

CAROLINA CAPITAL CORP.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For The Six Months Ended February 29, 2016

The following discussion and analysis of financial results should be read in conjunction with the unaudited condensed interim financial statements of Carolina Capital Corp. ("the Company" or "Carolina") for the six months ended February 29, 2016 as well as the audited financial statements for the year ended August 31, 2015; including the notes thereto. The financial data contained in this discussion and analysis is presented in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency is the Canadian dollar.

The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial conditions. Certain statements herein contain forward-looking statements relating to the operations or to the environment in which we operate, which are based on our operations, forecasts, and projections. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and actual results may differ materially from those anticipated in these forward-looking statements. The risks include those outlined under the "Risk Factors" section of this MD&A and elsewhere in the Company's public disclosure documents.

This Management Discussion and Analysis is dated April 6, 2016.

BUSINESS OVERVIEW

Carolina Capital Corp. (the "Company") was incorporated under the *Business Corporations Act* of British Columbia on July 26, 2010. The head office, principal address and registered and records office of the Company are located at 2075 West 37th Avenue, Vancouver, B.C., V6M 1N7. The Company does not have any subsidiaries. The Company was a capital pool company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange").

On March 26, 2013, the Company received Exchange approval for its Qualifying Transaction with arm's length vendors (the "Vendors") Qualitas Holdings Corp. and Mike Magrum and commenced trading on the Exchange as a Tier 2 Mining Issuer under the symbol "CQC". Effective March 26, 2013, the Company's principal business activity became the exploration of mineral resources on the GP Property.

As at February 29, 2016, the Company incurred cumulative exploration and evaluation expenditures of \$168,666 on the GP Property, excluding the BC METC refund received.

INTEREST IN MINERAL PROPERTIES

On November 20th, 2012, the Company entered into an Option Agreement with Qualitas Holdings Corp. and Mike Magrum whereby the Company can earn a 100% interest in the GP Property by incurring exploration expenditures totaling \$100,000 on or before the first anniversary of the date of Exchange approval (completed). The Company made cash payments to the vendors of the Option of \$10,000 upon receipt of the Technical Report and \$15,000 at the time of Exchange approval. Additionally, the Company must issue 700,000 shares (200,000 upon Exchange approval (issued), 200,000 on the first anniversary of Exchange approval (issued) and 300,000 on or before the second anniversary (issued)).

The GP Property is located in the Kamloops Mining Division in British Columbia and lies on TRIM claim sheets 092I034 and 092I044 in the Kamloops Mining Division in British Columbia.

It is comprised of four (4) mineral claims and is located approximately 5 kilometres southwest of Spences Bridge, British Columbia totaling 1,978 hectares. The mineral tenures are for sub-surface rights only, there are no surface rights associated with the tenure. The claims were acquired by staking by Qualitas Holdings Corp. Qualitas vended a 50% interest in the claims to Novus Gold Corp. on October 12, 2011. To earn its interest Novus Gold Corp. completed \$112,500 in exploration expenditures. Novus Gold Corp. assigned its' 50% interest in the subject claims to Mike Magrum ("Magrum") on March 30, 2012 with Qualitas Holdings Corp. ("Qualitas") retaining its' 50% interest.

The Company has an option to acquire an interest in the following properties:

Tenure Number	Claim Name	Owner	Map Number	Issue Date	Good To Date	Area (ha)
903349	GP 1	Qualitas Holdings Corp.	092I	2011/Sept./28	2019/Mar./31	494.56
903369	GP 2	Qualitas Holdings Corp	092I	2011/Sept./28	2019/Mar./31	494.55
5903389	GP 3	Qualitas Holdings Corp	092I	2011/Sept./28	2019/Mar./31	494.35
921969	GP 5	Qualitas Holdings Corp	092I	2011/Oct./23	2019/Mar./31	494.83
	4 claims					1,978.29

The option is subject to two (2%) percent net smelter return royalty on production, calculated and payable quarterly in arrears. The Company may upon notice at any time repurchase all or a portion of royalty, for CDN\$500,000 for each one-half of one (0.5%) percent, together with any accrued but unpaid royalty.

The Company is in the exploration phase and does not have any producing property. Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the Company's ability to obtain the financing required to pursue exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. The Company must periodically obtain new funds in order to pursue its activities.

The GP Property is an epithermal precious metal project which lies within the Lower Cretaceous Spences Bridge Group, an andesitic to rhyolitic volcanic arc belt of rocks, lying in south central British Columbia. This belt stretches from the north of Princeton to the west of Cache Creek with additional outliers continuing further north to Gang Ranch. The Spences Bridge Gold Belt is emerging as a new epithermal precious metal exploration target. The GP Property is largely underlain andesitic lava flows of the Spius Formation. Local interbeds of Pimainus Formation volcanoclastics were noted lower down the slopes on the western part of the property. Abundant epithermal quartz detritus was noted throughout the western half of the property, including agates, discontinuous veins and veinlets, clots, blowouts and felsenmeer.

A program of prospecting, property wide grid soil sampling and rock sampling was completed during the fall of 2011. The 2011 GP Property exploration program has met with some success. A NW trending Au-in-soil and As-in-soil linear anomaly in excess of three kilometres in length was located during the 2011 work program. In addition, several areas of chalcedonic quartz rubble, felsenmeer and veins were noted along this trend.

In the NI 43-101 technical report by Wesley Raven, P. Geo dated February 28, 2013, as filed under the Company's profile on SEDAR, Mr. Raven recommended that the GP Property warrants further exploration for epithermal precious metals deposits. The NW trending Au-As anomaly needs to be further evaluated. The northern section of the property wide grid, encompassing the NW trending anomaly needs to be prospected and the soil grid needs to be tightened to from the current 200 metres by 50 metres to 50 metres by 25 metres over an area 3,000 metres long by 1,700 metres wide, this will result in the collection of approximately 3,875 soil samples. In the technical report, Wesley Raven recommended a total work program with a cost estimated at \$225,000 consisting of prospecting and soil geochemistry.

In July 2013, the Company completed the 2013 GP Property exploration program, further defining the previously known NW trending gold-in-soil and arsenic-in-soil anomaly. The 2013 exploration program consisted of in-fill soil geochemistry over the heart of the NW trending anomaly striking through the middle of the property. This was accomplished by tightening the sample spacing to 50 metres by 25 metres resulting in the collection of 1,748 samples. The 2013 program continued on the success of 2011, further delineating and defining the 2.7 kilometre, NW trending Au-in-soil and As-in-soil anomaly. The width ranges from one station, about 25 metres, to four stations, about 100 metres and continues to both ends of the grid. It is stronger over the northern part of the grid, corresponding to the Pimainus volcanoclastics and weaker in the overlying Spius andesites to the south.

A program of deep Induced Polarization surveying has been recommended to test the full strike extent of the anomaly for zones of quartz veining and accompanying precious metal mineralization in advance of diamond drilling.

R. Tim Henneberry, P. Geo. (BC), a director of Carolina Capital Corp. has reviewed and approved the technical content of this MDA.

Mineral Property Expenditures

The Company capitalized exploration and evaluation expenditures in the period incurred. During the period ended February 29, 2016, the Company has incurred the following exploration expenditures on the GP Property:

GP Property– British Columbia	February 29, 2016	August 31, 2015	August 31, 2014	Cumulative
Acquisition costs	\$nil	\$12,000	\$ 14,000	\$73,400
Balance, end of year	nil	12,000	14,000	73,400
Analysis – assay costs	-	-	-	59,464
Field supplies and expenses	-	-	-	3,476
Contractors – field crew, supervision and reports	-	-	-	23,025
Travel, accommodation and meals	-	-	-	9,301
BC METC refund	-	-	(28,627)	(28,627)
Balance, end of year	-	-	(28,627)	66,639
Total	\$nil	\$12,000	\$ (14,627)	\$140,039

RESULTS OF OPERATIONS

Selected Annual Information

The following table provides a brief summary of the Company’s financial operations for the last three fiscal years. This information has been presented in accordance with International Financial Reporting Standards (“IFRS”). The reporting currency is the Canadian dollar. For more detailed information, refer to the August 31, 2015 and 2014 audited financial statements.

	Year Ended August 31, 2015	Year Ended August 31, 2014	Year Ended August 31, 2013
	\$	\$	\$
Interest income	2,295	4,035	2,977
Net income (loss) for the year	(112,065)	(69,915)	(107,315)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)	(0.02)
Total assets	388,049	482,242	534,070
Total long term liabilities	-	-	-
Cash dividends	-	-	-

Summary of Quarterly Results

The following table sets out selected financial data in respect of the most recently completed quarters of the Company. The data is derived from the financial statements of the Company prepared in accordance with International Financial Reporting Standards (“IFRS”).

	February 29, 2016	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014	May 31, 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue (other income)	585	431	507	390	670	728	142	1,949
Net Income (loss)	(45,357)	(11,143)	(60,472)	(11,355)	(17,124)	(23,114)	(33,702)	(8,744)
Basic and diluted (loss) per common share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)

Three Months Ended February 29, 2016

During the three months ended February 29, 2016 the Company recorded a net loss of \$(45,357) compared to a net loss of \$(17,124) during the same three month period ended February 28, 2015. The Company’s expenses increased by \$28,233 compared to expenses recorded for the three months ended February 28, 2015. The Company’s expenses were greater during the three months ended February 29, 2016 primarily due to the recording of stock based compensation from the issuance of the 950,000 incentive stock options to the members of the Board of Directors.

For the three months ended February 29, 2016, the Company’s expenses by category consisted of: professional fees \$13,129 (2015 - \$14,640), general office expenses of \$262 (2015 – \$129), rent expense of \$300 (2015 - \$300), project investigation costs of \$nil (2015 - nil), stock based compensation expense of \$27,614 (2015 – nil) and transfer agent and filing fees of \$4,637 (2015 - \$2,725).

Interest income earned for the three months ended February 29, 2016 was \$585 (2015 - \$670).

For the three months ended February 29, 2016 and February 28, 2015, the Company did not incur exploration and evaluation expenditures on the GP Property.

Proposed Transactions

On April 7, 2014, the Company entered into a non-binding Letter of Intent (“LOI”) with IMG Gold Recovery Inc. (“IMG”) to form a joint venture whereby the Company and IMG would build and

operate a precious metals toll mill and recovery facility. The facility, to be located in BC or the Yukon, would utilize IMG's proprietary recovery technologies to extract fine gold, silver and platinum from concentrates. Under the LOI, the Company and IMG would create an operating subsidiary to be owned equally by the Company and IMG, subject to dilution clauses. The Company would supply the staged operating capital to purchase the necessary equipment to operate the gold recovery system budgeted at \$750,000 (\$25,000 non-refundable deposit paid). IMG would provide the licensed technology and expertise to operate the gold recovery system and identify the sources of concentrate. On June 27, 2014 the LOI was extended to September 30, 2014.

On July 21, 2014, the Company signed an addendum with IMG to provide \$50,000 for capital expansion of IMG's pilot plant in Burnaby, BC. Gross metals stream revenue from the Burnaby plant would be divided equally between Carolina and IMG until the earlier of \$100,000 of gross metal stream revenue or the completion and execution of the Definitive Agreement contemplated in the original LOI.

On October 14, 2014 the Company reported that its non-binding Letter of Intent with IMG had expired. IMG had not met the closing conditions outlined in the terms of the original non-binding Letter of Intent dated April 7, 2014. As a result, the Company has written off the non-refundable deposit (\$25,000) as project investigation cost. The Carolina and IMG addendum whereby Carolina and IMG will revenue share on gross gold, silver and platinum at the expanded Burnaby plant stayed in effect. As a result, the Company recorded the \$50,000 as other receivable. During the fiscal year 2015, the capital expansion of IMG's pilot plant in Burnaby was delayed due to a variety of circumstances and management has written down the receivable balance as a result of uncertainty of the outcome of the metals stream project. Subsequent to the end of the period, on March 31, 2016, the Company received a payment of \$50,000 from IMG as a final settlement to mutually terminate the addendum.

Disclosure for Venture Issuers Without Significant Revenue.

The Company has no revenue from operations since becoming a reporting issuer.

The following is a breakdown of the general operation expenses and exploration and evaluation expenditures incurred during the periods noted below:

	Six Months Ended February 29, 2016	Six Months Ended February 28, 2015
General office expenses	\$ 348	327
Professional fees	21,629	25,818
Rent	600	600
Project investigation costs	-	7,500
Transfer agent and filing fees	7,325	7,391
Stock based compensation	27,614	-
	\$ 57,516	\$41,635

LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing its liquidity is to ensure that it has sufficient resources to meet its liabilities as they come due and have sufficient working capital to fund operations for the ensuing fiscal year.

As at February 29, 2016, the Company had \$219,971 in current assets (August 31, 2015 - \$248,010) and current liabilities of \$10,807 (August 31, 2015 - \$9,959) for a working capital position of \$209,164 compared to a working capital position of \$238,051 at August 31, 2015. Current assets at February 29, 2016 were represented by cash and cash equivalents of \$4,058, a short-term investments balance of \$214,658, and \$1,254 in GST receivable.

As at February 29, 2016 the Company had a share capital balance of \$745,081 (August 31, 2015 - \$745,081) and an accumulated deficit of \$473,478 (August 31, 2015 - \$416,978).

Financing of operations has been achieved solely by equity financing.

Investing Activities

Total cash from (used in) investing activities during the period ended February 29, 2016 was \$24,125 compared to \$28,313 at February 28, 2015. Net cash from investing activities for the six months ended February 29, 2016 and 2015 was derived from cashing out short-term investments.

OFF-BALANCE SHEET ARRANGEMENTS

To the best of Management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

CONTRACTUAL COMMITMENTS

See "Interest in Mineral Properties" for mineral property commitments.

TRANSACTIONS WITH RELATED PARTIES

For the period ended February 29, 2016, the Company incurred accounting, filing and administrative services and rent expense of \$9,435 (2015: \$9,840) to a company owned by one of its directors. As at February 29, 2016, included in accounts payable and accrued liabilities, \$1,816 (2015: \$1,681) is payable to a company owned by one of its directors.

For the period February 29, 2016, the Company incurred project investigation expenses of \$nil to a company owned by one of its directors (2015: \$7,500). As at February 29, 2016, the entire amount has not been paid and included in accounts payable and accrued liabilities.

CAPITAL STOCK

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at February 29, 2016 and 2015 - 9,650,000 and 9,350,000 common shares were issued and outstanding, respectively.

The following common shares and convertible securities were outstanding as at February 29, 2016:

	Expiry Date	Exercise Price	Options Outstanding	Common Shares on Exercise
Common shares				9,650,000
Stock options	February 15, 2021	\$0.05	950,000	950,000

a) Escrow Shares

In accordance with the TSX Venture Exchange CPC policy guidelines, all seed shares issued at a price lower than the price of the Initial Public Offering (IPO) shares, all securities acquired by non-arm's length parties to the Company, and all securities acquired by a Control Person are held in escrow and will be released over a period of three years from the acceptance of the Company's Qualifying Transaction.

As at February 29, 2016, the Company has 450,000 common shares held in escrow. These common shares held in escrow are released as follows: 10% (300,000 common shares) released on the date of the acceptance of the Company's Qualifying Transaction and 15% (450,000 common shares) released every six months thereafter.

b) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares as at the closing date of the Company's Initial Public Offering or until the completion of the Company's Qualifying Transaction, and thereafter will not exceed 10% of the issued and outstanding common shares at the date of granting the stock option.

Pursuant to the Option Plan, the Company entered into agreements with its three directors to grant an aggregate of 400,000 incentive stock options with a grant date of December 14, 2010, vesting immediately. Each option allows the holder to purchase one common share of the Company at an exercise price of \$0.10 per common share (equal to market price at the date of grant) for a period of five years from the date of grant. During the fiscal year 2011, the Company expensed \$29,765 stock-based compensation as the result of granting the above noted stock options. On December 14, 2015 the 400,000 options expired.

On May 2, 2013, pursuant to the Company's stock option plan, the Company granted a newly appointed director an option to purchase 100,000 stock options at an exercise price of \$0.20 per share (equal to market price at the date of grant) for a period of two years from the date of grant. The stock options vested immediately. During the year ended August 31, 2013, the Company expensed \$8,798 stock-based

compensation as the result of granting the above noted stock options. On May 2, 2015 the 100,000 options expired.

On February 15, 2016, pursuant to the Company's stock option plan, the Company entered into agreements with its four directors to grant an aggregate of 950,000 incentive stock options vesting immediately. Each option allows the holder to purchase one common share of the Company at an exercise price of \$0.05 per common share for a period of five years from the date of grant. During the period, the Company expensed \$27,614 stock-based compensation as the result of granting the above noted stock options.

A summary of option activity for the period ended February 29, 2016 is as follows:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, August 31, 2015	400,000	\$ 0.10	December 14, 2015
Expired During the Period	(400,000)	-	
Granted During the Period	950,000	\$0.05	February 15, 2021
Balance, February 29, 2016	950,000	\$0.05	February 15, 2021

As at February 29, 2016 the Company had 950,000 stock options outstanding with a weighted average remaining contractual life of 4.97 years.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

All significant accounting policies and critical accounting estimates are fully disclosed in Note 2 of the financial statements for the three months ended February 29, 2016.

FINANCIAL RISK MANAGEMENT

The Company's financial assets consist of cash and cash equivalents, short-term investments and other receivable. The estimated fair values of cash and cash equivalents, short-term investments and other receivable approximate their respective carrying values due to the short period to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value 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 that are not based on observable market data.

For the periods ended February 29, 2016 and 2015, the fair value of cash and cash equivalents and short-term investment were measured using Level 1 inputs. Other receivable were measured using Level 2 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its operations.

Interest Rate Risk

The Company invests part of the cash balance in a variable rate GIC at rate of prime minus 1.95%. Any change to market rates result in interest rate risk. The exposure to interest rate risk, however, is limited due to the short term nature of variable rate GIC.

Credit Risk

Credit risk is the risk of a loss in a counterparty to a financial instrument that fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and cash equivalents and short-term investments. The Company limits its exposure to credit risk by holding its cash and cash equivalents and short-term investments in deposits with high credit quality Canadian financial institutions.

FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of new accounting standards and amendments

The Company has adopted the following new standards and their consequential amendments: IAS 24, 'Related party disclosures'; IFRS 2, 'Share-based payment'; IFRS 7, 'Financial instruments: disclosures' and IAS 32, 'Financial instruments: presentation'; and IFRIC 21, 'Levies'. The adopted standards and amendments have not had any impact on the Company's financial statements.

New and Revised IFRS Issued but Not Effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below except those which the Company does not expect any impacts on the financial statements.

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018.

RISKS RELATED TO OUR BUSINESS

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 mineral properties (which are primarily early stage exploration properties with no known resources or reserves), the following risk factors, among others, will apply:

The Company's ability to continue to conduct exploration and development depends upon the Company's ability to obtain additional financing. The business of mineral exploration and extraction involves a high degree of risk with very few properties that are explored ultimately achieving commercial production. As a mining company in the exploration stage, the future ability of the Company to conduct exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means. In turn, the Company's ability to raise such funding depends in part upon the market's perception of its management and properties, but to a great degree upon the price of gold and the marketability of securities of speculative exploration and development mining companies.

The Company has no history of earnings and no foreseeable earnings. The property in which the Company has acquired an interest has not been determined to be commercially feasible and hence may not have any commercial production. The Company has no history of profits and has a deficit. The Company receives no revenues from production or otherwise and is entirely dependent on raising additional equity and loan financing.

The Company has no mineral producing properties, and the Company has not demonstrated that any mineralized material on the property in which it may acquire an interest constitutes proven or probable reserves of ore. It is uncertain what level, if any, of recovery of gold or other minerals from

mineralized material will in fact be realized. Identified mineralized deposits may never qualify as commercially mineable (or viable) reserves, and even if they do qualify, they may fail to yield the estimated level of copper or other minerals. Estimates of mineralized deposits and production costs can also be affected by such factors as metals prices, availability of capital for development, permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of mineralization ultimately mined (if any) may differ from that indicated by drilling results. Short term factors relating to mineralized material, such as the need for orderly development or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Gold and other minerals recovered in small scale laboratory tests may fail to be duplicated in large scale tests under on-site conditions. Material changes in mineralized material, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineralized deposits are reported as general indicators of mine life and should not be interpreted as assurances of mine life or of the profitability of current or future operations.

As mineral prices are volatile, a profitable market may not develop for any commercial quantities of mineral resources discovered by the Company. Mineral prices are subject to fluctuation. The effect of these factors cannot accurately be predicted. The mining industry in general is intensely competitive and, even if commercial quantities of mineral resources are discovered, a profitable market may not develop for the sale of the same. Factors beyond the control of the Company may affect the marketability of any gold or any other materials discovered. The price of precious metals is 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.

Competition. The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped properties. The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire additional suitable prospects suitable for exploration.

The Company's share price is volatile. Publicly quoted securities are subject to a relatively high degree of price volatility. The quoted market for the common shares of the Company may be subject to market trends generally, notwithstanding any potential success of the Company in creating sales and revenues.

Title to Property. Although the Company has exercised the usual due diligence with respect to title of its properties, there is no guarantee that title to the properties will not be challenged or impugned as a result of prior unregistered agreements or transfers, aboriginal land claims, government expropriation and undetected defects.

Government Regulations and Environmental Risks and Hazards. The Company's conduct is subject to various federal, provincial, state laws, rules and regulations, including environmental legislation. Environmental legislation is becoming increasingly stringent and costs and expenses of

regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated. The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation.

Licenses and Permits. The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

As certain of the Company's officers have other outside business activities and, thus, may not be in a position to devote all of their professional time to the Company, the Company's operations may be sporadic, which may result in periodic interruptions or suspensions of exploration.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash equivalents.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on equity financing to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended February 29, 2016.

EVALUATION OF DISCLOSURE CONTROLS AND POLICIES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to the various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, which includes the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), so that timely decisions can be made regarding disclosure.

The Company's management, under the supervision of, and with the participation of, the CEO and CFO has designed the Company's disclosure controls and procedures. As at February 29, 2016, the

CEO and CFO evaluated the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as at February 29, 2016.

EVALUATION OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

Designing, establishing and maintaining adequate internal control over financial reporting is the responsibility of the Company's management. Internal control over financial reporting is a process designed by, or under the supervision of management, and affected by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements in accordance with IFRS.

These controls include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately reflect transactions pertaining to its assets, provide reasonable assurance that all transactions are recorded to permit the preparation of its financial statements in accordance with IFRS, and that expenditures are being made only in accordance with authorizations of management of the Company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements.

Management is responsible for establishing and maintaining internal control over financial reporting and has designed and implemented such controls to ensure that the required objectives of these internal controls have been met. The management of the Company applied its judgment in evaluating the cost-benefit relationship to controls and procedures. The result of which was, because of the inherent limitations in all control systems, that no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

As at February 29, 2016, the officers of the Company evaluated the design and implementation of the Company's internal control over financial reporting ("ICFR"). Based on this evaluation of the design and operating effectiveness of the Company's ICFR, the CEO and CFO concluded that the Company's ICFR was effective as at February 29, 2016.

OUTLOOK

Our objective is to maximize the value of the Company for our shareholders and our strategy to obtain this result is to focus on project evaluations and project generation. To proceed with this strategy, additional financings may be required during the current fiscal year.

ADDITIONAL INFORMATION

Additional information relating to the Company can also be found on SEDAR at www.sedar.com.