NIPPON DRAGON RESOURCES INC.
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Management's Discussion and Analysis 2015

FOR THE 3 MONTHS ENDED DECEMBER 31, 2015

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Nippon Dragon Resources Inc.

(Exploration Stage Company)

Management's Discussion and Analysis

For the three-month period ended December 31, 2015

This report provides an analysis of our results from operations and financial situation. That will help the reader to assess material changes in our results from operation and financial situation for the financial year ended September 30, 2015 in comparison to the same periods of the previous year. The information contained in this document is dated for February 29, 2016. This Management Discussion and Analysis Report complies with Rule 51-102A of the Canadian Securities Administrators on continuous disclosure, is intended to supplement our consolidated financial statements. It presents management's point of view on the Company's ongoing activities and its current and past financial results, it gives an indication of its present and future orientations, while elaborating on its financial results and other risks that could have an impact on the Company's business. This Report should be read in conjunction with the interim and annual consolidated audited financial statements and the accompanying notes to the consolidated financial statements. This present MD&A Report was submitted to the audit committee that recommended its adoption by the Board of directors.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). These consolidated financial statements have been audited by the auditors of the Company, they include the necessary adjustments required to present fairly, in all material respects, the financial position for the year. All dollar amounts are expressed in the functional currency of the Company, Canadian dollars, unless otherwise specified.

Further information about the Company, its properties, projects, annual and quarterly reports are available for consultation on the web site of the Corporation or SEDAR at the following addresses: www.nippondragon.com and www.sedar.com.

GOING CONCERN

The Company's consolidated annual financial statements were prepared based on the assumption of an ongoing concern. Consequently, they do not reflect the modifications that would be required in the case of the Company's inability to pursue its activities, to dispose of its interests and repay its debts within the normal course of business. The recoverability of the carrying value of exploration properties is dependent upon the discovery and extraction of economically recoverable reserves, the ability of the Company to raise additional financing to further explore and to develop its mineral properties and to achieve commercial production of mineral deposits or the product from the disposition of the properties. Periodically, the Company will require additional financing to continue its operations. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future. More details regarding the ongoing exploration and financing of the Company are discussed in the section called CASH FLOWS.

CORPORATE INFORMATION AND NATURE OF ITS ACTIVITIES

Nippon Dragon Resources Inc. (formerly Rocmec Mining Corporation Inc. hereafter the "Company") was incorporated under the Québec *Business Corporations Act* on July 18, 2002. Its head office is located 500-7055 Taschereau boulevard, Brossard (Quebec) J4Z 1A7, phone: 450-510-4442, email: info@nippondragon.com. The Company is a public Corporation, listed in the Tier 2 on the TSX Venture Exchange under the symbol NIP, and its shares also trade on the Frankfurt Stock Exchange. At February 29, 2016, 103,752,889 common shares were in circulation.

The business of the Company pertains to the exploration and development of its wholly owned and joint venture mining properties (auriferous bearing and base metal) located in Quebec. Additionally, the Company has also given itself the mission of introducing its thermal fragmentation mining method within the mining industry in order for it to be recognised and commercialized worldwide. The extraction process allows thermal fragmentation with an accuracy of 2 cm to quickly extract any type of hard rock up to 110 cm wide. With such precision, high grade precious and base metal veins can now be extracted without dilution. The Company has partnerships with entities in South Africa, Japan and Canada as well as an exclusivity distribution agreement in Australia to showcase its technology.

The majority of its properties contain mineral resources. When further exploration will be incurred on Rocmec 1, Denain and Courville properties, the Company will then determine if these properties contain economically profitable ore resources. Further details related to each property's advancement is presented in section MINING PROPERTIES AND FUTURE EXPLORATION WORK.

GLOBAL PERFORMANCE

Corporate Summary

On October 6, 2015, Mr. Andre Savard has resigned as President and CEO of Nippon Dragon Resources Inc. In addition, Mr. Gerald Desourdy resigned as director of the Board of Directors of the Company. Both of their stock options have been cancelled. Mr. Donald Brisebois has been promoted as the new President and CEO effective on this same date.

Financing for the period

On October 28, 2015, 200,000 shares were issued following the exercise of stock options at an exercise price of $ 0.085 per common share.

On November 25, 2015, the Company completed a first tranche of private placement for $ 267,600 by issuing 3,345,000 units at a price of $ 0.08 per unit, each unit comprised of one (1) common share and one (1) common share purchase warrant of the Company. Each common share purchase warrant entitles its holder to purchase one (1) additional common share of the Company at a price of $ 0.12 per common share for a period of 24 months following the date of issuance. An amount of $ 77,637 related to the warrants issued has been recognized.

On November 26, 2015, 16,500 shares were issued following the exercise of stock options at an exercise price of $ 0.115 per common share.

Partnership with Don Bourgeois, Canada

On November 25, 2015, the Company has ratified its exclusive agreement with mining contractor, Don Bourgeois and Sons Inc. for usage and distribution of Nippon's exclusive and patented thermal fragmentation mining method. The agreement has been ratified and now includes all of Canada. Both parties will have similar responsibilities pertaining to the promotion, showcasing and implementation of the technology. Don Bourgeois and Sons will maintain separate accounting records for the usage of the thermal fragmentation mining method within its mining contracts, equipment leasing contracts and/or other types of contracts Net profits will be equally shared between the parties. Additionally, Don Bourgeois and Sons will be responsible for supplying all the equipment required to undertake such contracts.

Exclusive Agreement with Safescape, Australia

As published in a press release on April 27, 2015, the Company signed an exclusive distribution agreement with Safescape for its patented thermal fragmentation mining method in various contracts and mining operations throughout the countries of Australia, New Zealand, Papua New Guinea, Indonesia and the Philippines ("the Territory").

In November 2015, two (2) thermal fragmentation units called "MiniDragons" were shipped to the Safescape location in Forrestfield located in Western Australia. These units were followed by employees of Nippon to train the employees of Safescape. The first couple days concentrated on the theoretical training of the unit and then more specifically on the thermal head followed by a practical training in the field. The thermal work was completed a horizontal hole of 13 meters, a hole up 11 meters and 1 hole down 9 meters. Multiple fragmentation recipes were tested to show the reaction of the rock following the contact from the thermal pad.

SUBSEQUENT EVENTS

On February 10, 2016 the organization realized a first tranche of private placement without intermediary intervention. This tranche of $ 150,850 was collected by issuing 1,676,111 units of Nippon, at $ 0.09 per unit, each containing one (1) ordinary common share and one (1) warrant. Each warrant entitles the holder to acquire one (1) additional common share of the Company at a price of $ 0.135 per common share for a period of 24 months following the issue date of the voucher. An amount of $ 29,631 related to the warrants issued was recorded.

On February 17, 2016, 200,000 shares were issued following the exercise of stock options at an exercise price of $ 0.10 per common share.

On February 19, 2016, the Company announced that its Board of Directors approved a debt settlement project in shares (the "Debt Settlement in Shares") with certain flow-through share subscribers (the "Applicants") that had subscribed through a private placement of flow-through shares in 2009.

The Debt settlement in shares comes after lawsuits (the "Lawsuits"), were brought by the plaintiffs in the Superior Court of Quebec, District of Montreal against the Company and its directors (collectively, the "Administrators") on or about February 13, 2012, for an amount of one million three hundred thousand one hundred and three dollars and forty-two cents ($ 1,300,103.42) plus applicable interest and the additional indemnity provided by law. The Company and its directors have disputed the allegations in the lawsuits. On or about May 6, 2015, applicants and administrators have settled the claim of the plaintiffs toward them.

The Company and the applicants offered to settle the lawsuit for an amount of seven hundred ninety-five thousand dollars ($ 795,000) (the "Settlement Amount") without admission of liability and the sole purpose to obtain peace and avoid legal costs, by issuing a number of ordinary shares in the share capital of the Company (the "shares issued in satisfaction of the debt").

Subject to the approval of disinterested shareholders (a vote is expected at the annual meeting to be held March 17, 2016) and the final approval of the TSX Venture Exchange (the "TSXV"), shares issued in settlement of the debt will be issued at a price per share (the "price of shares issued in settlement of the debt") that is the greater of: (i) the last closing price of the listed shares of the Company (the "shares ordinary ") on February 19, 2016, net of a twenty five percent (25%) discount (the" Discounted Market price ") permitted by the policies of the TSXV, for a price of $ 0.06 per share issued in settlement of the debt, and (ii) the closing price of the common shares on the date of the meeting (17 March 2016), net of the expected course. The price of shares issued for debt settlement will determine the number of shares issued in settlement of the debt at the closing date.

Mining properties and future exploration work

The geological information for the property was prepared and summarized by SGS and RMB and associates, consultants from the Company and qualified individuals under regulation 43-101.

Rocmec 1

The Rocmec 1 mineral deposit holds sufficient resources to justify additional work on the property including exploration and infill drilling that could lead to a preliminary economic study especially over the Boucher and Boucher 2 structures. Rocmec should focus on the increase as well as the upgrade of its resources.

Over the upcoming steps, an exploration plan will validate our understanding of the mineral deposits. The Company would strongly like to proceed with this plan but requires an investment of $ 500,000, which the Company is actively looking for.

Denain

No updates or changes have been made since the last report for this property. The Company envisions two drilling programs in two phases of $ 250,000 each in an effort to verify the gold vein extensions. The Company would also like to move forward with this project but is also dependant on obtaining the required financing, which they are actively seeking.

Courville

For the moment this property is in the exploration stage. No exploration work is planned for this property during the coming year because management has decided to focus their attention on exploration of Rocmec 1.

Patents

All patents received are in force and no new patent has been filed.

Exploration and Evaluation Assets

For the quarter ended December 31, 2015, the Company completed $19,190 of expenses related to exploration and evaluation which shows a nice progression from the last 12 months that closed September 30, 2015 where the level of spending was low ($ 41,505) due to adequate financing. With these capitalized expenses during the quarter, the asset base of the exploration and evaluation assets grows to $ 8,768,806 ($ 8,749,686 in 2014). No work was done on Denain et Courville Maruska.

Capitalized exploration and evaluation assets during the year are as follows:

	December 31, 2015	September 30, 2015
Supervision	$ 4,120	$ 30,900
Other exploration expenses	15,000	10,605
	$ 19,120	$ 41,505

SELECTED INFORMATION

	December 31, 2015	September 30, 2015	September 30, 2014
Exploration and Evaluation assets	$ 8,768,806	$ 8,749,686	$ 8,719,802
Total assets	9,489,673	9,495,981	9,938,798
Current liabilities	9,590,875	9,507,433	13,860,827
Non-current liabilities	-	-	140,256

Nearly all liabilities the Company maintains are included in the current section. The majority of it is composed of indemnities due to subscribers of $ 2,527,698 ($ 2,527,698 as at September 30, 2015), which are discussed in detail in the Contingencies of this report. The balance of the current liabilities including liabilities and debentures in which the Company has taken on are almost all expiring this year and therefore presented in the current section. The risks associated with the Company defaulting payments is discussed in the CASH FLOWS AND FINANCING SOURCES section of this report.

	Quarters ended December 31		
	2015	2014	2013
Revenue from Joint Operation Contracts	70,955	39,700	-
Total Revenue	75,017	43,951	-
Contract Costs	64,022	37,783	-
Operation Expenses	283,509	(3,092,847)	299,606
Net (loss) income	(395,286)	2,941,308	(480,231)
Net (loss) income per share, basic and diluted	(0.0040)	0,0383	(0.0097)

For period ended December 31, 2015, the Company realized a loss of $ 395,286 (profit of $ 2,941,308 in 2014). The variation between both periods can be explained as follows:

- Over the last period, the Company proceeded with the write-off of indemnities payable to subscribers in connection with flow-through financing made between 2009 and 2011. This radiation was carried out following the receipt of a legal opinion to the effect that the Company had no obligation to compensate subscribers legally, except for those who had signed a subscription notice with a clause in this regard specifically. Therefore, a non-recurring gain on radiation of indemnities to subscribers of $ 3,525,355 was recorded in the books;

- Decrease in salaries and benefits of $ 32,326 mostly related to the resignation of André Savard as President and CEO on October 6, 2015;

- Decrease in travelling and promotion fees of $ 102,849 mostly due to the partnership with Don Bourgeois which is located in Quebec whereas past partners were located internationally which necessitated higher travel fees;

- The Company is no longer involved in a joint venture in Peru while for the three months ended December 31, 2014 , it had to record the share of loss of joint venture that was his , which totaled $ 71 504 . Due to new information obtained during the comparative year, the share of (71 504) $ was reversed in the financial statements for the period ended March 31, 2015. In fact, the Company negotiated with its joint venture partner that all expenses incurred between October 1st, 2014 and February 17, 2015 were not Nippon's responsibility neither on a legal, financial or environmental point of view.

- An increase in income of $ 31,255 from joint operations contracts was recorded versus this quarter last year. The increase is explained due to this time last year the Company was not yet part of the significant contract in South Africa.

- The gross margin for the quarter increase from $ 6,168 in 2014 to $ 10,995 in 2015. This improvement in gross margin is mainly explained by the fact that management of the Company did not have to be directly involved in the revenue generation process in 2015 while in 2014, a portion of the payroll of the Company was allocated to cost of contracts thus reducing the gross margin of the latter.

QUARTERLY DATA

The financial information chosen for the last nine quarters is as follows:

	31/12/15	30/09/15	30/06/15	31/03/15	31/12/14	30/09/14	30/06/14	31/03/14
	$	$	$	$	$	$	$	$
Income	75,017	58,160	66,890	30,259	43,951	44,941	27,540	-
Net (loss) gain	(395,286)	(280,611)	(380,010)	(1,167,221)	2,941,308	(785,801)	(498,037)	(542,246)
Net (loss) gain per share, basic and diluted	(0.0040)	(0.0032)	(0.0042)	(0.0137)	0.0383	(0.013)	(0.008)	(0.0100)

The variations of per quarter compared to last year can be explained as follows:

30/06/2014 – first quarter where we can see a glimpse of revenues. The revenues started midway through the quarter hence why the revenue total is lower compared to following quarters.

31/12/2014 – large non-recurring gain of $ 3,525,355 related to the write-off of indemnity to subscribers for flow-through financing between 2009 and 2011.

30/06/2015 – Substantial income generated by the signing of an exclusive agreement for the use of the Company's patented mining method for thermal fragmentation extraction with Safescape in Australia.

30/09/2014 – Substantial loss in relation to the cancellation of the joint venture with Chazel Capital of $ 209,250.

31/03/2015 – Substantial loss in relation to cancellation of participation in joint venture totalling $ 711,003.

30/09/2015 – Loss was reduced from a non-recurring gain of $ 232,729 related to the write-off of indemnity to subscribers for flow-through financing between 2009 and 2011;

31/12/15 – Revenue higher for this quarter because the Company was able to have a constant revenue stream from South Africa for all 3 months which wasn't the case for the previous quarters.

CASH FLOWS

	Quarters Ended	
	December 31, 2015	December 31, 2014
Cash flows from operating activities	$ (256,757)	$ (1,055,839)
Cash flows from investing activities	$ (19,120)	$ (15,665)
Cash flows from financing activities	$ 276,002	$ 1,269,000
Net change in cash and cash equivalents	$ 125	$ 197,496
Cash and cash equivalents at beginning of year	$ 83,918	$ 56,348
Cash and cash equivalents at end of year	$ 84,043	$ 253,844

For the year ended December 31, 2015, the **operating activities** increase to $(256,757) of cash, an increase from the $(1,055,839) used in the prior year. This increase can be explained by the following elements:

- A decrease use of cash for travelling and representation expenses of $ 102,849 associated with the Don Bourgeois partnership that is located in Quebec whereas past partners were situated internationally which necessitates higher travel fees;

- Decrease in salaries and benefits this year of $ 32,326 is principally related to the resignation of André Savard as President and CEO on October 6, 2015;

- The net change in working capital went from $ (839,770) in 2014 to $ 86,376 in 2015. This change comes largely from the change in accounts payable. In 2013-2014, the cash position decreased by $ 704,374 compared to 2014-15 we had an increase of $ 80,891. The large decrease in September 30, 2014 and December 31, 2014 is explained by the reimbursement of unpaid wages of $ 235,749 and the reimbursement of accrued interest of $ 192,238 on long term debt.

Investing activities used $ 19,120 in 2015 comparatively to $ 15,665 in 2014. These expenses relate to expenses for exploration and evaluation of Rocmec 1 property.

For the year ended September 30, 2015, **the financing activities** have generated cash flows of $276,002 compared to $ 1,269,000 in 2014. This variation is explained by issuance of warrants and shares which generated $1,624,284 in 2014 compared to $267,600 in 2015.

At December 31 2015, the Company had $ 84,043 in cash, accounts receivables and other receivables of $ 99,542 and prepaid expenses of $ 143,584. Overall, the Company's working capital remains largely negative and in consequence will not be sufficient to respond to projected liabilities and expenses up to September 30, 2016. The Company will need to obtain supplementary funds in a timely manner to continue exploration and evaluation of the Rocmec 1 property and pay its general administration expenses.

The Company aims to overcome and meet its financial obligations with certain tools at its disposal such as debentures, loans on gold, and/or equity financing depending on needs and availability. The Company will continue to use maximum efforts to obtain financing on the open market to better its cash position.

However; it is important to mention that the Company is in default with several creditors whom have created a first mortgage on the Rocmec 1 property in the amount of $ 1,500,000. Although discussions have been ongoing over the past couple months to find a solution for payment, the Company does risk losing control on the property given as collateral. The Company has intention to renegotiate the debenture over a longer period in an effort to take advantage of the extra time to find a suitable partner to develop a portion of the property. There still is no guarantee of success and a risk does exist that the control of Rocmec 1 property could be lost.

The Company is currently in default on a debenture payment that is guaranteed by equipment and the exclusive license for thermal fragmentation. If the creditor decides to use his guarantee, the Company will need to halt all operations with its partners. Management has intention to renegotiate the debenture over a longer period, although no certainty of success; the Company does risk losing control of both its equipment and thermal fragmentation license.

OFF-BALANCE SHEET ARRANGEMENTS, OBLIGATIONS AND COMMITMENTS

Asset Retirement Obligations

The obligations related to asset retirement represents an estimation (made by management) of the costs to abandon and restore the active mines of the Company as well as the estimated timing of said expenses. A total of $ 2,060 is estimated for Rocmec 1. Presently, the site is secured under the norms in force and no other fees are planned by the Company. The projected amounts in the statements are ample to respond to current legislation.

Off-Balance Sheet Transactions, Obligations and Commitments

The Company has no off-balance sheet transactions, nor obligations other than those declared or concluded in the normal course of the Company's business.

RELATED PARTY TRANSACTIONS

The related parties include key management personnel, key management's companies, the joint venture and the joint operation described below.

During the 3-month period ended on December 31st 2015, the Company and one of its joint operations have completed a contract in which the Company has drawn 25% of the profits. The profits from this agreement for the quarter amounted to $ 20,180. In addition, the Company has sold equipment to the same joint operation in the amount of $ 4,062. The balance receivable to the joint operation as at December 31, 2015 is $ 88,095.

Key management personnel includes the directors and officers of the Company.

The key management compensation includes:

	For the 3-month period ended December 31,	
	2015	2014
Salaries and fringe benefits	$ 47,222	$ 81,067
Capitalized to exploration and evaluation assets	(4,120)	(10,300)
	43,102	70,767
Stock-based compensation	16,477	12,775
Professional Services	18,000	18,000
Total	$ 77,579	$ 101,542

An amount of $ 295,598 ($ 339,742 in 2014) due to the Company's management is included within the accounts payables.

EQUITY IN CIRUCLATION

The changes in equity capital of the Company is detailed as follows:

	At December 31, 2015	Issued	Exercised	Expired	Cancelled	At February 29, 2016
Shares Issued	101,876,778	1,876,111	-	-	-	103,752,889
Stock Options Issued	7,065,000	-	(200,000)	-	-	6,865,000
Warrants Issued	36,230,739	1,676,111	-	-	-	37,996,850

CONTINGENCIES

The Company's operations are regulated by governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether it is the result level, the impact or its deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. In 2015, a provision of $2,060 ($2,060 in 2014) for restoration of the premises is included in the accounts payable. The actual amount might differ from this estimate.

The Company is partly financed by issuance of flow-through common shares. However, there are no guarantees that the funds spent by the Company will qualify as Canadian explorations expenses, even if the Company has taken all the necessary measures to meet its commitment. The refusal of some expenses by the tax authorities would have a negative fiscal impact on investors and the Company and these consequences will only be determinable when such expenses will be denied by tax authorities.

Following flow-through financing agreements entered into with subscribers in 2009-2010-2011, the Company committed to incur $5,888,560, $ 1,899,704 and $ 839,950 in Canadian Exploration Expenses ("CEE") before the 31st of December in 2010, 2011 and 2012 respectively. However; the Company only completed $ 1,139,591 at December 31, 2010 and $ 62,135 at December 31, 2011 and $ 120,670 at December 31, 2012. Consequently, a balances remain of $ 4,749,000 in 2010, $ 1,838,000 in 2011 and $ 719,300 in 2012 that were renounced but not incurred. Amended renunciation forms were filed with tax authorities and will consequently mean that new notice of assessment will be sent to subscribers and as a result, the Company recorded $ 3,142,000 & $ 1,204,500 & $ 540,809 in years 2010-12 respectively as a provision for an indemnity payable and an expense for the same amount was recorded in earnings. In addition, the Company also recorded at the same date a provision for Income taxes Part XII.6 and XII.14 payable relating to exploration expenses renounced but not incurred. Refer to Note 12 of the Financial Statements for more information on the subject. However, the Company determined that without legal obligations, only the subscribers with a specific clause of obligation would be maintained on the books, for a total of $ 2,527,698, representing a write-off of $ 3,758,084. The Company could face claims from other subscribers. However, the Company cannot estimate how many subscribers were subject to tax assessments related to these flow-through financings.

Regarding flow-through financing of 2009, a group of investors has filed a lawsuit with the Superior Court of Quebec for an approximate amount of $1,126,200. At January 28, 2015 the amount is still currently being debated in Court and management deems that the amount recognized as an indemnity payable to subscribers as stated in the consolidated statement of financial position is adequate. The investor group is open to receiving shares as a means of payment to resolve the conflict, however; the deal must be first approved by the shareholders of the Company. A vote is planned for March 17, 2016. More details can be found on this subject in the SUSEQUENT EVENTS section of this report. Other than this, the Company has no knowledge of any other potential litigation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes to consolidated financial statements. Significant estimates listed in Note 5 of the Consolidated Financial Statements include the useful life of property, plant and equipment, the recoverability of mineral properties and deferred exploration and development expenses, tax credits receivable, indemnities payable to subscribers, future income taxes and stock-based compensation. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

It is noted that there was no accounting method change by the Company over the quarters shown in the annual statements of September 30, 2015.

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

The credit risk is the risk associated with non-payment of financial obligations by the customers of the Company. The credit risks that faced the Company are principally attributable to collection of its accounts receivable. The amount presented in the financial position as accounts receivable and other receivables is net of an allowance for doubtful accounts of $38,960 ($38,960 in 2014). The collection is held by a Canadian chartered bank in which the management believes the risk of loss is considered minimal, but it is subject to credit risk concentration. The maximum credit risk is equivalent to the book value.

Liquidity risk

The liquidity risk is the risk that the Company experiences difficulty honouring commitments related to financial liabilities. The management approach concerning cash management is to ensure, as much as possible, that the Company has the necessary funds to meet its financial obligations at maturity. If considered necessary, management renegotiates extensions to maturity dates to balance the needs in cash and financings.

The Company intends to take measures in order to satisfy obligations under accounts payable and other liabilities, interest payment on convertible debentures and borrowings and repayment of the short-term part of long-term debts and convertible debentures. Management intends to continue, as was done in the past, to finance its activities by raising funds by private equity investments, loans or debentures. Although the Company succeeded in financing its activities in the past, the management cannot comment on the success of its fundraising in the future and considers that the liquidity risk is high.

During the 3 months ended December 31, 2015, the Company concluded private financing for a total of $ 267,600. However, more financing will be necessary to enable the Company to finance next year's operation expenditures.

The following chart summarizes the Company's financial liabilities as at December 31, 2015:

	Less than a year	Between 1 year and 2 years	More than 2 years
Accounts payable	$ 3,272,091	$ -	$ -
Loans	20,557	-	-
Indemnities payable to subscribers	2,527,698	-	-
Long-term debts	1,500,000	-	-
Debentures	2,270,529		-
	$ 9,590,875	$ Nil	$ nil

Interest rate risk

The interest rate risk is the risk that fair value future cash flows of a financial instrument fluctuates because of the variations in the market interest rates. The loans, funded debt and debentures issued by the Company bear fixed-rate interest and expose it to the risk of fair value variation resulting from fluctuation of rate interest.

Sensitivity analysis of interest rate

A 1% change in the interest rate would not have a significant impact on the results and on the Company's cash flow.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's financial assets is denominated in South African rand. Consequently, certain financial assets are exposed to currency fluctuations. Most of the Company's operations are conducted in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The financial assets denominated in South African rand, translated into Canadian dollars at the closing rate, which expose the Company to currency risk are:

	December 31, 2015	September 30, 2015
Accounts receivable and other receivables	$ 88,095	$ 65,477
Total exposition	$ 88,095	$ 65,477

RISKS AND UNCERTAINTIES

There have been no important changes in relation to risks and uncertainties since the management's annual report dated September 30, 2015.

FORWARD-LOOKING STATEMENTS – CAUTION

Our report contains "forward-looking statements", which are not based on historical facts. Forward-looking statements reflect, as at the date of this Management Discussion and Analysis Report, our estimates, forecasts, projections, expectations and beliefs as to future events or results. Forward-looking statements are reasonable estimates, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to factors associated with fluctuations in the market price of gold and precious metals, mining industry risks, unexpected geological situations, uncertainty as to calculation of mineral reserves, changes in laws or governmental policies, inability to obtain permits and approval from governmental bodies and requirements of additional financing and the capacity of the Corporation to obtain financing and any other risk associated mining and development.

The Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document.

This management's discussion and analysis contains forward-looking statements reflecting the Company's objectives, estimates and expectations. These statements are identified by the use of verbs such as "believe", "anticipate", "estimate" and "expect" as well as the use of the future or conditional tense. By their very nature, these types of statements involve risk and uncertainty. Consequently, results could differ materially from the Company's projections or expectations.

(S) Donald Brisebois

Donald Brisebois
President and CEO

February 29, 2016