BALMORAL RESOURCES LTD.

Management Discussion and Analysis

For the year ended December 31, 2015

INTRODUCTION

This Management Discussion & Analysis ("MD&A") for Balmoral Resources Ltd. (the "Company" or "Balmoral") for the year ended December 31, 2015 has been prepared by management in accordance with the requirements of National Instrument 51-102 as of March 23, 2016, and compares its financial results for the year ended December 31, 2015 to the previous year. This MD&A provides a detailed analysis of the business of Balmoral and should be read in conjunction with the Company's audited financial statements and the accompanying notes for the years ended December 31, 2015 and 2014 as filed on the SEDAR website at (www.sedar.com). The Company's reporting currency is the Canadian dollar, and all monetary amounts in this MD&A are expressed in Canadian dollars unless otherwise stated. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards.

Caution Regarding Forward Looking Statements

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

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

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties

beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

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

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

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

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current highly volatile state

of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

Caution Regarding Adjacent or Similar Mineral Properties

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

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

DATE

This MD&A reflects information available as at March 23, 2016.

OVERALL PERFORMANCE

Financings

On October 28 and November 18, 2015, the Company closed two tranches of a non-brokered flow-through private placement by issuing 7,247,646 flow-through common shares at a price of $0.75 per flow-through share for gross proceeds of $5,435,735. The Company paid certain finders cash commissions totaling $319,544. In connection with the financing, the Company paid an additional $157,022 in share issuance costs.

Corporate

On March 9, 2016, the Company appointed Mr. Bryan Disher as a member of the Company's Board of Directors.

Mineral Properties

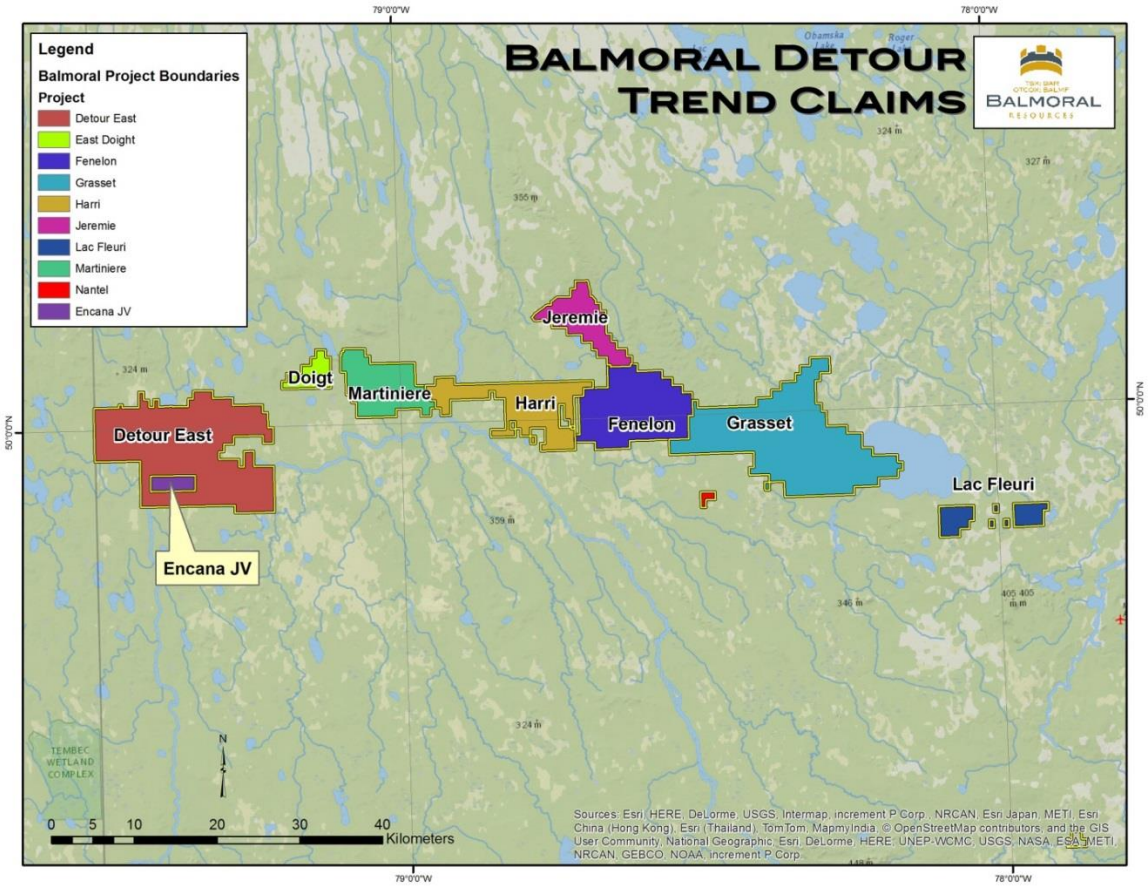


Figure 1: Map of the Detour Trend Properties

Detour Trend Project, Quebec

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

Grasset Property, Quebec

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

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

A second round of testing, during the winter of 2014, identified two additional mineralized horizons within the same host sequence, with the upper-most horizon (H3) returning Ni-Cu-Co-PGE mineralization over widths in excess of 100 metres, including a high-grade intercept of 45.28 metres grading 1.79% Ni, 0.19% Cu, 0.42 g/t Pt and 1.04 g/t Pd. Drilling has now extended the higher grade mineralization located along Horizon 3 to over 500 metres along strike and to vertical depths of over 500 metres.

The Company moved into delineation drilling of the H3 discovery in 2015 and in March of 2016 published the initial resource estimate for the Grasset Deposit (comprised of the H1 and H3 Zones). The base case resource estimate for the Grasset Deposit is:

Table 1: Base Case Current Resource Estimate

> 1.00 % NiEq		Tonnes (t)	NiEq (%)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Contained NiEq (lbs)	Contained Ni (lbs)	Contained Cu (lbs)	Contained Co (lbs)	Contained Pt (oz)	Contained Pd (oz)
INDICATED	Horizon 1	35,900	1.09	0.98	0.11	0.03	0.16	0.38	865,800	772,600	84,100	22,700	200	400
	Horizon 3	3,416,600	1.80	1.57	0.17	0.03	0.34	0.85	135,413,200	118,316,800	13,148,000	2,317,600	37,700	93,000
	Total Indicated	**3,452,500**	**1.79**	**1.56**	**0.17**	**0.03**	**0.34**	**0.84**	**136,279,000**	**119,089,400**	**13,232,100**	**2,340,300**	**37,900**	**93,400**
INFERRED	Horizon 1	4,700	1.08	0.96	0.11	0.03	0.17	0.39	111,500	99,400	11,700	3,100	100	100
	Horizon 3	86,400	1.20	1.06	0.11	0.02	0.20	0.48	2,282,400	2,027,600	217,100	45,900	600	1,300
	Total Inferred	**91,100**	**1.19**	**1.06**	**0.11**	**0.02**	**0.20**	**0.48**	**2,393,900**	**2,126,900**	**228,700**	**49,000**	**600**	**1,400**

The current mineral resource estimate is based on results from 111 diamond drill holes (39,999 metres) completed by the Company since 2014. As indicated below, the base case current resource is reported above a 1.00% NiEq* cutoff grade after incorporation of estimates for mining recoveries, mining dilution, milling recoveries, smelting and refining charges and certain penalties, as well as estimated operating costs based on those associated with mines currently operating in the local region.

Tables 2a and 2b (below) provide an analysis of the volumetric resources at a range of cut-off grades for the combined H3 and H1 zones as calculated by the Qualified Persons. The Base Case Current Resource (>1.00% NiEq* cut-off) is highlighted for comparison.

Table 2a: Indicated Resource at Range of Cut-Off Values

Resource Class	Cut-off (NiEq %)	Tonnes	Ni Equivalent (%)	Ni %	Cu %	Co %	Pt g/t	Pd g/t	Contained Ni EQ (lbs)
INDICATED	> 2.00	777,500	3.17	2.73	0.28	0.05	0.60	1.46	54,258,700
	> 1.50	1,687,100	2.39	2.07	0.23	0.04	0.47	1.15	88,953,700
	> 1.40	1,974,400	2.25	1.96	0.22	0.04	0.44	1.08	98,121,800
	> 1.30	2,297,400	2.13	1.85	0.21	0.03	0.41	1.02	107,743,200
	> 1.20	2,552,800	2.04	1.78	0.20	0.03	0.40	0.97	114,784,300
	> 1.10	2,865,400	1.94	1.69	0.19	0.03	0.37	0.92	122,685,900
	> 1.00	3,452,500	1.79	1.56	0.17	0.03	0.34	0.84	136,279,000
	> 0.90	4,038,600	1.67	1.46	0.16	0.03	0.32	0.78	148,552,200
	> 0.80	4,767,200	1.54	1.35	0.15	0.03	0.29	0.72	162,149,200
	> 0.70	5,880,300	1.39	1.22	0.13	0.03	0.26	0.64	180,435,200
	> 0.60	7,300,800	1.25	1.10	0.12	0.02	0.23	0.57	200,708,100
	> 0.50	9,434,000	1.09	0.96	0.10	0.02	0.20	0.49	226,557,400
	> 0.40	12,521,700	0.93	0.82	0.09	0.02	0.16	0.40	256,760,200
	> 0.30	15,564,000	0.82	0.72	0.07	0.02	0.14	0.34	280,494,000

Table 2b: Inferred Resource at Range of Cut-Off Values

Resource Class	Cut-off (NiEq %)	Tonnes	Ni Equivalent (%)	Ni %	Cu %	Co %	Pt g/t	Pd g/t	Contained Ni EQ (lbs)
INFERRED	> 2.00	200	2.27	1.98	0.32	0.04	0.43	0.79	7,700
	> 1.50	200	2.03	1.78	0.30	0.03	0.37	0.65	10,200
	> 1.40	6,800	1.45	1.28	0.15	0.03	0.24	0.57	218,000
	> 1.30	22,500	1.38	1.23	0.14	0.03	0.23	0.56	685,600
	> 1.20	43,600	1.32	1.17	0.13	0.03	0.22	0.52	1,268,500
	> 1.10	55,500	1.28	1.14	0.12	0.03	0.21	0.51	1,568,500
	> 1.00	91,100	1.19	1.06	0.11	0.02	0.20	0.48	2,393,900
	> 0.90	122,900	1.13	1.00	0.11	0.02	0.18	0.43	3,052,300
	> 0.80	178,200	1.04	0.93	0.11	0.02	0.17	0.39	4,084,300
	> 0.70	259,300	0.95	0.84	0.09	0.02	0.16	0.36	5,411,200
	> 0.60	414,600	0.83	0.74	0.08	0.02	0.14	0.32	7,589,600
	> 0.50	788,700	0.69	0.62	0.07	0.02	0.11	0.26	12,029,700
	> 0.40	1,912,200	0.54	0.48	0.05	0.01	0.08	0.18	22,622,300
	> 0.30	2,999,400	0.47	0.43	0.04	0.01	0.06	0.15	31,316,700

Resource Estimate Assumptions and Notes:

1. The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Mr. Pierre-Luc Richard, P.Geo., M.Sc., and Mr. Carl Pelletier, P.Geo., B.Sc., both of InnovExplo Inc. The effective date of the Estimate is January 12, 2016
2. These mineral resources are not mineral reserves as they do not have demonstrated economic viability.
3. While the results are presented undiluted and in situ, the reported mineral resources are considered to have reasonable prospects for eventual economic extraction.
4. The estimate includes two (2) mineralized zones (Horizon 1 and Horizon 3).
5. Resources were compiled at NiEq cut-off grades of 0.30%, 0.40%, 0.50%, 0.60%, 0.70%, 0.80%, 0.90%, 1.00%, 1.10%, 1.20%, 1.30%, 1.40%, 1.50%, and 2.00%. The base case resource potential is reported at a 1.00% NiEq cut-off grade.
6. Cut-off calculations used: CAD 48.00$ Mining, 6.00$ Maintenance, 10.00$ G&A, 22.00$ Processing for a total of 86.00$ operating costs. A mining dilution factor of 7.5% was also applied to the cut-off grade calculation.
7. *NiEq = $[[(Ni_{Grade(\%)} \times Ni_{CR(\%)} \times Ni_{Payable(\%)} \times Ni_{Price(\$)}) + (Cu_{Grade(\%)} \times Cu_{CR(\%)} \times Cu_{Payable(\%)} \times Cu_{Price(\$)}) + (Co_{Grade(\%)} \times Co_{CR(\%)} \times Co_{Payable(\%)} \times Co_{Price(\$)})] \times 2205 + [(Pt_{Grade(g/t)} \times Pt_{CR(\%)} \times Pt_{Payable(\%)} \times Pt_{Price(\$)}) + (Pd_{Grade(g/t)} \times Pd_{CR(\%)} \times Pd_{Payable(\%)} \times Pd_{Price(\$)})] / 31.1035 - Cr_{Penalty(\$)}] / (Ni_{Payable(\%)} \times Ni_{CR(\%)} \times Ni_{Price(\$)} \times 2205)$; where CR(%) is a variable concentrate recovery ratio derived from metallurgical balance study, and Payable(%) is applied on concentrates. Note that a minimum deduction of 0.20% Co was applied on concentrate.
8. NiEq calculations used: USD/CAD exchange rate of 1.14, Nickel price of US$6.56/lb, Copper price of US$2.97/lb, Cobalt price of US$13.00/lb, Platinum price of US$1,302.30/oz, and Palladium price of US$737.20/oz (These are 3-year trailing averages calculated at the effective date); Payable of 70% for Nickel, 75% for Copper, 75% for Cobalt (minimum deduction of 0.20%), 45% for Platinum, and 45% for Palladium applied on expected concentrate based on analysis of available smelting and refining cost parameters.
9. Cut-off and NiEq calculations would have to be re-evaluated in light of future prevailing market conditions (metal prices, exchange rate, smelting terms, and mining costs).

10. Density values were estimated for all lithological units from measured samples. Density values for the Horizon 1 and Horizon 3 mineralized zones were interpolated from both a measured density database and a correlation database accounting for a selection of metals (Ni, Fe, Co) yielding the best correlation with the measured database.
11. The resource was estimated using GEMS 6.7. The estimate is based on 111 diamond drill holes (39,999.43 m). A minimum true thickness of 3.0 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
12. High grade capping was done on raw assay data and established on a per zone basis for Nickel (15.00%), Copper (5.00%), Platinum (5.00g/t), and Palladium (8.00g/t). Capping grade selection is supported by statistical analysis.
13. Compositing was done on drill hole sections falling within the mineralized zones (composite = 1.0 m).
14. Resources were evaluated from drill holes using a 3-pass ID2 interpolation method in a block model (block size = 5 x 5 x 5 m).
15. The Mineral Resources presented herein are categorized as Indicated and Inferred based on drill spacing, geological and grade continuity. Based on the nature of the mineralization, a maximum distance to the closest composite of 50 m was used for indicated Resources. The average distance to the nearest composite is 22.9 m for the Indicated resources and 53.6 m for the Inferred resources.
16. Ounce (troy) = metric tonnes x grade / 31.10348. Calculations used metric units (metres, tonnes and g/t). Metal contents are presented in ounces and pounds.
17. The number of metric tonnes was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects.
18. The quantity and grade of reported Inferred resources in this Mineral Resource Estimate are uncertain in nature and there has been insufficient exploration to define these Inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to these categories.
19. CIM definitions and guidelines for mineral resources have been followed.
20. The Qualified Persons are not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue, that could materially affect the Mineral Resource Estimate.

The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Mr. Pierre-Luc Richard, P.Geo., M.Sc. and Mr. Carl Pelletier, P.Geo., M.Sc. of InnovExplo Inc.

The Company released the results from metallurgical work on the Grasset deposit in 2015. The metallurgical studies show the sulphide mineralization comprising the H3 Zone exhibits excellent recovery characteristics (86.5% for nickel, 94% for copper and 89% for palladium) and that a very simple mill flow-sheet is capable of producing a good quality bulk nickel concentrate with each of nickel, copper, cobalt, platinum and palladium reporting to the concentrate in potentially payable quantities.

At the time of preparation the winter 2016 drill program on the Grasset program was underway with results from several holes outstanding.

Martiniere Property, Quebec

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

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

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

intercepts from the Upper and Lower Bug Lake Zones. Summer drill results included the intersecting of Bug Lake style gold mineralization 600 metres beyond the previous southern limit of Bug Lake Trend.

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

During the quarter, the Company released results from preliminary metallurgical testing of a composite sample collected from the Bug Lake Zone. The testing demonstrated recoveries of 91.4% for gold and 80.2% for silver via standard flotation followed by cyanide leaching of the flotation concentrate and tails. These results are similar to a number of operating gold mines worldwide.

At the time of preparation the winter 2016 drilling program, focused on delineation of the southern portion of the Bug Lake Trend, was just commencing. There are no current resources calculated for the Martiniere Property.

Fenelon Property, Quebec

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

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

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

During the first quarter of 2015, the Company commenced drill testing of several geophysical anomalies located along the projected north-western continuation of the GUC through the Fenelon Property targeting Ni-Cu-Co-PGE mineralization similar to that recently discovered on its adjacent Grasset Property. Four new Ni-Cu-Co-PGE occurrences were identified highlighted by an intercept grading 0.37% Ni, 0.05% Cu, 0.06 g/t Pt and 0.13 g/t Pd in hole FAB-14-46 located 6.5 kilometres NW of the H3 discovery. In addition high-grade gold mineralization grading 216 g/t gold over 0.76 metres was discovered in hole FAB-15-50 along the northeastern contact of the GUC, proximal to nickel sulphide mineralization. Follow-up drilling of these discoveries and additional testing of targets on the Fenelon Property is currently on-going.

Detour East (Massicotte) Property, Quebec

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

Geochemical surveying was completed on the property during the fourth quarter of 2014 and highlighted several areas/trends for further follow-up. The Company also located drill core from a number of historic drill holes completed on the Detour East Property, has taken control of them and transported them to the Fenelon camp. Detailed re-logging of these holes remains pending. The Company did not complete any work on the property during the quarter and there are no plans for work during the 2016 winter season.

Jeremie Properties

Following the discovery of Ni-Cu-Co-PGE mineralization at Grasset, the Company acquired by staking a 100% undivided interest in a new property, Jeremie, located north of the Fenelon Property. This property covers projected extensions of ultramafic rock sequence which hosts the Grasset Ni-Cu-Co-PGE discovery. Limited historic drilling on the property has identified low-grade nickel mineralization and suggests potential for VMS and gold discoveries. Work by the Company has not so far identified any significant mineralization and no near term work is planned for the property

Other Projects

Northshore Property, Ontario

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

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

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

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

The Company has not received a work program plan for Northshore for the balance of 2016 and little work is expected.

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

N1 and N2 Properties

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

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

On February 2, 2015, the Company agreed to option its N1 and N2 Properties to a Vancouver based and TSXV-listed company, Wealth Minerals Ltd. ("Wealth"). Under the terms of the Option/Joint Venture Agreement, Wealth has a series of two options to earn up to a 70% interest in the properties. Wealth issued 1,000,000 common shares to the Company on February 25, 2015.

Wealth failed to meet its Year 1 obligations under the Option/Joint Venture Agreement and it was terminated effective February 25, 2016. The Company and Wealth entered into a Termination Agreement dated February 25, 2016 under which Wealth will pay to the Company a sum of $400,000 in cash or common shares of Wealth, at Wealth's option, in three payments (April 1, July 1 and October 1, 2016). Wealth will also be responsible for making any payments required to maintain the two properties in good standing which come due prior to August 25, 2016. Wealth will maintain no interest in the Properties. During the year ended December 31, 2015, the Company sold 317,000 shares of Wealth for an average price of $0.205 per share for gross proceeds of $65,113. Subsequent to December 31, 2015, the Company sold 508,000 shares of Wealth for an average price of $0.256 per share for gross proceeds of $130,236. The Company currently retains 175,000 common shares of Wealth for investment purposes and may increase or decrease its position as future circumstances dictate.

Qualified Person and QA/QC

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

RISK FACTORS

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

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size or grade to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. **There are currently no current mineral resources, and there are no known mineral reserves, on any of the Company's properties. The vast majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.** Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even if it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body which can be legally and economically exploited.

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

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

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with

any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

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

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

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

Global Financial Conditions: Market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the continued volatility of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions continue to be volatile and unpredictable. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate

earnings. These disruptions in the current credit and financial markets have had, and could continue to have a material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly junior resource exploration companies such as the Company. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

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

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

Dilution to the Company's Existing Shareholders: The Company will require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

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

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

Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced an increasingly high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating

performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

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

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

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

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

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

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

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

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

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

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

SELECTED ANNUAL INFORMATION

The Company's financial statements for the years ended December 31, 2015 and 2014 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following table provides a brief summary of the Company's financial operations for the years ended December 31, 2015, 2014 and 2013. For more detailed information, refer to the Financial Statements.

	Years Ended December 31,		
	2015	**2014**	**2013**
Total revenues (interest)	$ 124,408	$ 111,605	$ 126,901
Loss before other items	$ (2,124,217)	$ (3,995,287)	$ (3,685,234)
Net loss	$ (122,832)	$ (4,320,529)	$ (4,252,043)
Basic and diluted loss per share	$ 0.00	$ (0.04)	$ (0.05)
Total assets	$ 59,799,893	$ 57,004,317	$ 42,752,503
Total non-current liability	$ 6,019,543	$ 4,261,117	$ 2,908,902
Weighted average common shares outstanding	111,603,157	101,828,149	87,528,913

The Company raised gross proceeds of $10,030,000 on November 6, 2014 and 300,000 stock options were exercised at a price of $0.60 per share in December 2014. The combination resulted in a much higher balance carried in the Company's term deposits throughout the year ended December 31, 2015, leading to an increase in interest revenue to $124,408 (2014 - $111,605). Total interest revenue decreased in 2014 to $111,605 (2013 - $126,901) due to a decrease in interest rate on the term deposits.

Fluctuating loss before other items over the three years were mainly due to share-based payments fluctuations (2015 - $104,238, 2014 - $1,880,693, 2013 - $1,699,166). In 2015, 360,000 stock options were granted at a weighted average exercise price of $0.75, of which only 90,000 have vested. In 2014, 4,850,000 stock options were granted at a weighted average exercise price of $0.61 whereas only 2,900,000 stock options were granted at an exercise price of $1.05 in 2013. Salaries and benefits were higher in 2014 (2015 - $555,813, 2014 - $694,545, 2013 - $517,703) as a result of the year-end bonuses paid in recognition to its employees' contribution to the Company's extraordinary performance during the market downturn as well as hiring of new staff.

Deferred income tax recovery/expense is another key factor affecting the net loss over the three years (2015 – recovery of $1,913,256, 2014 – recovery of $372,903, 2013 – expense of $711,733). There was also higher impairment losses on marketable securities in 2014 of $814,390 compared to $61,111 in 2015 and $nil in 2013.

Total assets continued to increase from 2013 to 2015 mainly due to continued active exploration activities resulting in a balance of $50,067,859 in exploration and evaluation assets in 2015 compared to $40,712,432 in 2014 and $31,566,322 in 2013.

SUMMARY OF QUARTERLY RESULTS

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

Description	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Total assets	$ 59,799,893	$ 55,884,905	$ 56,303,843	$ 57,495,860
Working capital*	$ 9,484,344	$ 5,848,699	$ 10,312,782	$ 12,150,286
Net income (loss) for the period	$ (2,071,405)	$ 1,062,076	$ 267,129	$ 619,368
Income (Loss) per share	$ (0.03)	$ 0.01	$ 0.01	$ 0.01

Description	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Total assets	$ 57,004,317	$ 47,667,746	$ 46,976,892	$ 42,538,398
Working capital*	$ 15,834,042	$ 7,380,330	$ 11,620,938	$ 7,766,450
Net income (loss) for the period	$ (1,924,621)	$ 439,650	$ (322,547)	$ (2,513,011)
Income (Loss) per share	$ (0.01)	$ 0.00	$ (0.00)	$ (0.03)

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

Total assets increased by $3,914,988 in Q4 2015 compared to Q3 2015 due to net proceeds of $4,959,169 raised through two tranches of a non-brokered flow-through financing during the last quarter of 2015. Total assets decreased by $418,938 in Q3 2015 compared to Q2 2015, decreased by $1,192,017 in Q2 2015 compared to Q1 2015 mainly due to decrease in cash and cash equivalents balance as a result of increase in exploration and evaluation activities from the 2015 drill program. There was an increase of $491,543 from Q4 2014 to Q1 2015. The increase is a result of a combination of decrease in cash and cash equivalents of $3,254,379 and an increase in exploration and evaluation assets of $2,815,521, and an increase in exploration and evaluation advances of $449,610.

The increase in the Company's total assets in Q4 2014 compared to Q3 2014 of $9,336,571 was mainly due to the net proceeds of $9,413,424 from a flow-through financing closed on November 6, 2014. The increase in the Company's total assets in Q3 2014 compared to Q2 2014 of $690,854 was due to an increase in exploration expenditures of $4,451,296 offset by a decrease in cash and cash equivalents of $3,816,342 during the quarter. The increase in the Company's total assets in Q2 2014 compared to Q1 2014 of $4,438,494 was attributable to the net proceeds of $4,221,351 from a flow-through financing closed on June 24, 2014.

Working capital increased by $3,635,645 in Q4 2015 compared to Q3 2015 mainly due to an increase in cash and cash equivalents balance as a result of a non-brokered flow-through financing during the last quarter of 2015, combined with an increase in the exploration and evaluation assets due to additional exploration activities. Working capital decreased by $4,464,083 in Q3 2015 compared to Q2 2015; decreased by $1,837,504 in Q2 2015 compared to Q1 2015 decreased by $3,683,756 in Q1 2015 compared to Q4 2014 mainly due to decrease in cash and cash equivalents of which a majority of the funds were spent on the exploration and evaluation assets.

Working capital increased by $8,453,712 in Q4 2014 compared to Q3 2014 mainly due to a flow-through financing in November 2014. The decrease in the working capital of $4,240,608 in Q3 2014 compared to Q2 2014 was mainly due to a decrease in cash and cash equivalents of $3,816,342 combined with an increase in accounts payable and accrued liabilities of $480,499. The increase in the Company's working capital of $3,854,488 in Q2 2014 compared to Q1 2014 was mainly an increase in cash and cash equivalents of $3,598,048 due to a flow-through financing which closed in June 2014 combined with a decrease in accounts payable and accrued liabilities of $272,015.

Fluctuations in net income (loss) in 2015 mainly due to the changes in deferred income tax recovery (expense) (Q4 2015 - $(1,512,746), Q3 2015 - $1,550,277, Q2 2015 - $746,909, Q1 2015 - $1,125,816).

Fluctuations in net income (loss) in 2014 were due to a combination of changes in share-based payments, impairment losses, and deferred income tax recovery (expenses). In Q1 2014, 4,700,000 stock options were granted at a weighted average price of $0.60 arising in share based payments of $1,787,329. In Q4 2014, 150,000 stock options were granted at a weighted average exercise price of $0.90 resulting in share-based payments of $93,364. There were no stock options granted in Q2 2014 or Q3 2014. Impairment losses on marketable securities (Q1 2014 - $661,613, Q2 2014 - $45,833, Q3 2014 - $15,278, Q4 2014 - $91,666) were as a result of fluctuations in the fair value of investments in GTA. Deferred income tax recovery (expense) (Q1 2014 - $334,185, Q2 2014 - $197,307, Q3 2014 - $890,888, Q4 2014 – ($1,049,477)) changed quarter over quarter as a result of differences in flow-through expenditures incurred during the different quarters.

RESULTS OF OPERATIONS

Year ended December 31, 2015 compared to year ended December 31, 2014

During the year ended December 31, 2015, the Company had a net loss of $122,832 (2014 - $4,320,529). Net loss is comprised of an interest income of $124,408 (2014 - $111,605), foreign exchange gain of $21,304 (2014 - $4,640), gain on marketable securities of $3,528 (2014 - $nil), and deferred income tax recovery of $1,913,256 (2014 – $372,903), offset by $2,124,217 (2014 - $3,995,287) in general administrative expenses and $61,111 in impairment losses on marketable securities (2014 - $814,390).

Share-based payments decreased to $104,238 (2014 - $1,880,693). In the current fiscal year, 360,000 stock options were granted on June 18, 2015 with 25% vesting on each of August 23, 2015, February 23, 2016, August 23, 2016 and February 23, 2017 whereas 4,850,000 stock options were granted at a weighted average exercise price of $0.61 all vesting on the grant date in the comparative period of the prior year.

Consulting fees decreased from $83,274 to $57,910 mainly due to a one-time consulting fee paid to consultants for compensation evaluation and corporate development services in 2014 and none in 2015.

Office and miscellaneous expenses increased from $146,210 to $179,966, rent expenses increased from $87,312 to $112,653 mainly due to the increase in the number of personnel as well as the expansion of the office space during the current fiscal period to accommodate the increase in activities due to simultaneous exploration programs at Grasset and Martiniere.

Professional fees decreased from $200,858 to $149,294 mainly due to legal fees paid for the review of materials related to trading and disclosure policies in 2014 and none in 2015.

Shareholder communication expenses increased from $647,027 to $751,525 while travel and related costs decreased from $126,392 to $100,602 as the Company focused its efforts on investor awareness and market penetration.

Salaries and benefits decreased from $694,545 to $555,813 due to the higher bonuses paid in 2014 in recognition to its employees' contributions to the Company's extraordinary 2014 performance during the market downturn. Lower performance-related bonuses were paid in 2015 given the continued weakness in market conditions and lesser performance of the Company's common shares.

Other expense categories that reflected only moderate change, year over year, were filing and transfer agent's fees of $110,875 (2014 - $127,642) and depreciation expense of $1,341 (2014 - $1,334).

The Company received $124,408 (2014 - $111,605) interest income from its GICs in the current fiscal year.

During the year ended December 31, 2015, the Company incurred $9,366,104 of qualified flow-through funded exploration expenditures, which fulfilled its commitments pursuant to the flow-through share financing closed on November 6, 2014 and partially fulfilled its commitments pursuant to the flow-through share financing closed on October 28, 2015. As at December 31, 2015, $5,353,754 remains to be incurred.

Three months ended December 31, 2015 compared to three months ended December 31, 2014

During the three months ended December 31, 2015, the Company incurred a loss of $2,071,405 (2014 - $1,924,621). Net loss is comprised of an interest income of $18,681 (2014 - $42,405), foreign exchange gain of $5,750 (2014 – a loss of $663), gain on marketable securities of $783 (2014 - $nil), offset by deferred income tax expense of $1,512,746 (2014 – an expense of $1,049,477), general administrative expenses of $538,040 (2014 - $824,860) and impairment loss on marketable securities of $45,833 (2014 - $91,666).

Shareholder communication expenses increased from $184,333 to $210,541 during the three months ended December 31, 2015 along with an increase in travel and related costs from $20,384 to $38,670 as a result of the Company focusing its efforts on investor awareness and market penetration.

Salaries and benefits decreased from $308,045 to $133,044 due to higher bonuses paid in the comparative period last year compared to the current fiscal period as the Company awarded lower performance bonuses to staff in 2015 due to market conditions.

Consulting fees decreased from $33,524 to $12,830 mainly due to a one time consulting agreement for compensation evaluation engaged in the comparative fiscal period of the prior year and none in the current period.

Professional fees decreased from $98,933 to $27,491 mainly due to the legal fees paid for the review of materials related to trading and disclosure policies in the comparative period last year compared to the current fiscal period.

Share-based payments decreased to $29,785 (2014 - $93,364). In the current period, only 25% of the 360,000 stock options granted on June 18, 2015 vested on August 23, 2015 resulting in only a portion being recorded in the current period whereas 150,000 stock options were granted and vested in the comparative period of the prior year.

Other expense categories that reflected only moderate change, period over period, were depreciation expense of $358 (2014 - $334), filing and transfer agent's fees of $15,256 (2014 - $15,932), office expenses of $41,607 (2014 - $47,375)., and rent expenses of $28,458 (2014 - $22,636)

The Company earned $18,681 (2014 - $42,045) interest income from its GICs in the current fiscal period.

During the three months ended December, 2015, the Company incurred $925,231 of qualified flow-through funded exploration expenditures, which fulfilled its commitments pursuant to the flow-through share financing closed on November 6, 2014 and partially fulfilled its commitments pursuant to the flow-through share financing closed on October 28, 2015.

LIQUIDITY AND CAPITAL RESOURCES

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed by the sale of its equity securities

by way of private placements and the exercise of incentive stock options and share purchase warrants. In addition, the Company can raise funds through the sale of interests in its mineral properties. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects. When acquiring an interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

The Company had working capital of $9,484,344, which includes cash and cash equivalents on hand at December 31, 2015 of $9,173,010, short term tax recoveries and publicly traded shares but excludes other liabilities related to flow-through share obligations. This compares to working capital of $15,834,042 and cash and cash equivalents on hand of $15,587,381 at December 31, 2014. On October 28 and November 18, 2015, the Company closed two tranches of a non-brokered flow-through private placement by issuing 7,247,646 flow-through common shares at a price of $0.75 per flow-through share for gross proceeds of $5,435,735. The funds provide sufficient funding for operations for the ensuing year.

The Company expects that it will operate at a loss for the foreseeable future and believes that its current cash and cash equivalents will be sufficient for it to maintain it's currently held properties, and fund its currently anticipated general and administrative costs, for the balance of the fiscal year ending December 31, 2016. The Company's current planned operating needs are $7 million until December 31, 2016. Currently budgeted exploration and development activities are approximately $5.4 million through December 31, 2016, which is included in the current planned operating needs of $7.0 million. Assuming similar level of expenditures in 2017, in order for the Company to maintain its currently held properties, and fund its currently anticipated general and administrative costs and planned exploration expenditures for the fiscal year ended December 31, 2017, the Company would require additional financing during 2016. Should such financing not be available in that time-frame, the Company will be required to reduce its activities and will not be able to carry out all of its presently planned exploration and development activities at the projects on its currently anticipated scheduling.

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

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment expenses, in connection therewith:

Name	Relationship	Purpose of Transaction	Year Ended December 31, 2015	Three Months Ended December 31, 2015
Darin Wagner	President and CEO	Salaries and benefits	$ 135,000	$ 33,750
68B Resource Consultants Ltd.	Company controlled by the President and CEO	Technical Services related to the Company's exploration and evaluation assets	$ 120,000	$ 30,000

Name	Relationship	Purpose of Transaction	Year Ended December 31, 2015	Three Months Ended December 31, 2015
Blue Pegasus Consulting Inc.	Company controlled by the CFO	Financial Consulting Services (included in Consulting Fees)	$ 49,910	$ 12,830
Richard Mann	Vice President, Exploration	Salaries and benefits	$ 206,028	$ 56,028
John Foulkes	Vice President, Corporate Development	Salaries and benefits	$ 118,574	$ 37,228
Lawrence W. Talbot	Director	Directors Fees (included in Salaries and benefits)	$ 22,248	$ 5,562
Graeme Currie	Director	Directors Fees (included in Salaries and benefits)	$ 22,248	$ 5,562
Daniel Maclnnis	Director	Directors Fees (included in Salaries and benefits)	$ 22,248	$ 5,562

A short-term advance of $11,225 to Darin Wagner for travel is included in prepaid expenses, which is repaid during the normal course of business.

During the year ended December 31, 2015, the following stock options were granted to insiders.

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

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

During the three months ended December 31, 2015, no stock options were granted to insiders.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off Balance Sheet arrangements.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to provide reasonable assurance that all relevant information required to be disclosed in the Company's reports filed or submitted as part of the Company's continuous disclosure requirements is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a

timely basis so that appropriate decisions can be made regarding public disclosure and such information can be recorded, processed, summarized and reported within the time periods specified by applicable regulatory authorities.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2015 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, the disclosure controls and procedures were effective as of December 31, 2015. However, Management and the Board recognize that no matter how well designed the Company's control systems are, such controls can only provide reasonable assurance, not absolute assurance, of detecting, preventing and deterring errors.

EVALUATION OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the effectiveness of the Company's internal controls over financial reporting as of December 31, 2015. This evaluation was based on the framework in Internal Control – Integrated Framework issued by the Committee of the Sponsoring Organizations of the Treadway Commission.

Based on the assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2015.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the period beginning on January 1, 2015 and ended on December 31, 2015.

PROPOSED TRANSACTION

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

CRITICAL ACCOUNTING ESTIMATES

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

Critical accounting estimates

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

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

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

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

Income taxes

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

Valuation of marketable securities

Management assesses at the end of each reporting period whether there had been any other-than-temporary impairment on its investments, using objective evidence to determine if the marketable securities are impaired. Listed prices on public stock exchanges are used to determine if the fair value is at a significant and prolonged decline below the historical cost of the marketable securities. Management assessed other-than-temporary impairment on its GTA Resources and Mining Inc. (“GTA”) marketable securities for the year ended December 31, 2015.

Provisions for environmental rehabilitation

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

Critical accounting judgments

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

Refundable tax credits and flow-through expenditures

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

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

Valuation of exploration and evaluation assets

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted or planned and results of exploration and evaluation activities on the exploration and evaluation assets. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit ("CGU")) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. Management has determined that there were no indicators of impairment during the years ended December 31, 2015 and 2014.

Evaluation of the nature of interests in undivided assets

Management has determined that the contractual arrangement in Note 6(b) does not meet the definition of a joint operation under IFRS 11 Joint Arrangements as the Company and GTA do not share joint control. However, as the Company retains a 49% undivided interest on the Northshore Property, the Company has

accounted for this interest by recognizing its share of the assets, liabilities and expenditures under the arrangement.

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Allocation of flow-through funds

The Company determines the flow-through share premium by allocating the total funds received between common share and flow-through premium liability by first assessing the fair value of the common shares issued, based on market price at issuance, with any excess considered being allocated to warrants (if any) and the flow-through premium. In the year ended December 31, 2015, no warrants were issued as part of flow-through financings.

NEW ACCOUNTING PRONOUNCEMENTS

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

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model in the recognition of revenue to be applied to all contracts with customers. The five steps in the model are as follows:

- identify the contract with the customer
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to the performance obligations in the contracts
- recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 is applicable to the Company's annual periods beginning on or after January 1, 2018.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRS, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRS for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognized for acquisitions of interests in joint operations occurring in prior periods are not adjusted. Amendments to IFRS 11 are applicable to the Company's annual periods beginning on or after January 1, 2016.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendments to IAS 16 and IAS 38 are applicable to the Company's annual periods beginning on or after January 1, 2016.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. They are applicable to the Company's annual periods beginning on or after January 1, 2016.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business,

i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The amendments to IFRS 10 and IAS 28 have been deferred indefinitely.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*.

IFRS 16 is applicable to the Company's annual periods beginning on January 1, 2019.

RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

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

The Company currently has no source of revenues, and therefore is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

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

DISCLOSURE OF OUTSTANDING SHARE DATA

(a) Authorized and Issued capital stock:

As at December 31, 2015 and March 23, 2016:

Authorized	Issued		Amount
An unlimited number of common shares without par value	117,629,167	$	67,364,823

(b) Options Outstanding:

As at December 31, 2015:

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

As at March 23, 2016:

Number	Exercise Price	Expiry Date
695,000	$ 1.25	June 6, 2016
2,397,700	$ 1.05	February 6, 2018
3,520,000	$ 0.60	January 23, 2019
300,000	$ 0.61	February 5, 2019
150,000	$ 0.90	December 23, 2019
360,000	$ 0.77	June 18, 2020
2,035,000	$ 0.60	March 14, 2021
9,457,700		

(c) Warrants/Agent's warrants Outstanding:

As at December 31, 2015 and March 23, 2016:

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

*Agent's warrants

ADDITIONAL SOURCES OF INFORMATION

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