



Management's Discussion and Analysis

Nevada Energy Metals Inc.
(formerly Southern Sun Minerals Inc.)

For the fiscal year ended 30 June 2016

NEVADA ENERGY METALS INC.

(formerly Southern Sun Minerals Inc.)

Management's Discussion and Analysis of Financial Results

30 June 2016

The following management discussion and analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and accompanying notes ("Consolidated Financial Statements") of Nevada Energy Metals Inc. (formerly Southern Sun Minerals, Inc.) (the "Company") for the year ended 30 June 2016. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated.

For further information on the Company reference should be made to the Company's public filings which are available on SEDAR.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

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Introduction

The following discussion of performance and financial condition should be read in conjunction with the condensed consolidated financial statements of Nevada Energy Metals Inc. (formerly Southern Sun Minerals Inc.) (the "Company" or "BFF") for the year ended 30 June 2016. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company's reporting currency is Canadian dollars unless otherwise stated. This Management's Discussion and Analysis ("MD&A") is dated 28 October 2016.

Description of Business

The Company was incorporated under the laws of the province of British Columbia on 2 June 2011.

The Company is a reporting issuer in British Columbia and Alberta. The Company has been listed on the TSX Venture Exchange since 28 October 2013 under the trading symbol "BFF".

On 18 March 2016, the Company split its share capital on a one and one half (1.5) new common share without par value for every one existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share split.

The head office and principal address is located at Suite 1220, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

The Company's business consists of the acquisition, exploration and development of brine based lithium exploration targets and mineral resource properties in Nevada and Alaska.

The Company has three wholly owned subsidiaries and they are as follows:

Name	Country of Incorporation	Ownership
Rock Star Resources Inc.	Canada	100%
Rock Star Resources US, Inc.	USA	100%
Nevada Energy Metals USA Inc.	USA	100%

Project Overview**ALKALI LAKE PROJECT**

The Alkali Lake property is located 12 km (7.5 miles) northeast of Albemarle Corporation's (formerly Rockwood Lithium), Silver Peak solar evaporation ponds. Silver Peak is the only producing brine-based lithium facility in North America.

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In addition to its proximity to Silver Peak, the property is 20 km (12.5 miles) east-northeast of Pure Energy Minerals' Clayton Valley exploration project.

Preliminary data from ongoing exploration activities on the property, suggest that Alkali Lake could be situated on one of the most prospective areas in the entire basin. Lithium assay results from sediment sampling carried out on the Alkali Lake property confirmed the presence of near-surface lithium at grades ranging from 73 ppm to 382 ppm.

Nevada Energy Metals reviewed detailed analysis conducted by Magee Geophysical Services LLC of Reno, Nevada & Wright Geophysics Inc. of Elko, Nevada. A gravity survey, and 3D gravity + airborne magnetic basin modeling was performed prior to the option agreement.

The completed geophysical survey and associated interpretation indicate the presence of two deep-seated basins on the Property. The first is a circular basin, roughly 1,200 meters (4,000 feet) below surface. The second estimated to be 3 km (1.9 miles) to the east at a depth of about 1,000 to 1,200 meters (3,000 to 4,000 feet).

Like Clayton Valley, Alkali Lake is a textbook fault-bounded, enclosed basin. Interestingly, in the southern part of the Alkali Lake basin is Alkali Hot Springs, an active geothermal system. Hot circulating fluids from geothermal resources dissolve rocks, freeing lithium and other minerals and carrying them up towards surface.

Nevada Energy Metals believes that gravity surveys, and 3D gravity + airborne magnetic basin modeling are important in assessing a number of key properties of the underlain basin at Alkali Lake.

Based upon due diligence conducted to date, Nevada Energy Metals is pleased to be pursuing an opportunity to earn-in to a property with a significant amount of grass roots exploration already completed.

The combination of an enclosed basin in a dry environment, with a geothermal system and possible sources of lithium, suggests that Alkali Lake contains strong mineral potential.

Nevada Energy Metals Inc has entered into an option agreement with Dajin Resources (US) Corp., whereby Nevada Energy Metals may earn up to a 60% interest in Dajin's 100% owned Alkali Lake lithium exploration project located in Esmeralda County, Nevada.

Dajin Resources Corp, a British Columbia corporation having offices at 450-789 West Pender Street, Vancouver, BC, Canada, V6C 1H2 through its wholly owned subsidiary Dajin Resources (US) Corp, a Nevada Corporation (together "*Dajin*") owns an undivided 100% interest in the Alkali Lake Project, hereafter the "*Project*" as defined in Paragraph 2 and agrees to allow the Company to earn up to a 60% interest in the Project; and

On 28 December 2015, the Heads of Agreement "*HOA*" was signed and summarizes the following terms under which the Company may earn an interest in the Project from Dajin:

1) Housekeeping

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- a) Dajin and the Company are each a "**Party**" and jointly the "**Parties**" to this agreement (the "**HOA**");
- b) Should any part of this HOA be found to be unenforceable or in contravention of any law, the remaining portions shall continue to have force as if the offending part did not exist;
- c) No change to this HOA shall have effect unless reduced to writing and executed by both Parties;
- d) This HOA shall be read under the laws of the province of British Columbia and any dispute shall be heard in Vancouver, British Columbia unless otherwise agreed to by both Parties;
- e) The term of this HOA shall be until the first to happen of the Company failing to meet the milestones under Paragraphs 3.a-d, and the Parties entering into a Joint Venture agreement which supersedes this HOA.
- f) The Parties shall in good faith enter into a comprehensive Joint Venture agreement to govern their mutual interaction on the occasion that the Company vests their 60% interest.
- g) The parties acknowledge that this agreement may require TSX Venture Exchange and/or shareholder approval prior to final acceptance.

2) The Project

- a) The Project shall mean all standard placer claims, and all related mineral interests, owned by Dajin at the time of execution of this HOA lying on or contiguous with the playa within which the point UTM NAD27 Zone 11 465000 easting 4190000 northing located in Esmeralda County, Nevada (the "**Existing Claims**") or acquired hereafter by either Party within 5 km (Five kilometres) of the external boundary of the Existing Claims or contiguous with the Existing Claims or such additional claims as may be acquired;
- b) Exhibit "A" contains a map giving the approximate location and extent of existing claims, but this is purely for illustrative purposes;
- c) the Company shall be the operator of the Project for the duration of this HOA;
- d) All data currently owned or later acquired by either Party during the term of this HOA, pertaining to the Project shall be jointly and severally owned by the Parties;

3) Milestones.

The Company shall be required to make the following cash and share payments and be required to perform the following work on the Project at their sole cost and risk, within the time specified or waived by Dajin:

- a) Upon signature, payment of 375,000 shares in the Company and Twenty-eight thousand US dollars (US\$28,000). Followed by two (2) additional payments of Twenty-eight thousand US dollars (US\$28,000) on each of the 2nd and 3rd anniversaries of the signed agreement for a total of Eighty-four thousand dollars (US\$84,000) as sixty per cent (60%) reimbursement of Dajin prior incurred exploration costs of US One hundred and Forty thousand dollars (US\$140,000);
- b) Within Twelve (12) months of execution of the HOA:
 - Expend a minimum of US Two hundred thousand dollars (US\$200,000) carrying out the following exploration;
 - a) Maintain claims in good standing by payment of all necessary fees and procurement of necessary permits for exploration;

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- b) Continue application process for water rights through the State of Nevada Division of Water Resources and other interested parties;
 - c) Perform geological mapping and structural interpretation from geological mapping;
 - d) Conduct a detailed magnetic or other type of geophysical survey to characterize the bounding faults and salient structure of the play;
 - e) Propose any additional geophysics needed to locate the drill hole under Paragraph 3.c ("**First Hole**");
 - f) Issue a recommendation as to the type of drilling rig required to drill the First Hole;
- c) Within twenty-four (24) months of execution of the HOA:
Expend an additional minimum US Two hundred and fifty thousand dollars (US\$250,000) carrying out the following exploration;
- a) Maintain claims in good standing by payment of all necessary fees and procurement of necessary permits for exploration;
 - b) Continue application process for water rights through the State of Nevada Division of Water Resources and other interested parties;
 - c) Complete the additional geophysics proposed under Paragraph 3 b (v), as approved;
 - d) Propose location and depth of the First Hole;
 - e) Start permitting process for the First Hole;
- d) Within thirty-six (36) months of execution of the HOA:
Expend an additional minimum US Five hundred thousand dollars (US\$500,000) carrying out the following exploration;
- a) Maintain claims in good standing by payment of all necessary fees and procurement of necessary permits for exploration;
 - b) Continue application process for water rights through the State of Nevada Division of Water Resources and other interested parties;
 - c) Conduct a seismic survey of the Project to locate at least three drill holes;
 - d) Permit and commence drilling operations on drill holes;
 - e) Commence drilling operations on the First Hole, using a drill rig which may reasonably be expected to be capable of drilling a vertical hole to a depth of 1,000m (one thousand metres) in the Project area;
 - f) Any conversion, completion and equipping of this well to turn it into a production or production test well shall be for the joint account of the Parties;

4) Collaboration

- a) The Parties shall seek to reach consensus on the parameters for all pieces of work identified in Paragraph 3.a-d;
- b) In the case of geophysical surveys, the Company shall propose in writing the line location and acquisition and processing parameters in writing to Dajin, and the Parties shall have 10 (ten) days to reach consensus, failing which the Company may elect to proceed with its proposed work plan;
- c) In the case of drill holes, the Company shall first propose in writing the location and target depth of the hole, and the Parties shall have 10 (ten) days to reach consensus, failing which the Company shall proposed a second location and target depth; if after a further 10 (ten)

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days consensus has not been reached, Dajin shall propose a location and target depth; if consensus is still not reached within 10 (ten) days, an independent geologist will be hired for the joint account of the Parties to mediate the decisions process; if at any point consensus is achieved on the surface location but not the target depth, the Company may proceed with permitting and drilling, and the party desiring the deeper hole shall be responsible for all costs after the shallower depth has been reached;

5) Extensions. All time-frames shall be extended in the event of:

- a) Written waiver by Dajin, for the period identified in such waiver;
- b) Should the time taken to reach consensus on the parameters for any piece of work exceed time the stipulated in Paragraph 3.e, the subsequent time frames shall be extended by the extra time;
- c) If permitting for any piece of work from the Bureau of Land Management, the State of Nevada Division of Water Resources, any other regulatory body has not been received in time to reach the stipulated milestone, the timeframe will be extended as may reasonably be required to start and complete the work for which permission was being sought, provided that the Company has taken action which may reasonably have been expected to secure such permission within the time frame stipulated;
- d) Should any of the drill holes identified in Paragraphs 3.d fail to reach the stipulated depth for any reason beyond the reasonable control of the Company, the Company shall have the right to drill a replacement hole, and the time frame shall be extended for so long as required to do this, provided the Company shall pursue the replacement hole with reasonable haste and diligence;
- e) Should weather, temporary degradation of ground conditions or access, or other factors outside the reasonable control of the Company prevent the timely completion of a given milestone, the time frame will be extended so the Company can begin and complete the required work as soon as possible after the factor in question ceases to apply;
- f) If extension of any given time-frame requires the following time-frame to be extended to reasonably complete the work in question, such extension shall be granted upon notice the Company;

6) Default and Termination

- a) The Company may elect at any time to terminate the HOA, but will provide Dajin with sixty (60) days written notice of its intention to do so.
- b) Dajin may elect to terminate the HOA by providing 30 days advance notice in writing to the Company upon the failure of the Company to complete any of the milestones above within the required time. The Company will have 45 days after notification within which to remedy and cure any defaults outlined in the notice.
- c) The Company will continue to be responsible for any obligations related to expenditures and share payments outstanding at or incurred up to and including the time of such termination.
- d) The Company agrees that, upon such termination, that the Property will be in good standing under the laws of the State of Nevada for a period of one year from the termination date.

7) Interests and Share of Costs

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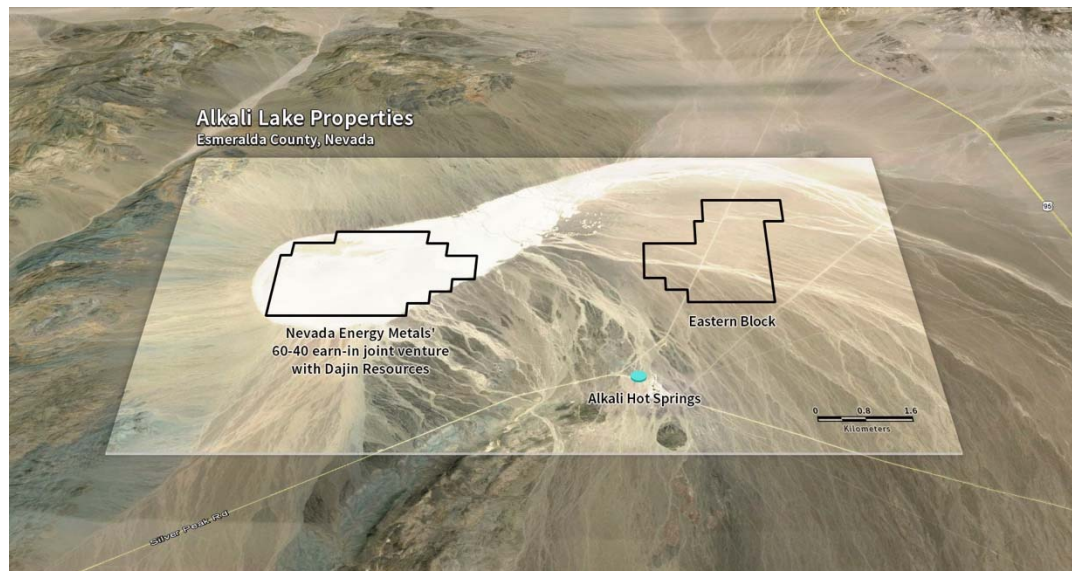
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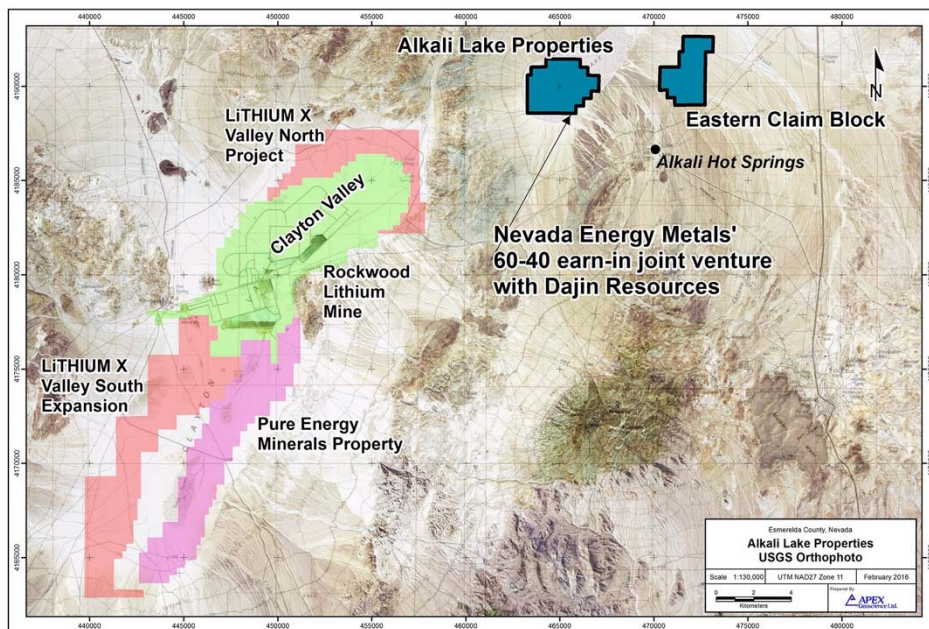
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- a) At the end of successful completion of year one (1) and two (2) milestones an incremental interest of forty-nine per cent (49%) will be assigned. Once milestones 3 (a) thru (d) have been successfully completed the Company will have earned a sixty (60%) interest.
- b) Once an assignment of sixty percent (60%) has been earned, all subsequent costs shall be shared by the Parties in proportion to their earned interests;
- c) Should either Party fail to make payment of the moneys owed within 30 (thirty) days of being invoiced by the operator pursuant to Paragraph 4.b, the other Party shall have to right to notify the defaulting Party of its intention to pay the outstanding amount on behalf of the defaulting Party; the defaulting Party shall have 10 (ten) days to cure the default, failing which the other Party may promptly pay the amount owing, and the relative interests shall be adjusted through proportional dilution using the Company's total costs attributable to the exploration work advancing the Project and the Parties' relative interests as the basis for the proportional dilution calculation.

Exhibit "A": Map of Alkali Lake Project

The Alkali Lake Project currently consists of 191 placer claims, approximately 24km northeast of the town of Silver Peak.





TEELS MARSH WEST

Nevada Energy Metals has acquired, by staking, 100 placer claims covering 2000 acres (809 hectares) at Teels Marsh, Nevada. The property, called Teels Marsh West is highly prospective for Lithium brines and is located approximately 48 miles northwest of Clayton Valley and the Rockwood Lithium Mine, North America's only producing brine based Lithium mine supporting lithium production since 1967. Access to Teels Marsh is via dirt road, west of Highway 95 and northwest of Highway 360.

Teels Marsh West is a highly prospective Lithium exploration project, 100% owned without any royalties, located on the western part of a large evaporation pond, or playa (also known as a salar). Structural analysis reveals that Teels Marsh is bounded by faults and is tectonically active. Tectonic activities supply additional local permeability that could be provided by the faults that bound the graben and sub-basins.

Shallow auger holes and drill-holes (<60 m) show that unconsolidated basin fill deposits include clays, clastic rocks silts and sands), evaporate deposits, and volcanic ash. With the exception of clays, these rocks represent potential sources of permeability. Volcanic ash beds could host significant zones of permeability, due to the relative proximity of Teels Marsh to young volcanic centers at Mono Craters (near Mono Lake) and Long Valley, California, both located approximately 70 km to the southwest. These ash layers have proven to be the most productive brine sources in Clayton Valley (an active geothermal area). The Bishop Tuff, which is believed to represent an important zone of permeability at Clayton Valley, (site of active lithium production 80 km to the SE) is likely present in the subsurface at Teels Marsh.

Direct evidence of an active geothermal system in the Teels Marsh area has recently been gathered by researchers at the Nevada Bureau of Mines and Geology, University of Nevada, Reno and the Desert Research Institute. This evidence comes from mapping anomalously high temperatures at a depth of only 2 meters below the basin surface: these temperatures are as high as 35C compared to background temperatures of approximately 16-18C. The temperature anomalies occur in two separate zones, both of which are adjacent to a Quaternary fault on the western margin of Teels Marsh basin. The two temperature anomalies have a combined strike length parallel to the fault of almost 4 km. A USGS geochemical survey conducted in 1976 reported lithium values as high as 850 ppm from samples taken

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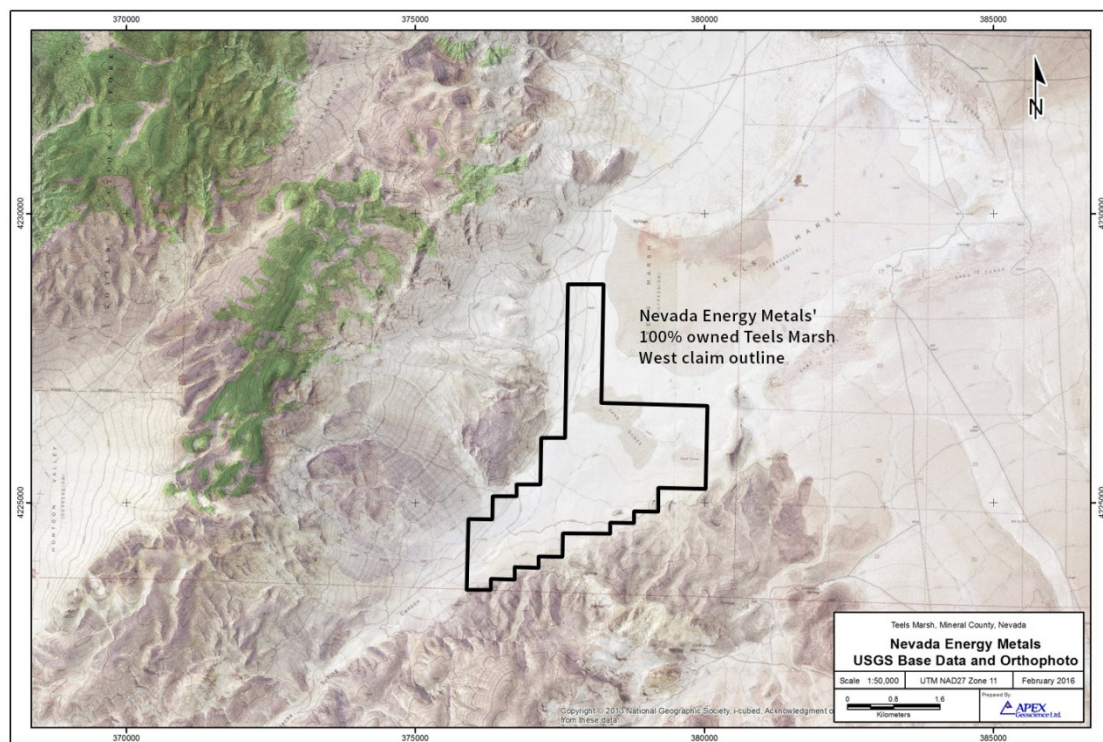
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from springs marginal to these fault structures.

The company's management and technical team are currently concluding their plans and budget for the 2016 exploration program.

The initial phase of the lithium detection sampling will consist of 20 shallow auger holes. The drill program is designed to collect fluid and sediment samples in close proximity to a recently discovered thermal area located on and adjacent to a range front fault system along the west side of Teels Marsh. This thermal anomaly was discovered during research into the relationship between geothermal systems and Quaternary borate deposits previously mined at Teels Marsh (Coolbaugh et al. 2006). Close proximity to a geothermal heat source is believed to be one of the principal requirements for concentrating lithium in the brines at Clayton Valley, home to the first commercial lithium brine operation in North America.



CLAYTON VALLEY BFF-1 PROJECT

The Clayton Valley BFF-1 Lithium Project southern boundary lies 250 meters from Albemarle Corporation's Silver Peak lithium mine and brine processing operations. The mine has been in operation since 1967 and remains the only brine based lithium producer in North America. It is also the location of Pure Energy Minerals' 816,000 metric tonnes Lithium Carbonate Equivalent (LCE) Inferred Resource NI 43-101 announced in July 2015. Clayton Valley's centralized location between Nevada and Reno and its highways, access to power, water and labor provide excellent infrastructure for mineral exploration and

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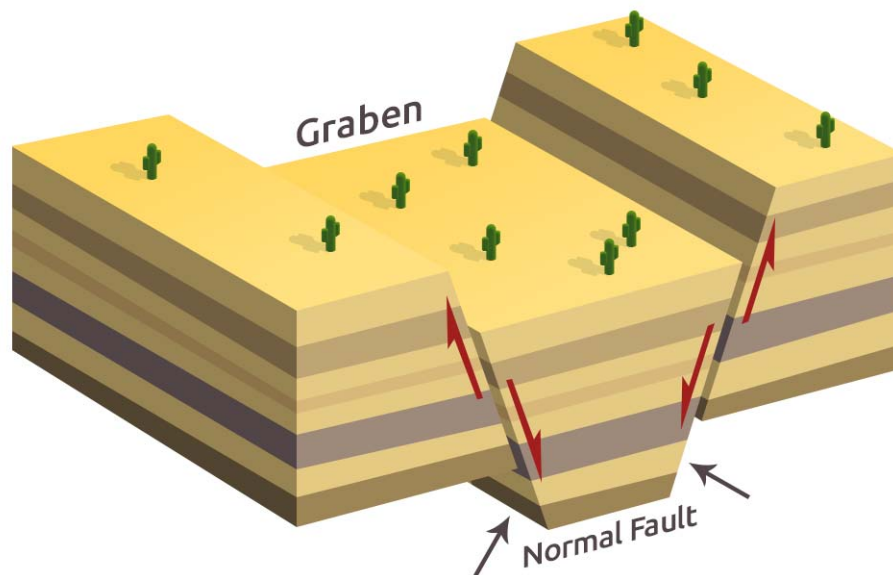
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development. The Clayton Valley BFF-1 Lithium Project is approximately 3.5 hours away from Tesla's Gigafactory, which has a planned annual lithium-ion battery production capacity of 35 gigawatt-hours per year by 2020.

Clayton Valley is one of the few locations globally known to contain commercial-grade lithium-enriched brine. The Valley is an internally drained closed-basin and is surrounded by mountains, hills and ridges on all sides. It contains an underground unconsolidated water bearing system (or aquifer system) which is host to lithium-enriched brines and is contained by the surrounding rock.

The claims cover an area of playa, including the Goat Island graben (inferred from gravity inversion; Quantec, 2008; Petrick, 2008), that encompasses a portion of a deep-circulation geothermal system beneath basin-fill sediments locally blanketed with travertine in north-western Clayton Valley. The Goat Island graben segments Clayton Valley into a northerly-trending, 1-2 km-wide sub-basin with a distinct escarpment on each side. Geological modeling and assessment of historical drilling results by J.B. Hulen, PG, (31 July 2008 report) concluded that both shallow thermal-gradient and lithium-exploration drilling demonstrates that the northern portion of Clayton Valley contains the valley's highest subsurface temperatures and that these temperatures may be localized in the Goat Island graben and its structural projections to the northeast and south.



A graben is a depressed block of land bordered by parallel faults

Significantly, within the graben and within the boundary of the claim block, a drill hole by Western Geothermal Partners 2007 logged as WGP#2 reported as follows: 'From 280 – to 305 ft., fine grained green sand and silt logged as volcanic ash was encountered. This unit may be correlative to the Main Ash Aquifer, which is a marker bed in other areas of the Clayton Valley Basin.' J.B. Hulen, PG, (31 July 2008.)

Nevada Energy Metals is planning a detailed summer/fall exploration program on the BFF-1 project. The property was acquired for cost of staking with no overriding royalties.

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On 17 May 2016 has agreed to grant 1074654 Nevada Ltd. an Option to acquire a seventy (70%) percent interest in the BFF-1 Clayton Valley Property by making certain Cash Payments, issuing Shares upon completion of a "Going Public Transaction", and completing Exploration Expenditures on its property at Silver Peak, Clayton Valley, Nevada.

SAN EMIDIO LI PROJECT

The San Emidio Li Project consists of 86 placer claims (approximately 1720 acres) in the San Emidio Desert, Washoe County, Nevada, 95 km northeast of Reno, the home of Tesla Corporation's new lithium-ion battery Gigafactory.

The San Emidio Desert basin is an alkali playa environment underlain by unconsolidated sediments and clays being fed by lithium bearing geothermal fluids (US. Geothermal analyses) reported in bounding faults, and/or faults along the east side of the basin. Since mid-Tertiary, the rocks on the eastern edge of the San Emidio Desert have undergone extensive hydrothermal alteration and the presence of near-surface thermal fluids, suggest that the thermal fluids represent deep circulation of meteoric water (Moore, J.N., 1997).

The property adjoins the Empire geothermal power plant with production of 4.6 MW of electricity from a 155°C resource thereby providing a substantial heat source for the circulation of meteoric groundwater believed important in the formation of lithium brine deposits as found at Clayton Valley, Nevada host to North Americas preeminent lithium brine production. US Geothermal has reported anomalous lithium values in the trace element analysis of their geothermal brines at Empire (USGS-Report 87-4062). Previous work by other operators exploring the playa have reported lithium value in sediments up to 312 ppm and the average of sampling being in the order of 250 ppm.

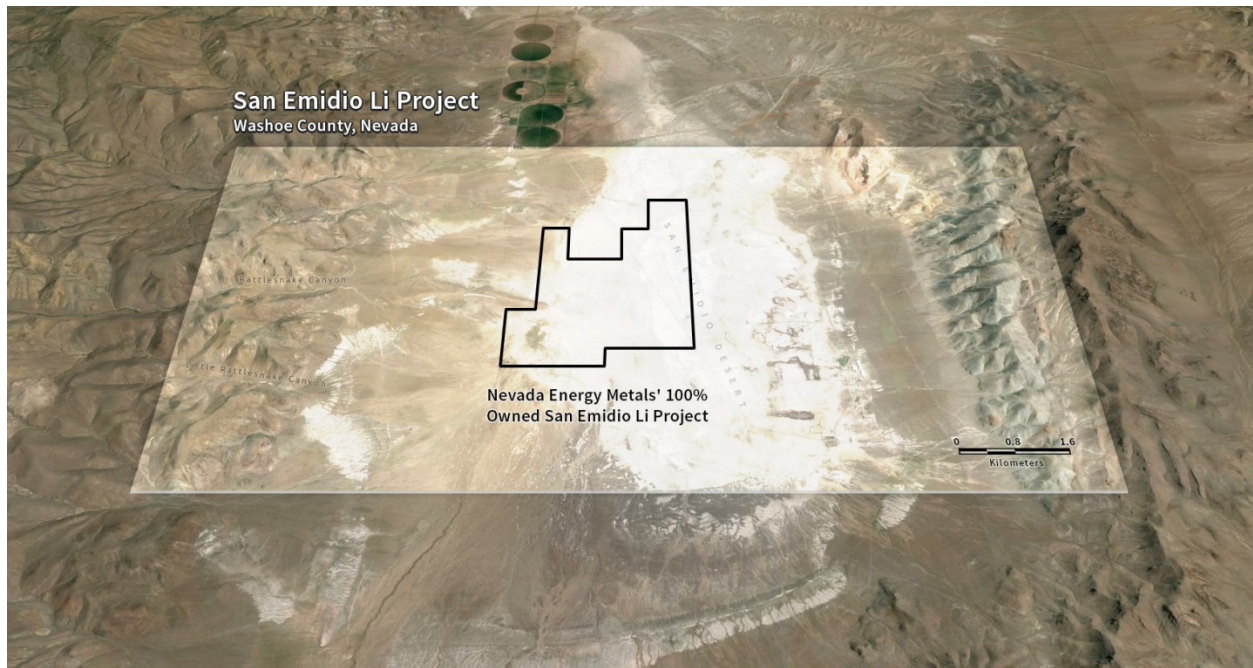
No royalties, option payments or work expenditures have been incurred as a result of the acquisition of the San Emidio lithium exploration project.

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DIXIE VALLEY PROJECT

The six Dixie Valley claim blocks cover the majority of the Humboldt Salt Marsh playa located in Dixie Valley, Churchill County, Nevada. There are 910 placer claims in total, covering about 7,363 hectares (28.4 square miles) of playa and alluvial fan. Hot Springs and other active geothermal features are found along a 30 km long fault system on the west side of Dixie Valley. Numerous geologic studies have been conducted on the geothermal system during production drilling and as a test case for geothermal exploration methods. Of seven characteristics of Lithium Brine deposits outlined in the USGS deposit model, all seven are found in Dixie Valley; however very little exploration work has been directed at lithium in this area. The lithium target model for Dixie Valley is a Clayton Valley style playa brine type deposit.

Geology:

Dixie Valley is located in west central Nevada, about 160 km east northeast of Reno. The entire basin is about 98 km long and up to 16 km wide. Humboldt Salt Marsh, the central playa is about 10 km northeast – southwest and 6 km east – west. The basin is bounded on the west by Stillwater range on the east by the Clan Alpine Range.

The Stillwater and Clan Alpine Ranges are composed of thrust sheets of Triassic and Jurassic age marine sedimentary rocks and Jurassic intrusive complexes that were accreted to the North American continent during the Cretaceous. These rocks have in turn been intruded by Cretaceous and Tertiary stocks and dikes and covered by their volcanic equivalents. In the southern Stillwater Range, an entire Tertiary caldera complex, including the sub-volcanic intrusive body is exposed. At the end of the last ice age,

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water filled the central part of Dixie Valley to a depth of about 70 meters. Radiocarbon dating of tufa in Dixie Valley and adjacent valleys indicate high water stands at about 12,000 to 14,000 and 45,000 to 50,000 years ago. Hydrogen and oxygen isotope data indicates the vast majority of the water in Dixie Valley is ice age in origin indicating very little modern input into the basin.

These ranges are fault bounded, with the most movement along Stillwater Range (west) side of the valley. Vertical displacement along this fault complex is at least 3,000 meters as evidenced by volcanic rocks exposed near the top of range also being found under 1,500 to 2,000 meters of post-volcanic valley fill. These fault are still very active with earthquakes greater than magnitude 6 occurring in 1915 and 1954.

In the area of the Humboldt Salt Marsh Playa, the valley appears to be about 2,000 meters deep, primarily filled with poorly sorted coarse conglomerate, gravel, sand and silt with volcanic rocks, and tuff beds, and finer sediments in the lower third of the section (Blackwell et al, 2014). Multiple governmental, academic and industrial geophysical studies have been conducted in the valley to help guide geothermal exploration in other basins. However, many of the conclusions of these studies were shown to be incorrect by production drilling so studies continue to find surface exploration methods that hold up better to drill testing.

Dixie Valley is home to a large and long-lived geothermal system that is still active. The Caithness Dixie Valley geothermal plant, about 18 km northeast of the center of the playa, is currently producing about 66 megawatts of power. The active geothermal system extends about 30 km roughly north – south along the range front fault. The heat source appears to be simple very deep circulation into the crust; it is not related to igneous activity.

Target Model:

Geothermal production wells and re-injection wells provide some subsurface data but the majority of these have targeted the range bounding structures on the western side of the valley that host the hottest water; not the more static and cooler central valley which hosts the lithium target. At this point the lithium target in this basin is highly conceptual. Although several workers have studied the geology of Dixie Valley in some detail, the lithium potential has not been specifically addressed.

The target model is a lithium brine model based on Clayton Valley, Nevada and several basins in South America. US Geological Survey Open File Report 2013-1006 lays out seven characteristics of Lithium Brine deposits (Bradley et al 2013). The characteristics are:

1. Arid Climate
2. Closed Basin containing a playa or salar
3. Tectonically driven subsidence
4. Associated igneous or geothermal activity
5. Suitable lithium source rocks
6. One or more adequate aquifers
7. Sufficient time to concentrate brine

The Dixie Valley Project is known to have all seven of these characteristics. How closely this project fits the model for a lithium brine deposit is not necessarily a warranty that an economic deposit will be found here but it is useful as a screening tool to guide exploration efforts.

Dixie Valley is arid; the State of Nevada Division of Water Resources website (www.water.nv.gov/mapping/et/et_general.cfm) shows a 1.3 meter (4.3 ft.) Net Irrigation Water

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Requirement (NIWR – the net of evapotranspiration minus effective precipitation) for shallow open water and about 1 meter for low managed pasture grass. Isotopic studies (Blackwell et al 2014) indicate the majority of the water in the basin is of ice-age origin that what little modern precipitation that reaches the valley does not contribute significantly to the ground water. Dixie Valley is a closed fault-bounded basin with the lowest elevation point (1031 m, 3383 ft.) in the Northern Great Basin on the Humboldt Salt Marsh Playa. Age dating and other work at the Dixie Comstock Mine indicate gold mineralization occurred about 500, 000 to 350,000 years ago along a range bounding structure that has been offset at least 100 meters since that time (Vikre, 1995). Faulting dated at about 11.1 to 15 million years before present resulted in at least an ancestral Dixie Valley existing from that time until the present. The basin is tectonically active with visible fault scarps formed during earthquakes in 1915 (Mw ~ 7.2) and 1954 (Mw ~ 6.9). With up to 6 meters of dip-slip offset along some of these scarps, it is clear that Dixie Valley is still subsiding. Given the valley has been a closed basin for at least 500,000 years and probably much, much longer, plenty of time has elapsed for evaporative concentration of lithium bearing geothermal and surface water.

Specific lithium-rich source rocks have not been clearly identified in this basin but Miocene age felsic ashflows are found in the ranges on all sides along with shallow intrusive bodies of similar composition. Geothermal water in the basin contains up to 4.89 ppm Li and stream sediment samples from the Stillwater range show values to 80 ppm li. Geologically recent volcanic ash from the Long Valley Caldera (Bishop Tuff) and Mono craters are expected to be found within catchment area of the basin and within the basin fill sediments. One major productive horizon in the Clayton Valley brine field is thought to be Bishop Tuff deposited and preserved in the basin (Zampirro, 2004).

The conceptual model is as the basin went through multiple wet and dry periods; lithium dissolved by deep circulating geothermal fluids or leached from local rock units by surface and near surface water is concentrated by evaporation beneath the playa. Heavier brines sink into the deeper levels of the basin or flow downward along tilted permeable beds, potentially forming subsurface pools of lithium rich fluids. The process can be likened to an inverted oil field, with the target material being descending fluids caught in gravity traps instead of ascending fluids caught in the tops of structures. This model is somewhat akin to placer gold deposits wherein large areas of very low grade sources are concentrated into economic grades.

Conclusions:

The Dixie Valley lithium project is a speculative, conceptual exploration play based on solid geologic information and comparison to productive playas in Nevada and South America. Essentially no exploration work for lithium has been done in this valley. A substantial body of geophysical work has been done related to the active geothermal systems that will serve as a base to build more detailed work on. Gravity surveys have proven to be the most useful method in defining subsurface topography and sufficient drilling data exists to calibrate three dimensional modeling of the data. The majority of the drilling has been directed at the basin bounding faults which host the geothermal fluids. The target for lithium exploration will be more towards the center of the basin where evaporative concentration of geothermal and meteoric water into brines and subsequent sinking of the denser brines into gravity traps may produce economic concentrations. Understanding (largely through geo-physical surveys) of the subsurface topography and stratigraphy will be critical to identifying trapping features and drill targets. Initial work will also include auger or push rod type mud sampling to prove lithium has concentrated in evaporite minerals and interstitial fluids within the playa sediments.

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BLACK ROCK DESERT PROJECT

A surface sampling program designed to test for lithium (Li) values in playa evaporates has returned significant geochemical results at the Company's 100% owned Black Rock Desert Project in Nevada. Geochemical sample points were arranged on a grid pattern of 11 lines spaced 400 meters apart with stations every 200 meters along the lines. One hundred and seventy (170) soil samples were collected. Results ranged from 82.8 to 520 parts per million (ppm) lithium with a median value of 182 ppm. Twelve samples carried over 300 ppm Li.

The Black Rock Desert results are comparable to those obtained at Teels Marsh, Nevada by Dajin Resources Corp. (55 -460 ppm Li) and in clay separates at Clayton Valley, Nevada (300 – 1,100 ppm Li). It is not known what relationship if any exists between lithium values in clay concentrates and those in bulk soil samples.

These results show that dissolved lithium has been transported into this portion of the Black Rock Desert and is available for potential concentration by evaporative brines. The exploration model for the Black Rock Project is a Clayton Valley evaporative brine deposit as described in USGS Open File Report 2013-1006.

Samples were collected by a contract crew and transported to the ALS sample preparation lab in Elko, Nevada. Samples were screened to -80 mesh at the ALS prep lab in Reno, Nevada and analyzed by Aqua Regia leach mass spectrometry at the ALS laboratory in North Vancouver, B.C. Canada. QA/QC standards were inserted into the sample stream with one in twenty samples being a standard. All standards were within 3% of their accepted value of 750 ppm.

BIG SMOKEY VALLEY (BSV) LITIUM PROJECT

Big Smokey Valley is situated in central Nevada. It begins at a point 12 miles east of the town of Austin and extends approximately 100 miles in a southwesterly direction to reach a southern terminus near Clayton Valley to the west of Tonopah. Hydrologically and topographically the valley is divided into northern and southern sections by a physiographic high near the mining community of Round Mountain. The northern section, where the claims area is located contains three geothermal resources; the Darrough, the McLeod and the Spencer hot springs.

Geologically the region is complex with a lithologic history extending from the pre-Cambrian to the Holocene. Rocks comprising the Toiyabe Range which forms the valley's western boundary within the study area include Pre-Cambrian and Paleozoic siliceous, argillaceous and calcareous sediments and metasediments, Paleozoic lavas, Mesozoic intermediate to acidic intrusives, Tertiary lavas, tuffs and sediments. Geothermal evaluation studies carried out in the 1980's included geological reconnaissance, gravity surveys, aerial photography, fluid sampling and analysis, temperature probe surveys, shallow electrical resistivity measurements and temperature gradient drilling. Quaternary to recent alluvial, fluvial, lacustrine and playa deposits form the valley floor. (Assessment of the Geothermal Resources of Carson Eagle Valleys and Big Smokey Valley, Nevada 1980).

GALLEON PROPERTY

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The Galleon Property (herein "the Property") is an early stage exploration property, located in the northern foothills of the Alaska Range, which contains VMS (volcanogenic massive sulfide) mineralization. The Property is located in the east portion of the Bonnifield Mining District, central Alaska, approximately 60 mi (96 km) south of Fairbanks, Alaska (Figure 1). The Property consists of 36 quarter-section State of Alaska mining claims (Galleon 1-36; Figure 1) held by Anglo Alaska Gold Corporation ("AAGC"). Rock Star Resources Inc ("RSRI") holds the rights to a 100% earn-in interest under an agreement with AAGC to pay for exploration and make required payments. The Company a listed company (TSX.V), has entered into an agreement with RSRI to acquire RSRI's option to earn a 100% interest in the Galleon claims. A National Instrument 43-101 ("NI 43-101") compliant report was filed on the SEDAR.com on 19 September 2013.

Property Description and Location

The Galleon Property consists of 36 contiguous State of Alaska MTRSC quarter-section mining claims (GAL 1-36, 160 acres each), recorded in both the Fairbanks and Nenana Recording Districts (Figure 1). The total surface area of the Property is 5,760 acres (2,331 hectares, or 23.31 square kilometres).

The Property encompasses a portion of the headwaters of Slide Creek and Snow Mountain Gulch; the nearest major drainage is the Wood River, located approximately 10 miles (16 km) to the west. The Property is located in the Bonnifield Mining District, a region which includes the northern foothills of the Alaska in central Alaska. The general boundaries of the Bonnifield Mining District include the Nenana River to the west, the Little Delta River to the east, the Yanert Fork to the south, and the Tanana Basin to the north.

The Property is located approximately 96 km (60 miles) due south of Fairbanks, at approximately 63.994,929 degrees North Latitude, 147.395,388 degrees West Longitude, and lies within the Fairbanks A-1 and Healy D-1 Quadrangles, within Townships 10S and 11S, Range 2E, Fairbanks Meridian.

The GAL claims were staked on 16 July 2007. All of these claims are 100 % owned by AAGC.

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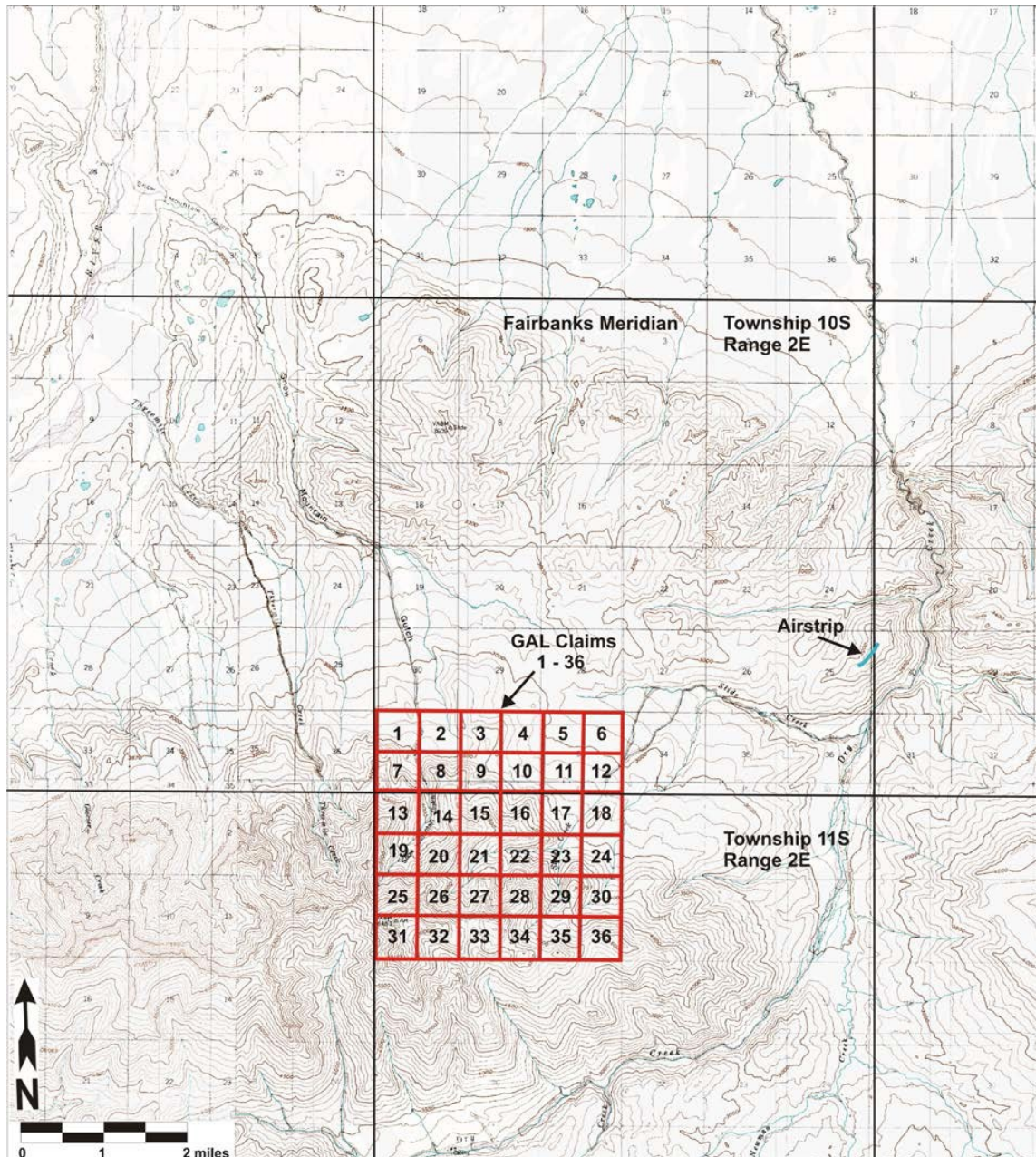


Figure 1. Claim map showing location of claims comprising the Galleon Property.

RSRI entered into an option agreement with AAGC dated 14 July 2011, as amended on 14 September 2012 and 4 May 2013 whereby RSRI holds the right to acquire a 100% interest in the Property exclusive of a 1% net smelter return (NSR), by paying to AAGC US\$200,000 and issuing 500,000 shares and \$500,000 worth of exploration expenditures on the Property. The agreement also specifies that the NSR can be purchased by RRSI for US\$1,000,000.

On 2 July 2013 RSRI entered into an agreement with the Company whereby on closing of the transaction the Company among other things shall be responsible for all share payments, option payments, exploration expenditures under the option agreement, and more specifically, the Company agrees to issue

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600,000 shares in total with 500,000 shares payable within 10 working days of closing the transaction and an additional 100,000 shares by 30 August 2014.

On 16 September, 2013 RSRI assigned all of its rights to the option agreement to the Company. On 16 September 2013, AAGC and the Company entered into a new option agreement, as amended 28 November 2014 whereby the Company will pay an additional \$7,500 by 14 December 2016 and the \$550,000 exploration expenditures will have to be expended on the property by 31 December 2019.

The 36 GAL mining claims comprising the Galleon Property are situated on Alaska State land. The GAL claims are State of Alaska quarter section MTRSC claims, which entitles the claim owner to subsurface mineral rights only (not surface rights). Subsurface mineral rights are administered by the State of Alaska Department of Natural Resources. Annual mining claim rents vary according to claim size and age and are due and payable by 30th November of each year. The total annual claim rental payment required for the GAL claims is currently \$10,080 (36 claims x \$140 per 160 acre claim), which was paid. The total annual labor requirement is \$14,400 (ie, \$400 per 160 acre claim x 36 claims). Annual labor for work performed on the Galleon Property must be recorded within both the Fairbanks and Nenana Recording Districts. For the current assessment year, excess work in the amount \$44,640 was applied from previous years, and was filed in both of the Fairbanks and Nenana Recording Districts. Annual labor amounts spent in excess of the required amount may be banked forward for up to four years into the future as per current regulations regarding Alaska State mining claims. All State of Alaska mining claims are subject to a production royalty of 3% of net income from a mining operation beginning 3.5 years following commencement of commercial production.

There currently are no unusual social, political or environmental encumbrances to mining on the Property. Snow Mountain Gulch drains into the Wood River, a tributary of the Tanana River. Slide Creek drains into Dry Creek, which in turn drains into Clear Creek, also a tributary of the Tanana River. Although the Tanana River is an anadromous fish stream, the distance from the property to it by stream is in excess of 50 mi (80 km), which most likely eliminates any potential negative impact on fisheries of the Tanana River.

None of the claims comprising the Galleon Property have been surveyed by a registered land or mineral surveyor and there are no State or Federal laws or regulations requiring such surveying. Any trenching, drilling, or other mineral exploration activities causing significant ground disturbance on the property will require a Hardrock Exploration Permit (APMA permit) which may be obtained from the Alaska Department of Natural Resources Division of Mining.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Currently the only access to the property is by helicopter from either Fairbanks, approximately 60 miles (96 km) to the north, or from Delta Junction approximately 52 miles (83 km) to the east. There is a fixed-wing aircraft gravel airstrip located at Slide Creek, approximately 3 miles (5 km) east of the Property. There is a dozer trail extending from this airstrip to the Property. Existing mine roads extend eastward from the Healy area on the Parks Highway towards coal and placer gold mines located in the upper Totatlanika River area, located approximately 32 miles (52 km) west of the Property. Future road access

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to the Property could potentially connect with this existing mine road system. The Parks Highway is located approximately 54 miles (85 km) west of the Property.

The Galleon Property is characterized by tundra and rubble covered hills and ridges with very limited outcrop (Figure 2). Elevations vary from approximately 2,800 ft on the northeast corner of the property to a maximum of 6,512 ft, which coincides with a peak near the southwest corner of the Property. Most of the drainage is northward via Snow Mountain Gulch and Slide Creek, however, the extreme south edge of the Property drains southward into uppermost Dry Creek.

The climate in this part of Alaska is semi-arid, with short moderate summers and long cold winters, which is typical of sub-arctic, interior Alaska. The operating season for field work is approximately 100 days, as the area is typically covered with snow and subjected to subzero temperatures from late September until late May. The Property is entirely above tree line with little or no vegetation other than typical alpine tundra on the slopes and ridgelines, and minor alder and willows along some stream banks.

The nearest commercial electrical power is approximately 40 miles (65 km) west of the Galleon Property where a 40KV electrical transmission line connecting the Healy coal-fired power plant with Fairbanks crosses the Liberty Bell gold mine road near Ferry, Alaska. There is no existing water supply on the Property, a water well would be necessary to support a mining operation. Mining personnel may be available and could be flown in from Delta Junction or Fairbanks, which already provide human resources for existing large-scale mining operations in this part of Alaska.

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Figure 2. View north of old trenches at the Galleon prospect.

The Option, as granted pursuant to an Amended Mineral Property Option Agreement (the “Option Agreement”) requires the following cash payments to be made to the Anglo Alaska Gold Corporation (the “Optionor”):

- (1) pay to the Optionor a total of USD\$172,500 in the following manner:
 - (i) USD\$2,500 within 10 days of the signing of the agreement (paid);
 - (ii) USD\$2,500 by 14 December 2015; (paid)
 - (iii) USD\$2,500 by 14 December 2016;
 - (iv) USD\$75,000 by 30 November 2017;
 - (v) an additional USD\$45,000 by 30 November 2018; and
 - (vi) an additional USD\$45,000 by 30 November 2019;
- (2) issue to the Optionor a total of 900,000 non-assessable common shares in the capital stock of the Optionee as follows:
 - (i) 750,000 common shares by 30 November 2013 (issued); and
 - (ii) an additional 150,000 common shares by 30 August 2014 (issued); and

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- (3) further, to maintain the Option, the Optionor must make minimum cumulative expenditures for exploration and development work on the Claims under the direction of a qualified geologist or project engineer in the following manner:
- (i) no less than USD\$200,000 of expenditures to be incurred, or caused to be incurred, by the Optionee on the Claims by 31 December 2017 (completed);
 - (ii) no less than a further USD\$50,000 of cumulative expenditures to be incurred, or caused to be incurred, by the Optionee on the Claims by 31 December 2018; and
 - (iii) no less than a further USD\$300,000 of expenditures to be incurred, or caused to be incurred, by the Optionee on the Claims by 31 December 2019.

In addition, the Optionor will retain a 1% net smelter royalty. The Company may purchase the 1% net smelter return royalty at any time for a one-time payment of \$1,000,000.

Qualified Person Statement

“Project Overview” and “Subsequent Event” sections of this report have been reviewed and approved for technical content by Ali Hassanalizadeh, M.Sc. MBA, P.Geo, director of the Company and a Qualified Person under the provisions of NI 43-101.

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SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION**Selected Annual Information**

The following selected financial information is derived from the audited consolidated financial statements of the Company. The figures have been prepared in accordance with IFRS.

	Years Ended 30 June (audited)		
	2016	2015	2014
Total revenues	\$ -	\$ -	\$ -
General and administrative expenses	1,549,348	184,998	245,340
Mineral property cash costs incurred	483,803	14,578	28,312
Net income (loss)	(4,369,797)	(420,304)	(246,027)
Net Loss per share – Basic & fully diluted	(0.092)	(0.048)	(0.042)
Totals assets	1,444,419	26,333	389,709
Total long term liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

Selected Quarterly Information

The following selected financial information is derived from the unaudited consolidated financial statements of the Company. The figures have been prepared in accordance with IFRS.

	For the Quarters Ended (unaudited)							
	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep
	2016	2016	2015	2015	2015	2015	2014	2014
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(3,519,694)	(751,584)	(84,964)	(13,555)	(269,297)	(54,473)	(47,301)	(49,233)
Net loss per share	(0.041)	(0.012)	(0.003)	(0.001)	(0.013)	(0.003)	(0.003)	(0.003)
Total assets	1,444,419	1,002,830	179,497	18,090	26,333	251,526	312,422	346,499

RESULTS OF OPERATIONS**For the year ended 30 June 2016 compared to year ended 30 June 2015.**

Comprehensive loss for the year ended 30 June 2016 was \$4,369,797 as compared to \$420,304 for the same period in 2015. Being at the exploration stage, the Company did not generate any revenue from operations. The increase in comprehensive loss of \$3,949,493 was mainly attributable to the net effect of:

- Increase of \$155,187 in Marketing and communications, from \$3,750 in 2015 to \$158,937 in 2016.
- Increase of \$181,405 in Consulting fees, from \$Nil in 2015 to \$181,405 in 2016
- Increase of \$30,000 in Management fees, from \$Nil in 2015 to \$30,000 in 2016.

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- Increase of \$19,010 in Office and miscellaneous, from \$19,036 in 2015 to \$38,046 in 2016.
- Decrease of \$73,244 in Professional fees, from \$111,120 in 2015 to \$37,989 in 2016.131
- Increase of \$12,897 in Rent, from \$19,834 in 2015 to \$32,731 in 2016.
- Increase of \$924,341 in Share-based payments, from \$7,227 in 2015 to \$931,568 in 2016.
- Increase of \$78,073 in Transfer agent fees, from \$18,750 in 2015 to \$96,823 in 2016.
- Increase of \$35,044 in Travel, lodging and food, from \$4,951 in 2015 to \$39,995 in 2016.
- Increase of \$2,805,500 in realized loss on issuance of units, from \$Nil in 2015 to \$2,805,500 in 2016.
- Foreign exchange loss of \$3,420 in 2015 compared to loss of \$14,949 in 2016.

Selected Financial Information

To date, the Company has not commenced commercial operations.

Liquidity and Capital Resources

As at 30 June 2016, the Company had working capital of \$752,765 (2015: \$31,647 deficit).

As at 30 June 2016, the Shareholders' equity of \$1,397,068 (2015: \$31,647 deficiency) consisted of share capital of \$2,578,592 (2015: \$689,073), reserves of \$3,994,446 (2015: \$85,453) and deficit of \$5,175,970 (2015: \$806,173).

Outstanding Share Data

- a) Authorized Share Capital: unlimited common shares without par value.
- b) Issued and Outstanding as at 30 June 2016: 92,591,747 common shares (2015: 16,935,753).

The Company has adopted a "fixed" stock option plan (the "Plan"), pursuant to which a maximum of 18,518,349 common shares, being 20% of the issued and outstanding Common Shares of the Company at the time an option is granted, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Corporation's Board of Directors to eligible optionees (the "Optionees") under the Plan.

During the year ended 30 June 2016, the Company issued common shares as follows:

Common shares issuances**o Private Placements**

- On 13 January 2016, the Company issued 26,850,000 units at \$0.033 per unit for gross proceeds of \$895,000. The Company issued 2,700,000 units valued at \$90,000 as finder's fee. Each unit consist of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.07 per share for a period of 2 years. The Company recorded a loss of \$244,500 related to the issuance of the units.

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- On 28 October 2015, the Company issued 22,500,000 units at \$0.010 per unit for gross proceeds of \$225,000. The Company issued 1,950,000 units valued at \$19,500 and paid cash of \$3,000 as finder's fee. Each unit consist of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.03 per share for a period of 2 years. The Company recorded a loss of \$2,561,000 related to the issuance of the units.

o Other

- On 7 June 2016, the Company issued 200,000 common shares valued at \$28,000 as finder's fee in relation to the acquisition of Black Rock Desert Project and 200,000 common shares valued at \$28,000 as finder's fee in relation to the acquisition of Big Smokey Valley Project.
- On 17 May 2016, the Company issued 400,000 common shares valued at \$64,000 as finder's fee in relation to the acquisition of the Clayton Valley BFF-1 Property.
- On 1 April 2016, the Company issued 58,494 common shares valued at \$9,944 for marketing services.
- On 8 January 2016, the Company issued 375,000 common shares valued at \$37,500, pursuant to an option agreement to acquire 60% interest in the Alkali Lake Project.
- On 28 October 2015, the Company issued 150,000 common shares valued at \$3,000, pursuant to an option agreement to acquire 100% interest in the Galleon Property.

o Exercise of Warrants

- On 16 June 2016, 150,000 warrants were exercised at an exercise price of \$0.067 per share.
- On 16 May 2016, 375,000 warrants were exercised at an exercise price of \$0.067 per share.
- On 28 April 2016, 1,560,000 warrants were exercised at an exercise price of \$0.067 per share.
- On 25 April 2016, 750,000 warrants were exercised at an exercise price of \$0.033 per share.
- On 25 April 2016, 150,000 warrants were exercised at an exercise price of \$0.067 per share.
- On 21 April 2016, 1,650,000 warrants were exercised at an exercise price of \$0.033 per share.
- On 19 April 2016, 9,000,000 warrants were exercised at an exercise price of \$0.033 per share.
- On 31 March 2016, 150,000 warrants were exercised at an exercise price of \$0.033 per share.
- On 22 March 2016, 1,950,000 warrants were exercised at an exercise price of \$0.033 per share.
- On 25 January 2016, 150,000 warrants were exercised at an exercise price of \$0.033 per share.
- On 21 January 2016, 300,000 warrants were exercised at an exercise price of \$0.033 per share.

o Exercise of Options

- On 17 May 2016, 225,000 stock options were exercised at an exercise price of \$0.067 per share.
- On 5 May 2016, 600,000 stock options were exercised at an exercise price of \$0.033 per share.
- On 5 May 2016, 225,000 stock options were exercised at an exercise price of \$0.067 per share.

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- On 14 April 2016, 600,000 stock options were exercised at an exercise price of \$0.033 per share.
- On 11 April 2016, 1,950,000 stock options were exercised at an exercise price of \$0.033 per share.
- On 8 March 2016, 300,000 stock options were exercised at an exercise price of \$0.033 per share.
- On 8 March 2016, 90,000 stock options were exercised at an exercise price of \$0.080 per share.
- On 3 February 2016, 97,500 stock options were exercised at an exercise price of \$0.080 per share.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, trade payables and related party loans. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

Critical Accounting Estimates

The preparation of consolidated financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Adoption of New and Revised Standards and Interpretations

At the date of authorization of these consolidated financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended 30 June 2016:

- IFRS 7 '*Financial Instruments: disclosures*' clarifies whether a servicing contract is continuing involvement in a transferred financial asset. The amendments are effective for annual periods beginning on or after 1 January 2016.
- IFRS 9, '*Financial Instruments*': The IASB has undertaken a three-phase project to replace IAS 39 '*Financial Instruments: Recognition and Measurement*' with IFRS 9 '*Financial Instruments*'. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. In July 2014, the IASB issued the final elements of IFRS 9. IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

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- Financial assets meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss
- The concept of “embedded derivatives” does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the “business model” test and “cash flow characteristics” test.
- The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2018.

- IFRS 10 *‘Consolidated Financial Statements’* clarifies the conditions for a parent to present consolidated financial statements for investment entities, and treatment for loss of control of a subsidiary that does not contain a business. The amendments are effective for annual periods beginning on or after 1 January 2016.
- IFRS 11 *‘Joint Arrangements’* is an amendment to clarify accounting for acquisition of interest in a joint operation. The amendment is applicable to annual periods beginning on or after 1 January 2016.
- IAS 1 *‘Presentation of Financial Statements’* is an amendment to clarify certain aspects focused on the areas of clarification of concept of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of loss and comprehensive loss, and providing of additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendment is applicable to annual periods beginning on or after 1 January 2016.
- IAS 7 *‘Statement of Cash Flows’* is an amendment to clarify and improve information provided to users of financial statements about an entity's financing activities. The amendment is applicable for annual periods beginning on or after 1 January 2017.
- IAS 12 *‘Income Taxes’* is an amendment to clarify criteria used to assess whether future taxable profits can be utilized against deductible temporary differences. The amendment is applicable to annual periods beginning on or after 1 January 2017.
- IAS 28 *‘Investments in associates and joint ventures’* is an amendment that clarifies that an entity need not apply the equity method to its investment in an associate or joint venture if the parent is the ultimate parent of the entity in which subsidiaries are consolidated or are

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measured at fair value through profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2016.

There is an amendment to sale or contribution of assets between an investor and its associate or joint venture. The amendment is effective for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the period.

Management's Responsibility for Consolidated Financial Statements

The information provided in this report, including the consolidated financial statements, is the responsibility of Management. In the preparation of these statements estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Consolidated Financial Statements.

Risks

The Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development.

The directors and officers of the Company will only devote part of their time and attention to the affairs of the Company.

There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell the common shares.

Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key

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areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

Outlook

Although current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance they will be able to do so in the future. The financial results and discussion do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Caution Regarding Forward Looking Statements

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially, from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.

Subsequent Events

15 July 2016, the Company entered to an option agreement whereby Wildcat Exploration Ltd. can acquire a 100% interest in 348 claims in the Dixie Valley Project, subject to a 3% Net Smelter Royalty (the "Agreement"). Wildcat Exploration Ltd. is related to the Company by way of officers in common.

19 July 2016, the Company announced that subsequent to the Companies news release of 17 June 2016, American Lithium Corp. has received TSX-V approval to acquire all of the outstanding shares of 1074654 B.C. Ltd which holds the right to acquire up to a 70 % interest in and to the Clayton Valley BFF-1 project "the Property" located in Nevada.

American Lithium Corp. now assumes the obligations in respect to the previously announced option agreement, which in addition to a non-refundable deposit of USD\$25,000 (paid) is USD\$275,000 and 1,200,000 million common shares of American Lithium Corp. in three tranches on or before the second anniversary of closing, and \$1-million in exploration expenditures on or before the third anniversary.

Following the exercise of the Option, the American Lithium Corp shall have a seventy (70%) interest in and to the Property, with Nevada Energy Metals retaining the balance. Thereafter, the parties will work

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diligently and in good faith to negotiate the terms of a joint venture to advance development of "the Property. The joint venture will provide that expenditures on the Property will be funded on a pro rata basis, based upon the respective parties proportionate interest in the Property. In the event that any one party declines to fund the expenditures in proportion to their interest, their respective interest in the joint venture shall be reduced accordingly, provided that no party shall be diluted below a fifteen (15%) interest in the Property.

4 August 2016, the Company announced that a sampling program designed to test for lithium values in surface soils and/or playa evaporates has been initiated at the Company's 100% owned Big Smokey Valley (North) project. Geochemical sample points are being arranged on a grid pattern of 11 lines spaced 400 meters apart with stations every 200 meters along the lines. It is expected that 170 sample points will be measured. Results should be available in approximately 3 weeks.

16 August 2016, the Company entered into a twelve month consulting agreement with a third party individual for services in relation to shareholder liaison and investor relations, for 100,000 shares of the Company and 250,000 stock options of the Company and an amount equal to \$3,000 (CDN) plus GST/HST per month. On 1 September 2016, the Company granted 250,000 stock options related to this agreement.

25 August 2016 - Vancouver, British Columbia - Nevada Energy Metals Inc. "the Company" (TSX-V: BFF) (OTCQB: SSMLF) (Frankfurt: A2AFBV) is pleased to announce that it has paid in full all annual Bureau of Land Management (BLM) maintenance fees for the Company's seven Lithium projects located in Nevada. The annual maintenance fees, totaling USD \$ 212,350 (CAD \$274,550), are now paid to 1 September 2017.

Nevada Energy Metals' Seven Nevada Lithium Projects Are Fully Paid Up:

1. Dixie Valley Lithium Project – 907 Claims, no royalties, (348 claims optioned to Wildcat Exploration Ltd.
2. Big Smokey Valley Lithium Project – 160 claims (100% owned, no royalties, in Big Smokey Valley)
3. Black Rock Desert Lithium Project– 128 claims (100% owned, no royalties)
4. Clayton Valley Lithium Project – 77 claims, no royalties, (70% optioned-out to American Lithium Corp (TSX-V: Li))
5. Teels Marsh West Lithium Project – 100 claims (100% owned, no royalties)
6. San Emidio Desert Lithium Project – 155 claims (100% owned, no royalties)
7. Alkali Lake Lithium Project – 191 claims in a 60-40 earn in agreement with Dajin Resources Corp (TSX-V:DJI), no royalties.

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1 September 2016, Tim Fernback joined the Company to serve as Chief Operating Officer (COO) for Nevada Energy Metals. Mr. Fernback possesses over twenty years of experience in financing and managing public and private small-cap companies throughout North America. Previously he has held multiple senior executive positions, including oversight of the Investment Banking and Corporate Finance Divisions at Wolverton Securities, formerly Western Canada's oldest brokerage firm.

Effective 1 September 2016, the Company is committed to pay monthly salaries ranging from \$3,000 to \$4,000 to the officers of the Company until 31 August 2017.

6 September 2016, Randy Avon joined the Company's Advisory Board. Randy will bring his expertise and vast skillset to assist in the sourcing of new lithium projects in Latin America. Mr. Avon has a proven track record of locating rare business opportunities, negotiating projects as well as joint ventures/option agreements.

16 September 2016, the Company issued 152,984 common shares valued at \$19,888 to Agoracom for advertisement services.