# Copper One Inc.

## Management's Discussion and Analysis

### Year ended December 31, 2015

## ***Introduction***

The following Management's Discussion and Analysis ("MD&A") of financial results and related data of Copper One Inc. ("Copper One" or the "Company") is intended to complement and supplement the audited consolidated financial statements of Copper One Inc. for the year ended December 31, 2015 and 2014 (The "Financial Statements") and should be read in conjunction with the Financial Statements. The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Except as otherwise disclosed all dollar figures in this report are stated in Canadian dollars. Additional information relevant to the Company can be found on the SEDAR website at www.sedar.com.

The commentary is current to April 28, 2016 unless otherwise indicated. References to the 1st, 2nd, 3rd and 4th quarters of 2015 or Q1-2015, Q2-2015, Q3-2015 and Q4-2015, and the 1st, 2nd, 3rd and 4th quarters of 2014 or Q1-2014, Q2-2014, Q3-2014 and Q4-2014 mean the three months ended March 31, June 30, September 30 and December 31, 2015 and 2014 respectively. The reader should be aware that historical results are not necessarily indicative of future performance. The Company is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario. The Company's common shares commenced trading on the TSX Venture Exchange on November 16, 2009 under the symbol "CUO" and prior to that traded on the Canadian National Stock Exchange.

Paul Cowley, P. Geo, a member of Copper One's Board of Directors, is a "Qualified Person" as such term is defined under National Instrument 43-101 guidelines and has reviewed and approved the scientific and technical information in this MD&A.

## ***Cautionary Note Regarding Forward Looking Statements***

Except for statements of historical fact relating to Copper One, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's proposed acquisitions and strategy, development potential and timetable of the Company's properties; the Company's ability to raise required funds; future mineral prices; mineralization projections; conclusions of economic evaluation; the timing and amount of estimated future exploration and development; costs of development; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology 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". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration activities are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on extensive research of the Company, recent estimates of exploration costs and other factors that are set out herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events and delays during exploration and development; acquisition risks; regulatory risks; revocation of government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of minerals; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such 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. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

***Description of Business***

The Company is in the process of exploring and evaluating mineral property interests in Quebec, Canada. The Company owns 100% of the 60,000 hectare project area referred to as the Rivière Doré Property, which covers an 85 kilometer long newly discovered layered mafic intrusive complex located southeast of the town of Val-d'Or, Quebec.

***Company Outlook and Recent Developments***

The management of Copper One is focused on the development of its primary assets in the Province of Quebec, namely its flagship project Rivière Dore project.

The Company continues to engage the Barrier Lake Algonquins ("ABL") to permit re-activation of the Rivière Dore claims which are currently under suspension with the Quebec Ministry of Natural resources. Under the terms of the suspension, the Company is precluded from conducting any exploration of the Rivière Dore claims. The Company is not conducting any exploration on the claims while the suspension is in place. Once the Company is in a position to enter into a Memorandum of Understanding with ABL, it can then request the lifting of the claim suspensions and proceed with exploration activities. The Company has no information at this time regarding whether or not an MOU can be entered into in 2016. The Company will continue its vigorous attempts to engage the ABL in a manner consistent with its values regarding shareholder value and good corporate governance and social responsibility.

On December 18, 2014, the Company announced that the Company and First Quantum Minerals Ltd. (as successor to FQM (Akubra) Inc.)("First Quantum") had terminated the purchase agreement whereby the Company had agreed to purchase from First Quantum a 100% interest in the Troilus mine.

While the Company felt there was substantial value to be surfaced at Troilus, the unavailability of capital for exploration and development companies precluded the final closing of the transaction. Ongoing commitments to the closure plan and site maintenance at Troilus coupled with the budget necessary to advance the project far exceed the available capital in today's tough commodity market.

The Company has decided to let the Queylus claims lapse and has no longer holds an interest in the property.

## ***Summarized Financial Results***

### ***Selected Annual Financial Information***

The table below provides a summary of selected annual financial information for the years ended December 31, 2015, 2014 and 2013:

| (Expressed in Canadian dollars $) | December 31, 2015 | December 31, 2014 | December 31, 2013 restated [1] |
|---|---|---|---|
| Net (loss) from continuing operations | (1,134,824) | (2,039,175) | (2,124,440) |
| Net (loss) from discontinued operations | - | - | (1,063,192) |
| Net (loss) for the year | (1,134,824) | (2,039,175) | (3,187,632) |
| Per share - basic and diluted loss | (0.17) | (0.03) | (0.05) |
| Total Assets | 952,785 | 1,295,528 | 2,681,484 |
| Working Capital [2] | (1,358,080) | (362,075) | 1,254,521 |

[1] During the year ended December 31, 2014, the Company changed its accounting policy from capitalization of exploration and evaluation costs to expensing these costs. The annual information for 2013 has been restated to reflect the results of this change in accounting policy. See Note 2 of the consolidated financial statements for the years ending December 31, 2014 for further details.

[2] See Non-GAAP measures.

### ***Selected Quarterly Financial Information***

| (Expressed in Canadian dollars $) | 31-Dec-15 | 30-Sep-15 | 30-Jun-15 | 31-Mar-15 | 31-Dec-14 | 30-Sep-14 | 30-Jun-14 | 31-Mar-14 |
|---|---|---|---|---|---|---|---|---|
| Net (loss) | (361,558) | (282,011) | (212,455) | (278,800) | (398,168) | (408,253) | (874,941) | (357,812) |
| Per share - basic and diluted (from continuing operations) | (0.00) | (0.04) | (0.00) | (0.00) | (0.01) | (0.01) | (0.01) | (0.01) |
| Total assets | 952,785 | 1,116,643 | 1,165,389 | 1,173,107 | 1,295,528 | 1,595,772 | 1,556,602 | 2,211,717 |
| Working capital | (1,358,080) | (1,132,251) | (850,240) | (637,785) | (362,075) | (6,406) | 295,197 | 904,433 |

## ***Liquidity and Capital Resources***

The Company does not have any operating assets that generate revenues. The Company incurred a net loss from its continuing operations of $1,134,824 for the year ended December 31, 2015 (December 31, 2014 – net loss from its continuing operations of $2,039,175) and incurred a net cash outflow of $169,145 from its operating activities (December 31, 2014 - net cash outflow of $631,673).

The Company has a need for financing for working capital. As a result of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation.

## ***Working Capital***

As at December 31, 2015, the Company had a working capital deficiency (see Non-GAAP measures) of $1,358,080 (December 31, 2014 – net working capital deficiency of $362,075).

***Carrying Value of Balance Sheet Items***

The Company holds investments that include 2,250,000 common shares of Cornerstone Metals Inc. recorded at a fair value of $11,250 at December 31, 2015 (December 31, 2014: $22,500). This investment is classified as held-for-trading.

Total accounts payable as at December 31, 2015 were $1,455,869 (December 31, 2014 - $666,878).

***Cash Flows***

***Cash Flows for the years ended December 31, 2015 and 2014***

| (Expressed in Canadian dollar $) | For the year ended December 31, 2015 | For the year ended December 31, 2014 |
|---|---|---|
| Cash used in operating activities | $ (169,145) | $ (631,673) |
| Cash provided by financing activities | - | - |
| Cash provided by investing activities | - | - |
| (Decrease) increase in cash | (169,145) | (631,673) |

Cash of $169,145 used in operating activities during the year ended December 31, 2015 was lower than the $631,673 used in operating activities during the year ended December 31, 2014 primarily due to lower cash operating expenses in 2015 and deferred accounts payable. During 2015 working capital items provided $815,610 compared to working capital items provided $997,423 during 2014. See Non-GAAP measures.

***Cash Flows for the three months ended December 31, 2015 and 2014***

| (Expressed in Canadian dollar $) | For the quarter ended December 31, 2015 | For the quarter ended December 31, 2014 |
|---|---|---|
| Net cash provided by (used in) operating activities | $ (5,984) | $ 75,072 |
| Cash provided by financing activities | - | - |
| Net cash provided by (used in) investing activities | - | - |
| Decrease in cash and cash equivalents | (5,984) | 75,072 |

Cash of $5,984 used in operating activities during the three months ended December 31, 2015 was less than the $75,072 provided by operating activities during the three months ended December 31, 2014 mainly due to working capital items. See Non-GAAP measures.

## ***Results of Operations***

***For the years ended December 31, 2015 and 2014***

| | 2015 | 2014 |
|---|---|---|
| Operating expenses | | |
| Management and consulting fees | $ 637,954 | $ 888,017 |
| Share-based payments | 3,090 | 280,079 |
| Directors' fees | 143,333 | 146,410 |
| Office and rent | 83,737 | 167,034 |
| Bad debt | 19,599 | - |
| Investor relations | 50,525 | 44,860 |
| Travel and promotion | 6,067 | 63,697 |
| Accounting and legal | 20,815 | 69,738 |
| Regulatory and transfer agent | 16,611 | 13,021 |
| Exploration and evaluation expenses | 7,500 | 269,533 |
| Foreign exchange (gain) loss | (224) | (83) |
| Total operating expenses | 989,007 | 1,942,306 |
| Loss before other income (expenses) | (989,007) | (1,942,306) |
| Other income (expenses) | | |
| Interest income | 1,162 | 3,531 |
| Other income | - | 9,600 |
| Gain on debt settlement | - | 20,000 |
| Impairment of exploration and evaluation properties | (135,729) | (62,500) |
| Unrealized gain on held for trading marketable securities | (11,250) | (67,500) |
| Net loss for the year | $ (1,134,824) | $(2,039,175) |

The Company recorded a comprehensive loss of $1,134,824 during the year ended December 31, 2015 compared to a loss of $2,039,175 during the same period of 2014. The comprehensive loss during the year ended December 31, 2015 resulted primarily from management and consulting fees, directors' fees, impairment of exploration and evaluation properties and office and rent expenses. The comprehensive loss during the same period in 2014 resulted primarily from management and consulting fees, shared-based payments, exploration and evaluation expenses, office and rent expenses, directors' fees, investor relations, share-based payments and travel and promotions.

Exploration and evaluation (recovery) expenses:

| | Year ended December 31, 2015 | Year ended December 31, 2014 |
|---|---|---|
| | $ | $ |
| Consulting | 7,500 | 163,503 |
| Legal | - | 88,566 |
| Travel & accomodation | - | 2,545 |
| Claims & maintenance | - | 5,600 |
| Other | - | 9,319 |
| Total | 7,500 | 269,533 |

***For the three months ended December 31, 2015 and 2014***

| | For the three months ended December 31, 2015 | 2014 |
|---|---|---|
| Operating expenses | | |
| Management and consulting fees | $ 165,221 | $ 192,220 |
| Directors' fees | 23,333 | 55,000 |
| Office and rent | 20,751 | 44,018 |
| Bad debt | 19,599 | - |
| Investor relations | 7,253 | 587 |
| Travel and promotion | - | 1,820 |
| Accounting and legal | (15,675) | 17,599 |
| Regulatory and transfer agent | 5,376 | (97) |
| Exploration and evaluation expense | - | 22,500 |
| Foreign exchange (gain) loss | (29) | (48) |
| Total operating expenses | 225,829 | 333,599 |
| Loss before other income (expenses) | (225,829) | (333,599) |
| Other income (expenses) | | |
| Interest income | - | 431 |
| Gain on debt settlement | - | 20,000 |
| Impairment of exploration and evaluation properties | (135,729) | (62,500) |
| Unrealized loss on held for trading marketable securities | - | (22,500) |
| Loss before discontinued operations | (361,558) | (398,168) |
| Loss on sale of discontinued operations | - | - |
| Net loss for the period | (361,558) | (398,168) |

The Company recorded a comprehensive loss of $361,558 for the three months ended December 31, 2015 compared to a loss of $398,168 during the same period of 2014. The comprehensive loss during the three months ended December 31, 2015 resulted primarily management and consulting fees, impairment of exploration and evaluation properties, directors' fees and office and rent expenses. The comprehensive loss during the same period in 2014 resulted primarily from management and consulting fees, exploration and evaluation, office and rent, and travel and promotion expenses.

***Exploration and Evaluation Expenditures***

The exploration and evaluation assets of the Company are comprised as follows:

| | Rivière Doré $ | Queylus $ | Total $ |
|---|---|---|---|
| Balance, December 31, 2013 | 854,996 | 198,229 | 1,053,225 |
| Impairment | - | (62,500) | (62,500) |
| Balance, December 31, 2014 | 854,996 | 135,729 | 990,725 |
| Impairment | - | (135,729) | (135,729) |
| Balance, December 31, 2015 | 854,996 | - | 854,996 |

**Rivière Doré**

On November 30, 2011, the Company signed an agreement with Cartier Resources Inc. ("Cartier") to acquire 100% of the Rivière Doré Copper Nickel property ("Rivière Doré") located southeast of the town Val D'Or, Quebec. This agreement superseded the agreement signed with Cartier in January 2011. In consideration for a 100% interest in Rivière Doré, the Company paid $150,000 in cash, issued 2,000,000 common shares of the Company with an estimated fair value of $550,000 and granted a royalty of 1% of the net smelter return in connection with ore extracted from the property. The Company is also committed to a 2% royalty payment of the net smelter return on 36 of its 1,052 existing claims on the property. This transaction closed on December 15, 2011.

The Company has also agreed to pay to Cartier an amount equal to 2% of the net present value shown in a bankable feasibility study on Rivière Doré, payable in cash in three equal installments over the 18-month period from the commencement of commercial production on the property.

There has been a suspension on the existing claims comprising the Rivière Doré property since 2011 as a result of discussions between the Company, government officials and the Algonquin Community of Barriere Lake ("ACBL") in relation to the property. The suspension term is scheduled to end in July 2017. The ACBL reaffirmed through a press release on March 13, 2013, their opposition to the Company's proposed exploration activities related to the Rivière Doré project.

**Queylus**

The Company has decided to let the Queylus claims lapse and has no longer holds and interest in the property.

## ***Financial Commitments and Contractual Obligations***

Summary of contractual obligations at December 31, 2015 is detailed in the table below.

| Contractual Obligations | Payments (Receipts) Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 Year | 1 – 3 Years | 4 – 5 Years | After 5 Years |
| Minimum commitment under management contracts (i) | $ 362,000 | $ 362,000 | $ - | $ - | $ - |
| Minimum commitment under Montreal office space lease (ii) | 97,000 | 97,000 | - | - | - |
| Minimum commitment under Montreal office sub-lease (iii) | (78,000) | (78,000) | - | - | - |

(i) The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $1,020,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate $362,000 due within one year.

(ii) In June 2012, the Company entered into a 52 month lease agreement for office space rental in Montreal, ending on September 30, 2016. The commitments remaining under this lease agreement is approximately $97,000 at December 31, 2015.

(iii) In December 2013, the Company signed a sublease agreement with a third party to rent out the Montreal office space, ending on September 30, 2016. Total rent receivable over the term of the sublease is expected to be approximately $78,000.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

## ***Transactions with Related Parties***

During the years ended December 31, 2015 and 2014, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

| | Purchase of goods and services<br>Years ended December 31,<br>2015 | <br><br>2014 |
|---|---|---|
| Forbes & Manhattan, Inc. | $ 300,000 | $ 300,000 |

The following balances were outstanding at the end of the reporting period:

| | Amounts owed to related parties<br>Years ended December 31,<br>2015 | <br><br>2014 |
|---|---|---|
| Forbes & Manhattan Inc. | $ 536,750 | $ 197,750 |
| Scott Moore | 139,625 | |

*Compensation of Key Management, Directors and Officers*

The remuneration of directors and other members of key management personnel during 2015 and 2014 were as follows:

| | Years ended December 31,<br>2015 | <br>2014 |
|---|---|---|
| Short-term benefits | $ 353,333 | $ 385,000 |
| Share-based payments | 3,090 | 221,100 |

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

All of the above transactions have been in the normal course of operations and have been recorded at their exchange amount, which are actual amounts spent by the transacting parties.

## ***Changes in Board of Directors and Management Team***

On October 29, 2015, the Company announced the resignation of Mr. Simon Marcotte as a director of the Company effective October 28, 2015.

On December 10, 2015, Mr. Benoit Gascon and Mr. Justin Reid resigned as directors of the Company.

### ***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.

### ***Financial Instruments***

The Company's financial instruments consist of cash and cash equivalents, held for trading investments, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying values of these financial instruments approximate their fair values due to the short maturity of those instruments. See Note 14 of the Financial Statements.

### ***Outstanding Share Data***

On October 23, 2015, the Company consolidated its common shares on the basis of one new common share for every ten common shares outstanding. All references to common shares, per share amounts, warrants and options for all periods presented have been retroactively restated to reflect this consolidation.

As at the date of this report, there were 10,753,385 common shares outstanding, 477,000 stock options outstanding with a weighted average exercise price of $1.07 per share.

### ***Non-GAAP Measures***

The MD&A contains the term working capital. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. These Non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

***Working Capital***

| Current assets | | December 31, 2015 | | December 31, 2014 |
|---|---|---|---|---|
| Cash and cash equivalents | $ | 53,849 | $ | 222,994 |
| Marketable securities | | 11,250 | | 22,500 |
| Receivables | | 31,306 | | 53,834 |
| Prepaid expenses and deposits | | 1,384 | | 5,475 |
| Total current assets | | 97,789 | | 304,803 |
| | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | $ | 1,455,869 | $ | 666,878 |
| Total liabilities | | 1,455,869 | | 666,878 |
| | | | | |
| Working capital<br>(current assets less current liabilities) | $ | (1,358,080) | $ | (362,075) |

***Net cash (used in) operating activities***

| (Expressed in Canadian dollars $) | Three months ended December 31, 2015 | 2014 | Year ended December 31, 2015 | 2014 |
|---|---|---|---|---|
| Cash (used in) operating activities before change in working capital items | $ (225,829) | $ 211,464 | $ (984,755) | $ (1,629,096) |
| Cash provided by change in working capital items | 219,845 | (136,392) | 815,610 | 997,423 |
| Net cash provided by (used in) operating activities | $ (5,984) | $ 75,072 | $ (169,145) | $ (631,673) |

***Change in Accounting Policy***

During the year ended December 31, 2014, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes expensing such costs as incurred provides more reliable and relevant financial information. Under the new policy, the cost of acquiring prospective properties and exploration rights are capitalized. In these consolidated financial statements the Company capitalized $854,996 in costs associated with the acquisition of Rivière Doré properties. Exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a mineral property is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

The audited consolidated financial statements as at and for the year ended December 31, 2013 have been restated to reflect adjustments made as a result of this change in accounting policy. The accumulated effect of the change of $4,486,190 has been reflected in the opening deficit of the consolidated financial statement as at January 1, 2013. Refer to the consolidated financial statements for the year ended December 31, 2014 and 2013 for details.

***New Accounting Policies***

During 2015, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 8, IFRS 13 and IAS 24. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

***Recent accounting pronouncements***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

## ***Critical Judgments and Estimation Uncertainties***

The preparation of the Company's Consolidated Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and reported amounts of expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and affect estimates for provisions for reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material. See Note 3 of the Financial Statements for detail.

## ***Risks and Uncertainties***

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

*Liquidity Concerns and Future Financings*

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

While the Company's financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations, there are conditions and events that may cast doubt about the validity of that assumption.

*Nature of Mining, Mineral Exploration and Development Projects*

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because operations costs are greater than projected. Current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

*No Revenues*

To date the Company has recorded no revenues from operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

*Mineral Resource and Mineral Reserve Estimates May be Inaccurate*

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

*Licenses and Permits, Laws and Regulations*

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

*Mineral Commodity Prices*

The profitability of the Company's operations will be dependent upon the market price of mineral iron ore. Iron ore prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of iron ore and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of iron ore has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a materially adverse effect on the Company's business, financial condition and result of operations.

*Environmental*

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

*Title to Properties*

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

One of the Company's projects is the Rivière Doré project, which is located southeast of the town Val-d'Or, Quebec. Canadian law related to aboriginal rights, including aboriginal title rights, is in a period of change. There is a risk that future changes to the law may adversely affect the Company's rights to its Canadian projects, including the Rivière Doré project. Consultation with First Nations is required of the Company in environmental assessment, subsequent permitting, development and operation of its proposed projects. There is a risk that the First Nations may publicly oppose the proposed project at any stage and this potential opposition may adversely affect the project or the Company's public image.

*Uninsured Risks*

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the Company and increase projected costs.

*Competition*

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

*Dependence on Outside Parties*

The Company has relied upon consultants, engineers and others, and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

*Share Price Fluctuations*

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

*Conflicts of Interest*

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

*Current Management*

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

## ***Subsequent event***

On January 11, 2016, the Company completed its shares for debt settlement with various creditors and has issued 3,900,000 common shares at a deemed price of $0.05 per common share and extinguished $195,000 in debt owed to the creditors.

## ***Additional Information***

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