APPIA ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended March 31, 2016

APPIA ENERGY CORP.

Management's Discussion and Analysis – March 31, 2016
As of May 27, 2016

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Appia Energy Corp. ("Appia" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended March 31, 2016. The MD&A was prepared as of May 27, 2016 and should be read in conjunction with the unaudited condensed interim financial statements ("Financial Statements") of the Company for the three and six months ended March 31, 2016, and the audited financial statements for the year ended September 30, 2015, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 to the Financial Statements.

Executive Summary

Corporate

Appia is a Canadian mineral exploration company listed on the Canadian Securities Exchange under the trading symbol "API" and has a primary focus on Uranium and Rare Earth Elements. The Company now holds an interest in 83,037 hectares (205,185 acres) in Saskatchewan, primarily in the Athabasca Basin. In Ontario, Appia controls 13,008 hectares (32,143 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario, including National Instrument 43-101 ("NI 43-101") reported resources at Teasdale Lake and Banana Lake. The Elliot Lake area has produced over 300 M lbs. of U_3O_8 and is the only mining camp in Canada with significant historical commercial REE production.

As set out in detail in note 2 to the Financial Statements, in 2015 the Company voluntarily changed its accounting policy for exploration and evaluation expenditures and retrospectively applied the change. Previously, the Company capitalized both the mineral property acquisition costs and deferred exploration and evaluation expenditures on the properties.

Under the new policy, only the original acquisition costs of exploration and evaluation properties are capitalized with all exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources, and prior to a decision to proceed with mine development charged to operations as incurred.

Appia will monitor financial market conditions, and if possible, complete a financing and/or seek a joint venture partner to advance the exploration and development activities on its Elliot Lake and Saskatchewan properties.

Ontario

The National Instrument 43-101 ("NI 43-101") report on the Elliot Lake properties completed in 2013 incorporated a new concept of simultaneously mining a nine metre high underground zone, including the Upper Reef, the Rare Earth Elements ("REEs") in the Intermediate Quartzite Zone and the Lower Reef. With the REE content by weight being over six times the uranium content, the economic value of the mineralized zone has been greatly enhanced. A significant portion of the previously categorized Inferred Resources was upgraded to Indicated Resources, and additional resources were defined.

More work to expand the Resources at Teasdale and the preparation of a Preliminary Economic Analysis of the project will be contingent on an improved price for uranium and a clearer picture of supply and demand for REEs.

Saskatchewan

In September 2013, the Company discovered a new area of REE mineralization, plus uranium and thorium on claims south of Alces Lake. The zone is designated as the “Ivan Zone” and is located 125 metres northeast of the historical trenches. Outcrop and boulder train samples recorded radioactivity levels in excess of 56,000 cps. Samples from the outcrops and boulder trains have been assayed and reflect moderate to highly anomalous rare earth elements. Total REEs in 12 samples range from 1.1% to 35.7% by weight. Details of the laboratory analyses for individual elements were reported in the Company’s news release on the Ivan Zone on May 22, 2014.

Appia intends to fly a VTEM^{TM} *plus* time-domain system airborne electromagnetic and a magnetic survey over its Alces Lake Property in June, 2016.

Two new groups of mineral claims in the Athabasca Basin were acquired in March 2016 with details as follows:

The “Otherside” and the “Loranger” properties were staked on the basis of similar geological and signatures to known high-grade, high-tonnage uranium deposits in the Basin: Fission Uranium Corp.’s Triple R deposit, NexGenEnergy’s Arrow deposits, and others.

The Otherside property comprises 21,868 ha. (54,307 acres), straddles a 40 km-long corridor hosting multiple discrete conductors with associated magnetic gradients and gravity lows, within the north central Athabasca Basin.

The Loranger property comprises 24,755 ha. (61,171 acres), centred on 4 individual conductors with an aggregate length of 84 km of which 82 km is untested. The property is hosted within the basement rocks of the Wollaston Domain, near the deposit rich eastern margin of the Basin.

Under the direction of recently appointed James Sykes, Director of Saskatchewan Operations, who has extensive experience on exploration projects in the Athabasca Basin, Appia intends to carry out ground geophysical surveys and resistivity surveys over the primary target areas within the Otherside property in order to elevate the property to drill-ready status. Appia also intends to carry out a VTEM survey over the Loranger property, followed by a ground gravity survey over priority areas to bring this property to a drill-ready status.

Exploration and Evaluation Assets

Ontario Properties:

Appia holds over 13,008 hectares (32,143 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario. The zones are called Teasdale, Banana Lake, Canuc, Bouck Lake and Buckles Lake. Since the inception of mining, the Elliot Lake area has produced over 300 M lbs. of U_3O_8 and is the only mining camp in Canada with significant historical commercial REE production.

Teasdale Lake Zone

The following two tables set out the resources reported in the NI 43-101 report entitled “Update Report on the Appia Energy Corp. Uranium-Rare Earth Property, Elliot Lake District, North-Central Ontario, Canada,” by Watts Griffis and McOuat (“WGM”) dated July 30, 2013 which has been filed on SEDAR (www.sedar.com). It should be noted that the contents for the rare earth components are for rare earth metals, whereas it has become more common to report the contents as equivalent rare earth oxides, which results in an average increase of approximately 46% for the oxides versus the metallic form.

Table 1
Summary of Teasdale Zone Uranium and Rare Earth Mineral Resource Estimate

Zone	Tonnes ('000)	Tons ('000)	TREE (lbs/ton)	U_3O_8 (lbs/ton)	Average Thickness (m)	Contained TREE ('000 lbs)	Contained U_3O_8 ('000 lbs)
INDICATED RESOURCES							
UR	6,733	7,422	4.20	0.484	4.61	31,199	3,593
IQ	3,006	3,314	1.98	0.259	2.27	6,578	0.857
LR	3,355	3,699	2.68	0.958	2.60	9,912	3,544
Total	13,095	14,435	3.30	0.554	9.48	47,689	7,995
INFERRED RESOURCES							
UR	18,326	20,201	3.87	0.421	4.33	78,080	8,498
IQ	10,209	11,254	1.64	0.184	2.78	18,464	2,070
LR	9,972	10,992	3.33	0.869	2.71	36,631	9,564
Total	38,507	42,447	3.14	0.474	9.82	133,175	20,115

Note:
1. Mineral Resources effective 30 July, 2013
2. Mineral Resources are estimated at a cut-off value of $100 per tonne, using a uranium price of US$70/lb U_3O_8, a TREE price of $78/kg, and a C$:US$ exchange rate of 1:0.9. TREE includes all the REE elements from lanthanum to lutetium plus yttrium.
3. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. There are no known specific problems at this date.
4. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
5. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
6. Specific Gravity of 2.85 tonnes/m^3 (or 3.14 tons/m^3) was used.
7. Indicated amounts may not precisely sum due to rounding.

Table 2
Individual REE Resource Grade Composition Summary

Zone	Light REE (grams/tonne)						Heavy REE (grams/tonne)									
	La	Ce	Pr	Nd	Sm	Eu	**Gd**	**Tb**	**Dy**	**Ho**	**Er**	**Tm**	**Yb**	**Lu**	**Hf**	**Y**
INDICATED RESOURCES																
UR	540	951	93.9	313	51.7	1.9	32.8	3.9	17.2	2.7	7.0	0.9	5.5	0.8	6.8	72.9
IQ	256	452	44.9	148	24.4	1.0	14.7	1.8	7.7	1.2	3.1	0.4	2.5	0.4	3.6	30.6
LR	332	596	59.4	201	35.1	1.7	23.2	3.0	14.2	2.3	5.9	0.8	4.5	0.6	3.3	58.1
Average	**422**	**745**	**73.8**	**247**	**41.1**	**1.7**	**26.2**	**3.2**	**14.3**	**2.3**	**5.8**	**0.8**	**4.6**	**0.7**	**5.2**	**59.4**
INFERRED RESOURCES																
UR	498	876	85.9	285	47.2	1.8	29.3	3.5	15.9	2.5	6.5	0.9	5.3	0.8	6.8	67.9
IQ	213	374	37.0	122	20.0	0.8	12.3	1.4	6.4	1.0	2.6	0.4	2.2	0.3	3.3	26.5
LR	417	747	73.9	249	43.4	1.9	28.5	3.6	16.4	2.6	6.6	0.9	5.2	0.7	4.5	66.4
Average	**401**	**709**	**69.9**	**232**	**39.0**	**1.6**	**24.6**	**3.0**	**13.5**	**2.1**	**5.5**	**0.7**	**4.4**	**0.6**	**5.3**	**56.5**

Historical Estimates

Table 3

1979 Historical U_3O_8 Estimates on Appia's Elliot Lake Properties

Zone	Quantity (tons)	Grade (lbs U_3O_8/ton)	Contained U_3O_8 (lbs)
Teasdale Lake Zone	17,458,200	1.206	20,787,200
Buckles Zone (Gemico Block #3)	42,800,000	0.38	16,264,000
Bouck Zone (Gemico Block #10)	20,700,000	0.75	15,525,000
Banana Lake Zone	175,800,000	0.76	133,608,000
Canuc Zone	7,000,000	1.86	13,020,000
Total	**263,758,200**	**0.76**	**199,204,200**

The foregoing historical resources were not estimated in accordance with definitions and practices established for the estimation of Mineral Resources and Mineral Reserves by the Canadian Institute of Mining and Metallurgy. As such, the historical resources are not compliant with Canada's security rule NI 43-101, and are unreliable for investment decisions. Neither Appia nor its Qualified Persons have done sufficient work to classify the historical resources as mineral resources under current mineral resource terminology and are not treating the historical resources as current mineral resources. Nevertheless, most of the historical resources were estimated by mining companies active in the Elliot Lake camp using assumptions, methods and practices that were accepted at the time, and based on corroborative mining experience.

Banana Lake Zone

Based on drilling by Appia during 2007, a subsequent Mineral Resource estimate for the Banana Lake Zone was prepared in 2011 by WGM in accordance with the provisions of NI 43-101. Some of Appia's drilling included holes that were wedged from historical drill holes that Appia re-entered. This resource, first reported in Workman and Breede (2011), is summarized in Table 4. A single hole drilled in 2012 to 1,647 metres did not encounter the typical geological formation with assays returning no significant values of U_3O_8, thorium or REEs. WGM, however, is of the belief that this hole did not materially impact the potential for additional resources in the Banana Lake Zone.

. Table 4

Summary of Banana Lake Zone Mineral Resource Estimate

Category	Tons ('000)	Specific Gravity (tons/m^3)	lbs. U_3O_8/ton	Total lbs U_3O_8 ('000)
Inferred Resources	30,315	3.14	0.912	27,638

Notes:
1. Effective, 1 April, 2011
2. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
3. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
4. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
5. A cut-off grade of 0.6 lb. U_3O_8 was used
6. Specific Gravity of 2.85 tonnes/m^3 (or 3.14 tons/m^3) was used.
7. Indicated amounts may not precisely sum due to rounding.

Summary:

The Company is considering the next stage of the Teasdale exploration and evaluation. The longer-term outlook for uranium prices is positive and the successful recovery of the REEs, particularly the heavy elements of the total rare earths encountered, is very encouraging. Factors favourable for the project include the following:

- new mine infrastructure development would be in brownfield areas already disturbed by industrial and mining activity;
- water, electrical, transportation and communications infrastructure is in place or close at hand;
- the recovery of uranium from Elliot Lake ore is well known. Based on Teasdale Lake test results, the recovery of REEs appears to face no significant technical uncertainties;
- Appia is not responsible in any manner for potential future environmental impacts arising out of historical mining operations or waste disposal; and,
- The Cameco uranium refinery is located approximately 50 km away, near Blind River.

Saskatchewan Properties:

Beginning in fiscal 2011, the Company participated in staking properties in Saskatchewan, with a significant addition in March 2016.

The Company now holds a total of 83,037 hectares (205,185 acres) in Saskatchewan, including a 100% interest in 81,519 hectares (201,360 acres) as well as a 90% interest in 1,518 hectares (3,751 acres).

Alces Lake

In 2010, the Saskatchewan Geological Survey visited the Alces Lake area where a trenching program had been carried out at an earlier date, with 13 rock sample assays showing a significant presence of REEs, reaching as high as 29.8% total REEs and anomalous levels of uranium and thorium.

In 2011, the Company visited the site and recorded radioactivity levels over 15 boulder and outcrop samples in a range of 5,500 cps to 53,500 cps, with thorium levels off scale for the spectrometer. Assays on five samples reflected favourably on the 2010 REE findings.

In September 2013, the Company discovered a new area of REE mineralization, plus uranium and thorium on claims south of Alces Lake. The zone is designated as the “Ivan Zone” and is located 125 metres northeast of the historical trenches. Outcrop and boulder train samples recorded radioactivity levels in excess of 56,000 cps. Samples from the outcrops and boulder trains have been assayed and reflect moderate to highly anomalous rare earth elements. Total REEs in 12 samples range from 1.1% to 35.7% by weight. Details of the laboratory analyses for individual elements were reported in the Company’s news release on the Ivan Zone on May 22, 2014.

Appia intends to fly a VTEM^{TM} *plus* time-domain system airborne electromagnetic and a magnetic survey over its Alces Lake Property in June, 2016.

Athabasca Basin

In March 2016 the Company staked two groups of contiguous mineral claims in the Athabasca Basin in northern Saskatchewan. The “Otherside” and the “Loranger” properties were staked on the basis of similar geological and signatures to known high-grade, high-tonnage uranium deposits: Fission Uranium Corp.’s Triple R deposit, NexGenEnergy’s Arrow deposits and others.

The Otherside property comprises 21,868 ha. (54,307 acres), straddles a 40 km-long corridor hosting multiple discrete conductors with associated magnetic gradients and gravity lows, within the north central Athabasca Basin.

The Loranger property comprises 24,755 ha. (61,171 acres), centred on 4 individual conductors with an aggregate length of 84 km of which 82 km is untested. The property is hosted within the basement rocks of the Wollaston Domain, near the deposit rich eastern margin of the Basin.

Under the direction of recently appointed James Sykes, Director of Saskatchewan Operations, who has extensive experience on exploration projects in the Athabasca Basin, Appia intends to carry out ground geophysical surveys and resistivity surveys over the primary target areas within the Otherside property in order to elevate the property to drill-ready status. Appia also intends to carry out a VTEM survey over the Loranger property, followed by a ground gravity survey over priority areas to bring this property to a drill-ready status.

On April 14, 2016 the Company announced the appointment of Mr. James Sykes as Director of Saskatchewan Operations, (see Appia’s news release, April 14, 2016). Mr Sykes has extensive experience on exploration projects in the Athabasca Basin that resulted in the discovery of significant uranium deposits.

The Company is currently reviewing exploration plans for these two properties.

Outlook

The drilling at the Teasdale Zone of Elliot Lake and the change in the proposed mine plan resulted in very significant quantities of REEs being reported, with a large increase in the Indicated category and an overall increase in the Indicated and Inferred Resources. The preliminary metallurgical test recovery of 90% for uranium and 80% to 90% for most REEs is very encouraging. There have been significant developments in the separation of individual REEs from the composite ore which suggests that these test results can be improved upon.

More work to expand the Resources at Teasdale and the preparation of a Preliminary Economic Analysis of the project will be contingent on an improved price for uranium and a clearer picture of supply and demand for REEs.

The results from the exploration work carried out at Alces Lake, Saskatchewan suggest that follow-up work is highly desirable, and the newly acquired Otherside and Loranger properties are promising exploration targets.

The tsunami in Japan resulted in the shut-down of all of its 48 nuclear reactors. Five reactors in total have been cleared for restart. China has 24 new reactors under construction and has plans or proposals for a further 179 reactors. More than one reactor per month is currently going into construction. The Province of Ontario is extending the life of the Bruce and Darlington nuclear facility in order to continue providing 50% of the Province’s electricity requirements with nuclear power The United Nations climate agreement, as well as severe air pollution issues in China are factors in favour of more nuclear power production in China.

The spot price of uranium oxide was recently reported to be below US$30 per pound, but with deliveries of uranium under long-term contracts significantly higher. Analysts project that uranium prices will test a US$80 price by 2018.

The US Government Accountability Office, (“GAO”) released a report in February indicating that the Department of Defense has not addressed defining which of the REEs are critical regarding supply, although at various times 15 of the REEs have been identified as critical for weapon-related applications by the military. The Department of Defense has agreed with the GAO to identify which rare earths are critical, and work toward a department-wide strategy for securing its rare-earth supply chain.

China controls most of the world supply of REEs, but is expected to be unable to even supply its own requirements in the foreseeable future. Japan is becoming more aggressive in a search for a supply of rare earths from locations other than China.

Appia will monitor financial market conditions, and if possible, complete a financing and/or seek a joint venture partner in order to advance the exploration and development activities on its Elliot Lake and Saskatchewan properties.

Results of Operations

Exploration and evaluation costs for the three months ended March 31, 2016 were $17,679, up from $4,400 in the previous year period and $24,024 for the six month period (2015 - $24,669). In addition almost $28,000 was spent acquiring the two additional groups of claims in Saskatchewan.

Total general and administrative expenses for the three months ended March 31, 2016 were $41,966 compared to $50,541 in the same period in 2015. The decreases in professional fees to $3,512 (2015 - $7,785), and non-cash share-based compensation to $ nil (2015 - $4,346) account for most of the difference. The Company continues to cut administrative costs where possible.

Interest income decreased to $1,194 for the three months ended March 31, 2016, compared to $2,089 for 2015, due to lower cash balances held during the year.

Total general and administrative expenses for the six months ended March 31, 2016 were $89,634 compared to $110,673 in the same period in 2015. The decreases in professional fees to $8,274 (2015 - $17,087), management fees and salaries to $53,800 (2015 - $58,650) and non-cash share-based compensation to $ nil (2015 - $9,105) account for most of the difference.

Interest income decreased to $2,318 for the six months ended March 31, 2016, compared to $4,470 for 2015 due to lower cash balances held during the year.

The Company’s net loss and comprehensive loss for the three and six months ended March 31, 2016 was $58,452 and $90,131 compared with $52,852 and $130,872 in 2015.

Selected Quarterly Information – Restated as outlined in Note 2 to the Financial Statements

2015 - 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
	$	$	$	$
Net loss and comprehensive loss	(58,452)	(31,680)	(45,941)	(49,328)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,406,464	1,451,420	1,450,813	1,478,181

2014 - 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014
	$	$	$	$
Net loss and comprehensive loss	(68,721)	(62,151)	(49,443)	(90,736)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,505,667	1,545,476	1,600,839	1,625,470

Capital Resources and Liquidity

At March 31, 2016, the Company had a working capital deficiency of $5,238 (after providing for $555,872 owing to related parties) compared to working capital of $112,867 as at September 30, 2015 and a deficiency of approximately $16,000 at May 27, 2016. The Company has no operating revenue and has historically been funded with equity based private placements. The Company's exploration plans are contingent on raising capital resources. The Company has sufficient financial resources to continue operation through the next twelve months. Cash operating costs, not including exploration costs, are currently approximately $8,000 per month.

The Company's ability to meet its obligations and continue as a going concern continues to be dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

Common Share Data

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at March 31, 2016 and September 30, 2015 was 41,616,078.

Common share purchase stock options

The Company has a stock option plan for the benefit of directors, officers and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares.

As at March 31, 2016, 1,200,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan") and exercisable at March 31.

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
400,000	400,000	10.0 months	$1.25	February 1, 2017
400,000	400,000	24.3 months	$1.25	April 9, 2018
400,000	400,000	35.8 months	$1.25	March 25, 2019
1,200,000	1,200,000			

As at March 31, 2016 the Company had 41,616,078 common shares and 1,200,000 stock options outstanding for a fully diluted number of common shares that could be outstanding of 42,816,078, and at May 27, with 1,700, 000 stock options outstanding, the fully diluted outstanding could be 43,316,078.

Related Party Transactions

During the three and six months ended March 31, 2016, the Company incurred related party expenses of $30,111 and $55,799 (2015 – $25,750 and $55,150). These expenses related to management fees paid or payable to key management personnel; Tom Drivas, Chief Executive Officer, Frank van de Water, Secretary and Chief Financial Officer, Michael D'Amico, Chief Financial Officer until December 31, 2015, and office administration services paid to Romios Gold Resources Inc., a company with a number of common directors and officers. The amount charged for office administration services is included under office and general expenses. As at March 31, 2016, $10,567 (2015 - $2,288) was due and payable to these related parties.

At March 31, 2016, $508,306 (2015 - $448,306) of accumulated related party expenditures is due and outstanding to Tom Drivas and $10,567 payable to Romios Gold Resources Inc. and Frank van de Water.

During the three months ended March 31, 2016, the Company incurred expenses of $4,000 (2015 – $4,000) and $10,000 for the six months ended March 31, 2016 (2015 - $9,500) related to directors' fees to independent directors. At March 31, 2016, $37,000 (2015 - $19,000) was outstanding.

During the three and six months ended March 31, 2016, the Company incurred expenses of $ nil and $1,140 and (2015 - $685 and $2,341) for legal fees to a law firm related to a director of the Company, William R. Johnstone. At March 31, 2016 $nil (2015 – $709) was due and payable to this related party.

Share-based compensation to key management and directors for the three and six months ended March 31, 2016 was $nil (2015 - $4,346 and $9,105).

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the six months ended March 31, 2016 and 2015.

As disclosed in Note 6, the Company's major exploration property was acquired from a related party.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its exploration and evaluation assets for impairment to determine whether the acquisition cost of these properties will be recoverable from future cash flows or from their disposition. Assumptions underlying the cash flow estimates include the forecasted prices for uranium and rare earth elements, production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that as at March 31 and May XX, 2016, there is no impairment of the carrying value of its Ontario and Saskatchewan properties.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments recognized in the balance sheet consist of cash, and cash equivalents, HST/GST receivable and current liabilities. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

Risk Factors

An investment in the Company's securities is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect the Company and its financial position. Please refer to the "Risk Factors" section the Company's MD&A for the fiscal year ended September 30, 2015, available on SEDAR at www.sedar.com .

Special Note Regarding Forward-Looking Statements

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from the statements made. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", “should”, and “will”, are intended to identify forward-looking statements, and reflect the current expectations of the management of the Company with respect to future events, and are subject to risks and uncertainties, such as reduced funding and general economic and market factors. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Additional Information

(1) Additional information may be found on the Company’s website at www.appiaenergy.ca.

(2) The technical information included in this MD&A regarding the Elliott Lake and Athabasca properties has been reviewed and approved by Al Workman, P.Geo. Senior Geologist, Watts, Griffis and McOuat Ltd., a Qualified Person in accordance with the Canadian regulatory requirements as set out in NI 43-101.