amortization has been provide

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets and crediting all revenues received against the cost of the related interests. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent up on the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognized as income any costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of exploration and evaluation costs into mine development, all subsequent expenditures on the construction, installation or completion of infrastructure facilities is capitalized within mine development. After production starts, all assets included in mine development costs are transferred to producing mines.

Mining Tax Credit

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

Equity Investment

Equity investments consist of investments in associates and joint ventures of the Company. The Company did not have any joint venture as at December 31, 2014 and 2013.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control, generally consisting of shareholding between 20% and 50% of voting rights.

The profit or loss, assets and liabilities of equity accounted investments are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, “Non-Current Assets Held for Sale and Discontinued Operations”. Under the equity method, an investment in an associate or joint venture is initially recognized in the statements of financial position at cost and adjusted thereafter to recognize the Company’s share of profit or loss and of other comprehensive income or loss of the associate or joint venture. When the Company’s share of loss of an associate or joint venture exceeds the Company’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company’s net investment in the associate or joint venture), the Company discontinues recognizing its share of further loss unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Gain or losses arising from the dilution of investment ownership in associates are recognized in the statements of operations and comprehensive loss.

Impairment of non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets and property and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset’s recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Share based payments

The Company’s Stock Option Plan allows directors, officers and consultants to acquire shares of the Company in exchange for the options exercised. The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on estimate of forfeiture rate.

The compensation cost of stock options granted to consultant is initially measured at fair value of the awards at the grant date and periodically remeasured to fair value until the consultant’s performance is complete, and recognised over the periods during which the consultant become unconditionally entitled to the options. The compensation cost is charged to income with a corresponding increase to share-based payment reserve.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Warrants that are issued as payment for agency fee or other transactions costs are counted for as share-based payments.

Change in accounting policies

The following new or amended standards, and their resulting consequential amendments, were applied for the first time in the fiscal year ended December 31, 2014 and the adoption standards and/or amendments does not have any impact on the Company's financial statements:

IFRS 2 Share-based payment

The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

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. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

IAS 36 Impairment of assets

The amendments to IAS 36, issued in May 2013, require:

- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

IAS 39 Financial Instruments: Recognition and measurement

The amendments to IAS 39, issued in June 2013, clarify that innovation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations, does not terminate hedge accounting. The amendments are effective for annual periods beginning on or after January 1, 2014.

The following new or amended standards, and their resulting consequential amendments, were applied for the first time in the current year and the adoption standards and/or amendments does not have any impact on the Company's financial statements

- **IAS 16 Property, plant and equipment and IAS 38 Intangible assets**

The amendments to IAS 16 and IAS 38, issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments are effective for annual periods beginning on or after July 1, 2014.

•IAS 24 Related party disclosures
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 management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Significant areas where management's estimates and judgments have been applied include:

Judgments

i) Asset Impairments
The application of the Company's accounting policy for impairment on equipment and exploration and evaluation assets requires judgment in determining if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company would carry out an impairment test at the asset or group of assets, which requires estimate and judgement in determining the recoverable amount with reference to the fair value of the assets or group of assets less costs to sell or the value in use calculation. Where recoverable amount is determined to be less than the carrying amount, an impairment loss may arise. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

ii) Exploration and evaluation expenditures
The application of the Company's accounting policy for exploration and evaluation expenditures capitalized requires judgment in determining which expenditures are recognized as exploration and evaluation assets and applying the policy consistently. In making this determination, the Company considers the degree to which the expenditure can be associated with finding specific mineral resources.

iii) Provision
The Company applied judgement when recognizing the provisions for restoration, rehabilitation and environmental obligations.

iv) Going concern
The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

v) Recovery of deferred tax assets
Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require

management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. 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.

Additionally, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

vi) Depreciation

Depreciation of mining equipment begins when it is available for use, which is defined as occurring when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Judgment is required in determining whether the mining equipment is available for use at each reporting date.

Judgment, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Off-Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that have, or are reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments, investment in shares of Forty Two Metals Inc. and accounts payable and accrued liabilities. The Company has designated its cash and cash equivalents, short term investments and investment in shares of Forty Two Metals Inc. as fair value through profit or loss, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The fair value of cash and cash equivalents, short term investments and accounts payable and accrued liabilities are equal to their carrying value due to their short-term maturity. Investment in shares of Forty Two Metals Inc. is measured at cost as the fair value cannot be reliably measured. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a cash and cash equivalents of $385,980 (December 31, 2014 - $125,820) to settle current liabilities of $803,827 (December 31, 2014 - $272,380). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

On September 30, 2015 and December 31, 2014, reclamation bonds consisted of fixed guaranteed investment certificate redeemable before maturity, which bears interest at annual variable rates of 1.45% and matures October 29, 2017. During the year ended December 31, 2014, cash and cash equivalents were not subject to any interest on bank balances. Sensitivity to a plus or minus 1% change in rates is not material to the statements of operations and comprehensive loss.

(b) Foreign currency risk

As at September 30, 2015, the Company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company does not hold balances in foreign currencies which would give rise to exposure to foreign exchange risk.

Fair value hierarchy
The Company applied the following fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For the nine months ended September 30, 2015 and the fiscal year ended December 31, 2014, cash and cash equivalents, short term investments and reclamation bonds are assessed to be Level 1 instruments.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at September 30, 2015, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There were no changes in the Company's approach to capital management during the year.

Outstanding Share Data

(a) Authorized: Unlimited number of comm. Shares with no par value

(b) Issued and outstanding

	Number of shares
Balance, December 31, 2013	39,838,749
Shares issued pursuant to the exercise of options at a price of $0.135 per share	500,000
Shares issued pursuant to the exercise of warrants at a price of $0.30 per unit	100,000
Shares issued for Willa Property (see Interest in Mineral Properties)	3,600,000
Shares issued pursuant to a brokered private placements at a price of $0.15 per unit	22,381,249
Balance, December 31, 2014	66,419,998
Shares issued on settlement of debt	1,062,500
Shares issued for cash pursuant to conversion – July 21, 2015. (See “Credit Facilities”)	1,170,000
Shares issued for cash pursuant to conversion – August 27, 2015. (See “Credit Facilities”)	1,227,220
Shares issued for Willa Deposit (see Interest in Mineral Properties)	10,000,000
Balance, September 30, 2015	79,879,718
Shares issued on conversion of loan - October 7, 2015. (See “Credit Facilities”)	4,100,000
Shares issued on acquisition of FortyTwo Metals Inc. (See Investment in FortyTwo Metals)	3,000,000
Balance, Current	86,989,998

Stock options:

A summary of stock option activity is as follows:

	Number of options	Weighted-average exercise price
		$
Balance, December 31, 2013	1,250,000	0.18
Options exercised	(500,000)	0.135
Options granted and exercisable on or before August 20, 2016	100,000	0.25
Options granted and exercisable on or before August 20, 2019	5,231,999	0.25
Balance, December 31, 2014	6,081,999	0.245
Options terminated - consultant	(400,000)	0.25
Options granted and exercisable on or before January 15, 2020	2,000,000	0.18
Options cancelled – directors and officers	(1,440,000)	0.25
Options expired	(250,000)	0.135
Balance, September 30, 2015	5,991,999	0.17
Options granted and exercisable on or before October 7, 2020	500,000	0.15
Options granted and exercisable on or before November 2, 2016	500,000	0.15
Balance, current	6,991,999	0.17

Company has the following options currently outstanding and exercisable:

Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price	Expiry Date
500,000	-	0.15	November 2, 2016
500,000	500,000	0.25	August 8, 2018
100,000	100,000	0.25	August 20, 2016
3,366,999	3,366,999	0.15*	August 20, 2019
25,000	25,000	0.25	August 20, 2019
2,000,000	2,000,000	0.18	January 15, 2020
500,000	125,000	0.15	October 7, 2020
6,991,999	6,111,999	$ 0.17	

The Company has a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

On August 8, 2013 the Company granted 500,000 share purchase options to a consultant pursuant to an investor relations contract, exercisable on or before August 8, 2018 at a price of $0.25 per share where the exercise price is higher than the market price at the date of grant. The options vested over a 12 month period with 25% of the options vesting after each 3 month period. During the nine months ended September 30, 2015 the Company recorded $ Nil (2014 - $31,287) of stock based compensation. During the year ended December 31, 2014 the Company recorded $31,428 of stock based compensation. As at September 30, 2015, 500,000 options granted remain outstanding and 500,000 (December 31, 2014 – 500,000) are exercisable. The fair value of options granted during the fiscal year ended December 31, 2014 has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of 1.8% and 1.95%, expected dividend yield of 0%, share price volatility of 108% and an expected life of the options of 5 years.

The Company granted 3,649,999 incentive stock options to directors on August 20, 2014, exercisable on or before August 20, 2019 at a price of $0.25 per share (subsequently amended and re-priced to $0.15 per share) where the exercise price is lower than the market price at the date of grant. 25% of the options vested immediately upon the grant date, and 25% every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of 1.56%, expected dividend yield of 0%, share price volatility of 87% and an expected life of the options of 5 years. During the nine months ended September 30, 2015 the Company recorded $96,477 (2014 - $ 366,821) of stock based compensation. During the year ended December 31, 2014 the Company recorded $647,453 of stock based compensation. During the nine months ended September 30, 2015, 1,440,000 of these options were cancelled. As at September 30, 2015, 2,209,999 options remained outstanding and 2,209,999 are exercisable.

The Company granted 1,182,000 additional incentive stock options to consultants on August 20, 2014, exercisable on or before August 20, 2019 at a price of $0.25 per share (1,157,000 of which were amended and repriced to $0.15 per share) where the exercise price is lower than the market price at the date of grant. 25% of the options vested immediately upon the grant date, and 25% every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of between 0.73% to1.56%, expected dividend yield of 0%, share price volatility of between 86% to 114% and an expected life of the options of 5 years. During the nine months ended September 30, 2015 the Company recorded $4,521 (2014 - $105,038) of stock based compensation. During the year ended December 31, 2014 the Company recorded stock based compensation costs of $145,864. As at September 30, 2015, all 1,182,000 options granted to consultants remained outstanding and 1,182,000 (December 31, 2014 - 591,000) are exercisable.

The Company granted 400,000 additional incentive stock options to an investor relations consultant on August 20, 2014, exercisable on or before August 20, 2019 at a price of $0.25 per share where the exercise price is lower than the market price at the date of grant. 25% of the options vest every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of between 0.49% to 1.56%, expected dividend yield of 0%, share price volatility of between 92% to 97% and an expected life of the options of 5 years. During the nine months ended September 30, 2015 the Company recorded $Nil (2014 - $15,286) of stock based compensation.

During the year ended December 31, 2014 the Company recorded stock based compensation of $31,048. During the nine months ended September 30, 2015 all 400,000 options were terminated and Nil remained outstanding as at September 30, 2015.

The Company granted 100,000 additional incentive stock options to investor relations consultants on August 20, 2014, exercisable on or before August 20, 2016 at a price of $0.25 per share where the exercise price is lower than the market price at the date of grant. 25% of the options vest every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of between 0.46% to 1.00%, expected dividend yield of 0%, share price volatility of between 68% to 102% and an expected life of the options of 2 years. During the nine months ended September 30, 2015 the company recorded $Nil (2014 - $3,821) of stock based compensation. During the year ended December 31, 2014 the Company recorded stock based compensation of $4,711. On September 30, 2015 all 100,000 options remained outstanding and 100,000 (December 31, 2014 - 25,000) were exercisable.

The Company granted 2,000,000 additional incentive stock options to consultants on January 15, 2015, exercisable on or before January 15, 2020 at a price of $0.18 per share where the exercise price is lower than the market price at the date of grant. 25% of the options vested immediately upon the grant date, and 25% every three months thereafter. The fair value of options granted has been estimated using the Black-Scholes option pricing model, using weighted average assumptions of a risk-free interest rate of between 0.32% 0.81%, expected dividend yield of 0%, share price volatility of between 88% to 95% and an expected life of the options of 5 years. During the nine months ended September 30, 2015 the Company recorded $214,264 of stock based compensation.. As at September 30, 2015, all 2,000,000 options granted to consultants remained outstanding and 1,500,000 are exercisable.

The Company granted 500,000 incentive stock options to a consultant on October 7, 2015, exercisable on or before October 7, 2020 at a price of $0.15 per share. 25% of the options vest immediately upon the grant date, and 25% every three months thereafter.

The Company granted an additional 500,000 incentive stock options to a consultant on November 2, 2015, exercisable on or before November 2, 2016 at a price of $0.15 per share where the exercise price is lower than the market price at the date of grant. The options vest fully four months after the grant date

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management’s opinion, existing models do not necessary provide reliable measure of the fair value of the Company’s stock options.

Warrants:

A summary of warrants activity for the years is as follows:

	Number of Warrants Exercisable	Weighted Average Exercise Price	Expiry Date
Balance December 31, 2013	15,444,340	$ 0.35	
Warrants issued	3,012,125	$ 0.30	April 2, 2017
Agent's Warrants issued	361,455	$ 0.30	April 2, 2017
Warrants issued	3,985,667	$ 0.30	July 2, 2017
Agent's Warrants issued	213,500	$ 0.30	July 2, 2017
Warrants issued	4,192,833	$ 0.30	July 21,2017
Agent's Warrants issued	203,400	$ 0.30	July 21,2017
Warrants exercised	(100,000)	$ 0.30	April 2, 2017
Balance, December 31, 2014	27,313,320	$ 0.33	
Warrants issued (See "Credit Facilities")	1,170,000	$ 0.15	July 21, 2018
Warrants issued (See "Credit Facilities")	1,227,220	$ 0.15	August 27, 2018
Balance , September 30, 2015	29,710,540	$ 0.32	
Warrants expired	(4,779,000)	$ 0.35	November 15, 2015
Agent's Warrants expired	(286,740)	$ 0.35	November 15, 2015
Warrants issued (See "Investment in FortyTwo Metals Inc.")	3,000,000	$ 0.15	October 5, 2020
Warrants issued (See "Credit Facilities")	4,100,000	$ 0.15	October 7, 2018
Balance , current	31,744,800	$ 0.27	

	Number of Warrants Exercisable	Weighted Average Exercise Price	Expiry Date
Warrants issued	2,912,125	$ 0.30	April 2, 2017
Agent's Warrants issued	361,455	$ 0.30	April 2, 2017
Warrants issued	3,985,667	$ 0.30	July 2, 2017
Agent's Warrants issued	213,500	$ 0.30	July 2, 2017
Warrants issued	4,192,833	$ 0.30	July 21,2017
Agent's Warrants issued	203,400	$ 0.30	July 21,2017
Warrants issued	9,568,000	$ 0.35	November 30, 2017
Agent's Warrants issued	810,600	$ 0.35	December 7,2017
Warrants issued	1,170,000	$ 0.15	July 21, 2018
Warrants issued	1,227,220	$ 0.15	August 27, 2018
Warrants issued	3,000,000	$ 0.15	October 5, 2020
Warrants issued	4,100,000	$ 0.15	October 7, 2018
Balance, current	31,744,800	$ 0.27	

On April 1, 2014 the Company completed a private placement financing, pursuant to which it has issued 6,024,250 units at a price of $0.15 per unit. Each unit consists of one common share and one half of one share purchase warrant exercisable over 3 years, at a price of $0.30 per common share. As the unit was issued at a price lower than the market trading price on April 1, 2014 $nil was allocated to contributed surplus as fair value for the warrants under the residual value method. During the year ended December 31, 2014, 100,000 of these warrants were exercised. The Company also issued 361,455 agent warrants with the same terms as the Units.

On July 2, 2014 the Company completed a tranche of private placement financing, pursuant to which it has issued 7,971,333 units at a price of $0.15 per unit. Each unit consists of one common share and one half of one share purchase warrant exercisable over 3 years, at a price of $0.30 per common share. As the unit was issued at a price lower than the market trading price on July 2, 2014 $nil was allocated to contributed surplus as fair value for the warrants under the residual value method. The Company also issued 213,500 agent warrants with the same terms as the Units.

On July 21, 2014 the Company completed a tranche of private placement financing, pursuant to which it has issued 8,385,666 units at a price of $0.15 per unit. Each unit consists of one common share and one half of one share purchase warrant exercisable over 3 years, at a price of $0.30 per common share. As the unit was issued at a price lower than the market trading price on July 21, 2014 $nil was allocated to contributed surplus as fair value for the warrants under the residual value method. The Company also issued 203,400 agent warrants.

Pursuant to the conversion of a loan (see "Credit Facilities"), on July 21, 2015 the Company issued 1,170,000 units at a price of $0.10 per unit. Each unit consists of one common share and one share purchase warrant exercisable over 3 years, at a price of $0.15 per common share.

Pursuant to the conversion of a loan (see "Credit Facilities"), on August 27, 2015 the Company issued 1,227,200 units at a price of $0.10 per unit. Each unit consists of one common share and one share purchase warrant exercisable over 3 years, at a price of $0.15 per common share.

Pursuant to a Share Purchase Agreement (see "Investment In FortyTwo Metals Inc."), on October 5, 2015 the Company issued 3,000,000 share purchase warrants. Each warrant entitles the holder to acquire on common share and is exercisable over 3 years, at a price of $0.15 per common share.

Pursuant to the conversion of a loan (see "Credit Facilities"), on October 7, 2015 the Company issued 4,100,000 units at a price of $0.10 per unit. Each unit consists of one common share and one share purchase warrant exercisable over 5 years, at a price of $0.15 per common share.

Related Party Transactions

During the nine months ended September 30, 2015 the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $34,500 (2014 - $56,900) to a the former Chief Executive Officer.
b) Paid or accrued management fees of $20,000 (2014 - $Nil) to a company, the princiap f whom is the current Chief Executive Officer
c) Included in professional fees is $36,000 (2014 - $41,000) paid to an officer and director for accounting services.
d) Paid or accrued $Nil (2014: $10,000) to a Company controlled by a former director.
e) Included in accounts payable and accrued liabilities is $20,250 (December 31, 2014 - $9,113) payable to officers and directors for management fees, professional fees and expenses incurred on behalf of the Company.
f) Included in due to related party is $480,000 payable to a Company controlled by the Chief Executive Officer, with respect to the Credit Facility (See Note Credit Facility and Subsequent Events.)
g) On July 21, 2015 the Company issued 1,170,000 Units and on August 27, 2015 the Company issued 1,227,220 Units pursuant to the Credit Facility at a price of $0.10 per Unit (See Credit Facility and Share Capital)

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related party.

Liquidity and Capital Resources

The Company has financed its operations primarily from proceeds from the sale of shares.

As at September 30, 2014 the Company had working capital deficiency of $(99,973) compared to working capital of $331,648 as at December 31, 2014.

Cash provided by the issuance of units pursuant to a non-brokered private placement, exercise of warrants, agent's warrants and stock options for new common shares during the nine months ended September 30, 2015 was $Nil and during the fiscal year ended December 31, 2014 was $3,339,284.

Cash provided by the issuance of Units pursuant to conversion of loans (see Credit Facility) was $239,722 during the nine months ended September 30, 2015. In addition, $480,000 had been advanced under the Credit Facility as at September 30, 2015, of which $410,000 was converted by issuance of additional Units on October 7, 2015.

The Company believes that funds on hand will be sufficient to fund its cash requirements through 2015. However, the Company plans to issue more securities at such time as it believes additional capital could be obtained on favourable terms. There can be no assurance that such funds can be available on favourable terms, if at all.

Commitments

See "Interest in Mineral Properties" and "Investment In Associate - FortyTwo Metals Inc.".

In June 2015 the Company entered into a 12 month agreement with a consultant for business development services. In consideration the Company shall pay cash compensation at a rate of $6,250 per month paid in advance.

In July 2015 the Company entered into a 3 year management agreement with the newly appointed Chairman and CEO to lead its management team. In consideration the Company shall pay cash compensation at a rate of $10,000 per month to the Officer or a Company owned by the Officer.

Subsequent Events

Subsequent to September 30, 2015, the Company issued 4,100,000 Units at $0.10 per Unit in connection with the conversion of the Credit Facility. Each Unit consist of one common share and one share purchase warrant which entitles the holder to purchass one additional common share at a price of $0.15 per share exercisable on or before October 7, 2018. See Credit Facility Note 6 and Related Party Note 8.

As at September 30 2015 the Company held 35% of the common shares of FortyTwo Metals Inc.. Pursuant to a share purchase agreement dated October 5, 2015 the Company acquired the remaining 65% of the outstanding share capital of FortyTwo Metals Inc. (in aggregate 100%) for the following:

a) The payment of $200,000;
b) The issuance of 3,000,000 common shares at a price of $0.15 per share;
c) The issuance of 3,000,000 share purchase warrants to purchase up to 3,000,000 additional common shares of the Company at a price of $0.15 for a period of 5 years.

4,779,000 share purchase warrants and 286,740 agent warrants expired without exercise on November 15, 2015.

The Company granted 500,000 incentive stock options to a consultant on October 7, 2015, exercisable on or before October 7, 2020 at a price of $0.15 per share. 25% of the options vest immediately upon the grant date, and 25% every three months thereafter.

The Company granted an additional 500,000 incentive stock options to a consultant on November 2, 2015, exercisable on or before November 2, 2016 at a price of $0.15 per share where the exercise price is lower than the market price at the date of grant. The options vest fully four months after the grant date

Financing Risks

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under applicable agreement. There can be no assurance that the Company 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 the property interest of the Company with the possible dilution or loss of such interest. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. There is no assurance that the Company can operate profitably or that it will successfully implement its plans.

The Company has only recently commenced operations and has no operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses and difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company operates at a loss and there is no assurance that the Company will ever be profitable.

Risk and uncertainties

Exploration for minerals is a speculative venture necessarily involving some substantial risk. The program proposed by the Company is an exploratory search for ore. There is no certainty that the expenditures to be made by the Company in the acquisition and exploration of the interests will result in discoveries of commercial quantities of ore. The property of the Company does not contain any known body of commercial ore.

Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources, which 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 and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, 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.

The grade of any ore ultimately mined from a mineral deposit may differ from that produced from drilling results. Production volumes and costs can be affected by such factors as the proximity and capacity of processing facilities, permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on the results of operations. Moreover, there can be no assurance that minerals recovered in small-scale laboratory tests will be achieved under production scale conditions. Although precautions to minimize risks will be taken, processing operations are subject to hazards such as equipment failure or failure of tailings impoundment facilities, which may result in environmental pollution and consequent liability.

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on metal prices. Any material change in the quantity of reserves, resource grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

While the Company has obtained the usual industry standard title report with respect to its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. The Company must expend monies to carry out further work on the properties in order to keep in good standing.

The Company's properties include mineral claims, which have not been surveyed, and therefore, the precise location of the mineral claims may be in doubt.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources that the Company, in the search for and the acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competition in acquiring such properties or prospects.

The current or future operations of the Company, including exploration and development activities and commencement of production on its properties, require permits from various levels of government. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental liability may result from mining activities conducted by others prior to the Company’s ownership of its properties. To the extent the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce funds otherwise available of the Company and could have a material adverse effect on the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures.

Summary of Quarterly Results

The following table sets out selected quarterly information for the eight most recent quarters ended September 30, 2015:

Quarters ended in 2015 fiscal year	December 31 $	September 30 $	June 30 $	March 31 $
Interest income			-	-
Loss		(190,110)	(447,983)	(288,468)
Loss per common share		(0.00)	(0.01)	(0.01)
Quarters ended in 2014 fiscal year	**December 31 $**	**September 30 $**	**June 30 $**	**March 31 $**
Interest income	-	-	-	45
Loss	(679,582)	(1,403,896)	(198,979)	(414,950)
Loss per common share	(0.01)	(0.02)	(0.00)	(0.01)
Quarters ended in 2013 fiscal year	**December 31 $**			
Interest income	2,135			
Loss	(345,178)			
Loss per common share	(0.01)			

DISCOVERY VENTURES INC.

CORPORATE DATA

November 26, 2015

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CAPITALIZATION

Authorized:	Unlimited number of common shares, no par value
Issued:	86,989,998
Warrants:	31,744,800
Options:	6,991,999

LISTINGS

TSX Venture Exchange
Trading Symbol: DVN.V
CUSIP #: 25470R