

American Lithium Corp.
(formerly, Menika Mining Ltd.)

Management's Discussion and Analysis

For the six months ended August 31, 2016 and 2015

(Expressed in Canadian Dollars)

THE ATTACHED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THIS MANAGEMENT DISCUSSION AND ANALYSIS AND ARE HEREBY INCLUDED BY REFERENCE

Introduction

American Lithium Corp. (formerly Menika Mining Ltd.) (the “Company” or “American Lithium”) was incorporated in British Columbia under the *Business Corporations Act* (British Columbia) and is engaged in the acquisition, exploration and development of resource properties. The Company’s common shares are listed for trading on Tier 2 of the TSX Venture Exchange (the “Exchange”) under the symbol “LI”, the Frankfurt Stock Exchange under the symbol “5LA”, and the OTCQB under the symbol “LiACF”.

This management’s discussion and analysis (“MD&A”) reports on the operating results and financial condition of the Company for the six months ended August 31, 2016 and is prepared as of October **, 2016. The MD&A should be read in conjunction with the Company’s interim condensed consolidated financial statements for the six months ended August 31, 2016, and the notes thereto which were prepared in accordance with International Financial Reporting Standards (“IFRS”); and they should be read in conjunction with our IFRS financial statements for the fiscal year ended February 29, 2016

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

This document may contain “forward-looking information” within the meaning of Canadian securities legislation (“forward-looking statements”). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect management’s expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its planned exploration activities, the adequacy of its financial resources and statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including “may”, “future”, “expected”, “intends” and “estimates”. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company’s interim and annual condensed consolidated financial statements and management’s discussion and analysis of those statements, all of which are filed and available for review under the Company’s profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Description of Business

American Lithium Corp. (formerly Menika Mining Ltd.) is an exploration stage company engaged in the acquisition, exploration and development of resource properties

Discussion of Operations and Overall Performance

In the prior period, the Company began the process to reactivate its operations and to become focussed on the acquisition, exploration and development of US – based properties prospective for lithium deposits. These earlier efforts included a re-branding of the corporation, and financing efforts to facilitate the new focus. To that end, during the first six months of the current fiscal year, American Lithium has concluded transactions to acquire interests in six (6) Nevada properties: Fish Lake Valley, Atlantis, Fish South, Colorado, San Emidio, and Clayton Valley BFF.

Five of the Company's property interests are located within the Fish Lake Valley, Esmeralda county, Nevada. The geological setting at Fish Lake Valley is highly analogous to the salars of Clayton Valley, where Albemarle has its Silver Peak lithium-brine operation. Silver Peak houses the only domestic production of lithium in the United States. The United States Geological Survey estimates that over 300 million pounds of lithium carbonate have been produced at this facility since production commenced in 1966. Over the past six years, previous operators have been investigating the North Bowl playa, Fish Lake Valley lithium brine property. A National Instrument 43-101 report titled 'Technical Report, Fish Lake Valley Lithium-Brine Property, Esmeralda County, Nevada,' was completed on the property in November, 2015.

During the six months ended August 31, 2016, American Lithium commenced a phase 2 exploration drill program is to test several potential brine lithium targets identified in the phase 1 exploration program which included surface brine sampling, gravity geophysics and 3,545 feet (1,080 metres) of shallow auger and direct-push drilling within 41 holes at 25 sites ranging from 42 feet to 150 feet in depth. The Company also completed additional high-density gravity surveys to better define the subsurface structures.

The Company completed six initial shallow (two-metre) auger drill holes as part of its phase 2 exploratory drilling program on the North Bowl playa. The auger drill holes targeted infill drilling in areas of interest from the 2010 to 2011 phase 1 exploration, as well as extensions of those areas.

The near-surface auger program was the first of three drill stages planned during the 2016 Fish Lake Valley exploration program, and will be followed by a sonic drilling program to a total depth of up to 500 feet. A total of 13 drill locations have been permitted for the sonic drilling. Together, the overall drill program will give a comprehensive understanding of the lithium content of playa soils and brines, along with other potentially economically important minerals, as well as porosity and permeability of lithium-bearing brine aquifers within the North Bowl and South Bowl playas of the Fish Lake Valley lithium brine project.

In August 2016, American Lithium announced the first assay results from the North Bowl playa six initial auger drill holes. Assays of the samples returned lithium values from 25 to 389 milligrams per litre of lithium and 58 to 2210 mg/L boron, as follows:

Sample	Element		
	Li	B	Mg
	(mg/L)	(mg/L)	(mg/L)
AA	389	2,210	0.6
BB	321	1,340	0.3
CC	99	205	1.9
EEE	39	58	96.9
JJ	37	113	27.8
NN	25	65	34.8

The lithium values from these brine assays are significantly higher than the historical brine results from Fish Lake Valley and well within the range that has been reported in the adjacent Clayton Valley. The Company is planning to move forward with sonic drilling to test deeper aquifers with the 13 permitted drill sites as financing and time permits.

In October 2016, the Company announced further results from continuing near-surface auger sampling on the North playa, Fish Lake Valley. A total of 25 samples were reported, with the highest-grade sample being 537 milligrams per litre lithium. The average of the samples was 292.4 mg/l Li and the lowest-grade sample was 2.4 mg/l Li.

Sample	Element	
	Li	Mg
	(mg/L)	(mg/L)
1431001	434	0.4
1431002	321	0.4
1431003	537	0.3
1431004	479	0.3
1431005	510	0.3
1431006	398	0.2
1431007	401	0.6
1431008	488	0.7
1431009	380	0.2
1431010	47.0	0.6
1431011	382	0.1
1431012	286	0.2
1431013	385	0.1
1431014	503	<0.1
1431015	369	<0.1
1431016	397	0.1
1431017	102	0.6
1431018	47.9	0.2
1431019	94.2	0.1
1431020	24.5	0.9
1431021	23.8	0.6
1431022	2.4	30.8
1431023	98.7	0.8
1431024	412	1.0
1431025	188	0.4

Detection limits of 0.1mg/L for both Li and Mg

The presence of magnesium can impede the extraction of lithium carbonate from a brine solution so discovering low Mg/Li ratios is an important fundamental in exploring for economic lithium brines.

The primary value of this information is the potential of near surface brines at American Lithium's North Playa Fish Lake project to be able to avoid the need to remove the magnesium before any potential concentration and purification of lithium can take place. The secondary value is that the North Playa mineralization is an atypical mineralizing system and there may be potential for the separation of lithium from the associated playa clays. These clays are not typical Hectorite clays which generally require high energy to separate lithium from the clay. The Company intends to embark on a series of tests to identify the type of bonding in the lithium in the North Playa clays and estimate the energy needed to separate the lithium from the clays.

Sampling results suggest that the North Playa is a unique lithium enriched system and the Company will continue to work to define the economic potential of lithium enriched brines and clays in the Fish Lake Valley. The new sampling results will continue to drive exploration programs as the Company advances

its projects in the Fish Lake and Clayton Valleys. Assay information will be integrated with the company's continuing gravity survey model currently being developed by Dr. John Oldow, director of the Ellison Miles Center for Geological Field Studies at the University of Texas, Dallas. The model will further define the drill targets for the Company's second-stage drill programs and assist in developing the resource potential of the project.

As reported in the July 19, 2016, news release, the American Lithium has also conducted auger sampling in the South Bowl Playa of Fish Lake Valley. Six auger holes were drilled but did not penetrate the overburden covering the near-surface aquifer and so no samples were taken. The South Playa lithium brine target will be drill tested in the upcoming deeper sonic drill program.

Outlook

According to Dundee Capital Markets October 2016 comments, lithium carbonate ("LCE") and lithium hydroxide ("LiOH") are both in supply deficit – thus creating a rising commodity price environment. With steadily increasing demand from battery manufacturers, on-streaming of lithium production cannot catch-up to demand requirements. The commodity environment is expected to reflect a 14.4% growth in annual demand for at least two-years, before a balancing of supply and demand starts to happen over the following three-years.

Dundee published comments on commodity price targets in June 2016 increasing both LCE and LiOH over the next six years. LCE price estimate increases from US\$6,200/t to US\$7,200/t for F2016, before rising to US\$10,000/t over the next six years. LiOH price estimate rises from US\$7,500/t to US\$9,200/t in 2016, before reaching US\$11,200/t by 2021.

American Lithium believes that the domestic market for lithium products will be under supplied for many years to come. This situation positions the Company well should its exploration efforts be successful in identifying a commercially viable lithium deposit.

Property Overview

As at October 24, 2016., the Company has interests in the following resource properties:

Fish Lake Valley Project - Nevada, USA

The "Fish Lake Valley Project" consists of a series of 98 placer claims comprising a total of 7,840 acres in Esmerelda County, Nevada, USA. Under an earn-in option agreement, the Company has the right to acquire a 100% undivided interest in the Fish Lake Valley Project by fulfilling the commitments outlined below:

- i. Initial Earn-in option: the Company may acquire the initial 80% undivided interest in the Fish Lake Valley Project should the following conditions be met:

	Common Shares	Cash	Exploration Expenditures
	#	USD \$	USD \$
Upon closing (issued and paid)	200,000	130,000	-
On or before the first anniversary of the closing	100,000	100,000	200,000
On or before the second anniversary of the closing	100,000	100,000	300,000
On or before the third anniversary of the closing	-	-	600,000
Total	400,000	330,000	1,100,000

- ii. Subsequent Earn-in option: The Company may acquire an additional 20% of the Fish Lake Valley Project by paying to the Optionor an aggregate amount of US \$1,000,000 on or before the date that is 12 months after the exercise of the initial Earn-in Option.

The Optionor retains a 2.5% net smelter royalty (NSR), one half of which can be purchased for \$1,000,000 cash.

Atlantis Property - Nevada, USA

The Atlantis property consists of a series of 69 placer claims and 19 association placer claims, comprising a total of 2,882 acres, located in Esmeralda County, Nevada, USA. Under an earn-in option agreement, the Company has the right to acquire a 100% undivided interest in the Atlantis Property by fulfilling the commitments outlined below:

	Common Shares	Cash	Exploration Expenditures
	#	USD \$	USD \$
Upon closing date (paid)	-	48,050	-
Within 30 days of entering into the option (paid)	-	78,000	-
Within 60 days of closing of acquisition (issued)	250,000	-	-
On or before the first anniversary of the closing	-	-	100,000
On or before the second anniversary of the closing	500,000	-	250,000
On or before the third anniversary of the closing	500,000	-	650,000
Total	1,250,000	126,050	1,000,000

Fish South Property - Nevada, USA

On June 1, 2016, the Company finalized an option agreement with TY & Sons Explorations (Nevada) Ltd. ("the Optionor"), who has the right to acquire a 100% interest in a series of mineral claims located in Esmeralda County, Nevada, USA ("the Fish South Property"). Under an earn-in option agreement, the Company has the right to acquire a 80% undivided interest in the Fish South property by fulfilling the commitments outlined below:

	Common Shares	Warrants	Cash
	#	#	USD\$
Within 60 days of closing to the Property owner	-	-	78,800
Upon closing to the Optionor (paid and issued)	700,000	300,000	100,000
Within 4 months after closing to the Property Owner (issued)	300,000	-	-
On or before the first anniversary of the closing to the Optionor	500,000	-	-
On or before the second anniversary of the closing to the Optionor	500,000	-	-
Total	2,000,000	300,000	178,800

Colorado Property - Nevada, USA

On June 7, 2016, the Company finalized an agreement to acquire all the outstanding share capital of 1067323 B.C. Ltd. ("1067323"), a privately-held British Columbia based mineral exploration company with a common Director. In consideration, the Company issued 6,000,000 common shares to acquire all of the outstanding share capital of 1067323 B.C. Ltd.

1067323 B.C. Ltd. is a party to an Earn-in Option agreement with Colorado Exploration Inc. ("the Optionor") to acquire a series of 193 placer and 44 lode claims, over 4,870 acres (1971 hectares) in Fish Lake Valley, Nevada, USA (the "Colorado Property"). Under an earn-in option agreement, the Company has the right to acquire a 100% interest in the Colorado property, subject to a one percent (1.0%) net smelter returns royalty, by fulfilling the commitments outlined below:

	Common Shares	Cash
	#	\$
Upon closing date (paid)	400,000	200,000
Total	400,000	200,000

San Emidio Property - Nevada, USA

Pursuant to the Earn-in Option agreement between the Lithium Corp. ("the Optionor") and 1067323 B.C. Ltd. ("the Optionee"), the Company holds the rights to acquire the San Emidio property ("San Emidio Property"), representing a series of twenty-eight (28) placer claims, over 2,240 acres (907 hectares) in Nevada, USA.

Initial Earn-in option: the Company may acquire an initial 80% undivided interest in the San Emidio property if the following conditions are met:

	Common Shares	Cash	Exploration Expenditures
	#	USD \$	USD \$
Within 30 days following the effective date (issued and paid)	100,000	100,000	-
On or before the first anniversary of the closing	100,000	-	100,000
On or before the second anniversary of the closing	100,000	-	200,000
On or before the third anniversary of the closing	-	-	300,000
Total	300,000	100,000	600,000

Subsequent Earn-in option: The Company may acquire an additional 20% of the San Emidio property by paying to the Optionor, subject to a two-and-one-half (2.5%) percent net smelter returns royalty, an aggregate amount of US \$1,000,000 on or before the date that is 6 months after the exercise of the initial Earn-in Option.

Clayton Valley BFF Property - Nevada, USA

On July 5, 2016, the Company entered into an agreement to acquire all of the outstanding share capital of 1074654 B.C. Ltd. ("1074654"), a privately held British Columbia mineral exploration company that holds a right to acquire a 70% interest in a series of 77 placer claims comprising 1,540 acres, located in Esmeralda County, Nevada and known as "Clayton Valley BFF". The Company received TSX approval and closed

the transaction on July 12, 2016. In consideration of all the outstanding share capital of 1074654, the Company assumed 1074654's obligations in respect of Clayton Valley BFF.

Under an earn-in option agreement, the Company has the right to acquire a 70% undivided interest in the Clayton Valley BFF Property by fulfilling the commitments outlined below:

	Common Shares	Cash	Exploration Expenditures
	#	USD \$	USD \$
Upon closing (issued and paid)	400,000	75,000	-
On or before the first anniversary of the closing	400,000	100,000	100,000
On or before the second anniversary of the closing	400,000	100,000	300,000
On or before the third anniversary of the closing	-	-	600,000
Total	1,200,000	275,000	\$1,000,000

Reliance Gold Property, British Columbia, Canada

The Company holds a 100% interest in the Reliance property, which consists of approximately 977.7 hectares, located 10 kilometers north of the Historic Bralorne Gold Mine and five kilometers east of the town of Goldbridge, B.C.

Historical Information

During fiscal 2006, the Company added five claims comprising 21 units and two cells called the Carter, Carter 2, Carp 1, Carp 2 and Carp 3 claims to its Reliance property located in the Lillooet mining district covering 250.27 hectares.

The gold mineralization on the Reliance property is on the north-slope. The Carp 1, Carp 2 and Carp 3 claims are located on the north side of the Reliance and extend the boundary by 380 metres. The Carter claims cover a few fractions south of the Reliance, and extends the southern boundary by 2,240 metres. The estimated net area of the new property is 516.75 hectares, bringing the total Reliance claim area to 977.749 hectares.

The Reliance Group of claims are in good standing until 2017 and 2018 respectively.

During July and August 2006, the Company carried out further MMI soil sampling surveys on the Reliance property. The purpose was to extend the known anomalies as well as determine the response over the known mineralization from past exploration. This included the Imperial zone, the Treasure zone and the Mint zone.

During fiscal 2009 the Company signed a drilling contract for 10,000 feet of diamond drilling to be carried out on the Reliance property. The drilling program was completed, and a 43-101 Technical Report with results and recommendations can be viewed on SEDAR at www.sedar.com

During the year ended February 29, 2012, the Company wrote the Reliance Mining Group Claims down to \$1 to reflect the uncertainty related to its economic value.

During the six months ended August 31, 2016, there were \$Nil in exploration expenditures on the property.

Ava Property Claims, British Columbia, Canada

On July 12, 2006, the Company acquired from Charles Boitard, the former president of the Company, seven claims located in the Deadman Valley, of British Columbia. During December 2006, the Company added

the Ava 9, Ava 10 and the Mow 3 mineral claims to its portfolio, bringing the total to 2,336.479 hectares. During December 2012, four claims were left to expire with a total area of 1,015.940 hectares, bringing the total to 1,320.539 hectares, all in good standing. The claims are situated in the vicinity of the Vidette gold camp area and are easily accessible.

Historical Information

The claim group is located at and to the east of the village of Criss Creek, which is 37 kilometers north-northeast of Savona, located at the west end of Kamloops Lake. Access is good, with the localized main road running through the property. Claims belonging to other owners occur within six to 12 kilometers to the north, south, east and west of the AVA claims. The AVA claim group is of exploration interest because of mineralized float found within the area that reportedly ran 9 per cent copper, 0.7 per cent tungsten, 11 ounces per ton silver and 0.2 ounce per ton gold. The geology of the property is unknown because of widespread overburden cover. However, the government airborne magnetic survey showed that the southeastern part of the property is covered with Tertiary basalts, with the rest of the property being underlain by an unknown rock type that is not Tertiary basalts. It is not likely sedimentary rocks, but could be older volcanics or intrusives. The airborne survey also showed a lineation striking northeasterly through the centre of the property, with a second one intersecting it in a north-south direction. These lineations are indicative of structure such as faults, shear zones, or contacts, and where they intersect is of exploration interest because of the possibility of mineralizing fluids filling the resulting fractured rock.

The AVA claims were written down during the year ended February 29, 2012. During the year ended February 29, 2016, the Company let three mineral claims lapse on the AVA Property (AVA 9, AVA 10, and MOW 3). On January 19, 2016, the Company re-staked these claims, with a new expiry date of January 19, 2017.

During the six months ended August 31, 2016, there were \$Nil in exploration expenditures on the property.

Selected Annual Information

	Years ended February		
	2016	2015	2014
Revenue	\$ Nil	\$ Nil	\$ Nil
Comprehensive loss for the year	\$ (137,938)	\$ (32,640)	\$ (209,740)
Comprehensive loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.07)
Weighted average number of common shares	11,340,332	11,009,948	2,813,373
Financial position data			
Working capital (deficit) as at end of February	\$ 143,044	\$ (24,148)	\$ 8,492
Total assets as at end of February	\$ 165,092	\$ 13,130	\$ 32,709

Results of Operations

At August 31, 2016 total assets were \$15,881,101 compared to \$165,092 as at February 29, 2016. This increase in assets is the result of a series of acquisitions for exploration and evaluation assets, and the increase in cash due to the private placements completed, and warrants exercised.

The Company has no operating revenues.

Six months ended August 31, 2016

During the six months ended August 31, 2016, the Company expanded its operations with an increased focus on assembly of properties in Nevada, and the commencement of exploration activities. The Company's operating expenses of \$3,235,499 [2015: \$16,702] were significantly higher in all categories reflecting the ramp-up of operations. Expenses included the non-cash charge of \$1,192,710 [2015: \$nil] for share-based compensation associated with the issuance of stock options during the period. The bulk of expenses in the period were related to corporate administration and exploration activities represented across all expense categories. Additionally, insurance expense of \$37,660 [2015: \$nil] was incurred for the first time.

The Company will use its available resources to pursue its operations in Nevada, and on the pursuit of other opportunities in the United States.

Fiscal year ended February 29, 2016

During the year ended February 29, 2016, the Company had a comprehensive loss of \$137,938 compared to a net loss of \$32,640 for the prior year. Expenses increased as a result of an increase in share-based payments and filing and listing fees. These increases are a result of increased activity due to warrants exercised and options granted during the year. Activity pertaining to the exploration and advancement of the Company's property and the acquisition of additional assets was limited due to the Company's limited financial resources.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds and therefore has been incurring losses since inception. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements and the exercise of stock options. When acquiring interests in resource properties through purchase or option, the Company issues common shares or a combination of cash and shares to the vendors of the property as consideration for the property in order to conserve its cash. The Company expects that it will continue to operate at a loss for the foreseeable future and will require additional financing to fund the exploration of its existing properties and the acquisition of potential resource properties.

At August 31, 2016, the Company had cash of \$714,630, compared to cash of \$153,371 as at the February 29, 2016 year-end. The Company has no off-balance sheet financing. The Company has no long-term debt. The Company's current assets have increased in the current fiscal year due to private placements completed and warrants exercised during the period.

During the six months ended August 31, 2016:

The Company completed a non-brokered private placement of 6,000,000 units at a price of \$0.25 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share and one-half share purchase warrant. Each warrant is exercisable to acquire an additional common share at an exercise price of \$0.50 per share until April 6, 2020.

The Company completed a non-brokered private placement of 3,333,333 units at a price of \$0.60 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half share purchase warrant. Each warrant is exercisable to acquire an additional common share at an exercise price of \$1.00 per share until May 4, 2019.

2,611,500 common shares were issued upon the exercise of warrants at a purchase price of \$0.07 per common share for gross proceeds of \$182,805; and 25,000 common shares were issued upon the exercise of warrants at a purchase price of \$0.50 per common share for gross proceeds of \$12,500

Upon the exercise of stock options, 185,000 common shares were issued at \$0.10 per share.

In connection with the private placements, the Company issued 66,667 share purchase warrants as finder's fees at a price of \$1.00 per share until three years after the issue date with a fair value of \$51,869. The Company paid \$197,311 in share issue costs related to the private placements.

During the year ended February 29, 2016:

The Company completed a non-brokered private placement of 650,000 units at a price of \$0.08 per unit for gross proceeds of \$52,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at an exercise price of \$0.10 per share, has a grant date of September 15, 2015 and expires September 15, 2020.

2,277,500 common shares were issued on the exercise of warrants at a purchase price of \$0.07 per common share for gross proceeds of \$159,425. In connection with the exercise of the warrants, the company transferred \$29,479 from share warrant reserves to share capital.

Summary of Quarterly Results

Selected Financial Data [Quarterly - unaudited]

	Quarter Ended							
	8/31/2016	5/31/2016	2/29/2016	11/30/2015	8/31/2015	5/31/2015	2/28/2015	11/30/2014
Operating Revenue	\$ -	-	-	-	-	-	-	-
Comprehensive loss	\$ (1,275,399)	(1,960,100)	(90,840)	(32,891)	(7,260)	(8,892)	(7,511)	(6,933)
Loss per share	\$ (0.03)	(0.10)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Share capital	\$ 22,699,706	14,659,142	5,518,697	5,329,793	5,277,793	5,277,793	5,277,793	5,277,793
Common shares issued	42,975,615	34,606,615	13,937,448	11,659,948	11,009,948	11,009,948	11,009,948	11,009,948
Weighted average shares outstanding	41,937,854	18,786,184	13,937,448	11,544,392	11,009,948	11,009,948	11,009,948	11,009,948
Total Assets	\$ 15,881,101	8,454,075	165,092	17,411	14,182	21,559	13,130	11,370
Net Assets (Liabilities)	\$ 15,716,951	8,337,485	153,045	2,124	(30,849)	(23,039)	(14,147)	(4,168)
Cash Dividends Declared per Common Shares	\$ 0	0	0	0	0	0	0	0

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its resource properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The Company's business will be the acquisition, exploration and development of resource properties. The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

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 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. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

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 mineral deposit will be such that any of its resource properties could 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.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its resource 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 or through the sale or possible syndication of its properties, there can be 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.

Consolidated financial statements have been prepared assuming the Company will continue on a going concern basis: The Company's unaudited interim condensed consolidated financial statements have been prepared on the basis that it will continue as a going concern. The Company incurred a comprehensive loss of \$3,235,499 (2015: \$16,702) for the six months ended August 31, 2016. As at August 31, 2016, the Company had an accumulated deficit of \$8,984,515 (February 29, 2016 year-end: \$5,749,016), which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it 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. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Matters: Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

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 fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, 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.

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 exploration and development programs. The 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 financing or other means. There can be 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. In particular, failure by the Company to raise the funding necessary to maintain in good standing its various option agreements could result in the loss of its rights to such properties.

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 to design and carry out appropriate exploration programs on its resource properties; (ii) the ability to produce minerals from any resource deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Potential conflicts of interest: Certain of the Company's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest, to the extent that such other companies may participate in ventures in which the Company is also participating. The laws of British Columbia require the directors and officers to act honestly, in good faith, and in the best interests of the Company. In addition, each director must declare his or her interest and abstain from voting on any contract or transaction in which the director may have a conflict of interest.

Price Fluctuations and Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered 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 continual and extreme fluctuations in price will not occur.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the 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 can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. 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 a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out 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 jurisdictions.

Title: Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Exploration and development activities are inherently risky: The business of exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. These factors can all affect the timing, cost and success of exploration programs and any future development. Although the Company carries liability insurance with respect to its exploration operations, the Company may become subject to liability for damage to life and property, environmental damage, cave-ins or hazards against which it cannot insure or against which it may elect not to insure.

Previous operations may have caused environmental damage at certain of the Company's properties. It may be difficult or impossible to assess the extent to which such damage was caused by the Company or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective, and the Company may be responsible for the costs of reclamation.

If any of the Company's properties move to a development stage, the Company would be subject to additional risks respecting any development and production activities.

Related Party Transactions

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Key Management Personnel	Period ended August 31, 2016	2015
Salaries and short term benefits ⁽ⁱ⁾	\$ 251,792	\$ nil
Share-based payments	858,084	-
	\$ 1,109,876	\$ nil

⁽ⁱ⁾Salaries and short term benefits include \$37,702 (2015: \$nil) in Management fees and \$92,239 (2015: \$nil) in Consulting fees; recorded on the Statement of Loss and Comprehensive Loss.

During the period ended August 31, 2016, the Company entered into the following transactions with key management personnel:

Related party	Nature of transaction
Samantha Stewart ("Stewart")	Consulting fees for the management services of a former director
Anita Algie ("Algie")	Consulting fees for the management services of a former director and officer
Michael Kobler ("Kobler")	Consulting fees for the services provided by Michael Kobler the Executive Chair and Chief Operating Officer (formerly, Chief Executive Officer)
Peter Born ("Born")	Consulting fees for the management services of a former director
Richard Ko ("Ko")	Consulting fees for the management services of a former director and officer
Betty Joy LeBlanc ("LeBlanc")	Consulting fees for the management services of a former director
Dana Brock ("Brock")	Consulting fees for geological services provided by an officer
Alan Abrams ("Abrams")	Independent director
Andrew Squires ("Squires")	Independent director
Pacific Equity Management Corp. ("PEM")	Management fees for services provided by CEO, CFO, VP Corporate Development, VP Finance, Accountant, and Administrator.

- (a) Accrued \$10,000 (2015: \$nil) to PEM pursuant to a Management Services Agreement entered into as of August 10, 2016. PEM is a company controlled by two directors/officers, and it provides daily management services to the Company. The payments are disclosed in key management personnel compensation within salaries and short term benefits.
- (b) Paid or accrued \$80,676 (2015: \$nil) to Kobler and to a company directed by Kobler, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed \$42,427 to Kobler and to a company directed by Kobler, for expenses incurred on behalf of the Company. Granted stock options with a calculated fair value of \$343,234 (2015: \$nil) recorded in share based compensation.

- (c) Paid \$97,916 (2015: \$nil) to a company directed by Brock, for geological services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed \$9,970 to a company directed by Brock, for expenses incurred on behalf of the Company. Granted stock options with a calculated fair value of \$171,617 (2015: \$nil) recorded in share based compensation.
- (d) Granted stock options with a calculated fair value of \$128,713 (2015: \$nil) to Abrams in share based compensation. The payment is disclosed in key management personnel compensation within share based payments.
- (e) Granted stock options with a calculated fair value of \$128,713 (2015: \$nil) to Squires in share based compensation. The payment is disclosed in key management personnel compensation within share based payments.
- (f) Paid \$10,000 (2015: \$nil) to Algie and to a company directed by Algie, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed \$224 (2015: \$8,854) to Algie, for expenses incurred on behalf of the Company.
- (g) Paid \$5,000 (2015: \$nil) to Born and to a company directed by Born, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits.
- (h) Paid \$5,000 (2015: \$nil) to Ko, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits.
- (i) Paid \$15,200 (2015: \$nil) to Stewart and to a company directed by Stewart, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed \$76 (2015: \$nil) to Stewart, for expenses incurred on behalf of the Company.
- (j) Paid \$28,000 (2015: \$nil) to LeBlanc and to a company directed by LeBlanc, for consulting services. The payments are disclosed in key management personnel compensation within salaries and short term benefits. Additionally, reimbursed \$14,585 (2015: \$nil) to LeBlanc, for expenses incurred on behalf of the Company. Granted stock options with a calculated fair value of \$85,807 (2015: \$nil) recorded in share based compensation.,

Critical Accounting Estimates

In the application of the Company's accounting policies, which are described in note 3 to the unaudited interim condensed consolidated financial statements for the three months ended May 31, 2016, management is required to make judgments, apart from those requiring estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- the determination of the element of costs recorded as exploration and evaluation assets and determination of reclamation obligations;
- recognition of deferred tax assets and liabilities, and
- assumptions used in valuing options and warrants in share-based compensation calculation

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities

in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Accounting Standards Issued but not yet Effective:

New accounting standards effective for annual periods on or after January 1, 2016:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

Fair Value of Financial Instruments

1. Fair value of financial instruments

The carrying values of cash and cash equivalents and accounts payable approximate their fair values because of their short term nature.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company's financial instrument at August 31, 2016 is classified as "Level One – Quoted prices in active markets" is cash.

2. Financial instrument risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at August 31, 2016 relating to cash of \$714,630. All cash is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet accounts payable requirements. The Company maintained sufficient cash balances to meet its needs at August 31, 2016.

Foreign Exchange Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at August 31, 2016, a 10% fluctuation in the foreign exchange rate of the United States dollar against the Canadian dollar would affect the Company's loss for the year by approximately \$71,463.

Interest Rate Risk

The Company has cash balances and only fixed interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of palladium, nickel, and gold. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

During the periods ended August 31, 2016 and February 29, 2016, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

During the six months ended August 31, 2016, there were no changes to the Company's risk exposure or to the Company's policies for risk management.

Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support the acquisition, exploration and development of exploration and evaluation assets such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or sell assets to settle liabilities. The Company has no long-term debt and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities, loans, advances from related parties and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's management of capital during the six months ended August 31, 2016.

Proposed Transactions

The Company is continuously evaluating new opportunities that could include a joint venture, a disposal of the project or a sale of the Company. While various negotiations may be ongoing at any given time, these may or may not be successful. The Company considers opportunities where there is expected to be significant value to the shareholders. At this date, the Board of Directors have not approved any transaction, nor presented any potential transaction to the shareholders.

Outstanding Share Data

As at October 28, 2016:

- a) Authorized: unlimited common shares without par value.
- b) Issued and outstanding: 45,750,615 common shares.
- c) Outstanding stock options:

Number of options	Exercise price	Remaining life (years)	Expiry date
915,000	\$ 0.10	4.04	September 14, 2020
150,000	\$ 0.45	2.59	April 4, 2019
1,000,000	\$ 1.13	4.68	May 5, 2021
75,000	\$ 1.70	4.67	May 2, 2021
250,000	\$ 1.57	1.78	June 13, 2018
2,390,000			

d) Outstanding warrants:

Number of warrants	Exercise price	Remaining life (years)	Expiry date
2,336,000	\$ 0.07	2.30	December 20, 2018
650,000	\$ 0.10	4.05	September 17, 2020
2,975,000	\$ 0.50	3.60	April 6, 2020
1,733,334	\$ 1.00	2.67	May 4, 2019
300,000	\$ 1.10	2.75	June 1, 2019
7,994,334			

Subsequent Events

Subsequent to August 31, 2016, 2,825,000 warrants have been exercised for gross proceeds of \$197,750.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com.